# ANNUAL REPORT

## PRESENTED TO HIS MAJESTY THE KING

2014

## GOVERNOR

**Mr. Abdellatif JOUAHRI**

## DIRECTOR GENERAL

**Mr. Abdellatif FAOUZI**

## GOVERNMENT REPRESENTATIVE

## BANK BOARD

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**The Director General**

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**Ms. Faouzia ZAABOUL**

# REPORT
# ON THE FINANCIAL YEAR 2014

## PRESENTED TO HIS MAJESTY THE KING

BY MR. ABDELLATIF JOUAHRI

GOVERNOR OF BANK AL-MAGHRIB

**Your Majesty,**

In application of Article 57 of Law No. 76-03 on the Statutes of Bank Al-Maghrib promulgated by Dahir No. 1-05-38 of Shawwal 20, 1426 (November 23, 2005), I have the honor to present to Your Majesty the report of the year 2014, the fifty-sixth year of the central bank.

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# Majesty,

In 2014, the pace of global economic growth fell again short of expectations. In advanced economies, growth accelerated slightly in the United States, driven by capital spending and household consumption, while the euro area's recovery remained fragile, mostly reflecting sluggish investment. These developments were mirrored in the labor market, as conditions improved significantly in the United States whereas unemployment in the euro area remained high, with the notable exception of Germany. In emerging and developing countries, economic activity continued to lose momentum. It slowed sharply in Russia and Brazil and weakened somewhat in China largely because of the measures aimed at reducing financial vulnerabilities and decreasing production overcapacities. In contrast, growth continued to accelerate in India, supported by macroeconomic reforms and improved business climate.

Under these conditions, world trade continued to grow at rates lower than pre-crisis levels, rising by 3.4 percent. At the same time, foreign direct investment flows posted a decline of 8 percent which affected mostly the United States and countries in transition, particularly Russia. The growth of remittances remained moderate, with a rate of 4.7 percent in 2014.

Economic slowdown in the main emerging countries, coupled with abundant supply and higher U.S. dollar, caused energy prices to fall markedly in the second half of the year. This decline, which also affected non-energy products –especially agricultural commodities–, contributed to easing global inflation. Price growth thus dropped to 5.1 percent in emerging countries and remained broadly subdued at 1.4 percent in advanced economies, with the emergence of deflationary risks in the euro area.

In this context, central banks of major advanced economies continued their accommodative monetary policies, albeit with a tendency of desynchronization in policy stance between the United States and the euro area. Indeed, while the ECB announced in September the beginning of a series of unconventional measures, the Fed ended its securities purchase program in October, but both kept policy rates at low levels.

Together with positive growth prospects –particularly in the United States–, this stance favored the easing of sovereign yields and contributed to the improvement of bank lending that recorded a significant increase in the United States and contracted at a less pronounced rate in the euro area. It was also reflected in the stock markets of major advanced economies, which achieved notable performances.

All these developments did impact the national economy, which posted a slow recovery in nonagricultural activity and a significant deterioration in labor market situation but with a reduction in twin deficits.

Due to the lack of momentum in services and manufacturing industries and the continued weakening in the construction sector, nonagricultural growth stood at 3.1 percent, well below its average rate since the early 2000. After a bumper crop in the previous year, agricultural value added was down 2.5 percent, bringing economic growth from 4.7 percent in 2013 to 2.4 percent. The sluggish activity reportedly contributed to maintaining a wait-and-see attitude, as gross fixed capital formation fell for the second consecutive year. At the same time, household final consumption continued to slow for the third year, increasing by 3.2 percent as against 5.4 percent in 2011. The contribution of domestic demand to growth, its traditional engine, fell substantially from 7.3 to 1.2 percentage point.

In this context, the national economy generated only 21,000 jobs, the second lowest job creation over the last fourteen years. Employment declined by 37,000 in the industrial sector, the largest loss since 2009, stagnated in construction after two years of significant decrease, and increased by 42,000 in services. This situation reportedly pushed a section of the population to withdraw from the labor market, thus inducing a further decline of 0.3 point in the labor force participation rate. Despite this decrease, unemployment worsened for the third consecutive year, recording a significant increase of 0.7 point to 9.9 percent. In urban areas, it reached 14.8 percent, affecting mostly the youth and women.

As regards public finances, fiscal deficit narrowed slightly to 4.9 percent of GDP, after a noticeable improvement in 2013. On the revenue side, this decrease was largely due to significant GCC grants which reached 1.4 percent of GDP, as tax receipts increased by a mere 1.6 percent, mainly amid weak recovery of nonagricultural activities. On the expenditure side, subsidy costs decreased considerably from 6.5 percent of GDP in 2012 to 3.5 percent in 2014, after implementing the oil price indexation system. In contrast, public sector wage bill expanded by 2.6 percent and its ratio to GDP stabilized at 11 percent, and capital expenditure was up 9 percent. Under these conditions, the Treasury debt continued to trend up, with a GDP ratio at 63.2 percent as against 46.1 percent in 2009.

External accounts position further improved, with a new decline in the current account deficit to 5.6 percent of GDP, mainly due to the reduction in the trade deficit and the significant inflows of grants from GCC countries.

Exports increased by 7.9 percent, reflecting in particular the continued good performance of the automotive industry and the recovery in sales of phosphate derivatives. Meanwhile, growth in imports stabilized, covering larger purchases of food and consumer goods and a significant drop in the value of energy imports and in capital goods' purchases.

Remittances from Moroccans living abroad grew by only 3.6 percent, reflecting persistently high unemployment rates in the major host countries, and travel receipts increased by 2.9 percent amid insecurity concerns in some countries of the region. Nevertheless, our country continued to be attractive for foreign investors, posting an inflow of 36.5 billion dirhams, close to the exceptional level recorded in 2013. In total, the stock of net international reserves improved by 20.3 percent to 180.8 billion dirhams, representing the equivalent of 5 months and 8 days of goods and services' imports.

The strengthening of foreign exchange reserves led to a sharp acceleration in money supply which grew by 6.2 percent. As regards bank lending, the relative improvement in demand and the easing of supply conditions resulted in an increase of lending to the private sector by 3.8 percent instead of 1.3 percent a year earlier, which includes higher growth in loans to tertiary activities and slower rise in lending to the industrial sector. In contrast, loans to financial corporations fell by 12.5 percent, bringing down the overall increase in bank lending from 3.9 to 2.2 percent.

On the assets markets, the situation of the Casablanca Stock Exchange remains a matter of concern. Although its index rose by 5.6 percent after three consecutive years of decline, its level of liquidity continued to trend down and its contribution to financing the economy remains insignificant. On the debt market, however, institutional sectors benefited from a positive context marked by a sharp decline in Treasury issuances and easing monetary conditions. Real estate prices edged down by 0.8 percent, while the volume of property transactions continued to rise, up 11.9 percent after 5.5 percent on average between 2010 and 2013.

Against this background, inflation reached 0.4 percent, its lowest rate since 1968, down from 1.9 percent in 2013. However, this decline mainly reflects the effect of temporary supply shocks from volatile food prices. Core inflation, which traces the underlying trend in prices, reached 1.2 percent, a rate comparable to that of 2013. The prices of regulated goods grew at the same pace as the previous year, particularly with an increase of 7 percent for fuel and lubricants, as the impact of the gradual decline in the level of subsidy was offset by decreasing international prices.

The evolution of inflation, the significant improvement in foreign exchange reserves and the relative control of fiscal balance gave the central bank sufficient space to support economic activity. It thus further reinforced its accommodative policy, reducing the key rate twice, bringing it to a record low of 2.5 percent. Furthermore, given the persistently significant need for liquidity, it lowered the required reserve ratio from 4 to 2 percent, while adapting the volume of injections to banks' liquidity requirements.

The year was also marked by the implementation of the new program intended to encourage bank financing of very small, small and medium-sized enterprises (VSMEs). This mechanism, which garnered strong involvement of banks, allowed injecting nearly 19 billion dirhams, or 45 percent of the volume of injections at end-December 2014. As part of an outreach initiative to market participants, the Bank jointly with its partners organized the third regional tour to VSMEs. In addition to the recurring complaints related in particular to the processing time of credit requests and the weight of collateral, VSMEs' grievances showed the persistence of an important information gap. The observatory dedicated to this category of enterprises, being put in place, should help to remedy this problem.

Benefiting from the diversification of its activities and its good results internationally, the banking sector achieved overall satisfactory performances despite the credit risk provisioning effort. At the same time, banks strengthened their capital buffers. Calculated for the first time under Basel III requirements, the average capital adequacy ratio stood at 13.8 percent and that of core capital at 11.6 percent.

To bolster the sector's resilience, Bank Al-Maghrib continued bringing its monitoring framework and control standards into closer alignment with international standards. It again enhanced the regulatory standards in terms of governance, risk management and internal control in accordance with the recent recommendations of the Basel Committee. It also further strengthened the supervision of cross-border activities of Moroccan banking groups, mainly by stepping up coordination with the supervisory authorities of the host countries.

Legally, the year saw the promulgation of the new Banking Act. This structuring text introduces the legal basis for the emergence of new financial actors and services, particularly in the field of participatory finance. It also sets the legal framework for the exercise of macroprudential supervision and strengthens the crisis resolution mechanisms available to Bank Al-Maghrib. In this connection, the second crisis simulation exercise, conducted in collaboration with the World Bank, confirmed the solidity of the new legal and contractual arrangements in place.

In a proactive approach and in coordination with its public and private partners, the Bank launched, through the Moroccan Foundation for Financial Education, a national strategy focused mostly on the development of awareness programs for different segments of the population. The Foundation also organized in March 2014 the 3rd edition of Finance Days for the Young, which benefited 80,000 students in all regions of the Kingdom. Meanwhile, it started a communication and awareness campaign to encourage the use of financial services. These actions, which fall within the efforts to develop and promote financial inclusion, helped increase the banking penetration rate to 64 percent at end-December 2014.

Regarding the oversight of financial market infrastructure, Bank Al Maghrib continued to implement its strategy of compliance with the highest international standards, particularly by reinforcing security in response to cybercrime threats. It has also authorized two new international operators to exercise the activity of routing permissions, processing and clearing electronic payment flows.

## Majesty,

All these developments indicate that the national economy remained in a low growth level in 2014, with the absence of tangible signs of an overall income and employment-generating dynamism. The pace of the economy remains influenced by weather conditions, and the progress made in macroeconomic balances is due largely to temporary factors. In light of these results, it is natural to question to what extent the many sectoral strategies, most of which have been launched for more than 5 years, could achieve their goals and produce the synergies and momentum necessary to enable a real structural transformation of the economy and accelerate the pace of growth.

Today, the slow economic growth, despite the determination and efforts, raises the question of its causes and its repercussions on human development. This same concern was expressed by His Majesty the King in his Throne Day speech of 2014. If there is one field where the gap between ambitions and tangible achievements is worrisome, it is that of education and training. Its continued degradation is a major handicap to the development process as a whole, which leads us away from the long-desired path to becoming an emerging economy.

The failure of the various attempts at reform calls for a shock therapy in which all stakeholders should understand that -beyond vested interests- it is the future of our country that is at stake. They should mobilize for a successful implementation of the new vision developed by the Higher Council of Education, Training and Scientific Research. In this regard, the high level of education expenditure shows that the challenge is not related to the availability of resources, but rather to the lack of effectiveness and efficiency which results in low return on investment.

This low level of return is not limited only to education but concerns investment as a whole. If Morocco reports one of the highest investment rates in the world, the results are well below expectations, both in terms of growth and jobs. Indeed, after an average of 4.8 percent between 2000 and 2008, nonagricultural growth has fallen to an average rate of 3.6 percent since 2009 and 3.1 percent over the past two years. Unemployment remains high in urban areas, in particular among young people. While it is true that the significant part of investment dedicated to economic and social infrastructure may explain the long delays of investment benefits, it is important to note that these high levels have been maintained for over a decade.

The issue of performance also concerns foreign direct investment. Certainly, Morocco has attracted substantial FDI inflows in recent years, but their contribution to growth and employment remains questionable. Meanwhile, dividend outflows have started to significantly impact the balance of payments. In 2014, they reached nearly 15 billion dirhams as against 36.5 billion of FDI inflows. It is clear that we must continue to promote these investments, but the incentives from which they benefit sometimes should be assessed on the basis of a rigorous cost/benefit analysis to look at their contribution to the development of the country. The expansion of the automobile industry is an example in this regard. Despite its remarkable success in terms of export development, its impact and spillover effects on the national economy are still limited in view of its low rate of integration.

All these elements demonstrate once again the need to establish public policies' evaluation, which is not yet a common practice in the methods of management and governance in our country.

## Majesty,

Morocco benefits today from a favorable combination of factors, in particular the reduced twin deficits, the large inflow of grants and the lower international energy prices. A window of opportunity is opening up for the country, offering significant space for the continuation of reforms in order to accelerate growth, reduce unemployment and improve the living conditions of the population. This margin of maneuver is supported by the image that the country enjoys in the region as an island of peace and democracy thanks to the guidance of His Majesty the King. The positive assessments of rating agencies and international institutions further consolidate these achievements.

Therefore, efforts should be stepped up to convert this opportunity into an impetus to development and put our country on the road to become an emerging economy. This requires completing several structuring projects, some of which have been launched many years ago.

These include in particular the reform of the justice, essential for improving the business environment, an area that still requires special attention despite tangible progress in recent years.

The recent adoption of the organic law on the regions is an important step in strengthening local democracy and reducing regional disparities. However, its implementation faces the worrying problem of elite renewal, which should be put at the top of the priority list of the various stakeholders.

In terms of our policy of openness, Morocco's orientation towards Africa –led by the highest authority in the State- is a promising growth driver. To take advantage of the political capital which our country enjoys in this region thanks to the renewed initiatives of His Majesty the King, the authorities should regularly monitor the progress made in the various projects and ensure that the necessary human and financial resources are mobilized to make them a success.

The development that Casa Finance City (CFC) is experiencing greatly supports this continental orientation, especially as it has managed in less than 5 years to position itself among the most promising international financial centers. Between March 2014 and March 2015, it has progressed from the 62nd to the 42nd rank in the Global Financial Centers Index. The growing number of large companies and institutions which it hosts and particularly the choice of the African Development Bank of CFC for the headquarters for its Africa50 Fund represent a significant step forward on which we should capitalize to turn CFC into an essential interface between Africa and the rest of the world.

However, the Casablanca Stock Exchange continues to be the weak link in this center. The persistent sluggishness, particularly with a very low level of liquidity and a very small contribution to the financing of the economy, remains a concern for the Moroccan financial system as a whole. It is urgent that the authorities step up their efforts to restore investor confidence and boost the market.

The realization of these ambitions to bolster Morocco's openness and regional and international positioning requires a more appropriate exchange rate policy. After having revised the dirham's currency peg in April 2015 to better reflect the structure of payments, the competent authorities are now paving the way for the gradual transition to a more flexible exchange rate regime, once the macroeconomic environment becomes favorable. To that end, Bank Al-Maghrib has already started to adapt its analysis and forecasting framework to this transition and to inflation targeting as a new monetary policy framework. Furthermore, it is necessary to capitalize on the remarkable success of the Government amnesty on assets held abroad by residents. Beyond its contribution to State revenues and its impact on the external position of Morocco, the success of this operation should be the prelude to a new phase in the liberalization process of foreign exchange regulations.

Regarding tax reform, a number of recommendations from the 2013 Tax Conference have been implemented, including the progressive taxation of agricultural holdings, the establishment of the self-entrepreneur status and the harmonization of VAT rates. Efforts should continue, focusing in particular on reducing tax benefits. The latter, besides the loss of income to the State, generate sectoral distortions that adversely affect some engines of growth.

Other sources of fiscal vulnerability also deserve particular attention, more specifically the public sector wage bill which continues to grow at high rates. Since the voluntary retirement scheme of 2005, it has increased at an annual average of 6.1 percent, reflecting the rise in the net average wage by 4.7 percent in nominal terms and 3 percent in real terms in addition to the increasing number of civil servants.

Another reform project of utmost urgency is undoubtedly that of the pension funds, in particular the Caisse marocaine des retraites (Moroccan Pension Fund) now in a situation of deficit. It is essential to initiate the implementation of this reform as soon as possible.

The margins that our country may have should also be used to strengthen social safety nets, especially the arrangements put in place such as the Mandatory Health Insurance (AMO), the Medical Assistance Scheme for the Economically Underprivileged (RAMED), the Cash Transfers for Education Program (Taysir) and the allowances paid to widows in precarious situations. However, the long-term sustainability of some of these systems requires improved governance and greater efficiency in the mobilization and management of resources.

Finally, the worrying situation of employment in our country, especially as about four out of ten urban young people are jobless, casts into doubt the ability of our growth model to take advantage of the dividend offered by the demographic transition and raises the question of labor regulations' adequacy, particularly characterized by high rigidity that discourages hiring. In this regard, efforts should focus on adopting and implementing the draft organic law on the conditions for exercising the right to strike. Moreover, it is essential that the ongoing reflection as part of the development of the new national strategy for employment should bring appropriate responses to this structural problem.

# Majesty,

It is by conducting the necessary structural reforms and ensuring their implementation within appropriate timeframes while carrying out a regular assessment of the decisions and choices made that our country can mobilize the necessary synergies to create the momentum it needs to make a qualitative shift upward in its development pattern. This will enable it, after achieving the Millennium Development Goals, to confidently address the new agenda of sustainable development goals that will be adopted at the next UN summit in September. The study which His Majesty the King has called for regarding intangible capital will undoubtedly be a great contribution to this new challenge. As required by His Majesty, it will allow using this capital as a fundamental criterion in the development of public policies in order to ensure a more equitable redistribution of the country's wealth.

**Abdellatif JOUAHRI**

**Rabat, June 2015**

# PART 1

## ECONOMIC, MONETARY AND FINANCIAL SITUATION

## 1.1 International environment

In 2014, the global economic activity remained below expectations, as growth stagnated at 3.4 percent, with a relative improvement in advanced economies and a slowdown in emerging and developing countries. Driven particularly by domestic demand, growth accelerated from 2.2 percent to 2.4 percent in the United States and from 1.7 percent to 2.6 percent in the United Kingdom, while it stood in the euro area at 0.9 percent after two years of contraction. However, in Japan, GDP declined slightly by 0.1 percent, as against an increase of 1.6 percent in 2013. In key emerging countries, economic activity continued to slow down in China, decelerated sharply in Russia and Brazil and accelerated in India.

On the labor market, conditions improved in most developed countries, albeit at divergent rates. The unemployment rate stood at 6.2 percent in the United States and the United Kingdom, down 1.2 and 1.4 point, respectively. In the euro area, despite its decline, it remained high at 11.6 percent overall, with the exception of Germany, where it stood at 5 percent, down 0.2 points. In key emerging economies, the unemployment rate remained stable in China and fell in Brazil and Russia.

Commodity prices were broadly on a downward trend. Indeed, energy prices dropped by 7.2 percent, due to a slower activity and abundant supply, while non-energy prices decreased by 4.6 percent, driven mainly by lower prices of agricultural commodities.

Against this backdrop, inflation declined overall to 3.5 percent. It stabilized at 1.4 percent in advanced countries, with, however, the emergence of deflationary risks in the euro area, where it fell to 0.4 percent. In emerging and developing countries, it was down from 5.9 percent to 5.1 percent, with particularly a significant decrease from 10 percent to 6 percent in India.

These trends impacted global trade, whose growth slowed down slightly from 3.5 percent to 3.4 percent, with mainly a deceleration in imports of emerging and developing countries. Meanwhile, foreign direct investment showed an 8 percent drop, affecting particularly the United States and transition countries.

Financial conditions were marked in advanced countries by a strong performance of equity markets and an easing in sovereign yields, reflecting the positive economic prospects and the continued accommodative stance of monetary policies. These factors also helped improve bank credit, which accelerated markedly in the United States while its contraction eased in the euro area. However, in emerging economies, stock market indexes were down and currencies depreciated, impacted by the economic slowdown in these countries and the projected monetary policy normalization in the United States.

## 1.1.1 Economic growth

In 2014, global economic growth stabilized at 3.4 percent for the second consecutive year, covering an increase from 1.4 percent to 1.8 percent in advanced economies and a deceleration from 5 percent to 4.6 percent in emerging and developing economies.

**Table 1.1.1 : Global growth trends (%)**

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| **World** | **5.4** | **4.2** | **3.4** | **3.4** | **3.4** |
| **Advanced economies** | **3.1** | **1.7** | **1.2** | **1.4** | **1.8** |
| United states | 2.5 | 1.6 | 2.3 | 2.2 | 2.4 |
| Euro area | 2.0 | 1.6 | -0.8 | -0.5 | 0.9 |
| Germany | 3.9 | 3.7 | 0.6 | 0.2 | 1.6 |
| France | 2.0 | 2.1 | 0.3 | 0.3 | 0.4 |
| Italy | 1.7 | 0.6 | -2.8 | -1.7 | -0.4 |
| Spain | 0.0 | -0.6 | -2.1 | -1.2 | 1.4 |
| United kingdom | 1.9 | 1.6 | 0.7 | 1.7 | 2.6 |
| Japan | 4.7 | -0.5 | 1.8 | 1.6 | -0.1 |
| **Emerging and developing countries** | **7.4** | **6.2** | **5.2** | **5.0** | **4.6** |
| **Emerging and developing countries of Asia** | **9.6** | **7.7** | **6.8** | **7.0** | **6.8** |
| China | 10.4 | 9.3 | 7.8 | 7.8 | 7.4 |
| India | 10.3 | 6.6 | 5.1 | 6.9 | 7.2 |
| **Countries of Latin America and the Caribbean** | **6.1** | **4.9** | **3.1** | **2.9** | **1.3** |
| Brazil | 7.6 | 3.9 | 1.8 | 2.7 | 0.1 |
| Mexico | 5.1 | 4 | 4 | 1.4 | 2.1 |
| **Community of Independent States** | **4.6** | **4.8** | **3.4** | **2.2** | **1.0** |
| Russia | 4.5 | 4.3 | 3.4 | 1.3 | 0.6 |
| **Emerging and developing countries of Europe** | **4.8** | **5.4** | **1.3** | **2.9** | **2.8** |
| Turkey | 9.2 | 8.8 | 2.1 | 4.1 | 2.9 |
| **Sub-Saharan Africa** | **6.7** | **5.0** | **4.2** | **5.2** | **5.0** |
| South Africa | 3.0 | 3.2 | 2.2 | 2.2 | 1.5 |
| **Middle-East and North Africa** | **5.1** | **4.5** | **4.9** | **2.3** | **2.4** |

Source: IMF.

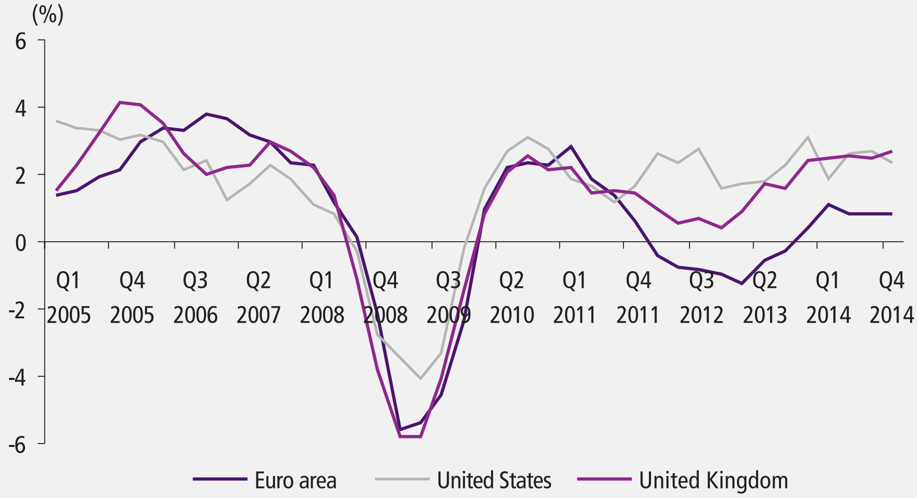
In the United States, growth accelerated from 2.2 percent to 2.4 percent, driven by respective increases of 3.9 percent and 2.5 percent in investment and household consumer spending, as against 2.7 percent and 2.4 percent, while government consumption expenditure grew by 0.4 percent as against a decline of 1.3 percent.

In the euro area, despite an accommodative monetary policy and a less restrictive fiscal policy, economic activity remained broadly weak (Box 1.1.1). Indeed, after two years of contraction, GDP grew only by 0.9 percent, mainly reflecting a weak investment whose growth stood at 1 percent, after a decline of 2.5 percent. Particularly, growth in France stood at 0.4 percent from 0.3 percent, while the drop in GDP in Italy eased from 1.7 percent to 0.4 percent. However, due to an improvement in investment, growth rebounded to 1.6 percent from 0.2 percent in Germany and recorded its first positive trend in Spain since 2009 to 1.4 percent.

**Box 1.1.1 : Slow recovery in the euro area**

Unlike the United States and United Kingdom, where economic activity consolidated in 2014, the euro area remained in a low-growth regime, with a very low inflation and high unemployment.

**Chart B1.1.1.1: Economic growth trends (%)**



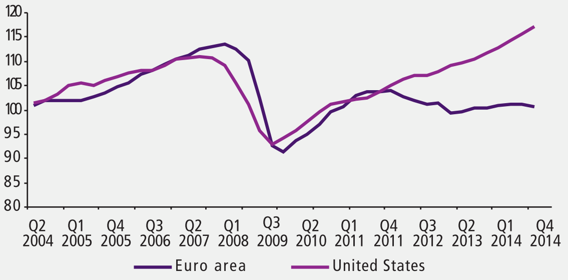

Source: IMF.

After a rebound in 2010, economic activity in the euro area showed a deterioration, exacerbated by restrictive fiscal policies implemented by member countries in response to the sovereign debt crisis. Indeed, after a slowdown in 2011, growth turned negative between the first quarter 2012 and the third quarter 2013. GDP started to grow positively again as of the last quarter 2013. However, the recovery remains slow due to numerous factors, mainly:

- The slowdown in potential growth caused by sluggish investment;
- The weak cost competitiveness of the euro area countries, which hinders the recovery of industrial production and productive investment. Indeed, despite a lower economic activity, labor costs and energy prices remain high in the euro area;
- Fiscal adjustment in the euro area was mainly made by reducing public investment and increasing the tax burden on corporations, which resulted in a significant decline in private investment and demand;

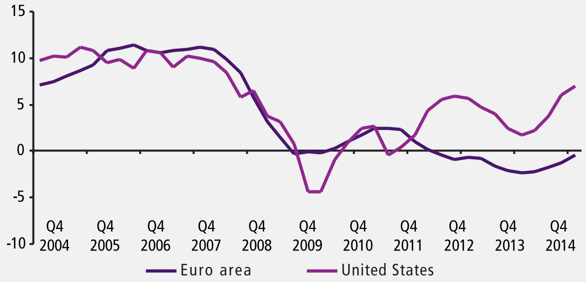
- The low efficiency of monetary policy transmission mechanisms, as evidenced by the contraction of bank credit, which affected domestic demand.

**Chart B1.1.1.2: Industrial production trends**




Source: IMF.

**Chart B1.1.1.3: Credit and debt rate trends in the euro area**




Source: Datastream.

In the United Kingdom, growth, which was driven mainly by high investment, strengthened significantly from 1.7 percent to 2.6 percent, its fastest rate since 2007. In contrast, Japan's GDP edged down 0.1 percent as against an increase of 1.6 percent, reflecting lower consumption due to higher VAT.

In key emerging countries, growth slowed from 7.8 percent to 7.4 percent in China, especially in connection with a sluggish real estate sector. In Brazil, after a 2.7 percent increase in 2013, GDP almost stagnated, reflecting a slower household consumption and lower investment. Similarly, growth decelerated from 1.3 percent to 0.6 percent in Russia, owing to the conflict in Ukraine and the fall in oil prices. However, it improved in India from 6.9 percent to 7.2 percent, supported by recent macroeconomic reforms and improvement in business climate.

In Sub-Saharan Africa, GDP growth slowed from 5.2 percent to 5 percent, covering in particular a sharp deceleration from 2.2 percent to 1.5 percent in South Africa, a country grappling with social tensions and problems of repetitive power load shedding, and from 7.3 percent to 4.2 percent in Ghana, due to a drop in commodity prices. In contrast, growth improved from 5.4 percent to 6.3 percent in Nigeria, driven by an uptrend of non-oil sectors.

Despite the geopolitical conflicts and decline in oil prices, growth in the Middle East and North Africa region improved from 2.3 percent to 2.4 percent, albeit with divergent trends across countries. Particularly, it accelerated from 2.7 percent to 3.6 percent in Saudi Arabia, from 2.8 percent to 4.1 percent in Algeria, while it almost stabilized at 2.2 percent in Egypt and 2.3 percent in Tunisia, and slowed in the United Arab Emirates from 5.2 percent to 3.6 percent.

## 1.1.2 Labor market

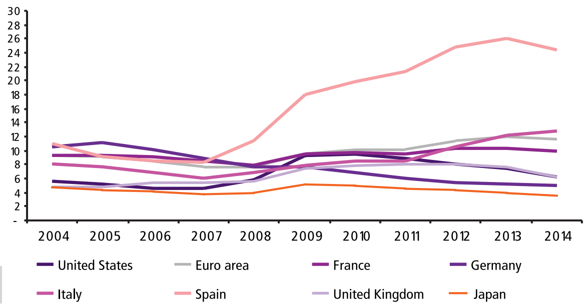
In labor markets, the unemployment rate fell overall in advanced countries. The stronger recovery in the United States reflects a decrease in the unemployment rate from 7.4 percent to 6.2 percent, with a net creation of nearly 3 million jobs, as against 2.3 million in 2013, hitting a record high in 15 years. Employment also improved in the United Kingdom, where the unemployment rate fell 1.4 point to 6.2 percent. In Japan, despite a slight contraction of GDP, it reached its lowest level since 2007, standing at 3.6 percent from 4 percent a year earlier.

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

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| **Advanced countries** | | | | | |
| UnitedStates | 9.6 | 8.9 | 8.1 | 7.4 | 6.2 |
| Euro area | 10.1 | 10.1 | 11.3 | 12.0 | 11.6 |
| Germany | 6.9 | 5.9 | 5.4 | 5.2 | 5.0 |
| France | 9.3 | 9.2 | 9.8 | 10.3 | 10.2 |
| Italy | 8.4 | 8.4 | 10.6 | 12.2 | 12.8 |
| Spain | 19.9 | 21.4 | 24.8 | 26.1 | 24.5 |
| United Kingdom | 7.9 | 8.1 | 8.0 | 7.6 | 6.2 |
| Japan | 5.0 | 4.6 | 4.3 | 4.0 | 3.6 |
| **Emerging countries** | | | | | |
| Russia | 7.3 | 6.5 | 5.5 | 5.5 | 5.1 |
| China | 4.1 | 4.1 | 4.1 | 4.1 | 4.1 |
| Brazil | 6.8 | 6.0 | 5.5 | 5.4 | 4.8 |

Source: IMF.

**Chart 1.1.1: Change in the unemployment rate in advanced countries**

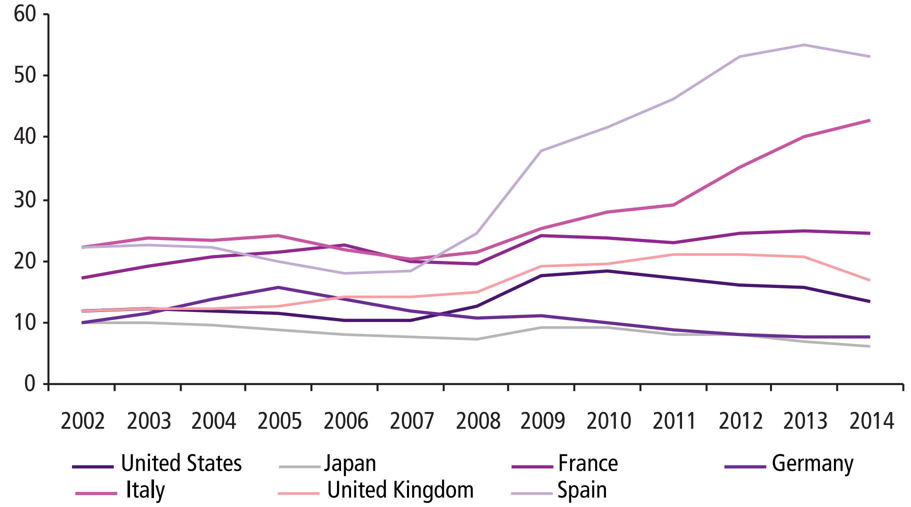



In the euro area, the slow recovery affected the labor market where unemployment remained high, with varying trends across countries. The rate stood overall at 11.6 percent from 12 percent in 2013, with particularly a decrease from 5.2 percent to 5 percent in Germany and from 10.3 percent to 10.2 percent in France. In peripheral euro area countries, except for Italy where it rose to 12.8 percent from 12.2 percent in 2013, this rate fell from 26.1 percent to 24.5 percent in Spain and from 16.2 percent to 13.9 percent in Portugal.

In emerging and developing countries, the unemployment rate remained stable at 4.1 percent in China, fell from 5.4 percent to 4.8 percent in Brazil, from 5.5 percent to 5.1 percent in Russia and rose to 25.1 percent from 24.7 percent in South Africa. In the MENA region, it increased from 9.8 percent to 10.6 percent in Algeria and from 13 percent to 13.4 percent in Egypt, while in Tunisia it remained stable at 15.3 percent.

Youth unemployment was broadly down in most developed countries, although remaining at high levels. It fell from 16.2 percent to 15.5 percent in the United States, from 20.5 percent to 16.9 percent in the United Kingdom and from 24.8 percent to 24.3 percent in France. The euro area peripheral countries continue to show the highest rates, particularly 53.2 percent in Spain and 42.7 percent in Italy. In contrast, the lowest rates were observed in Japan and Germany with respective rates of 6.3 percent and 7.7 percent.

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




Source: Eurostat.

## 1.1.3 Commodity markets

Commodity prices recorded broadly a sharp decline in 2014, especially during the last months of the year. This trend is attributed to a slower demand from major emerging economies, an abundant oil supply and an appreciation of the dollar.

**Chart 1.1.3: Annual change in commodity price indexes**

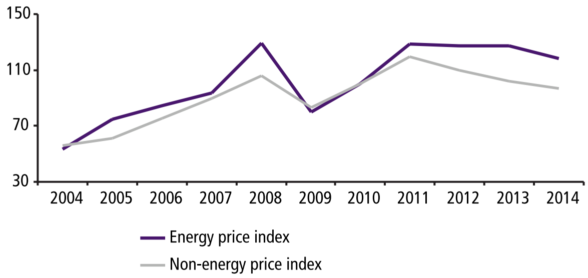
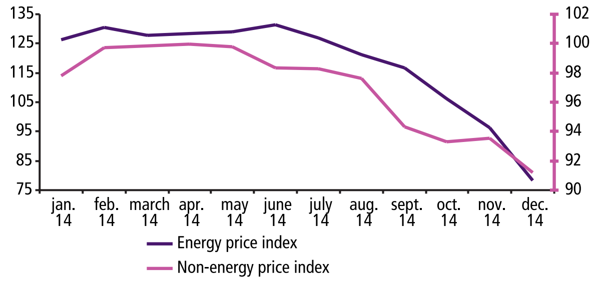



**Chart 1.1.4: Monthly change in commodity price indexes (2014)**




Source: World Bank.

After a slight decline of 0.1 percent in 2013, energy prices fell sharply by 7.2 percent, with particularly decreases of 7.5 percent in oil prices (Box 1.1.2) and 17.1 percent in coal prices, due to an oversupply. Natural gas prices also dropped by 0.5 percent, albeit covering a price increase of 17.2 percent in the United States and a decline of 14.7 percent in Europe.

**Chart 1.1.5: Annual change in energy prices**

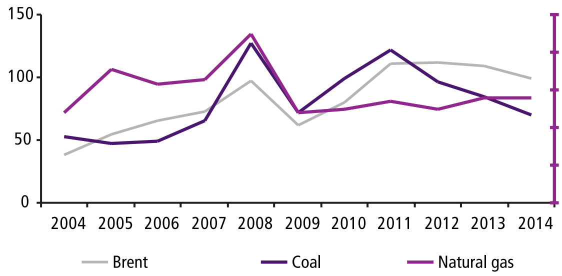
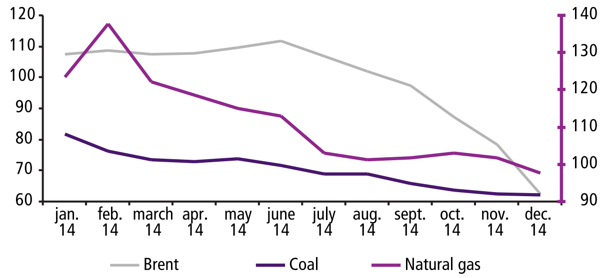



**Chart 1.1.6: Monthly change in energy prices (2014)**

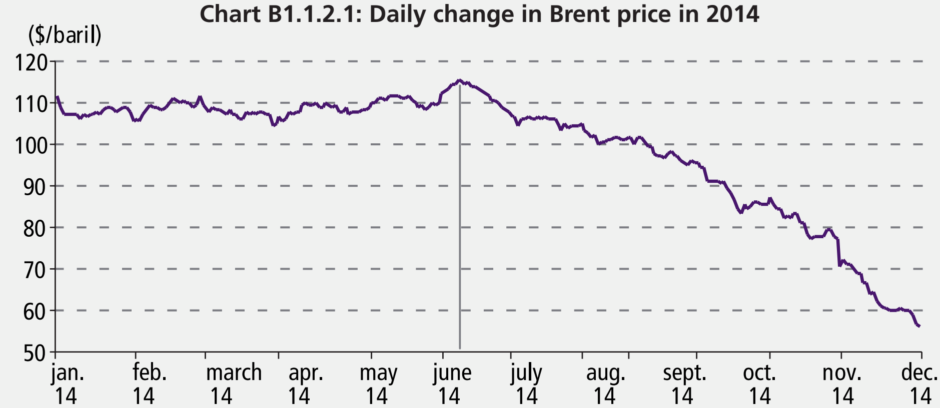



Source: World Bank

**Box 1.1.2 : Change in oil prices in 2014**

The analysis of oil prices trend in 2014 shows two distinct periods. In the first half of the year, prices were high, averaging 109.1 dollars per Brent barrel, with a peak of 115.5 dollars on June 19. This change is attributable in particular to further geopolitical tensions in Libya and South Sudan, as well as concerns about the consequences of the situation in Ukraine.

**Chart B1.1.2.1: Daily change in Brent price in 2014**




Source: Datastream.

During the second half, prices trended downwards, averaging 89.6 dollars per barrel, with a minimum of 55.8 dollars on December 31, its lowest level over the last five years. This significant decrease is due to a weaker global demand in a context of economic slowdown in major emerging countries, abundant supply, OPEC decision to maintain its output volume unchanged and appreciation of the dollar. In terms of outlook, the World Bank and the IMF project the persistence of relatively low prices in the short and medium terms.

Non-energy prices dropped overall by 4.6 percent. In particular, metal and mineral prices were down 6.6 percent, mainly due to a slower demand from China, which accounts for nearly half of global consumption. By product, prices decreased by 28.4 percent for iron, 6.4 percent for copper and 2.1 percent for lead. Similarly, prices of agricultural commodities fell by 3.4 percent, mainly due to improved production and good supply prospects. Indeed, barley, corn and soybean oil show respective declines of 32 percent, 25.6 percent and 14 percent. Furthermore, owing to a decrease in natural gas prices, prices of fertilizers moved down by 11.6 percent, with a significant decline of 25.6 percent to 110.2 dollars per tonne for crude phosphate, and 7 percent for urea. In contrast, prices for diammonium phosphate (DAP) and triple superphosphate (TSP) rose by 6.2 percent and 1.6 percent, respectively.

**Chart 1.1.7: Change in non-energy price indexes**

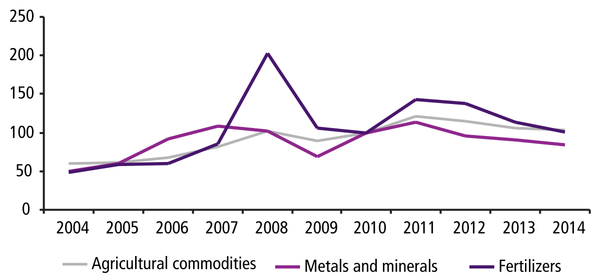
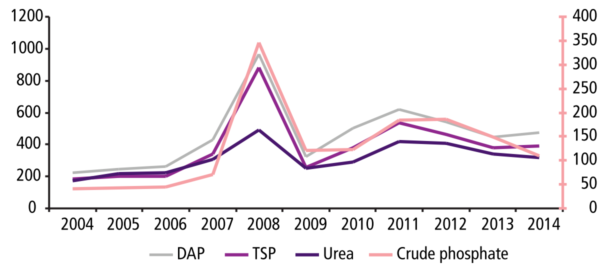



**Chart 1.1.8: Change in prices of phosphate and derivatives (dollar/tonne)**




Source: World Bank.

Meanwhile, prices for precious metals continued to decline since last year, registering a rate of 12.1 percent, partly due to a slower physical demand for these metals from China and India. Particularly, prices per ounce of gold decreased by 10.3 percent to 1,265.6 dollars, while silver and platinum prices dropped by 20 percent to 19.1 dollars and by 7 percent to 1383.6 dollars, respectively.

## 1.1.4 Inflation trend

In 2014, inflation moved down from 3.9 percent to 3.5 percent worldwide, with a decline from 5.9 percent to 5.1 percent in emerging and developing economies and stabilization at 1.4 percent in advanced countries. It edged up from 1.5 percent to 1.6 percent in the United States and accelerated sharply from 0.4 percent to 2.7 percent in Japan, due to the VAT increase. In contrast, in the euro area, inflation continued to decline to 0.4 percent from 1.3 percent in 2013, and the significant further decline in the last months of the year raised concerns about deflation risks.

Inflation registered declines in the majority of Morocco's European partner countries, from 2.6

percent to 1.5 percent in the United Kingdom, from 1.6 percent to 0.8 percent in Germany, from 1.3 percent to 0.2 percent in Italy and from 1 percent to 0.6 percent in France. Meanwhile, inflation in Spain dropped by 0.2 percent after an increase of 1.5 percent a year earlier, due in particular to the moderate wage policy adopted since 2012.

In emerging and developing countries, inflation decreased from 2.6 percent to 2 percent in China, from 10 percent to 6 percent in India and recorded a slight increase from 6.2 percent to 6.3 percent in Brazil. In Russia, consumer prices rose 7.8 percent, after an increase of 6.8 percent in the previous year, affected particularly by the crisis-related tensions in Ukraine.

**Chart 1.1.9: Inflation trend in the world**

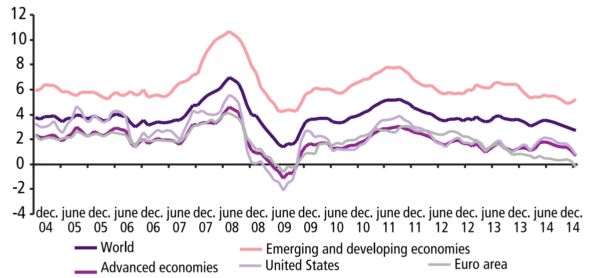
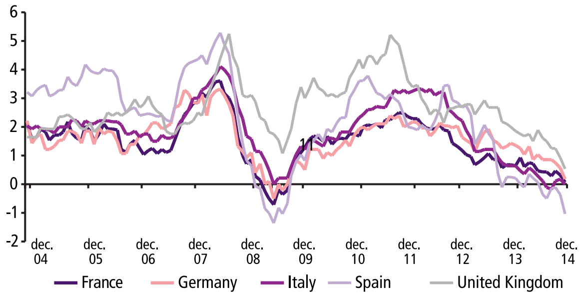



**Chart 1.1.10: Inflation trend in Morocco's main partner countries**




Source: IMF.

**Table 1.1.3: Inflation trend in the world (%)**

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| **World** | **3.9** | **5.2** | **4.2** | **3.9** | **3.5** |
| **Advanced economies** | **1.5** | **2.7** | **2.0** | **1.4** | **1.4** |
| United States | 1.6 | 3.1 | 2.1 | 1.5 | 1.6 |
| Euro area | 1.6 | 2.7 | 2.5 | 1.3 | 0.4 |
| Germany | 1.2 | 2.5 | 2.1 | 1.6 | 0.8 |
| France | 1.7 | 2.3 | 2.2 | 1.0 | 0.6 |
| Italy | 1.6 | 2.9 | 3.3 | 1.3 | 0.2 |
| Spain | 2.0 | 3.1 | 2.4 | 1.5 | -0.2 |
| United Kingdom | 3.3 | 4.5 | 2.8 | 2.6 | 1.5 |
| Japan | -0.7 | -0.3 | 0.0 | 0.4 | 2.7 |
| **Emerging and developing countries** | **5.9** | **7.3** | **6.1** | **5.9** | **5.1** |
| Russia | 6.9 | 8.4 | 5.1 | 6.8 | 7.8 |
| China | 3.3 | 5.4 | 2.6 | 2.6 | 2.0 |
| India | 9.5 | 9.4 | 10.2 | 10.0 | 6.0 |
| Brazil | 5.0 | 6.6 | 5.4 | 6.2 | 6.3 |
| **Middle-East and North Africa** | **6.2** | **8.7** | **9.7** | **9.3** | **6.5** |

Source : IMF.

### 1.1.5 Public finance

The fiscal consolidation policies initiated since 2011 continued in most advanced countries in 2014, albeit with a less restrictive stance. These efforts, prompted by the relative improvement in economic activity, resulted in a reduction of fiscal deficits. Particularly, the deficit moved down from 5.8 percent to 5.3 percent of GDP in the United States, from 8.5 percent to 7.7 percent in Japan and from 2.9 percent to 2.7 percent in the euro area. In the main partner countries, it eased from 6.8 percent to 5.8 percent in Spain, while it widened from 4.1 percent to 4.2 percent in France, from 2.9 percent to 3 percent in Italy and remained stable at 5.7 percent in the United Kingdom. In Germany, the fiscal surplus recorded since 2012 improved further to 0.6 percent of GDP.

Under these conditions, public debt increased again, from 103.4 percent to 104.8 percent of GDP in the United States and from 93.4 percent to 94.0 percent in the euro area. Meanwhile, it rose from 92.4 percent to 95.1 percent in France, from 92.1 percent to 97.7 percent in Spain, from 128.6 percent to 132.1 percent in Italy and from 87.3 percent to 89.5 percent in the United Kingdom. In contrast, Germany stands out with a further decline to 73.1 percent of GDP from 76.9 percent in 2013 and 79 percent in 2012.

**Chart 1.1.11: Change in fiscal balance as % of GDP**

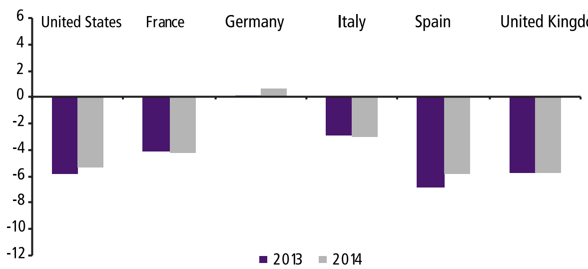
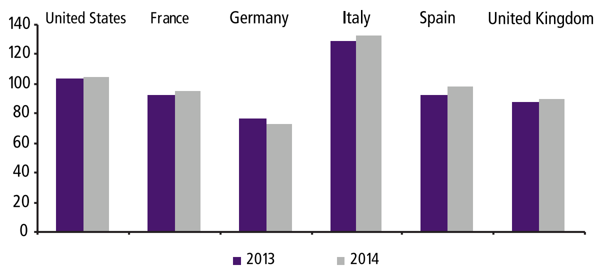



**Chart 1.1.12: Change in public debt as % of GDP**




Source: IMF.

In emerging countries, fiscal balances and public debt ratios remained at sustainable levels compared to advanced economies. In China, the budget deficit remained stable at 1.1 percent of GDP and indebtedness moved up slightly from 39.4 percent to 41.1 percent of GDP. In India, the deficit remained stable at 7.2 percent of GDP and public debt declined from 65.5 percent to 65 percent. In contrast, it widened in Brazil from 3.1 percent to 6.2 percent of GDP, and the debt ratio rose from 62.2 percent to 65.2 percent. In Russia, it decreased from 1.3 percent to 1.2 percent and public debt increased, while remaining relatively low, representing 17.9 percent of GDP.

In the Middle East and North Africa region, the fiscal balance moved overall from a surplus of 4.1

percent of GDP to a deficit of 0.2 percent, with an increase in the public debt from 25.5 percent to 26.8 percent. Particularly, the deficit declined in Egypt by 0.5 point but remained high at 13.6 percent and the debt ratio worsened by 1.5 point of GDP to 90.5 percent. In Tunisia, it fell from 6.0 percent to 3.5 percent, while public debt rose from 44.8 percent to 47.5 percent.

## 1.1.6 External accounts

The growth rate of world trade decelerated slightly from 3.5 percent in 2013 to 3.4 percent in 2014. This trend, which reflects lower imports of emerging and developing countries, was broadly accompanied with a mitigation of current account imbalances.

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

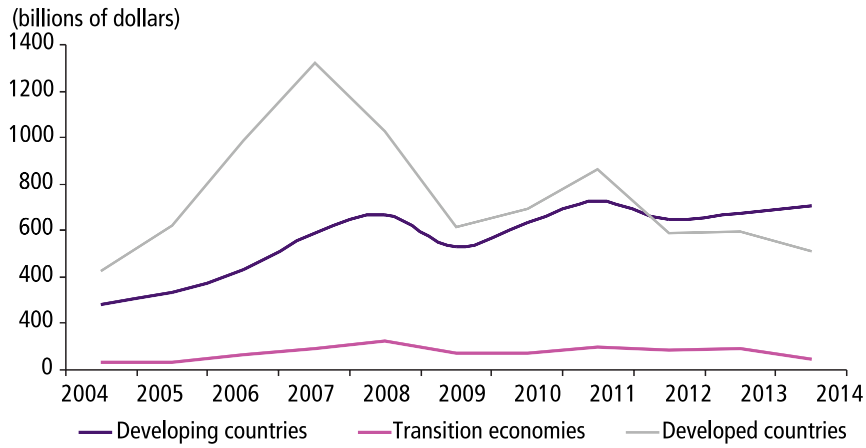
| | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| **Advanced economies** | **0.0** | **-0.1** | **-0.1** | **0.3** | **0.4** |
| United States | -3.0 | -3.0 | -2.9 | -2.4 | -2.4 |
| Euro area | 0.0 | -0.1 | 1.5 | 2.2 | 2.3 |
| Germany | 5.7 | 6.1 | 7.1 | 6.7 | 7.5 |
| France | -0.8 | -1.0 | -1.5 | -1.4 | -1.1 |
| Italy | -3.5 | -3.1 | -0.4 | 1.0 | 1.8 |
| Spain | -3.9 | -3.2 | -0.3 | 1.4 | 0.1 |
| United Kingdom | -2.6 | -1.7 | -3.7 | -4.5 | -5.5 |
| Japan | 4.0 | 2.1 | 1.0 | 0.7 | 0.5 |
| **Emerging and developing economies including** | **1.4** | **1.6** | **1.4** | **0.7** | **0.7** |
| **Emerging and developing countries of Asia** | **2.4** | **0.9** | **1.0** | **1.0** | **1.3** |
| China | 4.0 | 1.9 | 2.6 | 1.9 | 2.0 |
| India | -2.8 | -4.2 | -4.8 | -1.7 | -1.4 |
| **Countries of Latin America and the Caribbean** | -1.3 | -1.4 | -1.8 | -2.8 | -2.8 |
| Brazil | -2.1 | -2.0 | -2.2 | -3.4 | -3.9 |
| Mexico | -0.5 | -1.1 | -1.3 | -2.4 | -2.1 |
| **Community of Independent States** | **3.4** | **4.3** | **2.5** | **0.6** | **2.2** |
| Russia | 4.4 | 5.1 | 3.5 | 1.6 | 3.1 |
| **Emerging and developing countries of Europe** | **-5.1** | **-6.5** | **-4.6** | **-3.8** | **-2.9** |
| Turkey | -6.2 | -9.7 | -6.2 | -7.9 | -5.7 |
| **Sub-Saharan Africa** | **-0.6** | **-0.7** | **-1.9** | **-2.5** | **-3.3** |
| South Africa | -1.5 | -2.2 | -5.0 | -5.8 | -5.4 |
| **Middle-East and North Africa** | **6.8** | **14** | **13.4** | **10.7** | **7.0** |

Source : IMF.

In the United States, the current account deficit stabilized at 2.4 percent of GDP, as the increase in imports was offset largely by the expansion of oil and gas exports. In the euro area, the current account surplus, which reflected a significant increase in exports, strengthened from 6.7 percent to 7.5 percent of GDP in Germany and from 1 percent to 1.8 percent in Italy. However, it decreased from 1.4 percent to 0.1 percent of GDP in Spain, while in France the deficit was slightly reduced from 1.4 percent to 1.1 percent. Moreover, reflecting the deterioration in the trade balance, the current deficit widened from 4.5 percent to 5.5 percent of GDP in the United Kingdom, while the surplus in Japan moved down from 0.7 percent to 0.5 percent of GDP. In emerging countries, the surplus increased from 1.9 percent to 2 percent of GDP in China and from 1.6 percent to 3.1 percent in Russia. Meanwhile, the deficit worsened in Brazil from 3.4 percent to 3.9 percent, and eased from 1.7 percent to 1.4 percent in India.

Foreign direct investment flows decreased by 8 percent, after increasing by 3 percent in 2013, impacted particularly by the persistent political instability in certain regions. Flows to advanced economies were down 14 percent to 511 billion dollars, owing to significant disinvestment in the United States, although flows to the European Union increased by 13 percent. Similarly, in transition countries, foreign direct investment fell by 51 percent to 45 billion dollars, affected particularly by sanctions on Russia and regional conflicts. However, investment inflows to developing economies rose by 4 percent, covering an increase of 15 percent in Asia and declines of 19 percent in Latin America and the Caribbean and 17 percent in North Africa.

**Chart 1.1.13: Change in FDI inflows**



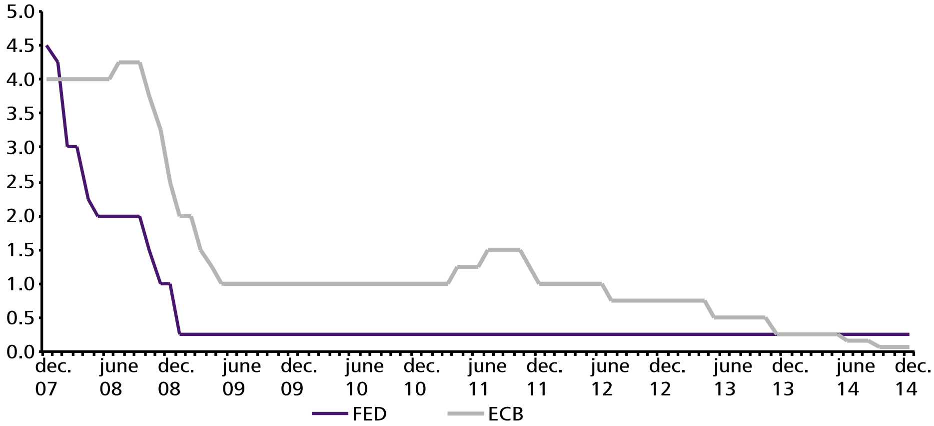

Source: UNCTAD.

## 1.1.7 Monetary policy

In 2014, monetary policies in major advanced economies were marked by a tendency to an out-of-synch situation between European and American monetary cycles. Indeed, central banks pursued divergent quantitative easing policies, while key rates remained low. In key emerging countries, China lowered its key rate to facilitate the financing of its economy, while other countries tightened their monetary policies to contain inflationary pressures and support their currencies.

The U.S. Federal Reserve maintained its policy rate within a range between 0 percent and 0.25 percent, while pledging to keep it at this level for a considerable time as long as its full employment objectives and the 2 percent inflation target are not achieved. In addition, it began in January 2014 a process to reduce the pace of asset purchases by $10 billion at each of its meetings and decided to end this program in November 2014 (Box 1.1. 3).

**Chart 1.1.14: Change in the key rates**




Source : Datastream.

In the euro area, the ECB reduced twice, in June and September, its key rates to cope with the risks of deflation, low momentum of economic activity and persistence of credit contraction. It lowered its key rate on the main refinancing operations from 0.25 percent to 0.05 percent, the rate on marginal lending facility by 45 basis points to 0.30 percent and the rate on the deposit facility to -0.20 percent. Regarding its forward-looking orientation, it reiterated that its key rate would remain low for an extended period. Meanwhile, it announced a series of unconventional measures under targeted longer-term refinancing operations (LTRO)[1] and programs for purchasing asset-backed securities[2] and covered bonds. These measures aim primarily to improve monetary policy transmission and sustain the real economy.

**Box 1.1.3 : A hindsight on the U.S Federal Reserve's quantitative easing program**

In response to the financial crisis, the Fed had substantially lowered its key rate, as a first step, from 5.25 percent in September 2007 to a range between 0 percent and 0.25 percent at the end of 2008, and has kept it unchanged ever since. In the absence of a leeway with this instrument and given the persistent crisis effects, the Fed decided to adopt unconventional measures through a quantitative easing policy consisting of a massive purchase of financial assets. This program was implemented according to the following phases:

1 Targeted LTRO aim to revive bank lending to the nonfinancial private sector, excluding housing loans.

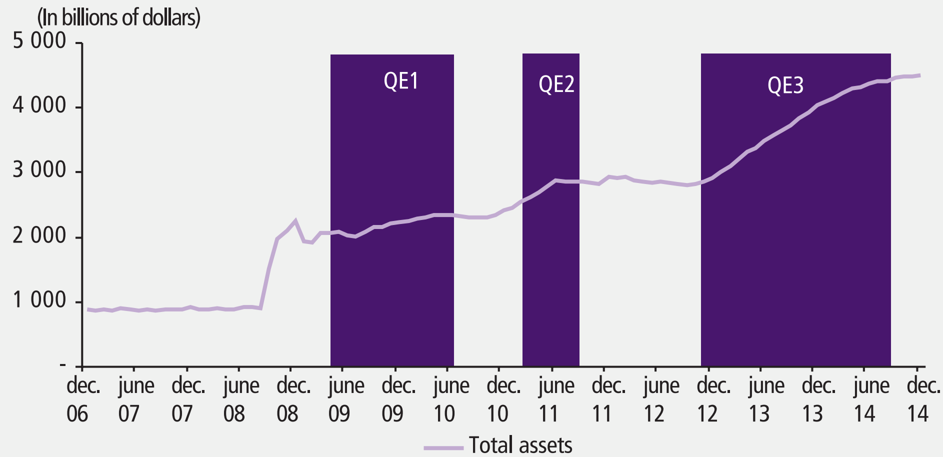
2 Asset-backed security (ABS) is a financial product "backed" by a pool of assets, mostly bank loans grouped mainly on the basis the of risk involved or the sector of activity.

- "Quantitative easing 1" (December 2008 - March 2010): On November 25, 2008, the Fed announced the purchase of U.S. Treasury bills and mortgage-backed securities (MBS) for 800 billion dollars. The goal was to get credit flowing, reduce its cost and stimulate investment.
- "Quantitative easing 2" (November 2010 - June 2011): In light of the continuing fragility of the economic activity and financial pressures, the Fed decided to launch a new quantitative easing round to purchase Treasury bills for up to 600 billion dollars at a rate of 75 billion dollars per month.
- Operation "Twist" (September 2011 - December 2012) consists of exchanging less than three year-treasury bonds against 6 to 30-year securities, in order to reduce longer-term rates.
- "Quantitative easing 3" (September 2012 - October 2014): the Fed initiated a third round of monetary injections by announcing, in September 2012, the purchase of 40 billion dollars of MBS each month. In January 2013, these purchases were extended to Treasury bills for 45 billion dollars, thus bringing them to a total of 85 billion. In December 2013, the FED announced a gradual reduction of these asset purchases.

On October 29, 2014, the Fed decided to end its quantitative easing program, a decision motivated by the significant improvement in labor market prospects and by the consolidation of economic activity.

This quantitative easing program resulted in a significant increase in the balance sheet of the Fed, as its total assets rose from 877 billion dollars at the end of 2006 to 4,509 billion at end-2014.

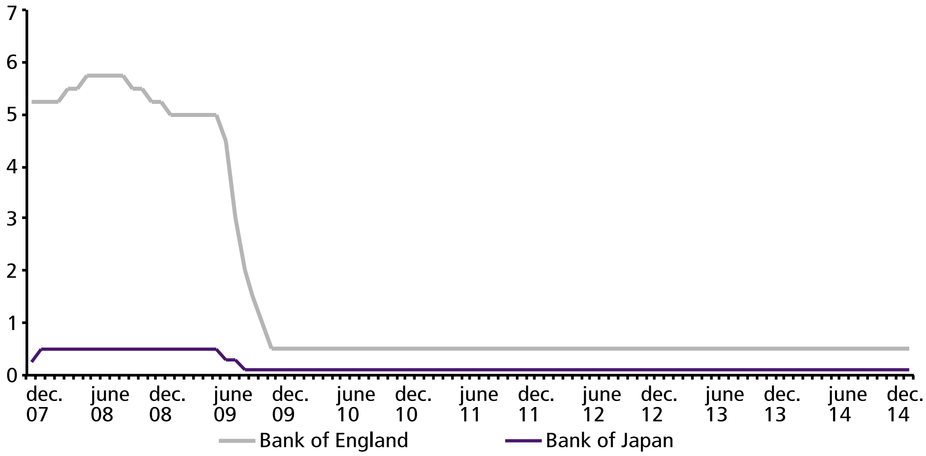
**Chart B.1.1.5.1: FED total assets**




Source : IFS.

The Bank of England kept its policy rate and its asset purchase program unchanged at 0.5 percent and at 375 billion pounds, respectively, but decided to extend to 2015 the Funding for Lending Scheme (FLS)[1], established in 2012 in collaboration with the Treasury.

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



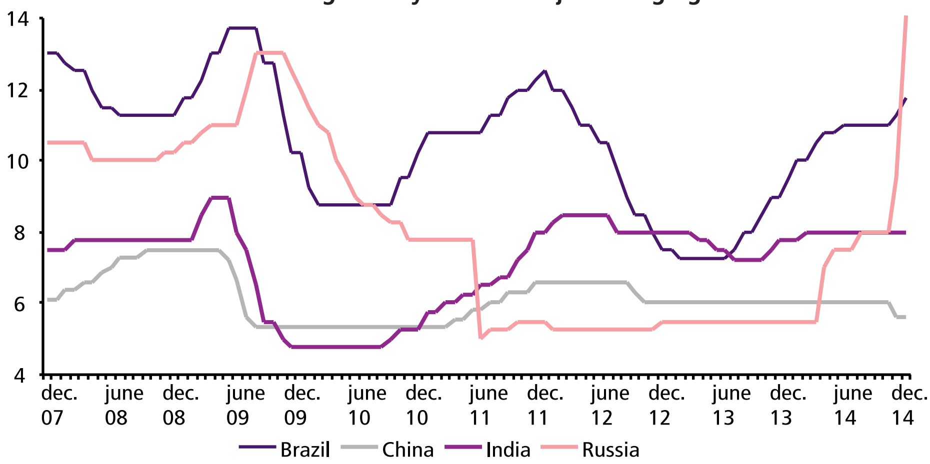

Source : Datastream.

Given the risk of delay in meeting its objectives to fight deflation, the Bank of Japan decided to further ease its monetary policy. In addition to maintaining its key rate within a range from 0 percent to 0.1 percent, it announced on October 31 that it would raise the monetary base by 80,000 billion yen a year, as against an amount ranging from 60,000 to 70,000 billion previously. Furthermore, it decided to triple its annual  purchases of securities of exchangeable traded funds (ETF) and those of Japanese real estate mutual funds.

In key emerging countries, the People's Bank of China reduced in November, for the first time in over 2 years, its reference rate for one-year loans by 40 basis points to 5.6 percent, in order to address the high lending cost and the economy's financing difficulties. However, the Brazilian Central Bank continued its monetary tightening policy in order to curb inflationary pressures, as the Selic was raised five times from 10 percent in early 2014 to 11.75 percent at the end of the year. Similarly, the Reserve Bank of India raised its key rate in January by 25 basis points to 8 percent, while highlighting that it had no plans to tighten its monetary policy in the short term as long as the disinflationary process evolves as expected. The Russian Central Bank also raised its policy rate five times, from 5.5 percent to 17 percent, with especially an increase of 6.5 percentage points on December 17. This tightening aims to counter the depreciation of the ruble and inflationary pressures.

1 It is a medium-term refinancing mechanism implemented jointly with the Treasury, which enables institutions to obtain cash, for not more than four years, from the BoE at a lower cost when the volume of their loans to the private sector and particularly to SMEs increases.

**Chart 1.1.16: Change in key rates in major emerging countries**




Source : Datastream.

## 1.1.8 International financial markets

Despite an unfavorable context marked by crisis-related tensions in Ukraine, sovereign yields of Euro Area countries were on a downward trend. On annual average, French 10-year bonds fell from 2.2 percent in 2013 to 1.7 percent in 2014, while the German Bund yields dropped from 1.6 percent to 1.2 percent. Regarding the peripheral countries, yields fell from 10.1 percent to 6.9 percent for Greece, from 4.6 percent to 2.7 percent for Spain, from 4.3 percent to 2.9 percent for Italy and from 6.3 percent to 3.8 percent for Portugal. Similarly, they continued to decrease in Ireland from 3.8 percent to 2.3 percent. Yields on U.S. 10-year bonds averaged 2.5 percent in 2014, as against 2.3 percent a year earlier.

Meanwhile, Credit Default Swaps (CDS)[1], reflecting renewed investor confidence, dropped by 9.4 percent in Greece, 61.1 percent in Spain, 51.1 percent in Italy and Portugal and 57 percent in Ireland, but they remained significantly higher compared to pre-crisis levels.

**Chart 1.1.17: Change in 10-year bond yields in the euro area peripheral countries**

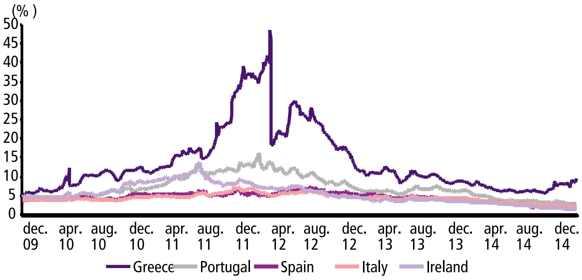
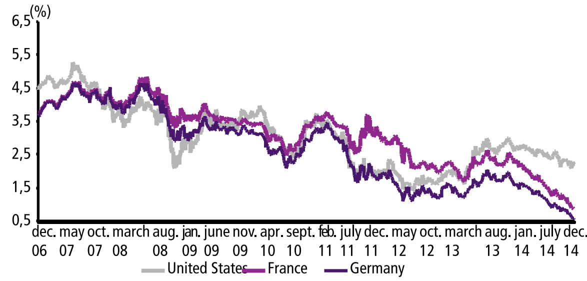



**Chart 1.1.18: Change in 10-year bond yields in the United States, France and Germany**




Source : Datastream.

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

In major emerging countries, 10-year bond yields rose from 10.5 percent to 12.2 percent in Brazil, from 3.8 percent to 4.2 percent in China, from 8.1 percent to 8.6 percent in India and from 8 percent to 9.2 percent in Turkey.

In interbank markets, divergent trends were observed across the euro area and the United States. Indeed, the 3-month Euribor[1] was up to 0.18 percent on average in 2014, while the 3-month dollar Libor[2] fell to 0.23 percent, with a decline of 1.5 point in the dollar Libor-OIS spread to 14 basis points.

**Chart 1.1.19: Change in the spread Libor-OIS US**

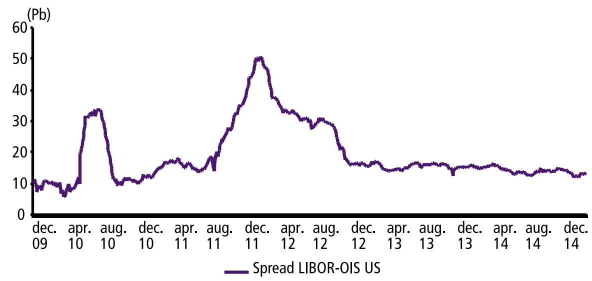
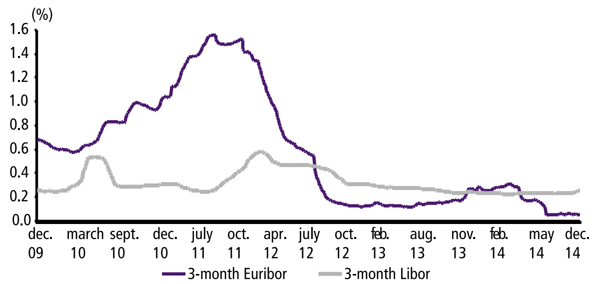


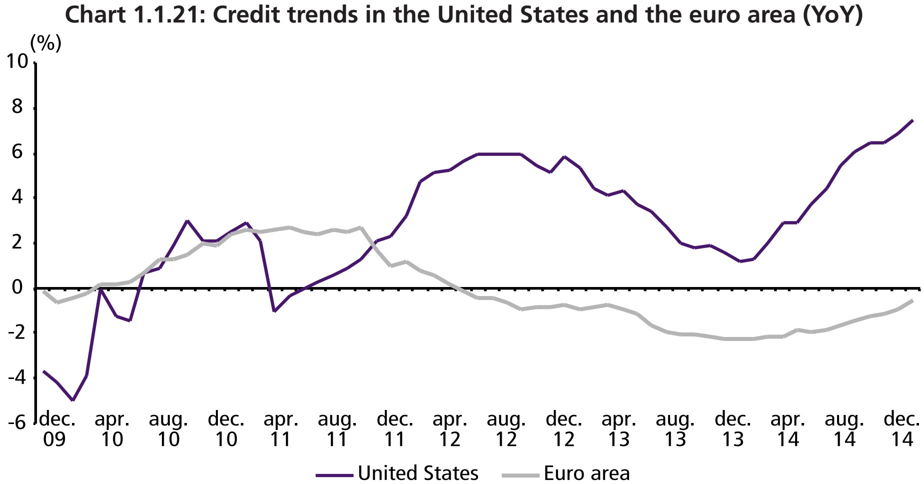

**Chart 1.1.20: Change in the three-month Euribor and Libor rates**




Source : Datastream.

Regarding bank credit, the contraction in the euro area eased gradually from 2.3 percent at the end of 2013 to 0.5 percent in December 2014, while credit growth in the United States accelerated significantly from 1.2 percent to 7.5 percent. In key emerging countries, average credit growth decelerated from 14.9 percent to 11.5 percent in Brazil and from 20.8 percent to 16.3 percent in Russia. The data available for China, which only concern consumer loans, also show a slower growth from 23.4 percent in 2013 to 20.5 percent in 2014.

**Chart 1.1.21: Credit trends in the United States and the euro area (YoY)**




Source : Datastream.

1 Euro Interbank Offered Rate (Euribor) is the reference rate of one-week to 12-month loans in the interbank market in the euro area. It is calculated based on the rates applied by a sample of major European banks.

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

The major stock indexes of advanced economies recorded significant performances with average increases of 12.6 percent for the Euro STOXX50, 11.9 percent for Dow Jones Industrial and 14.2 percent for NIKKEI225. Similarly, the DAX30, CAC40 and FTSE100 rose by 14.8 percent, 9.7 percent and 3.2 percent, respectively. These performances were accompanied by a slightly lower volatility, as the VSTOXX[1] stood at 18.3 from 18.5 a year earlier and the VIX[2] at 14.1 points from 14.2.

In emerging markets, the MSCI EM virtually stagnated, covering mainly average decreases of 16.2 percent in the index of Russia, 9.5 percent in that of Brazil and 15.5 percent for Turkey. In contrast, it moved up 15.9 percent in India, 5.6 percent in South Africa and 2.1 percent in China.

**Chart 1.1.22: Change in the major stock market indexes**

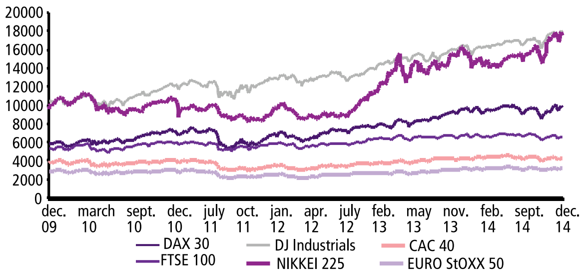
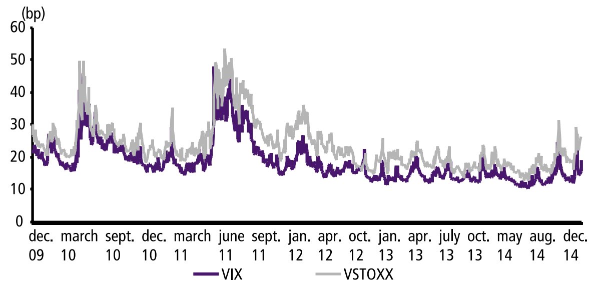



**Chart 1.1.23: Change in volatility indicators**




Source : Datastream.

**Chart 1.1.24: Change in the MSCI EM* and MSCI EAFE** (basis points)**


* The MSCI EM is a composite stock market index measuring the performance of the major equity markets of Central Europe, the Middle-East and Africa (Czech Republic, Hungary, Poland, Russia, Turkey, Jordan, Egypt, Morocco and South Africa).

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

Source : Datastream.

1 VSTOXX is a reference indicator measuring the volatility of the European stock markets, which measures the volatilityof the Eurostoxx 50.

2 VIX is a reference indicator of the volatility of the U.S. stock market, which measures the volatility of the S&P 500.

In foreign exchange markets, as economic recovery in the United States consolidated and the Fed's asset purchase program was gradually withdrawn, major currencies of the advanced economies and emerging countries depreciated against the dollar. Thus, the euro depreciated steadily to $1.23 at the end of 2014 from 1.37 at the end of the previous year, prompted by the stronger accommodative stance of the ECB monetary policy and the slow recovery in the euro area. Similarly, due to the highly accommodative policy led by the Bank of Japan, the yen depreciated significantly by 8.5 percent against the dollar.

**Chart 1.1.25: Change in euro/US dollar exchange rate**

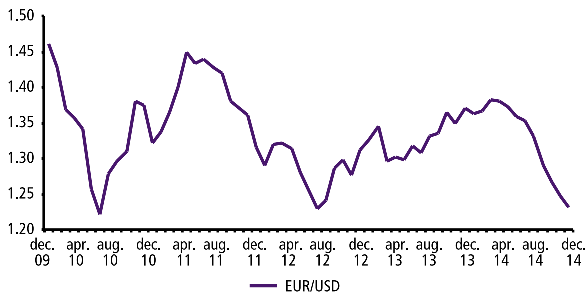
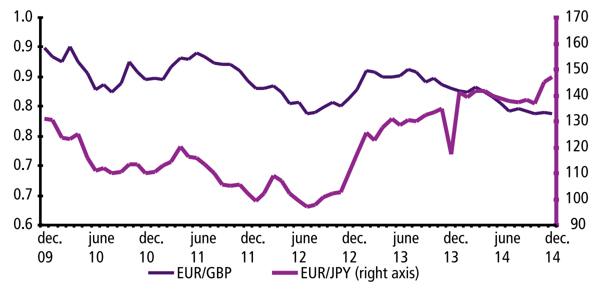


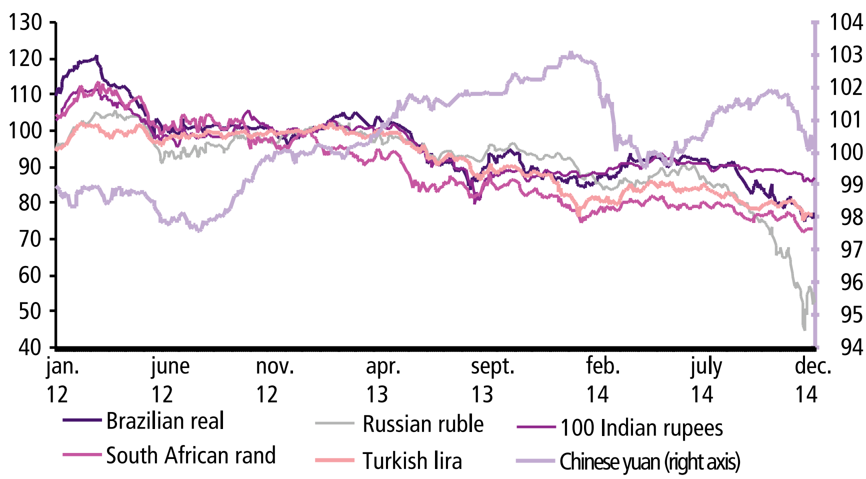

**Chart 1.1.26: Change in euro/pound sterling and euro/yen exchange rates**




Source : Datastream.

As for the currencies of major emerging economies, the depreciation vis-à-vis the dollar ranged from 0.2 percent for the Chinese yuan to 15.7 percent for the Russian ruble. It was 8.4 percent for the Brazilian real, 11.3 percent for the South African rand, 13.1 percent for the Turkish lira and 4.4 percent for the Indian rupee.

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




Source: Datastream, and BAM calculations.

## 1.2 Output and demand

National economic conditions were marked in 2014 by a weak recovery of nonagricultural activities. This trend reflects a lack of dynamism in both services and manufacturing industries as well as a further slowdown in the construction sector. Nonagricultural GDP grew by 3.1 percent as against 3 percent in 2013 and 4.7 percent in 2012. Taking into account a 2.5 percent decrease in the agricultural value added, after an increase of 17.9 percent in 2013, economic growth moved down from 4.7 percent to 2.4 percent.

Regarding demand, the growth of national final consumption registered a deceleration, affecting both households and the government. Its rate further fell, to 3 percent from 5.1 percent on average over the period 2011-2012. Moreover, after increasing by 6.8 percent in 2013, investment declined by 4 percent. In addition, the contribution of net external demand to growth was positive at 1.2 percentage points, in connection with a stronger growth of exports.

GDP at current prices amounted to 924.8 billion dirhams, up 2.6 percent. Taking into account respective increases of 11.4 percent and 70.6 percent in net current transfers and net property income outflows, the gross national disposable income (GNDI) rose by 2.4 percent to 985.2 billion. This change, together with a 3.2 percent increase in final consumption and a 4.8 percent fall in investment, resulted in an easing of the financing requirement of the economy from 7.7 percent to 5.8 percent of GDP.

**Table 1.2.1 : Change in value added in real terms (%)**

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|
| **Primary sector** | **23.9** | **1.1** | **6.7** | **-7.8** | **18.5** | **-2.6** |
| Agriculture | 26.0 | 2.3 | 5.7 | -9.1 | 17.9 | -2.5 |
| Fisheries | 0.4 | -15.9 | 24.8 | 9.7 | 26.8 | -3.9 |
| **Secondary sector** | **-6.6** | **10.2** | **6.3** | **0.8** | **0.6** | **1.7** |
| Mining | -28.9 | 42.1 | 5.0 | -2.1 | -1.5 | 4.2 |
| Processing industry | -3.0 | 8.4 | 6.8 | 1.8 | -0.6 | 1.0 |
| Electricity and water | -13.5 | 18.2 | 8.3 | -6.7 | 14.5 | 4.5 |
| Construction | 4.5 | 2.4 | 4.9 | 2.2 | 1.6 | 1.4 |
| **Tertiary sector** | **3.7** | **2.9** | **6.2** | **6.3** | **2.1** | **2.2** |
| Trade | -1.3 | -3.3 | 7.4 | 4.1 | -1.1 | 0.9 |
| Hotels and restaurants | 0.4 | 7.7 | -1.1 | 2.6 | 4.7 | 2.4 |
| Transport | 2.8 | 4.9 | 7.0 | 2.4 | 1.2 | 5.6 |
| Post and telecommunication | 6.6 | 5.2 | 9.5 | 29.5 | 2.9 | 6.3 |
| Financial activities and insurance | 2.5 | 13.0 | 8.6 | 4.2 | 0.2 | 1.4 |
| Real-estate, renting and services to businesses | 4.9 | 1.7 | 5.6 | 4.5 | 1.6 | 1.8 |
| General Government and social security | 11.4 | 0.8 | 9.9 | 5.1 | 3.7 | 2.5 |
| Education, health and social work | 1.6 | 4.4 | 1.6 | 7.1 | 5.0 | 1.3 |
| Other nonfinancial services | 2.3 | 2.4 | 2.1 | 3.0 | 2.9 | 2.5 |
| **Nonagricultural activities** | **1.6** | **4.0** | **5.2** | **4.7** | **3.0** | **3.1** |
| **GDP** | **4.2** | **3.8** | **5.2** | **3.0** | **4.7** | **2.4** |

Source : HCP.

### 1.2.1 Output

The agricultural value added, which was affected by relatively unfavorable weather conditions due to the late rainfall, shrunk by 2.5 percent, after a 17.9 percent increase a year earlier. The production of the three main cereals[1] stood at 67.5 million quintals, down 30.1 percent from the previous crop year. The effect of this decrease was slightly offset by the positive growth of other crops and livestock farming. Indeed, with the exception of market garden crops, which dropped by 2.5 percent, the production of citrus, sugar crops, olives and leguminous plants increased by 52.2 percent, 26.3 percent, 33.1 percent and 7.9 percent, respectively. Similarly, livestock number rose by 2.1 percent to 28.6 million heads[2], consisting predominantly of sheep at 67 percent, followed by goats at 22 percent and cattle at 11 percent.

**Chart 1.2.1: Main vegetable crops (million quintals)**

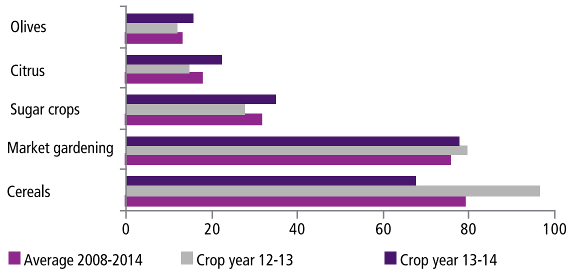
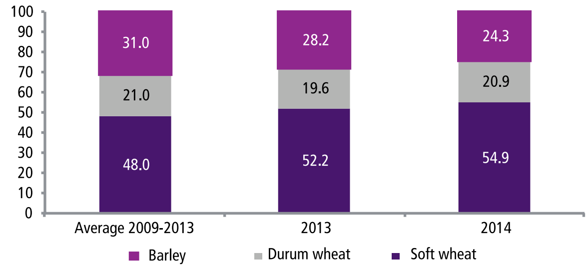


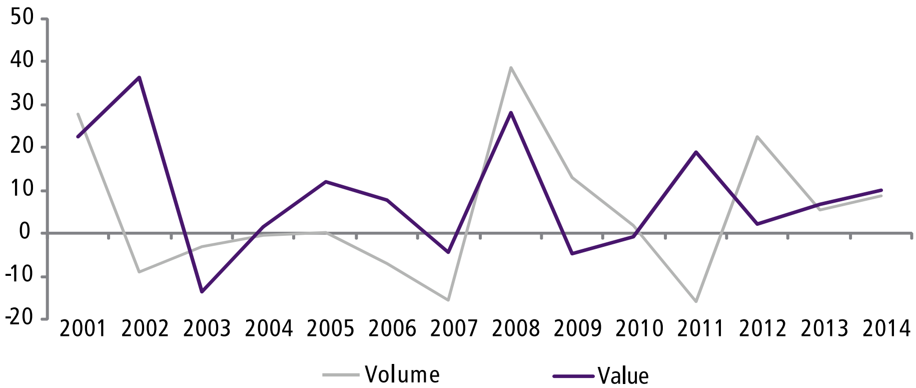

**Chart 1.2.2: Structure of cereal production by crop (in %)**




Source: Ministry of Agriculture and Fisheries.

Inshore and small-scale fishery landings were up 8.9 percent in volume to 1.3 million tonnes and 10 percent in value to 6 billion dirhams. The share used in the manufacturing of "fishmeal and oil" increased from 15.3 percent to 26.6 percent and that intended for fish canning rose from 13 percent to 16 percent. Conversely, the output used for fresh consumption and freezing declined from 33.7 percent to 25.3 percent and from 37.1 percent to 31.6 percent, respectively.

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




Source: National Fisheries Office.

1 Soft wheat, durum wheat and barley.

2 According to the survey conducted by the Ministry of Agriculture and Fisheries in March-April 2014.

The secondary sector's value added increased by 1.7 percent from 0.6 percent in 2013, with particularly a weak industrial recovery and further construction slowdown.

After a fall of 0.6 percent in 2013, the value added of processing industries grew slightly by 1 percent, with divergent trends across branches. Food and tobacco industries accelerated from 2.3 percent to 5.7 percent, while textile and leather industries rose 4.5 percent, after a 1.3 percent decline. However, activity slowed down from -0. 2 percent to 0.9 percent in chemicals and related industries and from -5 percent to 1.9 percent in mechanical, metallurgical and electrical industries.

The trend slowdown in the construction sector continued in 2014, with a growth of 1.4 percent, as against 1.6 percent a year earlier. This performance affected cement sales, which posted their third consecutive decline, registering 5.4 percent as against 6.3 percent in 2013 and 1.6 percent in 2012.

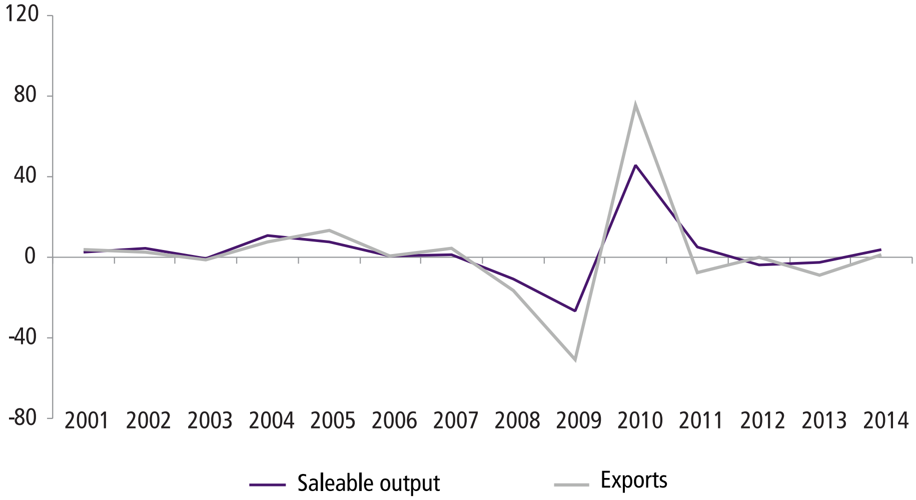
**Chart 1.2.4: Change in cement sales and the value added of the construction sector (%)**


Source: HCP and APC (Cement manufacturers' professional association).

Meanwhile, the mining value added rose 4.2 percent, after declining 1.5 percent in 2013. This relative recovery reflects a 3.6 percent increase in the saleable output of phosphate after two years of decline. This change was due to the improvement of 1.5 percent in exports[1] and 3.8 percent in demand from local processing plants.

1 According to data from the OCP.

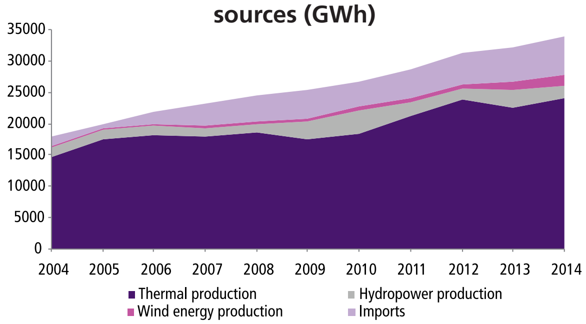
**Chart 1.2.5: Change in crude phosphate output and exports, in volume (in %)**




Source : OCP.

Regarding the energy sector, the value added of the electricity and water branch was up 4.5 percent as against 14.5 percent in 2013.

**Chart 1.2.6: Change in available electricity by sources (GWh)**




Sources : Samir and ONEE.

**Chart 1.2.7: Oil products' output and consumption (in thousand tonnes)**


The net domestic production of electricity increased by 3.3 percent to 27.4 billion KWH, from 1 percent in 2013. It is still dominated by its thermal component with a share of 86.3 percent, as against 7.3 percent, while the shares of water and wind energies stood at 7.3 percent and 6.4 percent, respectively.

After an increase of 4.9 percent, the refining industry output fell by 6.8 percent to 6.1 million tonnes. This change was mainly attributed to a decline of 28 percent in fuel and 10.3 percent in gasoline, while diesel production rose 1.6 percent. The significant decline in fuel output is due to a 44 percent contraction in the ONEE (national Electricity and Water Office) demand, in connection with the commissioning of units 6 and 7 of JLEC thermal power plant and Tarfaya wind farm, with respective capacities of 700 MW and 300 MW.

After rising 4.7 percent on average between 2007 and 2012, and 2.1 percent in 2013, the value added of tertiary activities showed a relatively limited growth of 2.2 percent. This trend particularly reflects a marginal growth of activity in "trade" and "real-estate, rent and services to businesses" as well as a slowdown of non-market activities.

The slow economic recovery in major source countries, coupled with high security risks in some countries in the region, significantly impacted the tourism activity in 2014. Indeed, after rising 7.2 percent in 2013, the number of tourists grew by 2.4 percent to 10.3 million visitors, with a deceleration from 8.2 percent to 2.6 percent in the arrivals of Moroccan expatriates and from 6.2 percent to 2.1 percent in those of foreign tourists.

**Table 1.2.2: Change in tourist arrivals (in thousands)**

| | 2011 | 2012 | 2013 | 2014 | Change in % | | | Market share in % | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 12/11 | 13/12 | 14/13 | 2011 | 2012 | 2013 | 2014 |
| **Foreign tourists** | **4,934** | **5,012** | **5,323** | **5,437** | **1.6** | **6.2** | **2.1** | **52.8** | **53.5** | **53** | **52.9** |
| European Union | 3,882 | 3,856 | 3,994 | 4,115 | -0.7 | 3.6 | 3.0 | 41.6 | 41.1 | 39.8 | 40.0 |
| Europe excluding the European Union | 256 | 250 | 313 | 325 | -2 | 25.1 | 3.6 | 2.7 | 2.7 | 3.1 | 3.2 |
| America | 240 | 258 | 295 | 303 | 7.6 | 14.2 | 3.0 | 2.6 | 2.8 | 2.9 | 3.0 |
| Arab countries | 309 | 372 | 435 | 391 | 20.6 | 16.8 | -10.1 | 3.3 | 4.0 | 4.3 | 3.8 |
| Rest of the world | 248 | 275 | 286 | 303 | 11.1 | 4.1 | 5.8 | 2.7 | 2.9 | 2.9 | 2.9 |
| **Moroccans living abroad** | **4,408** | **4,363** | **4,723** | **4,845** | **-1.0** | **8.2** | **2.6** | **47.2** | **46.5** | **47** | **47.1** |
| **Total** | **9,342** | **9,375** | **10,046** | **10,282** | **0.4** | **7.2** | **2.4** | **-** | **-** | **-** | **-** |
| **Travel receipts (in million DH)** | **58,904** | **57,835** | **57,614** | **59,307** | **-1.8** | **-0.4** | **2.9** | **-** | **-** | **-** | **-** |

Source: Ministry of Tourism.

Similarly, the increase in overnight stays in classified hotels slowed from 9.3 percent to 2.7 percent overall, from 11 percent to 2.8 percent for nonresidents and from 5 percent to 2.4 percent for residents. Meanwhile, the bed capacity grew by 3.9 percent to 215,660 beds, a rate well below the annual average of 9.5 percent needed to achieve the target of 372,000 beds planned as part of the 2020 vision. Travel receipts recorded an increase of 2.9 percent after two falls in a row, to 59.3 billion dirhams.

Against this backdrop, the growth rate of the "hotels and restaurants" value added decelerated to 2.4 percent from 4.7 percent in 2013, bringing its contribution to growth from 0.11 point to 0.06 percentage point.

### Box 1.2.1: International tourism structure in Morocco

After rising 9.7 percent on annual average between 2004 and 2009, the flow of foreign residential tourists (FRT) to Morocco slowed down sharply, with a limited performance of 2.6 percent on average between 2010 and 2014. This slowdown concerned all source regions with the exception of the Middle East whose arrivals maintained a robust growth. Particularly, the average growth of flows from the European Union, main source zone to Morocco, fell from 9.2 percent to 1.4 percent. This does not apply to certain countries, mainly Germany, whose flows accelerated from 4.3 percent to 5.6 percent.

These developments affected the structure of foreign tourist arrivals, with mainly a decrease of 5 percentage points from the European Union to 76 percent. The decline was particularly marked for French tourists, who accounted for 33 percent of arrivals in 2014 from 43 percent in 2004. For other regions, despite a slight increase, their shares are still low.

In terms of the structure of overnight stays in classified hotels, the French market's contribution dropped from 51 percent in 2004 to 33 percent in 2014, which represents a stronger deceleration than that of arrivals. In contrast, the share of the United Kingdom doubled over the period to 12 percent and that of Arab countries improved from 4 percent to 7 percent.

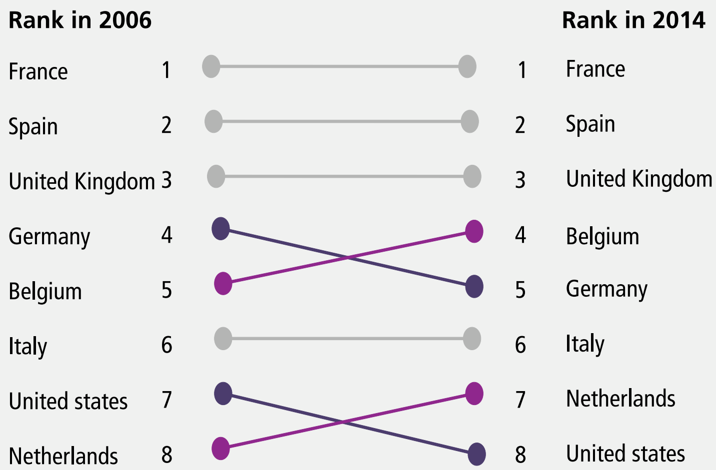
**Table B1.2.2.1 : Trend in market shares of main source regions towards Morocco**

| | Shares in FRT flows | | Average annual change (%) | | |
|---|---|---|---|---|---|
| | 2006-2010 | 2011-2014 | 2006 | 2010 | 2014 |
| **European Union** | **2.0** | **7.8** | **75.7** | **79.2** | **80.7** |
| - France | 0.4 | 5.4 | 33.1 | 37.2 | 41.5 |
| - Spain | -0.5 | 11.6 | 12.6 | 14.8 | 13.1 |
| - U.K. | 10.6 | 6.2 | 8.8 | 6.9 | 7.4 |
| - Germany | 5.1 | 7.9 | 4.7 | 4.2 | 4.2 |
| **Non-EU Europe** | **8.3** | **15.5** | **6.0** | **5.2** | **4.0** |
| - Russia | 15.1 | 28.3 | 0.6 | 0.7 | 0.3 |
| **America** | **8.2** | **9.7** | **5.6** | **5.1** | **4.9** |
| **MENA** | **8.2** | **8.4** | **7.2** | **5.6** | **5.6** |
| **Sub-Saharan Africa** | **5.4** | **14.6** | **2.9** | **2.5** | **2.0** |
| **Asia** | **11.1** | **11.2** | **2.1** | **1.7** | **1.5** |
| - China | 16.9 | 9.4 | 0.2 | 0.1 | 0.1 |
| **FRT** | **3.3** | **8.3** | **-** | **-** | **-** |

Source : Ministry of Tourism.

In conclusion, despite this relative diversification, international tourism in Morocco remains strongly dependent on European demand and particularly its three main markets, namely France, Spain and the United Kingdom. These countries together account for 54 percent of tourist arrivals and 50 percent of overnight stays in classified hotels.

**Chart B1.2.1.1 : Structure of tourist arrivals to Morocco**




The transportation value added was up 5.6 percent from 1.2 percent, thus bringing its contribution to economic growth from 0.05 to 0.21 percentage point. This trend mainly reflects the increase in maritime freight traffic and rail passenger transport.

Maritime freight transport improved by 14.3 percent from 9 percent, reaching 115 million tonnes. Indeed, foreign trade traffic increased by 11.5 percent, after a 1.8 percent decline, and transhipment at the port of Tangier grew by 20.2 percent, as against 41.1 percent. Conversely, rail freight transport fell by 3.3 percent, reflecting the commissioning of crude phosphate transport pipeline. Excluding phosphate, this traffic was up 7 percent.

Regarding passenger transport, except for the acceleration of rail traffic from 5.8 percent to 6.3 percent, air and maritime transports would have suffered from the slowdown in international tourism, recording respective decelerations in the number of passengers from 9.2 percent to 4.8 percent and from 12.9 percent to 6.8 percent.

The value added of posts and telecommunications improved by 6.3 percent as against 2.9 percent in 2013, driven by a decline in mobile and Internet prices, combined with higher penetration rates and average use[1].

The number of Internet subscribers registered the strongest growth since 2005 with a rate of 72.6 percent to nearly 10 million, bringing the penetration rate from 17.6 percent to 30.1 percent.

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

This improvement, which was supported by a 36 percent drop in prices, concerned mainly the number of 3G subscribers, which rose by 81.9 percent, now representing 90.1 percent of the total, as against 50.9 percent a year earlier. Similarly, the 22 percent decline in prices contributed to a 4 percent rise in the number of subscribers to mobile telephony services, to 44.1 million, representing a penetration rate of 133 percent, and an 11 percent increase in the average use. However, the number of fixed telephony subscribers continued to drop since 2011, with a rate of 14.9 percent to 2.5 million, thus reducing its penetration rate by 1.4 point to 7.5 percent.

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

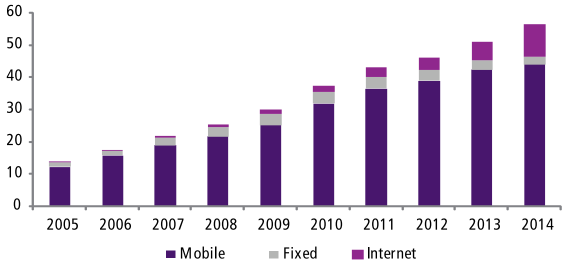
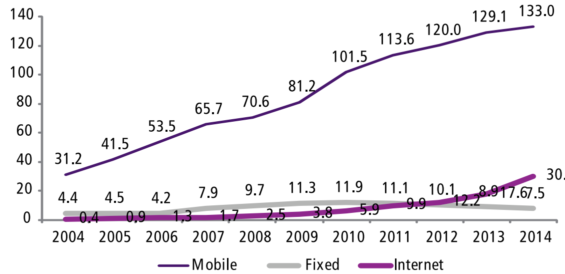



**Chart 1.2.9: Change in the penetration rate (in %)**




Source : ANRT.

## 1.2.2 Demand

Domestic demand continued to slow down, due to the deceleration in national final consumption and the drop of investment. Indeed, its growth rate remained largely below that of 2011, down from 6.7 percent to 4.2 percent in 2013 and 1 percent in 2014, and its contribution to growth declined from 7.3 in 2011 to 1.2 percentage point in 2014.

Despite a low inflation rate, household final consumption slowed from 3.7 percent in 2013 to 3.2 percent in 2014, in a context marked by an average crop year and a significant deterioration in job market conditions. Its contribution to growth fell from 2.2 percentage points to 1.9 point. Similarly, government consumption growth continued to decline, to 1.8 percent from 4.2 percent, and its contribution to growth fell to 0.3 percentage point as against 0.8 point.

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

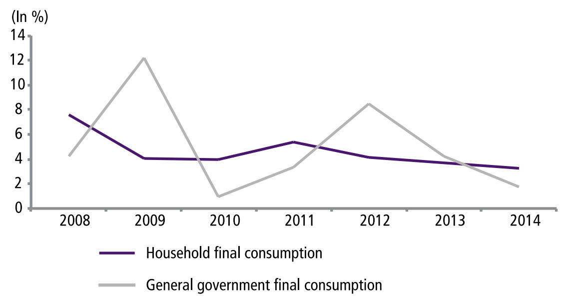
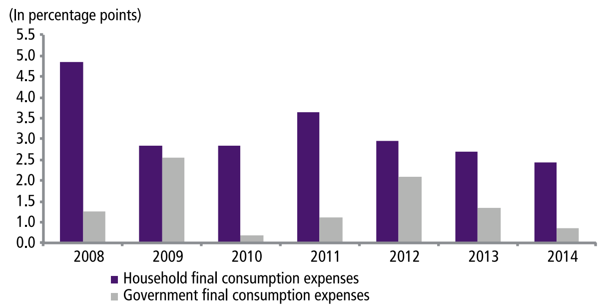


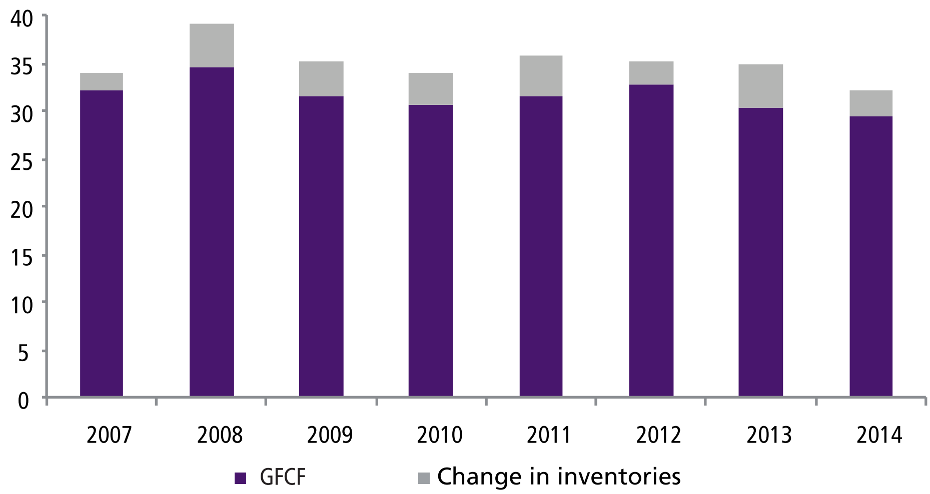

**Chart 1.2.11: Contribution of final consumption to GDP, in percentage points**




Source : HCP.

After an increase of 6.8 percent in 2013, investment fell by 4 percent, reflecting mainly a decline of 23.2 percent in change in inventories as against an increase of 95.7 percent a year ago. Its contribution to growth was therefore negative at 1.1 percentage point compared to a positive contribution of 1.8 point. However the decrease of the gross fixed capital formation slowed down from 1.5 percent to 0.4 percent. This would be mainly attributed to the investment effort of the Treasury whose capital expenditure increased by 9 percent. Private investment would have continued to suffer from uncertainties about growth prospects.

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

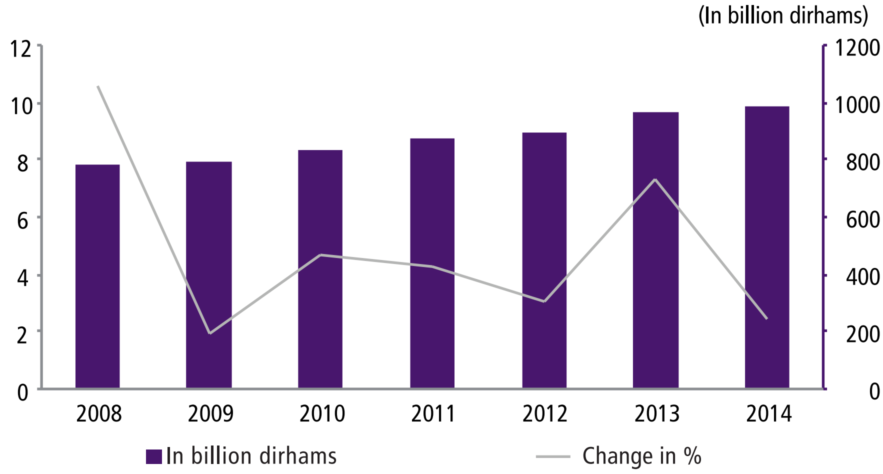



Source : HCP.

GDP at current prices rose by 2.6 percent to 924.8 billion dirhams, as against 6.3 percent a year earlier. Meanwhile, net current transfers expanded robustly by 11.4 percent to 81.3 billion, mainly in connection with a large inflow of 13.1 billion in donations from the Gulf Cooperation Council countries, the equivalent of 1.4 percent of GDP. Transfers from Moroccans living abroad totaled

59.9 billion, up 3.6 percent. In parallel, net property income outflows, consisting mainly of income from direct investment, amounted to 20.9 billion. Under these conditions, GNDI was up by 2.4 percent to 985.2 billion, or 29,106 dirhams per capita, as against 28,779 dirhams a year earlier.

**Chart 1.2.13: Change in GNDI**




Source : HCP.

Taking into account a 3.2 percent increase in national final consumption, the savings rate remained well below its average between 2007 and 2008, standing at 24.7 percent of GNDI, as opposed to an average of 31.1 percent. Meanwhile, investment expenditure decreased by 4.8 percent to 297.7 billion dirhams, thus representing 32.2 percent of GDP as against 34.7 percent in 2013. Under these conditions, the financing requirement of the economy eased to 53.9 billion or 5.8 percent of GDP, from 7.7 percent in 2013.

**Chart 1.2.14: Change in national savings**

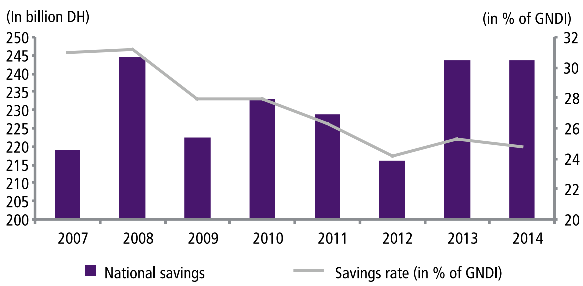
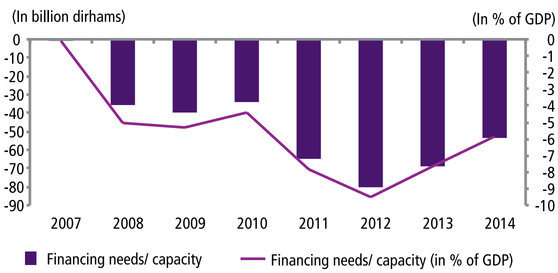



**Chart 1.2.15: Financing needs/capacity**




Source : HCP.

# 1.3 Labor market

In a context marked by the slow recovery of nonagricultural activities and an average crop year, labor market conditions deteriorated significantly in 2014. Thus, despite a decline of 0.3 percentage point in the participation rate, the unemployment rate posted its third consecutive increase to 9.9 percent from 9.2 percent in 2013. Such increase was more pronounced in urban areas and particularly among young persons aged 15 to 24 years, of whom nearly four in ten persons cannot find jobs.

Rising unemployment was attributed to a net job creation limited to 21,000, the lowest level in the last fourteen years after that of 2012 (1,000 jobs). By sector, industry lost 37,000 jobs, the most significant loss since 2009, while the workforce in the construction sector stagnated after two years of significant declines. Services, which remain the main job-providing sector, created 42,000 positions, a number well below the average of 108,000 of the last three years. Similarly, agriculture generated only 16,000 jobs, as against 58,000 in 2013, a year marked by an exceptional cereal harvest.

Under these conditions, and taking into account a 2 percent increase in the nonagricultural value added, the apparent labor productivity[1] improved by 1.9 percent from 1 percent in 2013. This increase is close to that of labor costs[2], which stood, in real terms, at 2 percent for the private sector and 1.6 percent for the public one.

## 1.3.1 Activity indicators

After an increase of 1.4 percent in 2013, the workforce rose by 0.9 percent to 11.8 million, up 1.4 percent in urban areas and 0.3 percent in rural ones. The labor force, 27.2 percent of which are women, remains low skilled, as the share of workers with no degrees reached 59.8 percent nationally and 80.5 percent in rural areas[3].

Given a growth of 1.5 percent of the population aged 15 and over, the participation rate[4] dropped again from 48.3 percent to 48 percent, down 0.3 point to 42.1 percent in urban areas and 0.2 point to 57.2 percent in rural ones. The decrease in urban areas varies from 0.4 point for the 25-34 years age group to 0.6 point for the 15-24 and 35-44 years groups. In rural areas, it affected particularly the groups aged 35-44 years and 45 years and over, with 1.3 and 1.1 point, respectively. In addition to factors such as the extension of schooling, these significant decreases in the participation rate would reflect discouragement of certain categories of the labor force, who stopped seeking jobs, due to the persisting lack of job opportunities in the labor market.

1 It is calculated based on the ratio of nonagricultural value added and nonagricultural employed labor force.
2 Assessment of the labor costs is based on the CNSS data regarding the private sector and on the Ministry of Economy and Finance as concerns the public sector.
3 Data on the structure of the labor force by diploma concern 2013.
4 The participation rate is defined as the ratio of labor force aged 15 and over to the total population aged 15 and over.

**Chart 1.3.1: Change in labor force participation rate by residence (in %)**

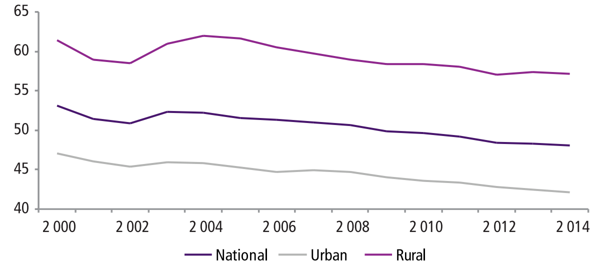
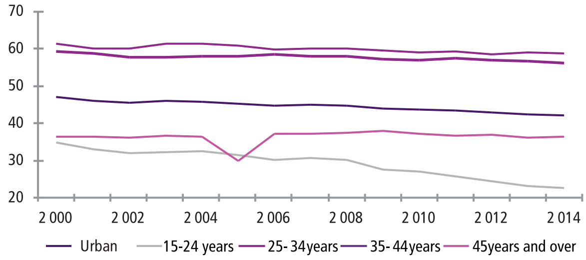



**Chart 1.3.2: Change in labor force participation rate by age group in urban areas (in %)**




Source : HCP.

## 1.3.2 Employment indicators

In 2014, the national economy created 21,000 jobs as against 114,000 a year earlier, representing an increase of 0.2 percent in the employed labor force to 10.65 million. Consequently, the employment rate[1] fell from 43.8 percent to 43.3 percent, down 0.5 point in both urban and rural areas to 35.9 percent and 54.7 percent, respectively.

By sector, after 101,000 new positions in 2013, services generated only 42,000 jobs. However, their share in the overall volume continues its upward trend to 40.1 percent from 39.8 percent. The new jobs were created mainly in the branches of "retail and repair of household goods" with 29,000 posts and "personal services" with 10,000 jobs. The agricultural sector created 16,000 jobs as against 58,000 a year earlier and its share almost stabilized at 39.4 percent.

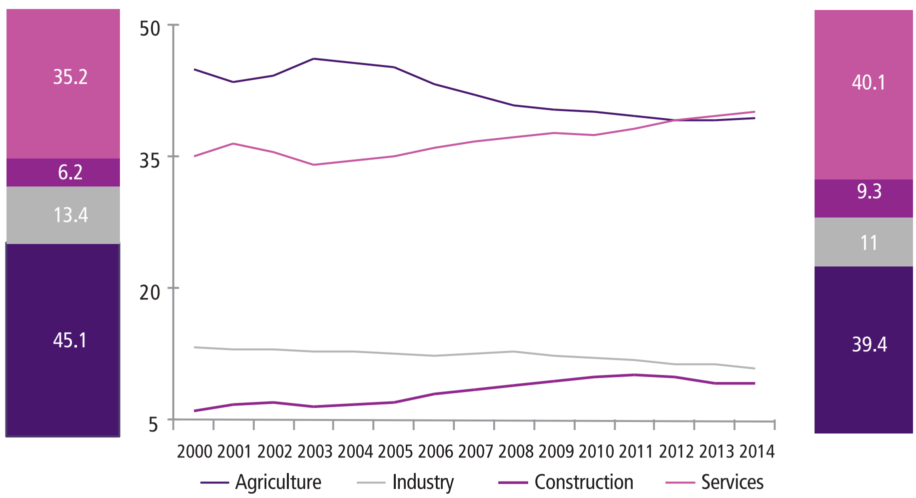
**Chart 1.3.3: Change in employment in the industrial sector**


Source : HCP.

1 Employment rate is defined as the ratio of the employed labor force aged 15 years and over to the total population aged 15 and over.

However, after a slight increase of 0.4 percent in 2013, employment in the industrial sector resumed its downward trend that started in 2009, with a contraction of 37,000 jobs. This trend resulted in a 0.4 point decline to 11 percent in the share of industry in the employed labor force. Such counter performance proves to what extent the Accelerated Industrial Plan 2014-2020 was ambitious, as it aimed to create a total of 500,000 jobs, or nearly 71,500 annually. Meanwhile, the workforce in the construction sector stagnated, after two significant declines totaling 71,000 positions, and its share stabilized at 9.3 percent.

**Chart 1.3.4: Change in employment structure by sector (%)**




Source : HCP.

Analysis of employment by professional status shows that the jobs created in 2014 were exclusively unpaid, while paid employment suffered a loss of 24,000 jobs, the first since 2000, thus bringing its year-on-year share from 77.9 percent to 77.5 percent[1].

Moreover, despite their continuous improvement in recent years, labor skills remain low with a share of 62.0 percent of workers with no degrees. Holders of intermediate degree represent 26.6 percent while those with a higher diploma account for 11.4 percent.

1 Data published by the HCP.

### Box 1.3.1 : Underemployment in Morocco

While unemployment rate constitutes a key indicator for measuring the labor force non-utilization level, the underemployment rate[1] helps supplement this measure by considering the under-utilization degree of the employed labor force productive capacity. The latter generally increases in periods of low activity and declines in the event of a rapid growth.

In Morocco, during the period 2003-2008, characterized by an average nonagricultural growth of 5.3 percent[2], underemployment rate in urban areas trended downward from 15.1 percent to 8.9 percent. In contrast, between 2009 and 2014, it hovered around 9.1 percent, reflecting a slowdown in nonagricultural growth to 3.9 percent on average.

In 2014 in particular, underemployment affected 1.1 million people nationally, or 10.3 percent of the employed labor force, up 1.1 point compared to 2013. Thus, this significant increase would have mitigated the unemployment rise.

**Chart B1.3.1.1: Change in underemployment rate by residence (%)**

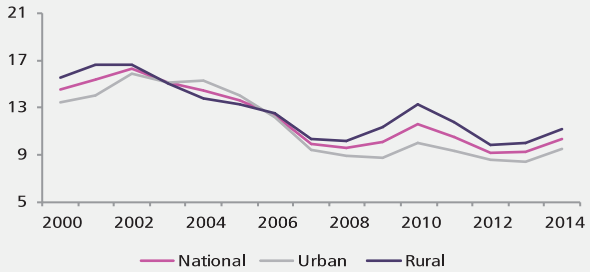
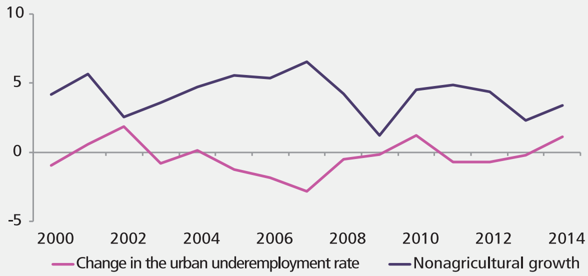



**Chart B1.3.1.2: Nonagricultural growth (in %) and change in underemployment rate in urban areas (in percentage points)**




Source: HCP and BAM calculations

A rate of 70.5 percent of underemployed persons are seeking alternative jobs for reasons of inadequacy with their skills or for their desire to have a higher salary. Underemployment affects men more than women, with respective rates of 10.9 percent and 4.6 percent. It declines with age from 13 percent for young persons aged 15 to 24 years to 4.6 percent for employed persons aged 45 years and over. By skill level, it ranges from 7.4 percent for those with a higher degree, 8.9 percent for those with no degree, to 10.7 percent for holders of an intermediate degree.

By sector, construction remains most affected by underemployment, with a rate of 17 percent as against 10.3 percent for the agricultural sector and 9.4 percent for services. The industrial sector records the lowest rate, namely 8 percent.

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

2 Based on national accounts data. Base year : 1998

## 1.3.3 Unemployment indicators

In 2014, the number of the unemployed increased for the third consecutive year to reach, ultimately, 1.2 million, up 8 percent from 4.1 percent in 2013. A rate of 59.2 percent of those persons has been unemployed for over a year and 45.4 percent are first-time job seekers. This population, of whom 78.6 percent are young people aged less than 35, remains concentrated in urban areas, with a rate of 80 percent. It is also marked by a graduation rate of nearly 70.8 percent as against only 37 percent among employed population. This proportion reached 85.4 percent among first-time job seekers.

Between 2013 and 2014, the proportions of first-time job seekers and long-term unemployed recorded significant declines, by 5 and 4.8 points, respectively. These trends would reflect a relatively larger increase in the number of the unemployed in 2014 compared with the previous years, following a dismissal or a cessation of the establishment's activity. The share of these unemployed grew, year on year, from 26.5 percent to 29.2 percent.

**Chart 1.3.5: Change in the proportion of long-term unemployment (%)**

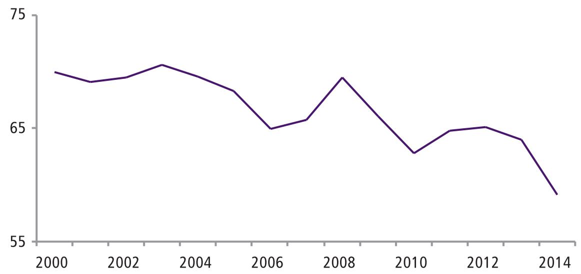
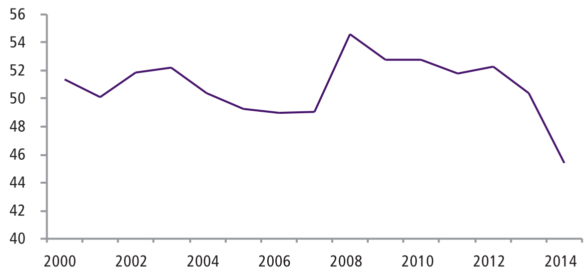



**Chart 1.3.6: Change in the proportion of first-time job seekers (%)**




Source : HCP.

Unemployment rate worsened by 0.7 point to 9.9 percent, the highest level since 2006. The increase was more marked in urban areas with 0.8 point to 14.8 percent and more particularly among young persons aged 15 to 24 years, with 2.1 points to 38.1 percent. Unemployment in the cities also rose significantly among women by 1.5 point to 21.9 percent and among graduates by 1.3 points to 19.5 percent.

**Chart 1.3.7: Change in unemployment rate by age group (%)**

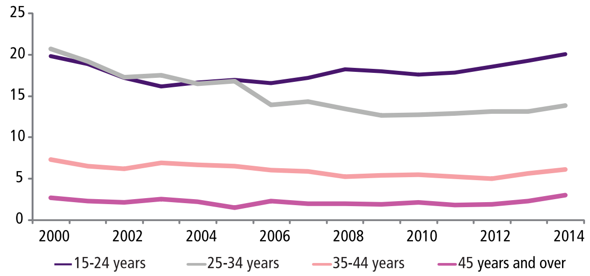
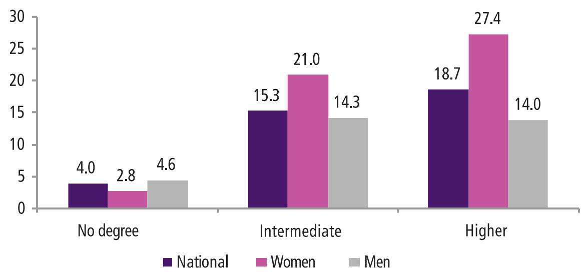



**Chart 1.3.8: Unemployment rate by gender and by level of education (%)**



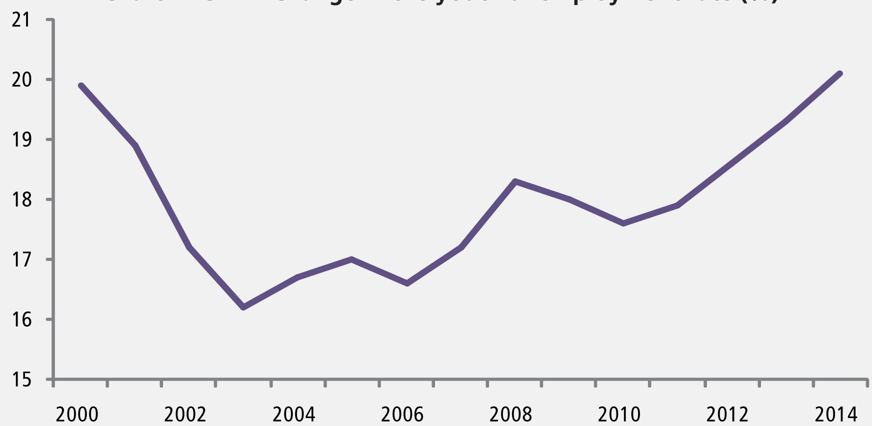

Source : HCP.

### Box 1.3.2 : Unemployment among young persons aged 15 to 24 years

Youth unemployment is a global scourge that affects both advanced and developing economies. Since the beginning of the international economic and financial crisis, it rose significantly, emerging as one of its major after-effects.

In Morocco, this phenomenon has taken an important dimension, making it a serious social and economic concern. Indeed, after a steady decline between 1999 and 2003, it trended upwards in 2014 to 20.1 percent nationally and peaked at 38.1 percent in urban areas.

**Chart B1.3.2.1: Change in the youth unemployment rate (%)**




Source : HCP.

Unlike some developed countries such as France and Belgium, youth unemployment in Morocco is more prevalent among skilled workers. Indeed, this rate stood at 9.2 percent among those without degrees, at 24.6 percent among holders of an intermediate degree and at 60.5 percent among those with a higher degree.

In addition to unemployment, young people are most affected by underemployment, with a rate that rose to 13 percent in 2013, as against 12.3 percent among the 25-34 years age group, 9.3 percent among the 35-44 years group and 4.6 percent among people aged 45 years and over.

**Chart B1.3.2.2: Unemployment rate by gender and age group (%)**

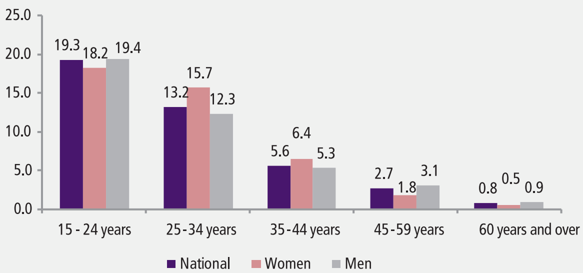
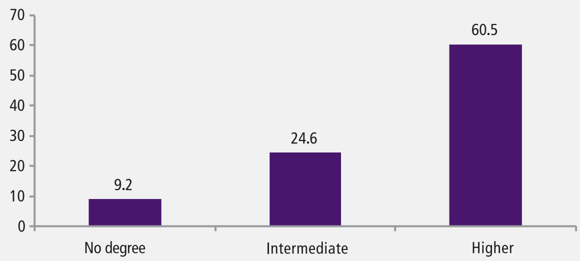



**Chart B1.3.2.3: Unemployment rate by skill level among the 15-24 years age group (%)**




Source : HCP.

The young unemployed, 24.8 percent of which are women, remain concentrated in cities with 73.2 percent. First-time job seekers among this category account for 69 percent and the long-term unemployed represent 65.1 percent. By skill level, 58.7 percent of these young persons have an intermediate degree, while those with a higher degree constitute 16.8 percent.

**Table B1.3.2.1 : Characteristics of the unemployed population by age group (in %) in 2012**

| | 15-24 years | 25-34 years | 35-45 years | More than 45 years | National |
|---|---|---|---|---|---|
| Share in the unemployed population* | 35.8 | 42.8 | 13.8 | 6.9 | - |
| Graduates | 75.5 | 80.1 | 62.0 | 31.4 | 73.0 |
| - With higher degree | 16.8 | 36.6 | 26.4 | 12.6 | 26.3 |
| - With intermediate degree | 58.7 | 43.4 | 35.6 | 18.8 | 46.7 |
| First-time job seekers | 69.0 | 51.5 | 28.6 | 4.6 | 52.3 |
| Share of the long-term unemployed | 65.1 | 70.2 | 59.3 | 41.8 | 65.1 |

* 2013 data
Source : HCP.

When compared internationally, youth unemployment in Morocco appears less prevalent than in many countries of southern Europe, such as Spain and Italy, and of the MENA region, such as Tunisia and Egypt, but remains broadly higher than in developed countries.

**Table B1.3.2.2 : Change in the unemployment rate among young persons aged 15-24 years (%)**

| | 2000-2007 | 2007 | 2013 |
|---|---|---|---|
| Germany | 11.2 | 11.6 | 7.8 |
| China | 8.8 | 8.0 | 10.1 |
| United States | 11.3 | 10.8 | 15.8 |
| **Morocco** | **17.5** | **17.2** | **19.3** |
| Turkey | 18.0 | 19.3 | 20.4 |
| Algeria | 38.6 | 27.5 | 24.0 |
| Tunisia | 30.6 | 27.8 | 31.2 |
| Egypt | 29.2 | 26.1 | 38.9 |
| Italy | 25.4 | 20.3 | 39.7 |
| Spain | 21.8 | 18.9 | 57.3 |

Source : WDI, World Bank, and HCP for Morocco.

## 1.3.4 Productivity and labor cost

Due to an increase of 2 percent in the value added and a slight rise of 0.1 percent in employment, the apparent labor productivity in nonagricultural activities improved by 1.9 percent in 2014 from 1 percent a year earlier. This increase reached 3.5 percent in the secondary sector from 2.6 percent, and 1.2 percent in the services sector from 0.3 percent.

Regarding labor costs, following their 5 percent increase in July 2014 as part of the social dialogue, the guaranteed minimum wage and minimum agricultural wage grew on average by 2.5 percent in nominal terms and 2 percent in real terms. Similarly, the private sector's average wage index, calculated on the basis of the CNSS data, moved up 2.4 percent in nominal terms and 2 percent in real terms. In the public sector, wages rose 2.1 percent in nominal terms and 1.6 percent in real terms.

**Table 1.3.1: Labor cost indicators (annual change in %)**

| | | | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|---|---|
| Apparent labor productivity | | | -1.4 | 3.4 | 4.5 | 3.5 | 1.0 | 1.9 |
| Labor costs* | Private sector's wages | Nominal | 10.0 | -0.8 | 2.7 | 3.2 | 2.0 | 2.4 |
| | | Real | 8.9 | -1.8 | 1.8 | 1.9 | 0.2 | 2.0 |
| | Public sector's wages | Nominal | 6.8 | 1.5 | 11.8 | 7.3 | 1.2 | 2.1 |
| | | Real | 5.8 | 0.5 | 10.7 | 5.9 | -0.6 | 1.6 |
| | Nominal guaranteed minimum wage/ minimum agricultural wage | | 4.9 | 7.5 | 4.7 | 2.3 | 2.3 | 2.5 |
| | Real guaranteed minimum wage/ minimum agricultural wage | | 3.9 | 6.4 | 3.8 | 1.0 | 0.4 | 2.0 |

* Changes in labor costs are calculated by comparing the average level of the year to that of the previous year.

Sources: HCP, National Social Security Fund, Ministry of Employment and Vocational Training, and BAM calculations.

**Table 1.3.2: Annual indicators of activity and unemployment by residence**

| | Urban areas | | | Rural areas | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2013 | 2014 | Changes in absolute values* | 2013 | 2014 | Changes in absolute values | 2013 | 2014 | Changes in absolute values |
| **Total population**** | **19,513** | **19,869** | **356** | **13,437** | **13,435** | **-2,0** | **32,950** | **33,304** | **354** |
| **Population aged 15 years and over** | **14,672** | **14,968** | **296** | **9,558** | **9,633** | **75,0** | **24,230** | **24,601** | **371** |
| **Labor force aged 15 years and over** | **6,218** | **6,307** | **89** | **5,488** | **5,506** | **18,0** | **11,706** | **11,813** | **107** |
| Employed | 5,347 | 5,373 | 26 | 5,278 | 5,273 | -5,0 | 10,625 | 10,646 | 21 |
| Unemployed | 871 | 934 | 63 | 210 | 233 | 23,0 | 1,081 | 1,167 | 86 |
| **Participation rate** | **42.4** | **42.1** | **-0.3** | **57.4** | **57.2** | **-0.2** | **48.3** | **48.0** | **-0.3** |
| **By gender** | | | | | | | | | |
| Male | 69.0 | 68.2 | -0.8 | 79.3 | 78.7 | -0.6 | 73.0 | 72.4 | -0.6 |
| Female | 17.5 | 17.8 | 0.3 | 36.8 | 36.9 | 0.1 | 25.1 | 25.2 | 0.1 |
| **By age** | | | | | | | | | |
| 15 to 24 years | 23.1 | 22.5 | -0.6 | 43.0 | 43.7 | 0.7 | 32.2 | 32.2 | 0.0 |
| 25 to 34 years | 59.1 | 58.7 | -0.4 | 65.3 | 65.0 | -0.3 | 61.6 | 61.2 | -0.4 |
| 35 to 44 years | 56.7 | 56.1 | -0.6 | 69.8 | 68.5 | -1.3 | 61.4 | 60.5 | -0.9 |
| 45 years and over | 36.1 | 36.3 | 0.2 | 59.0 | 57.9 | -1.1 | 44.4 | 44.0 | -0.4 |
| **By diploma** | | | | | | | | | |
| With no diploma | 37.1 | 36.6 | -0.5 | 60.0 | 59.4 | -0.6 | 48.9 | 48.3 | -0.6 |
| With diploma | 47.2 | 46.9 | -0.3 | 48.7 | 49.9 | 1.2 | 47.5 | 47.6 | 0.1 |
| **Unemployment rate by gender** | **14.0** | **14.8** | **0.8** | **3.8** | **4.2** | **0.4** | **9.2** | **9.9** | **0.7** |
| Male | 12.3 | 12.8 | 0.5 | 4.9 | 5.4 | 0.5 | 9.1 | 9.7 | 0.6 |
| Female | 20.4 | 21.9 | 1.5 | 1.6 | 1.8 | 0.2 | 9.6 | 10.4 | 0.8 |
| **By age** | | | | | | | | | |
| 15 to 24 years | 36.0 | 38.1 | 2.1 | 8.4 | 8.9 | 0.5 | 19.3 | 20.1 | 0.8 |
| 25 to 34 years | 19.8 | 20.9 | 1.1 | 4.2 | 4.5 | 0.3 | 13.2 | 13.9 | 0.7 |
| 35 to 44 years | 7.9 | 8.4 | 0.5 | 2.3 | 2.7 | 0.4 | 5.6 | 6.1 | 0.5 |
| 45 years and over | 3.5 | 4.4 | 0.9 | 1.1 | 1.5 | 0.4 | 2.3 | 3.0 | 0.7 |
| **By diploma** | | | | | | | | | |
| With no diploma | 8.1 | 8.1 | 0.0 | 2.4 | 2.7 | 0.3 | 4.5 | 4.7 | 0.2 |
| With diploma | 18.2 | 19.5 | 1.3 | 9.8 | 10.0 | 0.2 | 16.3 | 17.2 | 0.9 |

* For rates, it refers to a change in percentage points.

** Calculated on the basis of the data collected in the last 2014 census.

Source: HCP

# 1.4 Inflation

Inflation, measured by the change in the consumer price index (CPI), was low in 2014, mainly reflecting a decline in volatile food prices. It stood at 0.4 percent, up from 1.9 percent in 2013 and an average of 1 percent between 2009 and 2012.

However, core inflation, which traces the underlying trend of prices, stood at 1.2 percent from 1.5 percent in 2013. This change, still moderate, reflects a slowdown from 1.7 to 0.9 percent in the growth of prices of nontradables, while those of tradables grew by 1.4 percent from 1.2 percent.

Despite the decline in international prices, prices of "fuels and lubricants" rose by 7 percent, due to the reduction of subsidies for some petroleum products and to a lesser extent the appreciation of the dollar during the year. However, the price rise in other regulated goods accelerated from 1.4 to 1.7 percent, especially after the entry into force of the new water and electricity pricing.

Industrial producer prices fell by 2.9 percent, as against 1.8 percent in 2013. This steeper decrease reflects lower international energy prices and higher domestic agricultural production intended for the food industry.

**Table 1.4.1: Change in consumer prices**

| Groups of products | Annual change in % | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| **Consumer price index (CPI)** | **3.7** | **1.0** | **0.9** | **0.9** | **1.3** | **1.9** | **0.4** |
| **Volatile food prices** | **4.4** | **3.1** | **5.0** | **-2.0** | **3.0** | **3.3** | **-5.6** |
| **Price-regulated goods** | **1.0** | **0.7** | **0.3** | **0.1** | **1.6** | **2.3** | **2.4** |
| - Fuels and lubricants | 4.2 | -1.7 | -0.7 | 0.0 | 9.9 | 8.0 | 7.0 |
| - Price-regulated goods excluding fuels and lubricants | 0.6 | 1.0 | 0.4 | 0.1 | 0.7 | 1.4 | 1.7 |
| **Core inflation** | **4.4** | **0.7** | **0.4** | **1.8** | **0.8** | **1.5** | **1.2** |
| - Food products included in core inflation | 9.0 | -0.1 | -0.6 | 3.3 | 2.2 | 1.6 | 1.0 |
| - Clothing items and footwear | 1.8 | 1.0 | 0.5 | 1.6 | 2.1 | 1.6 | 2.1 |
| - Housing, water, gas, electricity and other fuels[1] | 1.9 | 1.6 | 0.8 | 1.0 | 1.0 | 2.2 | 1.7 |
| - Furniture, household appliances and routine household maintenance | 1.5 | 1.9 | 0.8 | 0.8 | 0.1 | 0.2 | 0.8 |
| - Health[1] | 1.1 | 0.8 | 0.0 | 0.3 | 2.0 | 0.9 | 2.6 |
| - Transport[1] | 1.3 | 0.3 | 0.3 | -0.3 | 0.9 | 1.2 | 0.9 |
| - Communications | -1.5 | -4.5 | -1.1 | -5.4 | -19.6 | -9.2 | -4.6 |
| - Entertainment and culture | -0.6 | -0.6 | -0.7 | -0.7 | 0.5 | 0.4 | -0.9 |
| - Education | 3.3 | 5.4 | 4.1 | 4.1 | 3.8 | 5.5 | 3.4 |
| - Restaurants and hotels | 2.8 | 1.8 | 2.4 | 1.7 | 2.0 | 3.2 | 2.5 |
| - Miscellaneous goods and services | 2.2 | 2.0 | 1.7 | 2.1 | 1.4 | 1.3 | 1.2 |

(1) Excluding price regulated goods.

Sources: HCP, and BAM calculations.

## 1.4.1 Change in CPI components

After a 1.9 percent increase in 2013, the CPI growth decelerated sharply to 0.4 percent, a record low since 1968[1]. This trend mainly reflects a 5.6 percent decline in volatile food prices, as against an increase of 3.3 percent, reducing their contribution to inflation from 0.4 to -0.8 percentage point. The decrease affected all goods except fresh fish and was particularly noticeable in citrus fruit and fresh vegetables, whose prices fell by 37 percent and 7 percent respectively owing to a significant increase in supply.

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

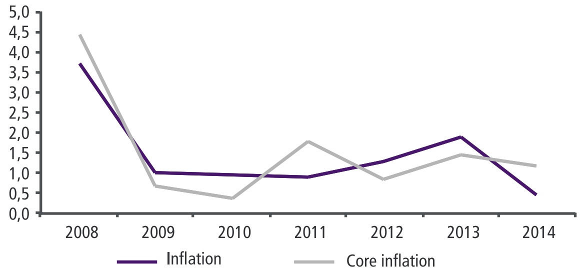
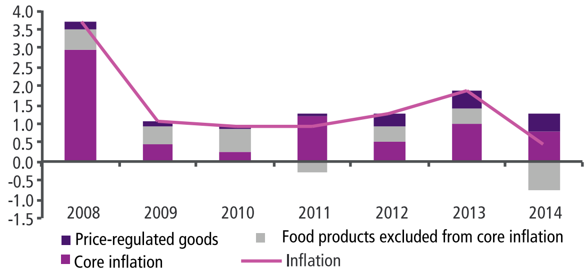



**Chart 1.4.2: Contributions to inflation (in % points)**




### Box 1.4.1: Change in volatile food prices

In recent years, the volatility1 of "volatile food prices" has trended down from 9.5 percent in 2009 to 3.1 percent in 2014. This trend is attributable to less frequent one-off supply shocks, particularly strikes in the agricultural and transport sectors, difficult access to farms due to adverse weather conditions, and the seasonal increase in demand. Apart from these cyclical factors, the change in the prices of these goods is determined primarily by the level of production.

**Chart B1.4.1.1: Change in the price level of volatile food prices**

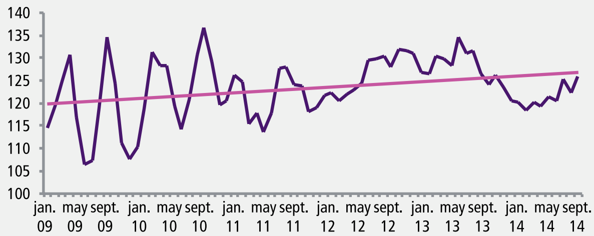



**Table B1.4.1.1: Volatility and extreme values of inflation in volatile food prices (%)**

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|---|
| Volatility | 4.3 | 9.5 | 6.7 | 6.5 | 4.3 | 4.4 | 3.1 |
| Max | 13.8 | 15.7 | 16.3 | 9.4 | 11.7 | 10.7 | 1.5 |
| Min | -0.6 | -9.9 | -3.8 | -10.1 | -3.6 | -5.9 | -9.9 |
| Range | 14.4 | 25.6 | 20.1 | 19.5 | 15.3 | 16.6 | 11.4 |

1 Calculated by standard deviation

Sources: HCP, and BAM calculations.

1 During that year, inflation stood at 0.4 percent from -0.8% in 1967 and -1 percent in 1966.

More particularly, the year 2014 saw favorable conditions for the production and marketing of fruits and vegetables. Vegetable crops, though slightly declining, were steady throughout the year, supported by favorable weather conditions in January and February. This change caused an average decline of 7 percent in prices for fresh vegetables, which was more marked as of March as the production of early fruits and vegetables started to be sustained.

After decreasing by 21 percent in 2013, citrus fruit in the crop year 2013-2014 achieved a bumper crop, up 52 percent, amid positive weather conditions and available irrigation water. In this context, citrus prices fell by 36.6 percent, as against an increase of 31.3 percent a year earlier, thus contributing -0.3 percentage point to inflation from 0.2 in 2013.

**Chart B1.4.1.2: Change in the production volume and price index of citrus fruits (%)**

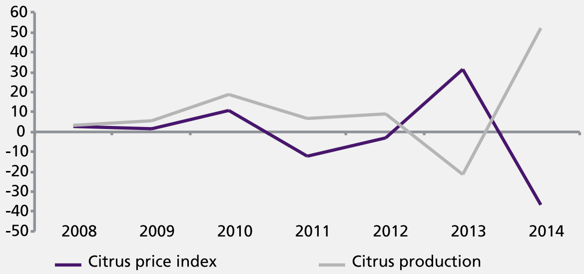
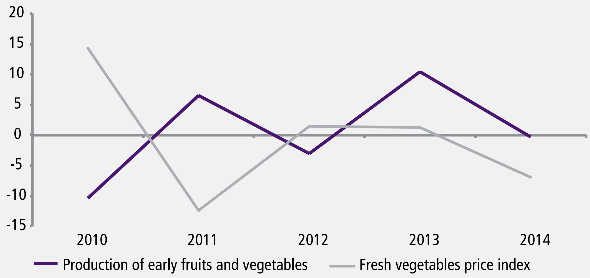


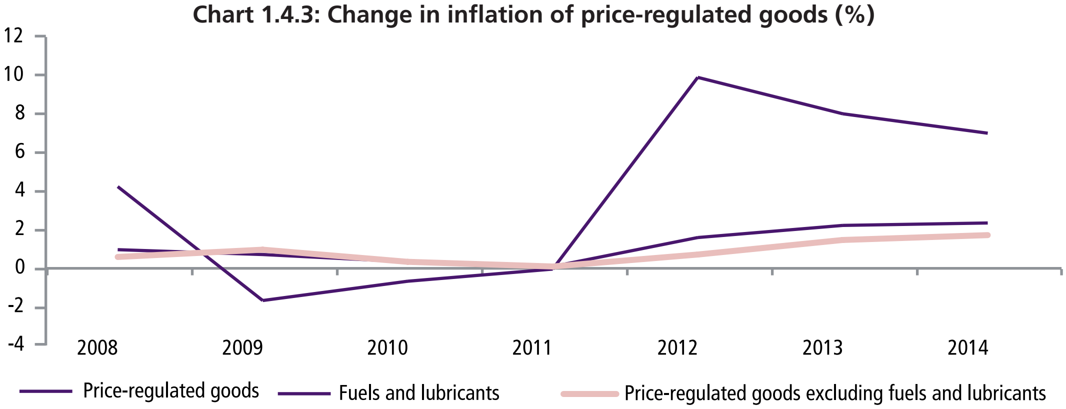

**Chart B1.4.1.3: Change in the production volume of early fruits and vegetables and in the fresh vegetables price index (%)**




Sources: Ministry of Agriculture and Fisheries, and BAM calculations

Regarding regulated goods, prices for fuels and lubricants were up 7 percent, as against 8 percent in 2013. The gradual cuts of subsidies for petroleum products and the depreciation of the dirham against the dollar more than offset the decline in international prices. The contribution of these products to inflation stabilized at 0.2 percentage point.

**Chart 1.4.3: Change in inflation of price-regulated goods (%)**




Sources: HCP, and BAM calculations.

Particularly, prices for diesel increased with the gradual reductions in unit subsidies carried out in February, April and July. As of August, the diverging effects on retail prices of lower international prices, reduced subsidies in October and a higher dollar have offset each other until December. This stability was supported by the calculation method, which takes into account the average of international quotations over two months and applies a minimum threshold of effect of 2.5 percent. Diesel prices were thus up 11.4 percent during the year, or an increase of 0.9 dirham per liter.

Gasoline prices, fully indexed as of February 2014, rose by 4.1 percent, or 0.5 dirham per liter, owing to the withdrawal of subsidies which was partially offset by decreasing international prices.

These developments led to a gradual acceleration in the inflation of fuels and lubricants to 14.2 percent in July, before trending downward over the last five months of the year and standing at -3.3 percent in December 2014.

**Table 1.4.2: Change in the average retail price of fuels (in dirhams per liter)**

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|---|
| Diesel | 7.2 | 7.2 | 7.2 | 7.2 | 7.7 | 8.3 | 9.3 |
| Gasoline | 10.8 | 10.3 | 10.2 | 10.2 | 11.3 | 12.2 | 12.8 |

Sources: Caisse de compensation (Subsidy Fund)

**Chart 1.4.4: Change in diesel price and its determinants (% points)**

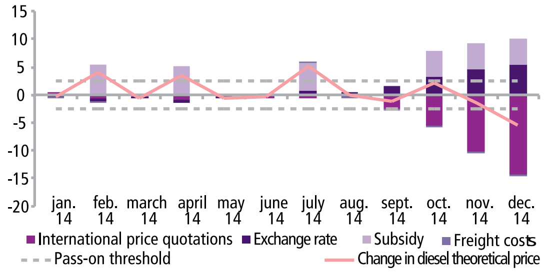
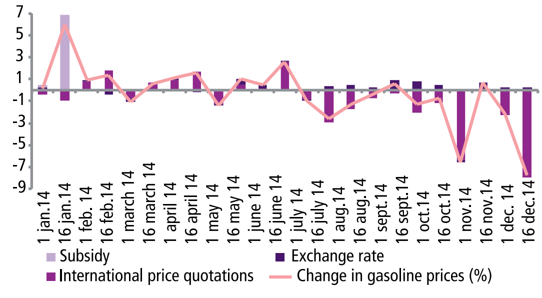


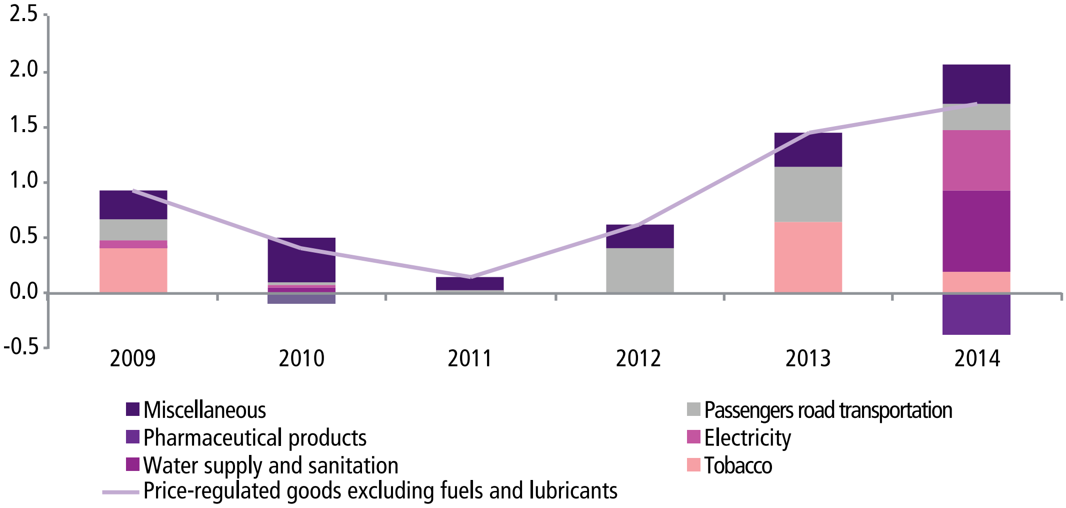

**Chart 1.4.5: Change in gasoline price and its determinants (% points)**




Sources: Caisse de compensation, and BAM calculations.

Excluding fuels and lubricants, the growth of regulated goods' prices accelerated from 1.4 to 1.7 percent. Following the reform of the pricing system, electricity prices in particular rose by 3 percent and those for water supply and sanitation were up 6.3 percent (Box 1.4.2). In contrast, prices for pharmaceutical products fell by 3 percent, in conjunction with a downward revision of the prices of certain drugs in June, while the increase in tobacco prices slowed from 5.5 to 1.7 percent. Overall, prices for regulated goods broadly accelerated somewhat from 2.3 to 2.4 percent.

**Chart 1.4.6: Contributions of price-regulated goods to inflation (% points)**




Sources: HCP, and BAM calculations

## Box 1.4.2: Reform of the pricing system of water and electricity services

In August 2014, the Government initiated a reform of the pricing method of water and electricity services. This overhaul, which will span over three years, is part of the program-contract between the Government and the National Electricity and Drinking Water Office (ONEE). It aims to reduce the financial deficit of the Office, improve its liquidity, settle its debt to its partners and ensure the availability of electric power and drinking water. The new pricing methods should provide a financial support of nearly 14 billion dirhams to the ONEE, or 32 percent of the overall commitment under the contract.

Compared to the old system, the new electricity pricing framework includes 6 consumption bands instead of 4 and limits the progressive calculation of fees to the first two bands (less than 100 kWh and between 100 and 150 kWh). For customers exceeding this threshold, the entire consumption is billed at the rate of the highest band reached. This selective pricing aims to restrict support to the poorest households.

Like electricity, consumption bands under the new pricing system of drinking water have increased from 4 to 5 and a selective pricing for consumption above 12m3 per month is applied.

The reform also provides for price increases at the beginning of each year from 2015 to 2017. These increases are set for electricity at 3.5 percent annually for bands above 100 kWh and at 0.19 dirham per m3 of water consumed for the sanitation service.

In terms of impact on inflation, these changes caused increases of 15.9 percent in prices for "water supply and sanitation" and 7.5 percent for "electricity", thus contributing 0.6 percentage point to the annual change in the CPI as of August and 0.2 point for the full year.

Core inflation, which excludes volatile prices and price-regulated goods, decelerated from 1.5 to 1.2 percent. This change mainly reflects a 3 percent drop in the prices for "oils", after an increase of 4.4 percent, due to the continued decline in international oilseed prices. It also covers a 0.9 percent decrease in "fresh meat" prices, as against a 1.8 percent rise in 2013, and a slower increase from 6.9 to 3.3 percent in prices for "preschool and primary education". On the opposite, the growth of prices for "cereal-based products" accelerated from 0.1 to 1.6 percent, and the drop in communication prices eased from 10.6 to 5.5 percent, as the effects of the cuts made in June 2013 faded out.

## 1.4.2 Tradables and nontradables

The change in core inflation may be assessed by distinguishing between tradables and nontradables[1]. Indeed, despite deflationary pressures in the euro area, prices of tradables rose by 1.4 percent from 1.2 percent a year earlier. This acceleration mainly reflects higher prices for some agricultural commodities -particularly durum wheat- as of November, and milk whose prices have remained elevated since August 2013.

**Table 1.4.3: Annual change in the prices of tradable and nontradable goods and services* (%)**

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

* Included in the core inflation indicator
Sources: HCP, and BAM calculations

These developments caused a faster inflation of tradables to an average of 1.8 percent during the last two months of the year, after being virtually stable at 0.9 percent between August and October and 1.4 percent in the first seven months of the year.

**Chart 1.4.7: Change in prices of tradables and nontradables (%)**

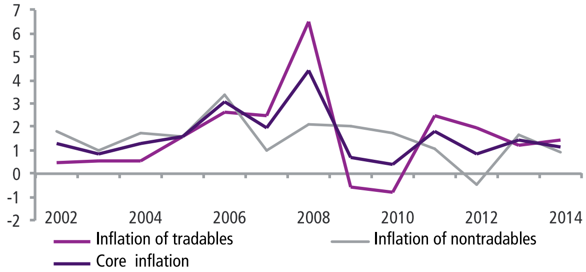
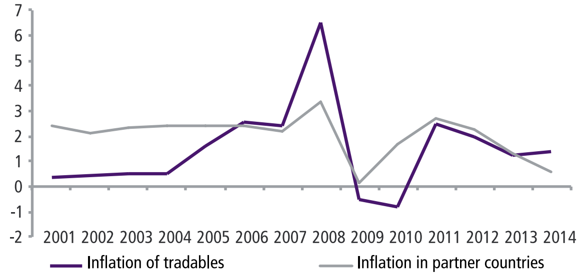



**Chart 1.4.8: Change in prices of tradables and inflation in partner countries (%)**




1 The index of tradables includes goods imported or which are exposed to international competition in domestic and foreign markets, while the index of nontradables contains goods and services whose price is not subject to external competition.

Meanwhile, the inflation of nontradables fell from 1.7 percent in 2013 to 0.9 percent in 2014. This decline is mainly attributable to a 0.9 percent decrease in "fresh meat" prices, after rising 1.8 percent, and a less rapid increase in the prices for "preschool and primary education" from 6.9 to 3.3 percent.

### 1.4.3 Goods and services

The breakdown of the CPI basket into goods and services indicates that the slowdown in inflation mainly affected goods, while services prices grew faster than last year.

Indeed, the price index of processed goods, excluding fuels and lubricants, rose by 0.9 percent down from 1.2 percent a year earlier. Prices of unprocessed goods, consisting primarily of fresh food, fell by 3.5 percent, as against an increase of 2.9 percent in 2013. The growth of services prices accelerated from 1.5 to 2.1 percent, under the combined effect of higher prices of water and electricity services and the less rapid decline in prices for "telephony and fax services". Overall, the contribution of goods to inflation stood at -0.4 percentage point from 1.2 point in 2013, while that of services edged up from 0.5 to 0.7 percentage point.

**Chart 1.4.9: Change in prices of goods and services (%)**

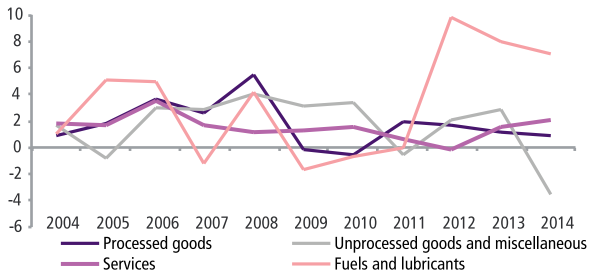
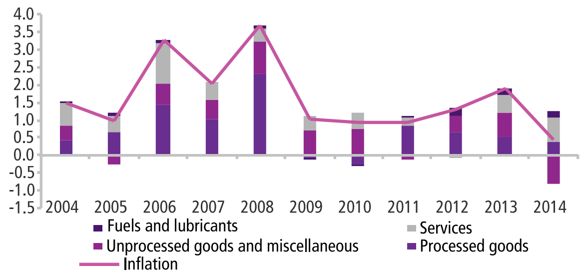



**Chart 1.4.10: Contribution of prices of goods and services to inflation (% points)**




### 1.4.4 Consumer price trends by city

The city-based analysis of inflation shows that except Tetouan, all cities recorded a slower inflation in 2014. Four cities even recorded declines in the general price level, namely Al-Hoceima, Settat and Guelmim with 0.2 percent, and Oujda with 0.1 percent. Inflation in other cities ranged from 0 percent in Agadir to 1.1 percent in Fes. Inflation differential between cities stood at 1.3 percentage point, down more than half compared to 2013. In terms of price levels, Casablanca remains the most expensive city since 2012, while Safi continues to show the lowest index value since 2009.

**Table 1.4.4 : Change in the CPI by city**

| | Annual average indexes | | | Inflation (%) | |
|---|---|---|---|---|---|
| | **2012** | **2013** | **2014** | **2013** | **2014** |
| Agadir | 110.1 | 112.1 | 112.1 | 1.8 | 0.0 |
| Casablanca | 112.9 | 114.9 | 115.5 | 1.8 | 0.5 |
| Fes | 110.5 | 113.2 | 114.4 | 2.4 | 1.1 |
| Kenitra | 110.3 | 112.3 | 112.9 | 1.8 | 0.5 |
| Marrakech | 111.0 | 112.9 | 113.8 | 1.7 | 0.8 |
| Oujda | 109.6 | 112.6 | 112.5 | 2.7 | -0.1 |
| Rabat | 108.4 | 110.5 | 111.5 | 1.9 | 0.9 |
| Tetouan | 112.0 | 112.0 | 112.4 | 0.0 | 0.4 |
| Meknes | 112.5 | 114.9 | 115.1 | 2.1 | 0.2 |
| Tangier | 111.7 | 114.7 | 115.1 | 2.7 | 0.3 |
| Laayoune | 111.5 | 112.6 | 112.8 | 1.0 | 0.2 |
| Dakhla | 110.4 | 111.8 | 112.6 | 1.3 | 0.7 |
| Guelmim | 110.4 | 112.5 | 112.3 | 1.9 | -0.2 |
| Settat | 111.4 | 112.7 | 112.5 | 1.2 | -0.2 |
| Safi | 105.9 | 108.2 | 108.9 | 2.2 | 0.6 |
| Beni-Mellal | 111.1 | 111.7 | 111.9 | 0.5 | 0.2 |
| Al-Hoceima | 112.2 | 114.0 | 113.8 | 1.6 | -0.2 |
| **National** | **110.8** | **112.9** | **113.4** | **1.9** | **0.4** |
| **Range (% points)** | | | | **2.7** | **1.3** |

Sources: HCP, and BAM calculations.

## 1.4.5 Change in the industrial producer price index

In an environment marked externally by lower world commodity prices, particularly energy ones, and domestically by larger production of fruits and vegetables, manufacturing producer prices fell by 2.9 percent as against 1.8 percent in 2013.

**Chart 1.4.11: Change in the overall DJ-UBSCI[1] and the industrial producer price index (by level, 2010 = 100)**

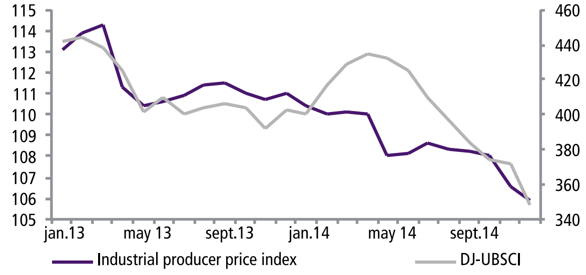
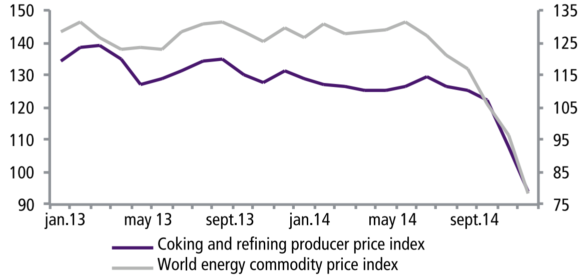



**Chart 1.4.12: Change in the world energy commodity price index[2] and the oil refining producer price index (by level, 2010 = 100)**




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

[2] Index developed by the World Bank.

Sources: HCP, DataStream, World Bank, and BAM calculations.

By industry, this change affected particularly "food industry", whose producer prices fell by 0.7 percent, after rising 1.5 percent in 2013. This drop reflects steeper decline in international prices of some agricultural commodities and an increase in local production, mainly of citrus, fruits and fresh vegetables. In chemicals and refining industries, the decline in the international prices for phosphates and oil fed through to the producer prices, which fell respectively by 11.7 percent and 8.1 percent, as against 9.5 percent and 7.8 percent in 2013.

The impact of these decelerations was slightly offset by a 0.5 percent increase in textile industry prices, as against a decline of 0.3 percent, as well as by an acceleration from 0.1 to 2.4 percent in the price growth of the "manufacturing of rubber and plastic products".

**Table 1.4.5: Manufacturing producer price index (2010 = 100)**

| Change in % | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|
| Food industries | 4.5 | 3.2 | 1.5 | -0.7 |
| Chemicals | 36.7 | 2.1 | -9.5 | -11.7 |
| Textile industry | 2.1 | 0.8 | -0.3 | 0.5 |
| Oil refining | 29.8 | 10.9 | -7.8 | -8.1 |
| **Overall index** | **10.6** | **2.9** | **-1.8** | **-2.9** |

Sources: HCP, and BAM calculations.

# 1.5 Public finance

After a significant reduction in 2013, fiscal deficit continued to improve, with a slight easing in 2014. It narrowed to 4.9 percent of GDP from 5.1 percent in 2013 and 7.2 percent in 2012, in line with the Finance Act 2014 projections and the commitments made by Morocco under the second IMF Precautionary and Liquidity Line[1].

Despite a decline in proceeds from domestic VAT, revenues increased by 3.2 percent, mainly driven by significant inflows of grants which stood at 1.4 percent of GDP. Meanwhile, the 21.5 percent decrease in subsidy costs helped contain the growth of current expenditure at 0.3 percent. Thus, the ordinary balance was positive after three consecutive years of deficit, making it possible to finance a part of capital spending that increased by 9 percent, after declining 6.3 percent in 2013.

Given the 3.9 billion reduction in the stock of arrears, cash deficit reached 5.3 percent of GDP, as against 5.8 percent. Three quarters of this requirement were covered by domestic financing, while the rest was provided mainly by external resources, especially through a bond issue amounting to 11.2 billion dirhams. Under these conditions, the Treasury's debt ratio rose by 0.9 point to 63.2 percent of GDP.

## 1.5.1 The Finance Act 2014

The Finance Act 2014 was developed based on a growth rate of 4.2 percent, an oil price of $105 a barrel, a dirham/dollar exchange rate at 8.5 dirhams and a 2 percent inflation rate. It targeted a fiscal deficit of 46.6 billion dirhams, or 4.9 percent of GDP, with a 0.6 percent increase in overall expenditure and a 1 percent decrease in current revenues. It also projected a 2.3 percent rise in current expenditure to 240.2 billion dirhams, with a decline of 12.5 percent in subsidy costs to 35 billion, and a 7.9 percent reduction in capital spending to 43.7 billion. Meanwhile, tax revenues were expected to improve slightly by 0.6 percent to 204.7 billion, covering decreases of 6.6 percent in corporate tax receipts and 15.1 percent in customs duties and an increase in other taxes. It assumed a decrease of 11.9 percent to 24.5 billion in nontax revenue, in connection with the expected declines by 1.7 billion in monopoly receipts to 10.8 billion and 1.3 billion in grants from the GCC countries to 8.5 billion.

1 The precautionary and Liquidity Line (PLL) is a financing tool of the IMF designed to meet actual or potential balance-of-payments needs for member countries with sound economic policies but with some remaining vulnerabilities.

**Table 1.5.1 : Budget forecasts in 2013 and 2014**

| | Finance Act 2013 | Finance Act 2014 | Change in % | Change in value |
|---|---|---|---|---|
| **Current receipts** | **234 554** | **232 231** | **-1.0** | **-2 323** |
| Tax receipts[1] | 203 486 | 204 686 | 0.6 | 1 200 |
| Nontax receipts | 27 868 | 24 545 | -11.9 | -3 323 |
| Receipts of some Treasury special accounts | 3 200 | 3 000 | -6.3 | -200 |
| **Overall expenditure** | **282 198** | **283 891** | **0.6** | **1 693** |
| **Current expenditure** | **234 726** | **240 150** | **2.3** | **5 424** |
| Goods and services | 148 262 | 156 703 | 5.7 | 8 441 |
| Debt interest | 22 392 | 23 935 | 6.9 | 1 543 |
| Subsidy costs | 40 000 | 35 000 | -12.5 | -5 000 |
| Transfers to local governments | 24 072 | 24 512 | 1.8 | 440 |
| **Current balance** | **-173** | **-7 919** | | |
| Capital spending[2] | 47 471 | 43 741 | -7.9 | -3 730 |
| Balance of other Treasury special accounts | 4 000 | 5 100 | | |
| **Overall fiscal balance** | **-43 644** | **-46 561** | | |
| **In percentage of GDP** | **-4.8** | **-4.9** | | |
| Change in arrears | 10 000 | -7 984 | | |
| **Financing requirement** | **-33 644** | **-54 545** | | |
| Domestic financing | 10 060 | 32 751 | | |
| External financing | 23 584 | 21 794 | | |

1-Including 30% of VAT receipts transferred to local governments

2- Forecasts in terms of issue.

Source: Ministry of Economy and Finance (Department of Treasury and External Finance-DTEF)

## Box 1.5.1 : Major tax measures in the Finance Act 2014

The Finance Act 2014 implemented some recommendations from the National Conference on Taxation, held in April 2013. These concern primarily the taxation of agriculture and VAT restructuring.

Concerning the taxation of agriculture, a progressive taxation system was introduced under corporate tax and income tax for agricultural holdings with a turnover above 5 million dirhams (Table 1.5.1.1). They will benefit during the first five taxation years from reduced rates of 17.5 percent for corporate tax and 20 percent for income tax.

**Table B1.5.1.1 : Phase-in timetable of agricultural holdings' taxation**

| Turnover in millions of dirhams | Date to start taxation |
|---|---|
| 35 and above | January 1, 2014 |
| From 20 to less than 35 | January 1, 2016 |
| From 10 to less than 20 | January 1, 2018 |
| From 5 to less than 10 | January 1, 2020 |

With regard to VAT, the Finance Act adopted 10 percent and 20 percent rates for certain goods and services which were previously exempted or subject to rates of 7 percent and 14 percent (Table B1.5.1.2). It also removed the one-month delay rule and introduced a measure to repay the VAT credit accrued until the end of 2013.

**Table B1.5.1.2 : Restructured VAT rates**

| Products or services | Before FA 2014 | Rates decided by FA 2014 |
|---|---|---|
| Material for agricultural use | Exempted | 10% |
| Catering provided by enterprises to their own employees | Exempted | 10% |
| Timber | Exempted | 10% |
| Fodder for livestock and farmyard animals | 7% | 10% |
| Raisins and figs | Exempted | 20% |
| Fishing gears and nets | Exempted | 20% |
| Purchases by Al Akhawayn University | Exempted | 20% |
| Margarines and edible fats | 14% | 20% |
| Commercial vehicles | 14% | 20% |

Other measures include:

- establishing a simplified tax treatment for self-employed natural persons. Regarding income revenue, this scheme provides for the application of a rate of 1 percent of turnover on commercial, industrial and handicraft activities when this turnover does not exceed 500,000 dirhams, and a rate of 2 percent on service providers when it does not exceed 200,000 dirhams.
- reducing the abatement rate of income tax on retirement pensions and life annuities from 55 to 40 percent when the annual gross amount exceeds 168,000 dirhams.
- introducing a minimum contribution of 1,500 dirhams under income tax on employment income, and raising the minimum contribution under corporate tax from 1,500 to 3,000 dirhams.
- establishing total and permanent exemption of "Africa 50 Fund" from corporate tax. This fund, based in Casa Finance City, was created by the African Development Bank, at its annual meeting in May 2013, to finance large infrastructure projects in Africa.
- introducing additional stamp duties on vehicles whose pre-tax value equals or exceeds 400,000 dirhams at the first registration, based on the following scale:

**Table B1.5.1.3 : Additional stamp duties**

| Vehicle value in dirhams (excluding VAT) | Rate (%) |
|---|---|
| From 400,000 to 600,000 | 5 |
| From 600,001 to 800,000 | 10 |
| From 800,001 to 1,000,000 | 15 |
| More than 1,000,000 | 20 |

## 1.5.2 Implementation of the Finance Act 2014

Current revenues[1] increased by 3.2 percent to 236.1 billion dirhams, representing an execution rate of 101.7 percent. The execution of current expenditure stood at 97 percent, up 0.3 percent to 232.9 billion. After three successive years of deficit, the ordinary balance posted a surplus of 3.1 billion, thus helping to finance capital spending, which reached 52.5 billion, up 9 percent compared to 2013. Given a positive balance in the special Treasury accounts of 4.5 billion, the budget deficit amounted to 44.9 billion from 45.7 billion, representing 4.9 percent of GDP, as against 5.1 percent.

The stock of arrears fell to 13.4 billion, down 3.9 billion year on year. Indeed, cash deficit narrowed to 48.8 billion dirhams, or 5.3 percent of GDP, as opposed to 52 billion or 5.8 percent of GDP in 2013.

**Chart 1.5.1: Change in fiscal balance**

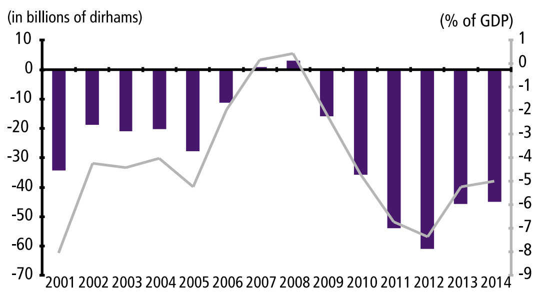
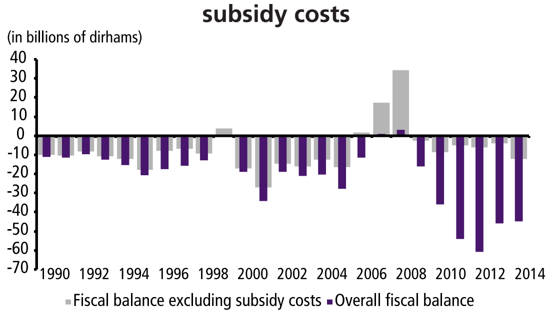



**Chart 1.5.2: Change in fiscal balance excluding subsidy costs**




Source: Ministry of Economy and Finance (DTEF).

### Current revenues

The increase in Treasury current revenues mainly reflects a significant rise in grants from the GCC countries. However, due to the limited growth in nonagricultural activities, tax receipts moved up only by 1.6 percent to about 200 billion, thus reducing the tax burden[2] to 21.6 percent from 21.8 percent in 2013 and 23.3 percent on average between 2008 and 2012.

Direct taxes improved slightly by 0.3 percent to 77.6 billion after declining 1.9 percent in 2013. Following the sale of 53 percent of Maroc Telecom capital by its major shareholder, corporate tax receipts rose by 2.1 percent to 41.3 billion. Apart from this operation, they were down 0.6 percent. Income tax revenue totaled 34.3 billion, up 0.7 percent, which conceals in particular a 7.4 percent decrease in proceeds from tax on real estate profits and a 5.2 percent increase in those from income tax on public wages[3].

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

2 Ratio of tax revenues to nominal GDP.

3 Data from the Staff Expenses Directorate of the General Treasury of the Kingdom. It centralizes nearly 89 percent of the wage bill of the central government.

Proceeds from indirect taxes grew by 0.7 percent to 98.8 billion dirhams, mainly due to a 4.3 percent increase in receipts from the domestic consumer tax to 23.8 billion, with rises of 4.5 percent in levies on energy commodities and 5.9 percent in those on manufactured tobacco. However, VAT revenue fell slightly by 0.4 percent to 75 billion, following a 1.2 percent decline in domestic VAT receipts to 28.6 billion. This decrease is partly attributable to the removal of the one-month delay rule in terms of deductions and faster repayments of VAT under low-income housing. Conversely, revenues from import VAT and customs duties moved up by 0.2 percent and 0.7 percent to 46.4 billion and 7.7 billion, respectively.

Receipts from registration and stamp duties rose by 16.3 percent to 15.8 billion, following the collection of 1.4 billion from the sale of a share of Maroc Telecom capital and the increase in proceeds from the annual special tax on motor vehicles.

**Chart 1.5.3: Change in corporate tax and income tax revenues**

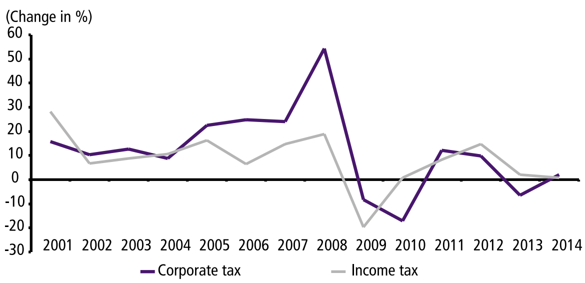
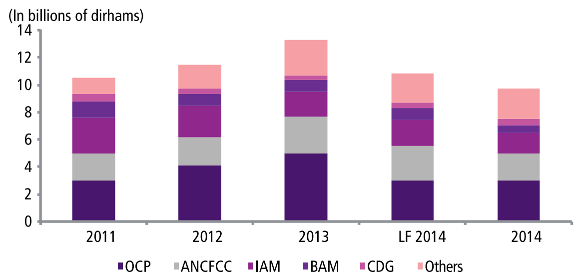


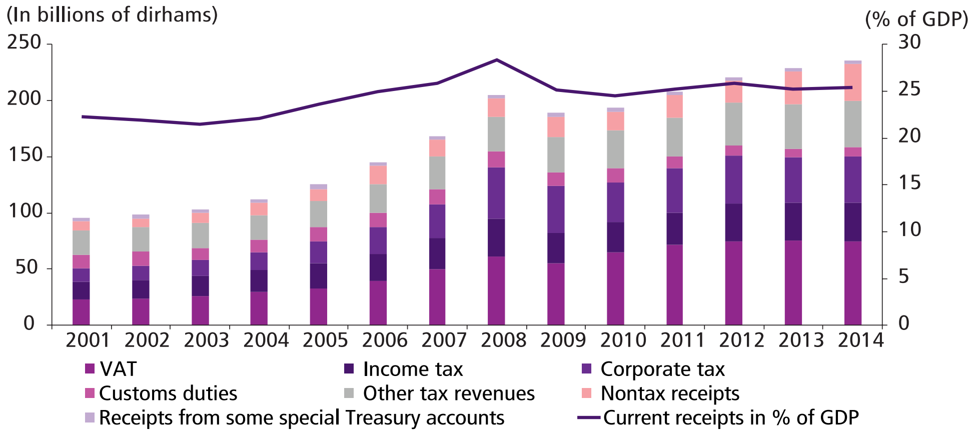

**Chart 1.5.4: Change in receipts from monopolies and equity holdings**




Source: Ministry of Economy and Finance (DTEF).

After an increase of 52.4 percent in 2013, nontax revenues grew by 14.6 percent to 33.1 billion dirhams, representing an implementation rate of 135 percent. This improvement largely reflects the collection of grants from the GCC countries, amounting to 13.1 billion as against 5.2 billion a year earlier. Excluding grants, these revenues were down 15.7 percent, particularly covering declines of 2 billion in cost-sharing contributions and 3.6 billion in monopoly and holdings receipts and an increase of 1.2 billion in "expenditure-offsetting income". The main contributors are the OCP with 3 billion, down from 5 billion in 2013, and the National Land Registry Office, with 2 billion, as against 2.7 billion. In addition, Maroc Telecom contributed 1.4 billion as opposed to 1.8 billion, while Bank Al-Maghrib provided 628 million, as against 944 million a year earlier.

**Chart 1.5.5 : Change in Treasury current receipts**




Source: Ministry of Economy and Finance (DTEF).

**Table 1.5.2 : Treasury expenses and revenues**

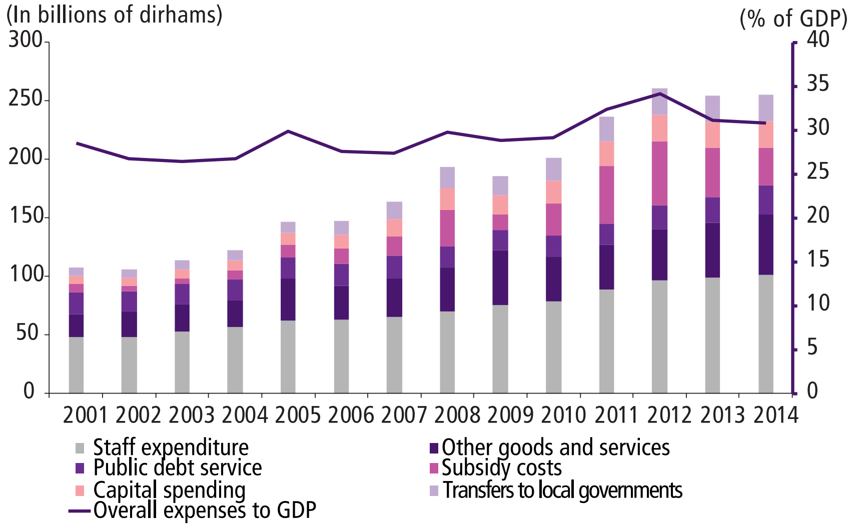
| | 2013[1] | 2014 | Change in % | Implementation rate compared to the Finance Act 2014 |
|---|---|---|---|---|
| **Current receipts** | **228 777** | **236 076** | **3,2** | **101,7** |
| **Tax receipts** | **196 765** | **199 948** | **1.6** | **97.7** |
| - Direct taxes | 77 390 | 77 600 | 0.3 | 100.6 |
| Corporate tax | 40 417 | 41 260 | 2.1 | 103.9 |
| Income tax | 34 081 | 34 325 | 0.7 | 97.7 |
| - Indirect taxes | 98 135 | 98 843 | 0.7 | 94.0 |
| Value added tax [2] | 75 260 | 74 994 | -0.4 | 91.8 |
| Domestic consumer tax | 22 875 | 23 849 | 4.3 | 101.8 |
| - Customs duties | 7 681 | 7 738 | 0.7 | 100.2 |
| - Registration and stamp duties | 13 559 | 15 767 | 16.3 | 107.6 |
| **Nontax receipts[3]** | **28 916** | **33 142** | **14.6** | **135.0** |
| - Grants from GCC countries | 5 161 | 13 120 | 154.2 | 154.4 |
| **Receipts of some special Treasury accounts** | **3 096** | **2 986** | **-3.6** | **99.5** |
| **Overall expenditure** | **280 475** | **285 442** | **1.8** | **100.5** |
| **Current expenditure** | **232 280** | **232 934** | **0.3** | **97.0** |
| **Goods and services** | **145 600** | **153 004** | **5.1** | **97.6** |
| - Staff expenditure | 99 044 | 101 645 | 2.6 | 98.0 |
| - Other goods and services | 46 556 | 51 359 | 10.3 | 96.9 |
| **Public debt service** | **22 502** | **24 784** | **10.1** | **103.5** |
| - Domestic | 18 620 | 21 055 | 13.1 | 102.3 |
| - External | 3 882 | 3 729 | -4.0 | 111.4 |
| **Subsidy costs** | **41 600** | **32 648** | **-21.5** | **93.3** |
| **Transfers to local governments** | **22 578** | **22 498** | **-0.4** | **91.8** |
| **Current balance** | **-3 503** | **3 142** | | |
| **Capital spending** | **48 195** | **52 509** | **9.0** | **120.0** |
| Balance of other special Treasury accounts | 6 009 | 4 500 | | |
| **Primary balance** | **-23 187** | **-20 083** | | |
| **Overall fiscal balance** | **-45 689** | **-44 867** | | |
| Change in arrears | -6 350 | -3 891 | | |
| **Financing requirement** | **-52 039** | **-48 757** | | |
| Domestic financing | 37 030 | 37 647 | | |
| External financing | 15 009 | 9 064 | | |
| - Drawings | 23 015 | 17 457 | | |
| - Depreciation | -8 006 | -8 393 | | |
| Privatization | 0 | 2 046 | | |

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

## Overall expenditure

After a 3.1 percent reduction in 2013, overall expenditure rose 1.8 percent in 2014 to 285.4 billion dirhams, reflecting increases of 0.3 percent in current expenses to 232.9 billion and 9 percent in capital spending to 52.5 billion.

**Chart 1.5.6 : Change in overall Treasury expenditure**




Source: Ministry of Economy and Finance (DTEF).

Regarding current expenditure, operating expenses rose by 5.1 percent to 153 billion dirhams. The wage bill expanded by 2.6 percent to 101.6 billion, particularly reflecting a net creation of over 4,600 jobs and an increase in the minimum wage from 2,800 to 3,000 dirhams by removing scale 5.

Between 2006 and 2014, the period following the voluntary retirement program, the wage bill increased by 61 percent, due to a 9.7 percent rise in the number of civil servants and a 43.7 percent growth in net average wage, representing an annual increase of 4.7 percent at current prices and 3 percent in real terms. As a percentage of GDP, the wage bill over this period grew from 10.9 percent in 2006 to 11.4 percent in 2012, almost the same level as in 2005, before stabilizing at 11 percent in 2013 and 2014.

Costs of other goods and services, whose execution stood at 97 percent, were up 10.3 percent to 51.4 billion, due to increases of 15.4 percent in transfers to the Moroccan Pension Fund and 22.2 percent in transfers to other public institutions.

Subsidy costs fell by 21.5 percent to 32.6 billion, or 3.5 percent of GDP, due the removal of subsidies for fuel and premium unleaded, the gradual reduction of unit subsidies for diesel oil, and the lower oil prices. By product, subsidies dropped by 44.2 percent to 8.9 billion for diesel oil, by 60.7 percent to 1.8 billion for fuel, but rose slightly by 0.6 percent to 13.2 billion for butane gas.

**Chart 1.5.7 : Change in the wage bill**

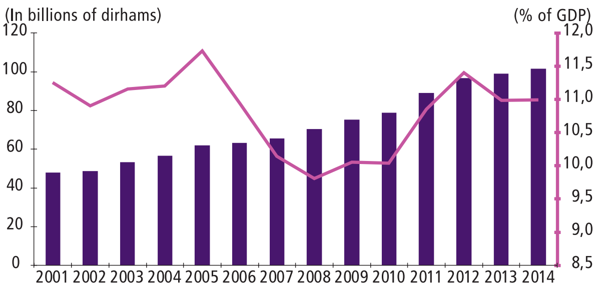
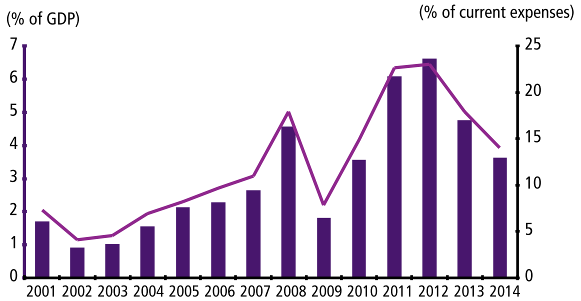



**Chart 1.5.8 : Change in subsidy costs**




Source: Ministry of Economy and Finance (DTEF).

Treasury debt interest costs were up 10.1 percent to 24.8 billion, covering a 13.1 percent increase for domestic debt and a 4 percent decrease for external one.

Ordinary budget posted a surplus of 3.1 billion, after three consecutive years of deficit, thereby contributing 6 percent to the financing of capital spending. The latter, after declining 6.3 percent in 2013, rose by 9 percent to 52.5 billion, representing an implementation rate of 120 percent from 102 percent a year earlier.

**Chart 1.5.9 : Change in the current balance**

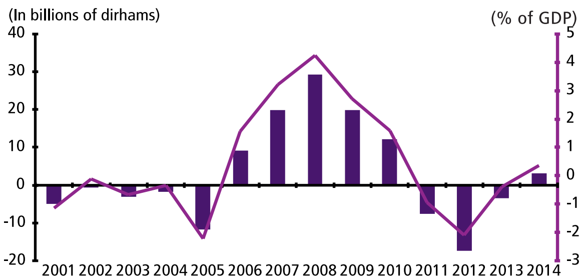
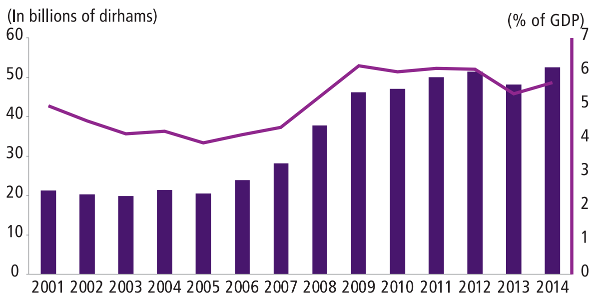


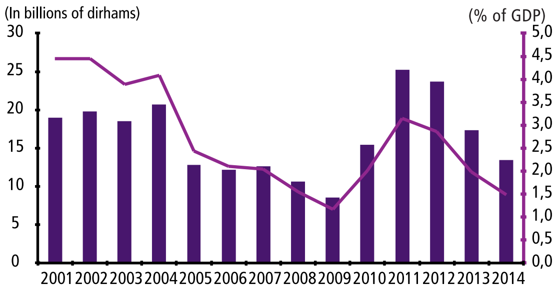

**Chart 1.5.10 : Capital spending**




Source: Ministry of Economy and Finance (DTEF).

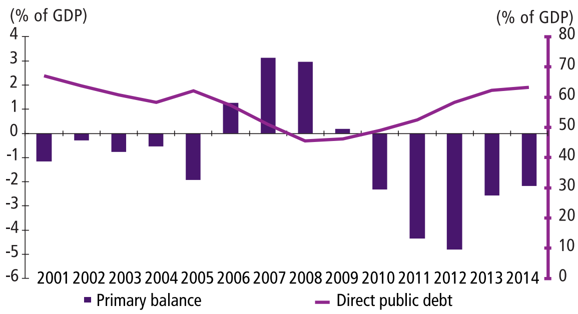
Given a positive balance of 4.5 billion in the special Treasury accounts, fiscal deficit narrowed to 44.9 billion or 4.9 percent of GDP, from 45.7 billion or 5.1 percent of GDP in 2013. After a peak of 25.3 billion in 2011, the stock of arrears fell to 13.4 billion in 2014, mainly due to the clearance of subsidy arrears. Cash deficit thus stood at 48.8 billion dirhams, down 3.3 billion compared to 2013.

**Chart 1.5.11 : Change in the stock of arrears**




Source: Ministry of Economy and Finance (DTEF).

**Chart 1.5.12 : Change in primary balance and direct public debt**




## 1.5.3 Treasury financing

The reduced borrowing requirement of the Treasury and the mobilization of significant resources through its own financial channels[1] helped to substantially limit the Treasury's resort to the auction market and to lower its external financing. The Treasury also benefited from positive financing conditions, as evidenced by the decrease in the weighted average rate of bonds issued, despite the extension of their maturity. In addition, it collected 2 billion dirhams of privatization receipts following the sale of government shares in the capital of Banque Centrale Populaire.

### Domestic financing

The financing of the Treasury from the domestic market grew by 617 million to 37.6 billion. 26.2 billion of this amount were mobilized from the Treasury's own financial channels, and 11.4 billion from net issues on the auction market, down 76.1 percent. Reflecting the Treasury's efforts to improve the structure of its debt, new issues concerned mainly long-term maturities[2], with a share of 54.6 percent as against 14.1 percent in 2013. The breakdown by holders indicates that net purchases by insurance companies and provident funds reached 37.2 billion and those by the CDG amounted to 1.6 billion. In contrast, banks and other financial institutions disengaged for 8.2 billion each, UCITS for 4.5 billion and nonfinancial corporations, including Hassan II Fund for Economic and Social Development, for 4.1 billion.

1 These include deposits with the banking services of the General Treasury of the Kingdom.

2 Maturities of 5 years and above.

## Box 1.5.2 : Treasury's financing conditions on the domestic market in 2014

In a context marked by continued improvement in fiscal deficit and an easing of monetary conditions, the Treasury benefited from positive financing conditions on the domestic market.

New issues totaled 110.2 billion dirhams, as against 175.2 billion in 2013 and an average of 108 billion between 2010 and 2012. The decline in issues in 2014 reflects reduced borrowing requirement of the Treasury and a significant improvement in its liquidity.

Contrary to 2013 when 48 percent of bond issues were of short-term maturities, Treasury issuances in 2014 were mostly of long-term maturities. Indeed, nearly 55 percent of issues were long term, as against 14 percent in 2013 and 15 percent on average between 2010 and 2012. In contrast, the share of medium-term maturities continued its downward trend from 46 percent in 2010 to 33 percent in 2014.

Average maturity stood at 9.7 years, up from 3 years in 2013 and 4.2 years on average between 2010 and 2012.

Despite the extension of maturity, the weighted average rate of Treasury bonds fell slightly from 4.5 to 4.4 percent, reflecting lower rates of all maturities.

This decrease was more acute following the two decisions taken by the central bank to lower its key rate from 3 to 2.75 percent in September and then to 2.50 percent in December. Indeed, between September and December Treasury bond rates showed significant declines in the primary market, ranging from 59 basis points for 15-year bonds to 142 points for 10-year ones. Rates on 52-week and 5-year maturities fell by 40 points and 56 points, respectively.

**Chart B1.5.2.1: Breakdown of Treasury bonds by maturity**

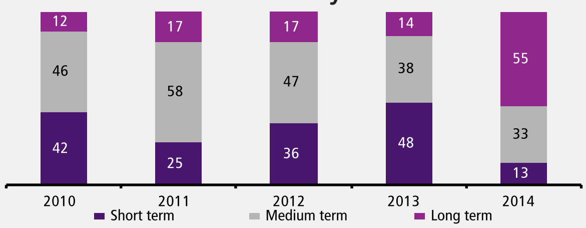



**Chart B1.5.2.2: Change in the average maturity of primary market Treasury bonds (in years)**

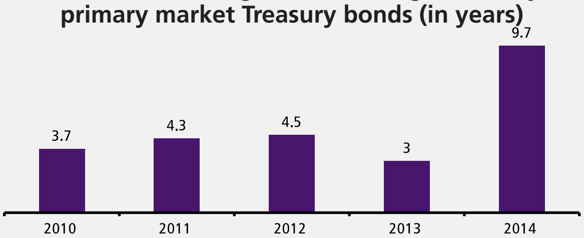



**Chart B1.5.2.3: Change in the average rate weighted by Treasury issues in the primary market (%)**

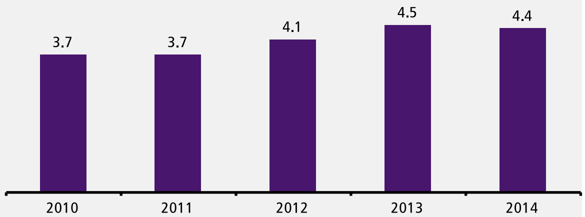
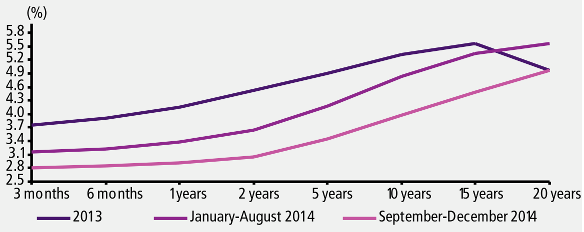



**Chart B1.5.2.4: Change in the yield curve in the secondary market**



## External financing

Regarding external financing, the Treasury mobilized fewer resources than in 2013, with a net inflow of 9.1 billion as against 15 billion. Gross drawings were down 24.1 percent to 17.5 billion dirhams, including 11.2 billion mobilized on the international financial market and 5.7 billion from international institutions. In particular, drawings from the World Bank totaled 3.4 billion, as against 10.7 billion in 2013, and those from the African Development Bank fell from 2.1 billion to 1.6 billion. At the same time, principal repayments rose 4.8 percent to 8.4 billion, including 5 billion for international institutions and 3.4 billion for bilateral creditors, levels close to those registered in 2013.

## 1.5.4 Public debt

Public debt continued the upward trend that began in 2010, but with less rapid growth in 2014. Its ratio to GDP stood at 63.2 percent from 62.3 percent in 2013 and 49 percent in 2010, while its stock totaled 584.2 billion dirhams, posting an average annual increase of 11 percent over the same period. However, its average cost[1] decreased from 5.1 percent in 2010 to 4.6 percent in 2013 and 4.4 percent in 2014 and its average maturity went from 5.7 years to 5.5 years and 6.5 years, respectively.

The analysis of the trend of direct public debt in 2014 shows similar contributions of both internal and external debt. Domestic public debt grew by 2.6 percent to 443.2 billion, thus representing 47.9 percent of GDP or the same ratio of 2013. Meanwhile, the stock of external debt increased by 8.6 percent to 141 billion and its ratio to GDP was up 0.8 percentage point to 15.7 percent. The structure of external public debt by currency shows a predominance of the euro, whose share increased from 77.2 percent to 78.8 percent, while the share of the U.S. dollar rose by 0.3 percentage point to 13.6 percent.

**Chart 1.5.13 : Change in Treasury debt**

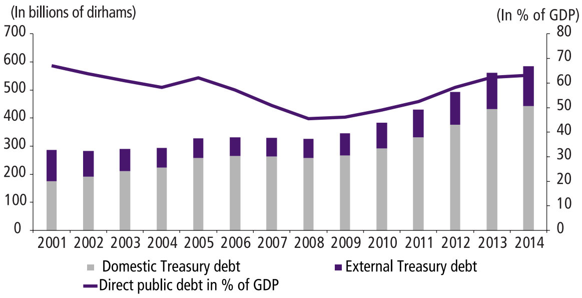
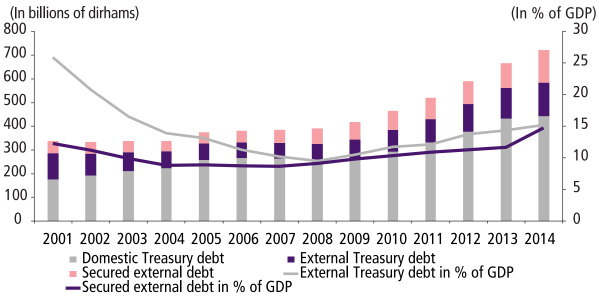



**Chart 1.5.14 : Change in public debt**




Source: Ministry of Economy and Finance (DTEF).

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

Secured external debt increased by 30.3 percent to 136.7 billion, representing 14.8 percent of GDP from 11.6 percent in 2013. Overall, the stock of public debt grew by 8.2 percent to 721 billion[1], representing 78 percent of GDP up from 74 percent.

**Table 1.5.3 : Public debt position**

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|---|---|
| **I- Domestic Treasury debt (1+2)** | **263.8** | **257.5** | **266.4** | **292.3** | **331.3** | **376.8** | **431.8** | **443.2** |
| In % of GDP | 40.7 | 35.9 | 35.6 | 37.2 | 40.4 | 44.4 | 47.9 | 47.9 |
| **1- Treasury bond auctions** | **259.6** | **252.7** | **257.9** | **277.8** | **314.2** | **356.7** | **413.0** | **426.1** |
| In % of GDP | 40.1 | 35.2 | 34.5 | 35.4 | 38.3 | 42.1 | 45.8 | 46.1 |
| **2- Other domestic debt instruments** | **4.2** | **4.9** | **8.5** | **14.4** | **17.1** | **20.1** | **18.9** | **17.2** |
| In % of GDP | 1.1 | 1.2 | 2.0 | 3.1 | 3.3 | 3.4 | 2.8 | 2.4 |
| **II- External Treasury debt** | **65.9** | **68.3** | **78.7** | **92.4** | **99.6** | **116.9** | **129.8** | **141.0** |
| In % of GDP | 10.2 | 9.5 | 10.5 | 11.8 | 12.1 | 13.8 | 14.4 | 15.2 |
| **III- Stock of direct debt (I+II)** | **329.8** | **325.8** | **345.2** | **384.6** | **430.9** | **493.7** | **561.6** | **584.2** |
| In % of GDP | 50.9 | 45.4 | 46.1 | 49.0 | 52.5 | 58.2 | 62.3 | 63.2 |
| **IV- Secured external debt** | **56.1** | **65.5** | **73.5** | **81.5** | **89.5** | **95.8** | **104.9** | **136.7** |
| In % of GDP | 8.7 | 9.1 | 9.8 | 10.4 | 10.9 | 11.3 | 11.6 | 14.8 |
| **External public debt (II+IV)** | **122.1** | **133.7** | **152.3** | **173.8** | **189.1** | **212.7** | **234.7** | **277.7** |
| In % of GDP | 18.9 | 18.7 | 20.3 | 22.2 | 23.1 | 25.1 | 26.0 | 30.0 |
| **Stock of public debt (III+IV)** | **385.9** | **391.3** | **418.7** | **466.1** | **520.5** | **589.5** | **666.6** | **721.0** |
| In % of GDP | 59.6 | 54.6 | 55.9 | 59.4 | 63.5 | 69.5 | 74.0 | 78.0 |
| **GDP at current prices** | **647.5** | **717.0** | **748.5** | **784.6** | **820.1** | **847.9** | **901.4** | **924.8** |

In billions of dirhams, unless otherwise specified

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

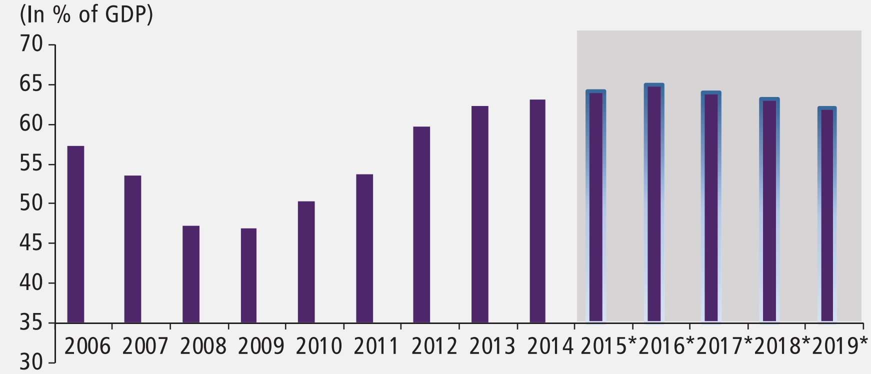
### Box 1.5.3 : Debt sustainability analysis

The simulation of debt development over the period 2015-2019 is based on the projections of the Finance Act 2015 and the macroeconomic outlook prepared by Bank Al-Maghrib. The baseline scenario assumes an average growth of 4.6 percent, an average inflation of 1.9 percent and a deficit around 3 percent of GDP between 2017 and 2019.

The results show that the upward trend in the debt ratio observed since 2010 is expected to see a reversal starting from 2017 (Chart B1.5.3.1), due to the continued reduction of the deficit/GDP ratio since 2013. Indeed, the debt ratio should rise from 63.2 percent in 2014 to 65.1 percent in 2016, and then decline to 62.1 percent in 2019. An improvement in the growth rate by one percentage point to 5.6 percent on average would cause debt de shrink on average by 1.9 point compared to the baseline scenario over the period 2015-2019.

1 These data do not include secured domestic debt, whose figures will not be published until October 2015 (under the Finance Bill 2016). It should be noted that the stock of this debt was 20.3 billion dirhams in the first half of 2014 and 19.6 billion at end-2013, representing for this last year 4.4 percent of total domestic Treasury debt and 2.1 percent of GDP.

**Chart B 1.5.3.1: Forecasts of direct public debt**




* BAM forecasts

Concerning the determining factors of direct public debt dynamics, growth and interest rates have a significant impact that sometimes exceeds that of the primary deficit. However, given the effects offset between the interest rate and the growth rate, the contribution of the primary deficit remains pivotal and causes the debt level to move. Between 2015 and 2019, growth would help reduce debt by 2.8 percentage points on average, while interest rate and primary deficit should contribute to increasing it by 2 points and 1 point, respectively.

**Chart B1.5.3.2: Contributions to the change in debt**


Sources: Ministry of Economy and Finance, and BAM calculations and forecasts
Notes:
- "Residual" includes changes to public assets and in the exchange rate.
- "Other debt sources" correspond to privatization (recorded as negative) and the realization of implicit liabilities.

# 1.6 Balance of payments

External accounts in 2014 were marked by a significant recovery in the trade balance. Exports improved by 7.9 percent, reflecting a continued momentum in sales of the automotive sector and a recovery in those of phosphate derivatives. Meanwhile, imports virtually stabilized at 2013 levels, as declines in energy bills and capital equipment purchases were offset by increases in food supplies and imports of consumer goods.

The year was also marked by a significant inflow of donations of 12.7 billion dirhams. Meanwhile, travel receipts recorded a limited increase of 2.9 percent in a context of security-related concerns in some countries of the region. Transfers from Moroccan expatriates also continue to show resilience to persistent unemployment in major host countries, with an increase of 3.6 percent. Against this backdrop, the current account deficit narrowed again from 7.9 percent[1] to 5.6 percent of GDP.

Regarding the capital account, foreign direct investment inflows reached 36.5 billion dirhams, an amount close to their exceptional level of the previous year, and loans to nonfinancial corporations rose sharply from 11.2 billion to 28.1 billion. Overall, foreign exchange reserves strengthened by 20.3 percent to 180.8 billion, representing the equivalent of 5 months and 8 days of imports of goods and services.

**Table 1.6.1: Change in main components of external accounts in % of GDP**

| | 2001-2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|---|---|
| **Current account** | **2.4** | **-5.0** | **-5.3** | **-4.4** | **-7.9** | **-9.5** | **-7.9** | **-5.6** |
| Trade deficit | 14.3 | 23.8 | 20.2 | 18.9 | 22.3 | 23.8 | 22.0 | 20.1 |
| Travel receipts (Δ %) | 15.8 | -5.3 | -4.9 | 6.8 | 4.4 | -1.8 | -0.4 | 2.9 |
| Transfers from Moroccan expatriates (Δ %) | 15.0 | -3.5 | -5.4 | 8.3 | 7.4 | -3.8 | 3.0 | 3.6 |
| **Capital account** | **-2.0** | **5.5** | **5.9** | **4.7** | **8.2** | **9.8** | **7.2** | **5.1** |
| Net foreign direct investments | 3.5 | 2.7 | 2.1 | 1.7 | 2.5 | 2.8 | 3.1 | 3.3 |
| Trade credits | 0.6 | 0.1 | 0.3 | 0.6 | 1.1 | 1.2 | 1.6 | 0.8 |
| Loans | -1.9 | 1.6 | 3.0 | 3.0 | 1.7 | 2.7 | 3.5 | 4.2 |
| **Net international reserves in months of imports** | **8.9** | **6.1** | **7.3** | **6.9** | **5.2** | **4.1** | **4.4** | **5.3** |

Source: Foreign Exchange Office.

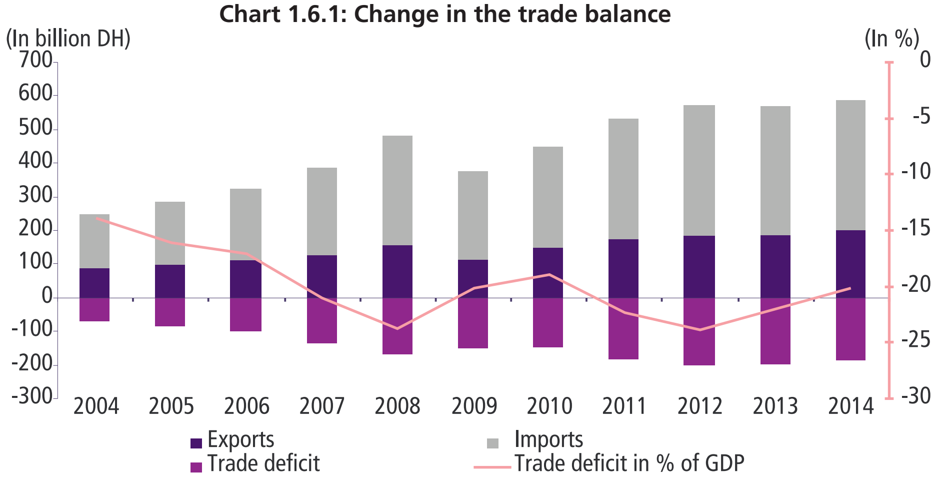
## 1.6.1 Change in the trade balance

The trade deficit eased further in 2014, falling by 6.2 percent to 186.1 billion dirhams. However, its ratio to GDP, albeit down, remained high at 20.1 percent from 22 percent in 2013. Exports rose

1 Revised figure in accordance with the 6th edition of the IMF's Balance of Payments Manual.

by 7.9 percent to 200 billion, while imports stabilized at 386.1 billion, thus bringing the import-export coverage rate to 51.8 percent.

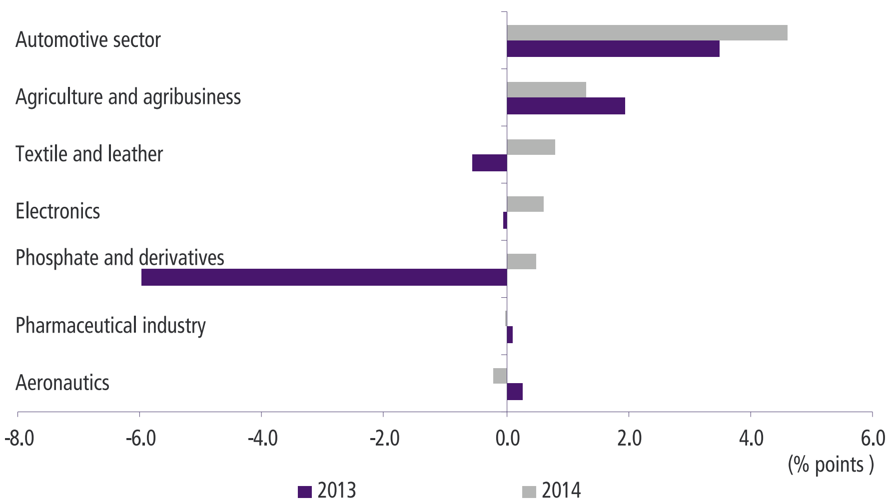
**Chart 1.6.1: Change in the trade balance**




Source: Foreign Exchange Office.

Export growth reflects a continued performance of the automotive sector, whose shipments rose by 26.8 percent, thus bringing its share from 17.1 percent to 20.1 percent. This momentum was mainly attributed to increases of 52.8 percent in automotive industry sales and 10.7 percent in automotive wiring ones. The number of exported cars, mainly to the European market, reached 192 thousand units at a value of 40.1 billion, as against 144 thousand or 31.7 billion in 2013.

**Chart 1.6.2: Contributions to export trends**




Source: Foreign Exchange Office.

After a sharp decline in 2013, exports of phosphates and derivatives were up 2.5 percent to 38.3 billion dirhams. Shipments of derivatives increased by 6.5 percent, reflecting an improvement of

6.6 percent in exported quantities and a virtual price stability. However, sales of crude phosphates decreased by 9.8 percent, with a decline of 11.2 percent in prices and a 1.5 percent increase in quantities. The share of the latter in overall OCP exports was trending downward since 2008, in line with the Group's investment strategy to enhance its production by increasing the processing capacity of crude phosphate into derivatives.

**Chart 1.6.3: Exports of phosphates and derivatives in volume (in billion tonnes)**

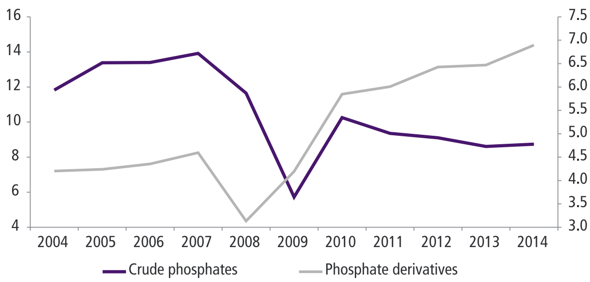
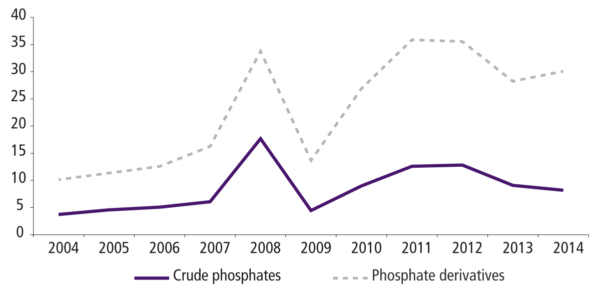



**Chart 1.6.4: Exports of phosphates and derivatives (in billion DH)**




Source: Foreign Exchange Office.

Agricultural and agrifood[1] exports remained a positive contributor to exports, with a further increase of 6.9 percent to 38.7 billion, mainly due to a 9.1 percent rise in food sales to 21.9 billion. In contrast, exports of agricultural commodities showed a 4.2 percent decrease, which affected primarily tomatoes and citrus.

Meanwhile, after a drop in 2013, textile industry shipments bounced back, rising 4.5 percent to 33.5 billion dirhams, as sales of ready-made garments and hosiery items grew by 5.8 percent and 1.1 percent, respectively.

Regarding exports of other sectors, electronics shipments grew by 14.8 percent, as against a decline of 3.9 percent in both the aeronautics and pharmaceutical industries.

**Table 1.6.2: Structure of exports by sector (in %)**

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|---|---|
| Phosphates and derivatives | 17.8 | 33.0 | 16.0 | 24.0 | 27.7 | 26.2 | 20.1 | 19.1 |
| Agriculture and agribusiness | 20.8 | 18.0 | 24.0 | 19.7 | 17.9 | 17.7 | 19.5 | 19.4 |
| Textile and leather | 27.1 | 20.0 | 26.1 | 20.3 | 18.4 | 17.9 | 17.3 | 16.7 |
| Automotive | 10.1 | 8.8 | 10.6 | 12.3 | 13.3 | 13.6 | 17.1 | 20.1 |
| Electronics | 5.9 | 4.3 | 4.8 | 4.5 | 4.1 | 3.8 | 3.7 | 4.0 |
| Aeronautics | 2.5 | 2.3 | 3.7 | 3.5 | 3.3 | 3.6 | 3.9 | 3.5 |
| Pharmaceutical industry | 0.3 | 0.3 | 0.5 | 0.4 | 0.3 | 0.5 | 0.6 | 0.5 |

Source: Foreign Exchange Office.

In terms of imports, food supplies moved up 17 percent to 41.7 billion dirhams, particularly wheat purchases which rose by 54.4 percent, owing to the significant increase of 89.2 percent in imported quantities, while unit prices fell by 18.4 percent from one year to another.

1 Including fisheries.

Purchases of consumer goods also grew by 10.1 percent, mainly in connection with an 8.4 percent increase in passenger car purchases. Imports of raw materials were up 12.4 percent, reflecting an increase in both imported quantities and crude sulfur prices. Similarly, purchases of semi-finished products rose by 1.9 percent to 81.7 billion, with mainly increases of 2.7 percent for plastic materials and 2 percent for chemicals.

However, the energy bill showed a decrease of 9.5 percent to 92.6 billion dirhams, with a decrease in prices and a 5.9 percent increase in quantities. In particular, crude oil purchases, and diesel and fuel ones were down 22.9 percent and 11.5 percent, respectively, while oil gas and other hydrocarbons purchases rose slightly by 0.5 percent.

In parallel, reflecting the weak recovery of nonagricultural activities, purchases of capital goods were down 2.4 percent, with particularly drops of 13.1 percent for industrial vehicles and 16.5 percent for piston engines.

**Table 1.6.3: Main imported goods (In billion DH)**

| | | | | Variation en % | |
|---|---|---|---|---|---|
| | **2012** | **2013** | **2014** | **2013-2012** | **2014-2013** |
| **Goods imports** | **386.9** | **383.7** | **386.1** | **-0.8** | **0.6** |
| Foodstuff | 41.8 | 35.7 | 41.7 | -14.6 | 17.0 |
| Wheat | 12.1 | 8.2 | 12.7 | -31.9 | 54.4 |
| Consumer goods | 65.3 | 64.3 | 70.8 | -1.5 | 10.1 |
| Passenger cars | 10.6 | 9.3 | 10.0 | -12.4 | 8.4 |
| Raw materials | 23.0 | 17.8 | 20.0 | -22.4 | 12.4 |
| Crude and unrefined sulfur | 6.7 | 4.2 | 5.7 | -38.0 | 36.9 |
| Semi-finished goods | 77.1 | 80.2 | 81.7 | 4.0 | 1.9 |
| Plastics | 10.6 | 11.3 | 11.6 | 6.1 | 2.7 |
| Chemicals | 8.1 | 8.0 | 8.1 | -2.0 | 2.0 |
| Energy and lubricants | 106.6 | 102.3 | 92.6 | -4.1 | -9.5 |
| Crude oil | 37.6 | 36.5 | 28.1 | -3.1 | -22.9 |
| Gas oils and fuel oils | 36.9 | 35.6 | 31.5 | -3.6 | -11.5 |
| Oil gas and other hydrocarbons | 20.2 | 19.1 | 19.2 | -5.1 | 0.5 |
| Capital goods | 73.2 | 81.0 | 79.1 | 10.7 | -2.4 |
| Industrial vehicles | 7.8 | 7.9 | 6.9 | 2.0 | -13.1 |
| Piston engines | 3.2 | 4.9 | 4.1 | 51.1 | -16.5 |

Source: Foreign Exchange Office.

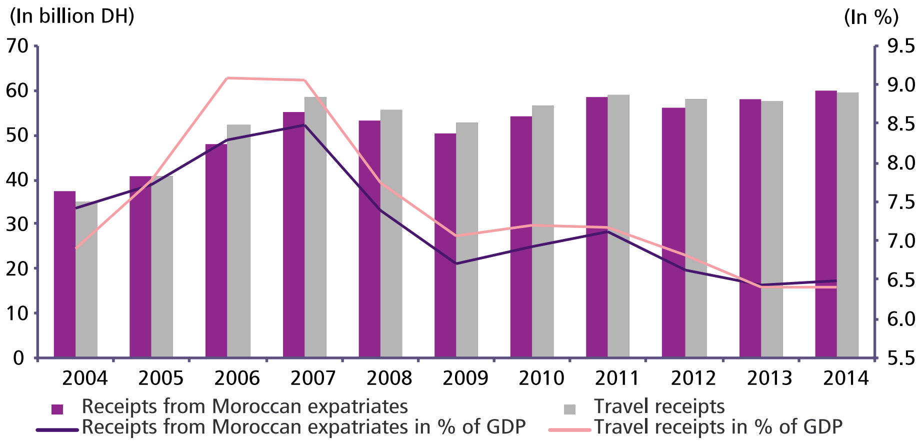
## 1.6.2 Change in the services balance

The services surplus increased by 5.7 billion to 59.5 billion dirhams, particularly reflecting an easing in deficits of government services[1] and transports, especially the maritime one. This change is also

1 This item includes all goods and services provided or received by the public sector not identified in other items. It records in credit costs of foreign diplomatic representations in Morocco and in debit costs of Moroccan diplomatic representations abroad, administrative contracts, etc.

due to a rise of 1.6 percent in the travel balance, with increases of 2.9 percent in receipts to 59.3 billion and 8.5 percent in expenditure to 12 billion. The latter has trended upwards since 2010, with an average annual growth of 6.5 percent.

**Chart 1.6.5: Change in travel receipts and transfers from Moroccan expatriates**




Source: Foreign Exchange Office.

## 1.6.3 Change in the balances of income and current transfers

The income negative balance worsened by 7.5 to 21.2 billion dirhams. This trend was mainly due to an increase in outflows of direct investment dividends to 14.9 billion and to a lesser extent a decrease in income from financial investments abroad to 1.3 billion.

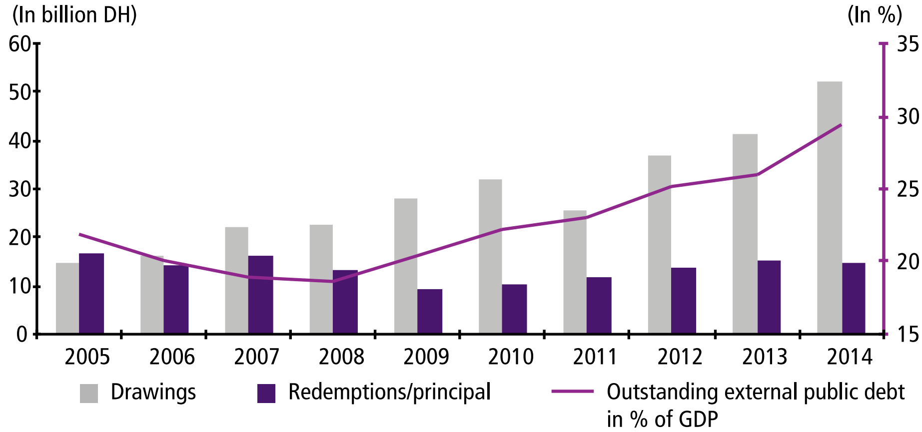
Meanwhile, revenues from private current transfers rose by 4.8 percent to 73.7 billion dirhams, reflecting a 3.6 percent increase in transfers from Moroccan expatriates to 59.9 billion. Flows from France, Italy and Spain alone account for 53.8 percent. Transfers under pensions increased by 11.8 percent to 7.6 billion dirhams, while private donations fell from 2.3 billion to 1.2 billion dirhams. Public transfers, consisting mainly of donations received from Gulf countries, increased from 7.3 billion in 2013 to 12.7 billion, including 6.2 billion from Qatar, 3.5 billion from the United Arab Emirates, 2.1 billion from Kuwait and 0.8 billion from Saudi Arabia.

## 1.6.4 Change in the financial account

In 2014, the financiall account surplus excluding reserves fell to 73.3 billion dirhams from 79.2 billion in 2013. This decline covers primarily decreases of 7.2 billion in the balance of trade credits and 2.6 billion in that of currency and deposits, as well as an increase of 6.7 billion in net external debt. The change in the latter is attributed to an increase of 16.9 billion in net loans of public institutions, offset by decreases of 5.8 billion in those of the Treasury and 4.3 billion of private loans. Drawings of public institutions grew from 18.2 billion to 34.5 billion, mainly due to an issue by the OCP of 1.85 billion loan, while those of the government dropped from 23 billion to 17.6 billion dirhams.

Given a slight decrease of 14.8 billion in repayments, the net flow of public debt stood at 37.2 billion, thus covering 71.3 percent in the current account deficit as opposed to 36.7 percent a year earlier.

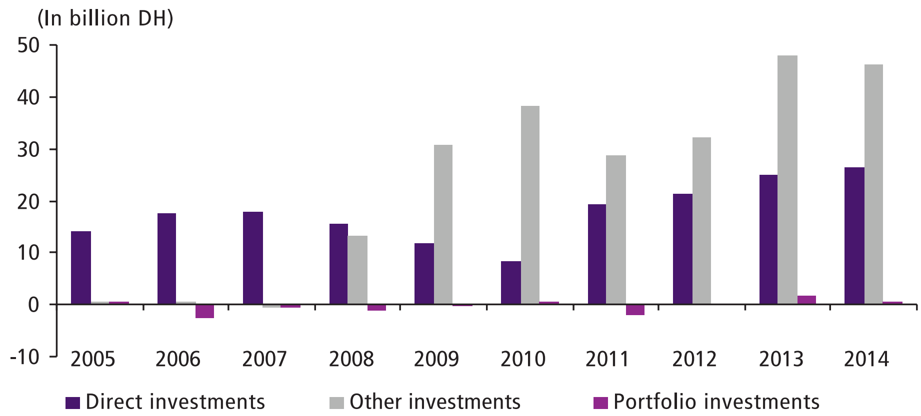
**Chart 1.6.6: Change in drawings, redemptions and outstanding external public debt in % of GDP**




Source: Ministry of Economy and Finance.

After an exceptional year, foreign direct investments remained high in 2014 with a flow of 36.5 billion dirhams. The slight decrease of 2.6 billion registered compared to 2013 reflects a decline of 3.1 billion in current accounts advances of shareholders and in loans between related enterprises, which stood at 7.4 billion dirhams. In contrast, equity investments remained virtually stable at 25.6 billion and reinvested earnings rose from 3.1 billion to 3.5 billion. Given a drop of 5 billion dirhams in direct investment sales in 2014, net FDI flows were up by 2.4 billion to 30.1 billion dirhams.

**Chart 1.6.7: Change in balances of financial transactions account sections**




Source: Foreign Exchange Office.

The geographical breakdown of FDI flows shows that France remains the largest investor with a share of 28.4 percent, followed by the United Arab Emirates with 13.5 percent and Saudi Arabia with 12.8 percent.

By sector, investments in 2014 benefitted primarily real estate activities, with a share of 32.6 percent. Although on the decline, investments in the manufacturing industry remain significant with 24.2 percent from 45.6 percent in 2013. The drop affected particularly the food industry whose investment amount fell from 10 billion to 3.5 billion dirhams.

**Chart 1.6.8: FDI receipts by sector**

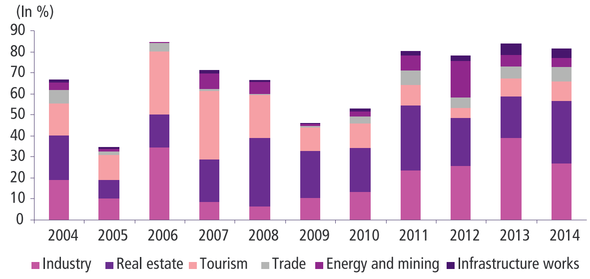
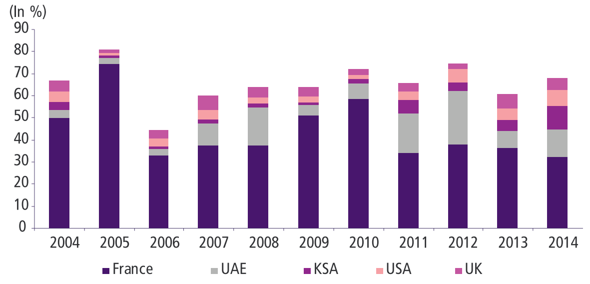


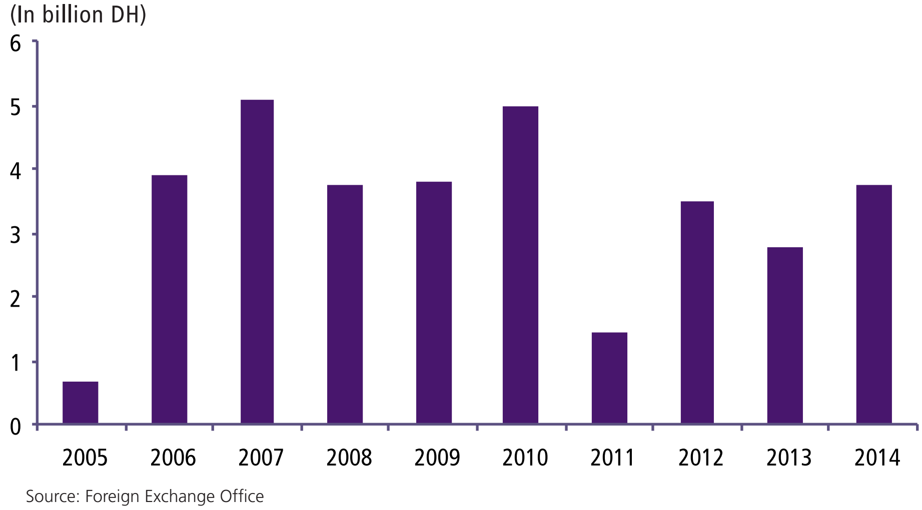

**Chart 1.6.9: FDI receipts by country of origin**




Sources: Foreign Exchange Office and BAM calculations.

Morocco's direct investments abroad grew from 0.94 billion dirhams to 3.7 billion, of which 35.2 percent went to France. Moroccan investments in Africa fell from 2 billion to 1.4 billion, year on year. Financial and insurance activities account for 46 percent of these investments, as against 66.2 percent a year earlier.

**Chart 1.6.10: Change in Moroccan direct investments abroad**




Source: Foreign Exchange Office

Against this background, the stock of net international reserves continued to rise to 180.8 billion dirhams, up 26.7 billion. Thus, it represents the equivalent of 5 months and 8 days of imports of goods and services, 26 days more than a year earlier.

**Chart 1.6.11: NIR in months of goods and services imports**

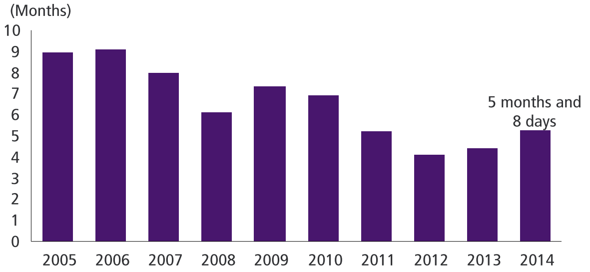
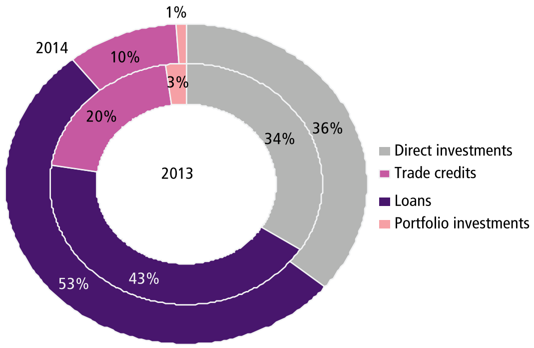



**Chart 1.6.12: Financing of current deficit**




Sources: Foreign Exchange Office and BAM calculations.

**Box 1.6.1 : Balance of payments new methodology (6th edition of the IMF's Balance of Payments Manual)**

Since the first quarter 2014, the Foreign Exchange Office publishes the balance of payments according to the sixth edition of the IMF's Balance of Payments Manual. This new methodology provides for several revisions:

- The adoption of the general trade system for recording transactions in goods, instead of the special scheme. This system includes the flow of goods performed under the warehousing arrangements[1], whereas they were previously recorded only once the consumption released[2].
- The exclusion from the heading of goods, commodity transactions carried out under the customs regime of temporary admission for inward processing without payment. Consequently, the resulting processing costs (value added) are now recorded in a new heading under the Services account, named "Manufacturing service provided on physical inputs held by third-parties".
- The breakdown of the services account into twelve headings instead of seven previously.
- Regarding the financial account, the new edition includes a change of presentation. Financial transactions are recorded in terms of net flows of assets and liabilities: "Net acquisition of assets" and "Net increase in liabilities" and no longer in terms of debit and credit. Meanwhile, bonds issued on the international market by the Treasury and/or resident economic operators are classified under the heading "Portfolio investments", whereas they were previously classified in loans under "Other investments". Finally, financial derivatives, recorded in investment portfolios according to the old presentation, are currently registered under a separate heading for their monitoring.

The customs warehouse is the customs scheme that allows the storage of goods under customs control in premises approved by the customs administration, free of duties and taxes, and economic prohibition measures.

2 A customs scheme which implies that the payment of national taxes (mainly VAT) was made, the documents required under the national regulations were produced and therefore the merchandise is fully absolved of its obligations vis-à-vis national taxation. From that moment, the goods can be marketed on the territory.

## 1.6.5 Change in the international financial position

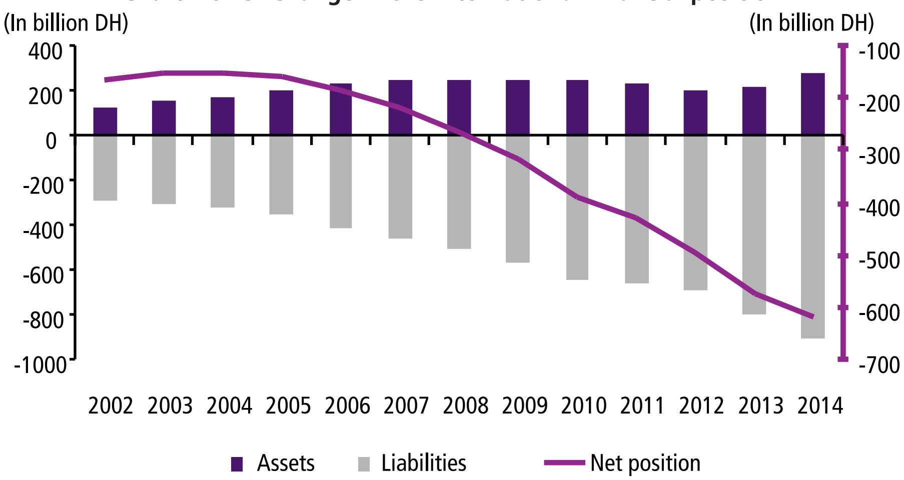
As part of the alignment of the Moroccan statistical output with the special data dissemination standard, the Foreign Exchange Office began in 2014 to publish the international financial position on a quarterly basis. Previously, it was published on a yearly basis, six months after the date of closure of the financial year.

**Table 1.6.4: Change in international financial position**

| En milliards de DH | 2013 | | | 2014 | | |
|---|---|---|---|---|---|---|
| | Assets | Liabilities | Balance | Assets | Liabilities | Balance |
| Direct investments | 20.7 | 422.3 | -401.7 | 37.9 | 467.2 | -429.3 |
| Portfolio investments | 6.2 | 63.3 | -57.1 | 10.4 | 96.7 | -86.3 |
| -Including loans (bond issues) | 0.0 | 33.3 | -33.3 | 0.0 | 65.2 | -65.2 |
| Loans | 0.3 | 215.2 | -214.9 | 0.3 | 228.2 | -227.9 |
| Trade credits | 15.1 | 38.3 | -23.2 | 22.1 | 52.1 | -30.0 |
| Cash and deposits | 20.8 | 49.4 | -28.6 | 24.2 | 47.6 | -23.4 |
| Reserve assets | 156.9 | 0.0 | 156.9 | 184.5 | 0.0 | 184.5 |
| Net position | 220.8 | 796.1 | -575.4 | 281.2 | 900.4 | -619.2 |

In 2014, the international financial position resulted in a widening of 43.8 billion dirhams in Morocco's net liabilities vis-à-vis the rest of the world to 619.2 billion, or 67 percent of GDP.

**Chart 1.6.13: Change in the international financial position**




Source: Foreign Exchange Office.

The outstanding financial assets of residents grew from 60.5 billion to 281.2 billion dirhams, mainly in connection with increases of 27.6 billion in reserve assets, 17.3 billion[1] in direct investments of

1 Including assets declared under the contribution in full discharge.

residents abroad, taking into account the assets declared under the contribution in full discharge (Box 1.6.2), and 10.6 billion in "other investments".

Morocco's liabilities vis-à-vis the outside world increased from 104.2 billion to 900.4 billion, reflecting an increase of 44.9 billion in outstanding loans from abroad and an increase of 44.82 billion[1] in the stock of foreign direct investment.

**Box 1.6.2 : Contribution in full discharge regarding assets and cash held abroad**

In recent years, Morocco has embarked on a process of compliance with international standards on transparency, especially in the financial sphere. Indeed, it adhered[1] to the Global Forum on Transparency and Exchange of Information for Tax Purposes, and signed the Convention on Mutual Administrative Assistance in Tax Matters[2] under the aegis of the OECD and Council of Europe.

In this context and in order to regularize the situation of residents with respect to the legislation and tax regulations in force, the 2014 Finance Act introduced provisions for the contribution in full discharge regarding assets and cash held abroad. This contribution exempts registrants from fines for violating regulations on foreign exchange and payment of related taxes. They had a one-year period from January 1, to December 31, 2014 to make their declarations and regularize their situation by paying a contribution in full discharge in the manner below:

- 10 percent of the value of real estate property, the value of subscription or acquisition of financial assets and of securities held abroad;
- 5 percent of foreign currency liquid assets repatriated to Morocco and deposited in accounts in foreign currency or in convertible dirhams; and
- 2 percent for cash repatriated to Morocco and sold against dirhams.

This operation was a great success when compared to expectations and some international experiences in this field. The number of declarations reached 18,973 for a total amount of 27.85 billion dirhams, of which 34 percent as real estate, declared on the basis of purchase price, 35 percent as financial assets and 30 percent as liquid assets. Revenues generated to the Treasury amounted to 2.1 billion and were allocated to the Social Cohesion Fund aimed at financing social programs.

1 October 26, 2011.

2 Signed on May 21, 2013. It provides for an automatic, spontaneous and upon demand exchange of information between signatory countries.

1 Taking into account the valuation at market prices of listed securities.

# 1.7 Monetary conditions

The growth of money supply[1] accelerated from 3.1 percent in 2013 to 6.2 percent in 2014, reflecting a significant increase of 20.3 percent in net international reserves (NIR), due to a substantial narrowing of the trade deficit and significant inflows of donations to the State and loans to public institutions.

Bank lending growth decelerated from 3.9 percent to 2.2 percent, with a slight decline in its ratio to GDP from 82.9 percent to 82.6 percent. Financial loans contracted by 12.5 percent, while credit to the private sector[2] accelerated from 1.3 percent to 3.8 percent, covering an improvement in advances granted to certain tertiary activities and a decrease in those granted to industrial companies. Moreover, after a sharp rise in 2013, net claims on the central government fell by 3.9 percent.

Monetary conditions were also marked in 2014 by an easing of interest rates in various markets, especially money market following the decisions taken by the Bank Board to reduce the key rate from 3 percent to 2.75 percent in September and to 2.5 percent in December. As the interbank rate remained aligned with the interest rate, lending rates fell on average from 6.23 percent to 6 percent, year on year. Similarly, in sovereign and private debt markets, rates trended downwards.

Regarding the external value of the national currency, the effective exchange rate[3] appreciated by 0.9 percent, in nominal terms, but depreciated slightly in real terms, due to an inflation differential broadly in favor of Morocco.

**Table 1.7.1: Key monetary indicators**

| | Encours en 2014 | Variations annuelles (en %) | | | |
|---|---|---|---|---|---|
| | | 2011 | 2012 | 2013 | 2014 |
| **Monetary aggregates (in billion DH, end of the year)** | | | | | |
| M3 | 1 086.2 | 6.4 | 4.5 | 3.1 | 6.2 |
| Net international reserves | 180.8 | -10.7 | -16.7 | 3.8 | 20.3 |
| Claims on the economy | 890.2 | 10.4 | 5.1 | 3.4 | 3.7 |
| Including:bank credit | 763.4 | 10.6 | 4.6 | 3.9 | 2.2 |
| Securities | 88.9 | 33.8 | 1.1 | -0.1 | 13.2 |
| Net claims on the central government | 143.4 | 25.8 | 22.8 | 19.0 | -3.9 |
| **Interest rate (in %, annual average)** | | | | | |
| Interbank rate | 2.95 | 0.00 | -0.10 | -0.13 | -0.11 |
| Lending rates | 6.00 | -0.06 | 0.05 | 0.07 | 0.23 |
| **Real effective exchange rate (base 100 in 2000)** | **86.65** | **-2.5** | **-1.9** | **1.2** | **-0.1** |

1 Measured by the M3 aggregate.
2 Households and nonfinancial corporations.
3 It is calculated by reference to a basket of currencies of major partner countries and competitors.

## 1.7.1 Bank credit trend

In 2014, bank credit increased only by 2.2 percent, as against 3.9 percent in 2013, mainly reflecting a decrease of 12.5 percent in financial loans after a sharp rise of 17.1 percent one year earlier. In contrast, growth of loans to the nonfinancial sector accelerated from 1.7 percent to 4.2 percent, which would reflect an improvement in both demand and supply conditions.

**Chart 1.7.1: Annual growth of loans**

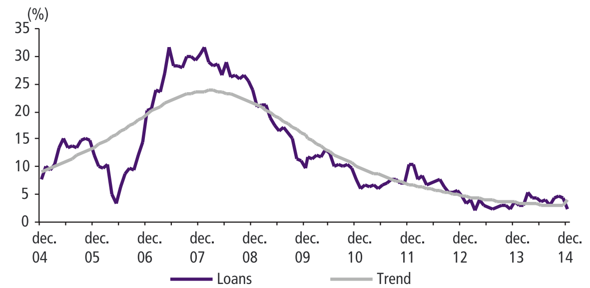
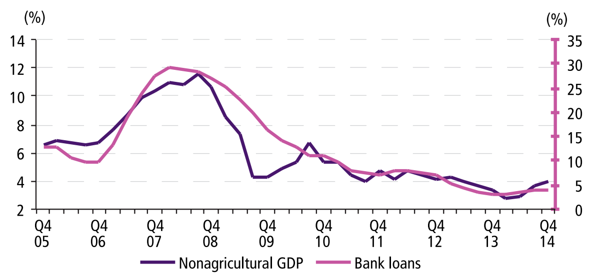



**Chart 1.7.2: Annual changes in loans and nonagricultural GDP (4-quarter moving average)**




Indeed, BAM survey on lending conditions among banks[1] indicates a gradual relaxation of supply criteria during the year. Banks would particularly attribute this trend to the favorable economic outlook, prompted by the VSME (very small, small and medium-sized enterprises) funding program set up by Bank Al-Maghrib. This improvement resulted in lower amounts of the required collateral and intermediation margin. Demand would have moved up from the previous year, mainly reflecting improved demand from VSE (very small enterprises) and SME (small and medium-sized enterprises), while that from large companies would have stagnated. Demand from individuals would have remained almost at its 2013 level, in a wait-and-see context in the real estate market.

**Chart 1.7.3: Change in lending criteria in 2014 (Diffusion index*)**

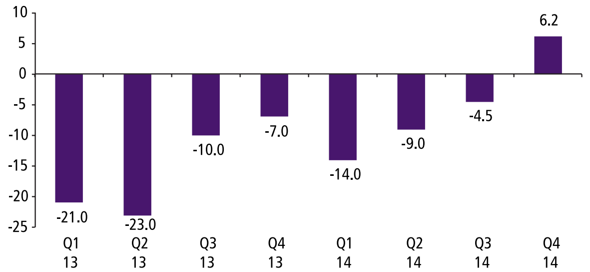
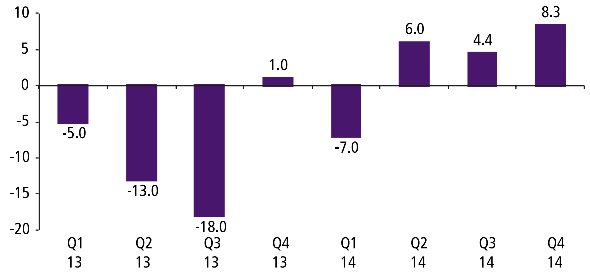



**Chart 1.7.4: Change in credit demand in 2014 (Diffusion index)**



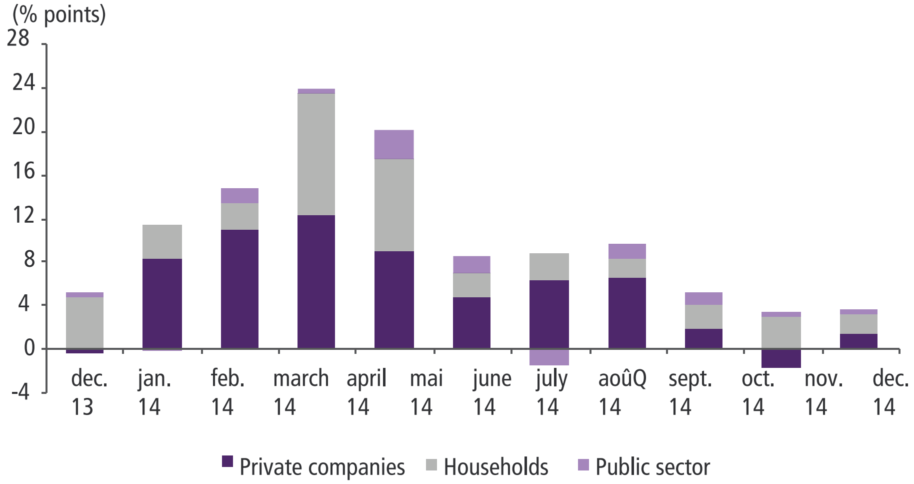

* The diffusion index is calculated as the difference between responses indicating an easing or an increase and those showing a tightening or a decrease.

The improvement in loans to the nonfinancial sector reflects an increase of 3.8 percent in credit to the private sector from 1.3 percent in 2013, marking the end of the slowdown observed in the last three years. Loans to businesses rose 3.1 percent, as against a 3.5 percent decrease, while

1 Survey conducted quarterly since 2013. It will soon be published on a regular basis.

the growth of those granted to households decelerated from 8.7 percent to 4.8 percent. Similarly, credit to the public sector increased by 9.2 percent from 7.6 percent.

**Chart 1.7.5: Contribution of institutional sectors to bank credit growth (YoY)**




The breakdown of bank credit by economic purpose shows that real estate loans slowed from 4.8 percent to 2.7 percent, with a contraction of 5.6 percent in loans to real estate developers, after rising 0.6 percent in 2013, and virtually stable housing loans at 6.2 percent. However, after a 5.6 percent drop, cash advances rose by 3.1 percent, mainly owing to a 5.5 percent increase in loans to private nonfinancial corporations, as against a decrease of 10.7 percent in 2013. Similarly, growth of equipment loans accelerated from 1.5 percent to 3.7 percent, covering a robust increase from 1.8 percent to 36.4 percent in loans to public nonfinancial corporations and a deeper decline from 0.9 percent to 2.9 percent in those allocated to private corporations. Meanwhile, after a rise of 1.9 percent, consumer loans grew by 9.2 percent, mainly due to a merger-takeover by BMCI of its subsidiary "BMCI Crédit Conso"[1].

These developments took place against a background of persistently high risks, as nonperforming loans grew by 20.2 percent, as against 23.8 percent a year before, bringing their ratio to bank loans from 5.9 percent to 6.9 percent. They decelerated from 36.4 percent to 13.6 percent for households, but accelerated from 14.8 percent to 25.1 percent for private nonfinancial corporations.

1 Excluding this operation, the increase would have stood at 0.8 percent.

**Chart 1.7.6: Growth of main bank loan categories (YoY, in %)**

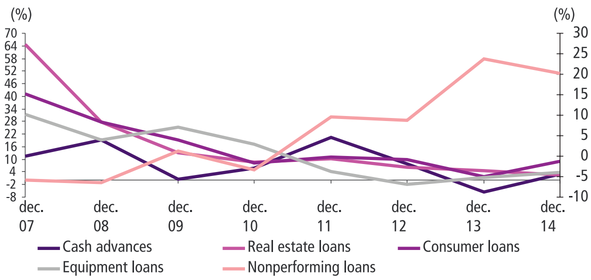
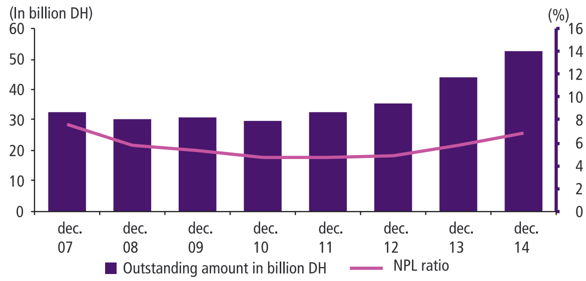



**Chart 1.7.7: Change in nonperforming loans (NPL)**




Credit analysis by branch of activity shows a slight slowdown in agricultural and manufacturing sectors and a recovery in services excluding financial activities. Indeed, in the context of an average crop year, loans to agricultural activities decelerated from 3.6 percent to 2.9 percent. Similarly, credit to the secondary sector slowed from 3.6 percent to 3.2 percent, mainly reflecting a deceleration from 12.8 percent to 0.5 percent for food and tobacco industries as well as a further decline from 8.9 percent to 12.3 percent in textile, clothing and leather industries, and from 4.9 percent to 8 percent in chemicals and related industries. As to other branches of the sector, loans to construction companies edged down 0.5 percent, after being virtually stable in 2013, while those granted to the electricity, gas and water sector significantly strengthened, with an increase of 31.4 percent from 2.2 percent a year earlier.

**Chart 1.7.8: Breakdown of loans by sector (In billion DH)**

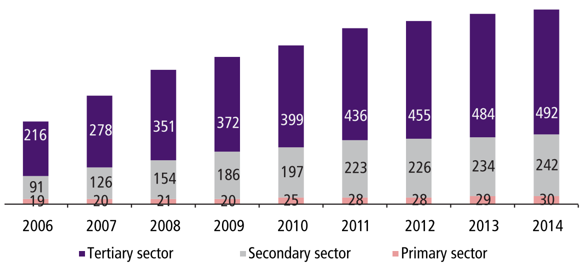
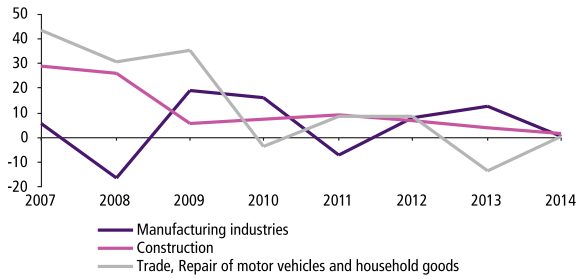



**Chart 1.7.9: Growth of loans in some subsectors (YoY, in %)**

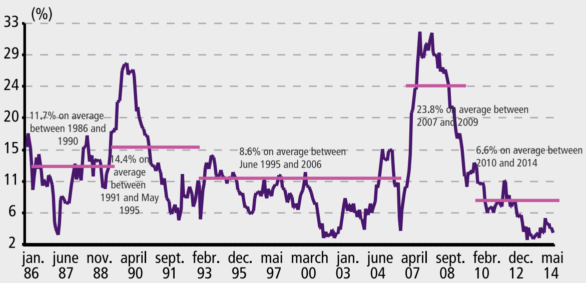



Loans to the tertiary sector, excluding financial activities, were up 4.3 percent, from 0.5 percent in 2013, mainly covering an increase of 9.2 percent in loans allocated to the sector of "trade, repair of motor vehicles and household goods", after a decrease of 5.4 percent. Similarly, loans grew 0.5 percent for "transport and communications" activities and 0.4 percent for "hotels and restaurants", after respective decreases of 1.5 percent and 13.6 percent.

## Box 1.7.1: Bank credit determinants in Morocco

A special attention was paid by monetary authorities to the continued slowdown in bank credit, given the importance of its role in financing the economy and monetary policy transmission. Based on relevant data since 1986, analysis shows that bank lending growth is broadly determined by economic growth with the exception of two phases.

**Chart B1.7.1.1: Bank credit growth (YoY, in %)**

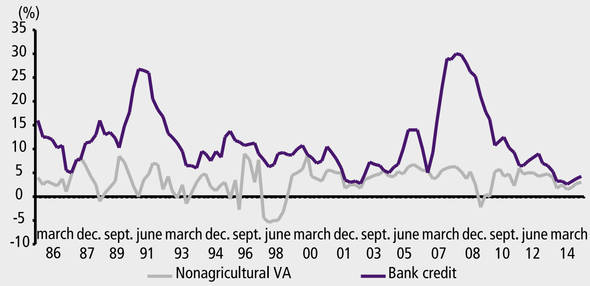



Indeed, between January 1991 and May 1995, while the annual growth of the nonagricultural value added in nominal terms remained around 3 percent, bank credit grew by 14.4 percent on average, with a peak of 27.3 percent in July 1991. This growth is mainly attributed to the lifting of credit controls and removal of the mandatory loan-to-deposit ratio (between 1992 and 1998).

The second phase from 2007 to 2009 was marked by strong growth at an average rate of 24 percent and a maximum of 32 percent in May 2007 and January 2008. During this period, although the growth of nominal nonagricultural GDP was relatively high, averaging 8.4 percent, it cannot alone explain the observed acceleration of credit. This would be attributable to a catch-up effect due to several factors, including the gradual decline in nonperforming loans, the development of banking competition and strong rise of financial and real estate assets and its impact on the value of the collateral. Meanwhile, the analysis of lending rates indicates a downtrend in rates, especially for real estate loans which contributed significantly during this phase to the bank credit growth, with an average of 37.5 percent.

Apart from these two phases, credit growth remained consistent with nonagricultural growth. Between June 1995 and December 2006, loans grew by 8.6 percent and nonagricultural value added recorded an average increase of 6 percent in nominal terms. As of 2008, credit growth registered continuous slowdown from 10.6 percent in 2011 to 4.6 percent in 2012 and 3.9 percent at end-2013. Meanwhile, growth of nonagricultural value added stood at 8 percent in 2011, as against 4.6 percent in 2012 and 1.5 percent in 2013.

**Chart B1.7.1.2: Change in bank credit and nonagricultural growth**



In light of recent credit developments, the question arises about the compatibility of its current growth rate with its equilibrium level, defined as being the level matching its macroeconomic determinants, mainly growth and the interest rate. To answer this question, two approaches were used: the first one refers to a statistical method and the second one is based on a structural modeling.

The statistical approach helps situate credit changes vis-à-vis its long-term trend by constructing an interval that frames its trend. This method was applied to credit growth in real terms and the credit ratio to GDP, based on quarterly data from 2002 to 2014.

**Chart B.1.7.1.3: Bank credit growth in real terms**

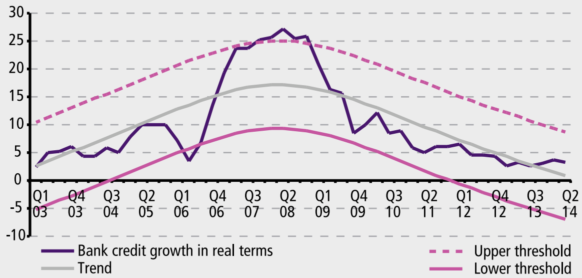
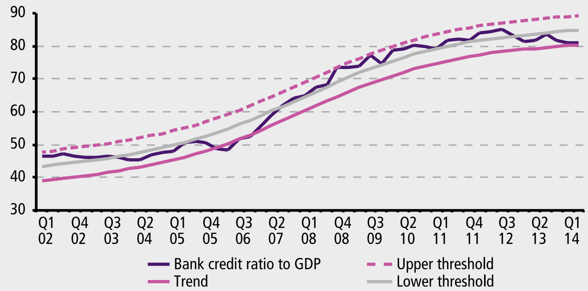



**Chart B.1.7.1.4: Bank credit ratio to GDP**




Overall, this shows that real credit growth remained around its long-term trend, albeit with a slightly higher level between Q4-2007 and Q4-2008, which would be explained by effects of large increases in real estate prices. Another exit from the interval was registered in Q2-2006 and corresponds to a discontinuation of the trend, owing to a base effect due to the financing through bank credit of a privatization operation in Q2-2005. Almost similar results were obtained using the ratio of credit to GDP.

The structural approach is based on an estimate of the credit demand function based on the VECM model, using, as explanatory variables, nonagricultural GDP, interest rate and real estate stock index, integrated to capture the effect of real estate prices.

The balance level of credit was obtained by using the estimated model and taking into account the potential economic growth , an interest rate consistent with the monetary policy stance and the long-term trend of stock index.

This approach suggests that the recent slowdown in credit would reflect the change in its fundamentals, particularly nonagricultural growth. Therefore, the average bank credit rate in recent years stands below its equilibrium level, as growth of nonagricultural GDP remained below its potential level.

1 Estimated by its long-term trend.

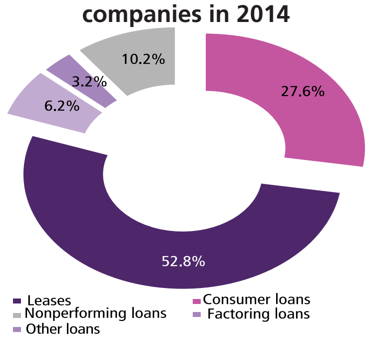
PLoans granted by other financial corporations and not included in M3 counterparts rose 2.3 percent compared to 1.1 percent. They are still dominated by those granted by finance companies[1], with a share of 81 percent as against 10 percent for offshore banks, 5 percent for microcredit associations and 4 percent for the CDG.

1 Excluding the merger-takeover by BMCI of its subsidiary “BMCI Crédit Conso”.

Loans distributed by finance companies grew by 2.5 percent as against 0.4 percent, mainly reflecting an increase of 30.5 percent in factoring loans, after a decline of 3.6 percent, and a faster growth from 0.5 percent to 1.3 percent in leases. On the opposite, consumer loans fell 3.1 percent after a 0.6 percent increase in 2013.

**Chart 1.7.10: Change in loans granted by finance companies**


**Chart 1.7.11: Structure of loans granted by finance companies in 2014**




The decline in loans granted by offshore banks intensified from 2.4 percent to 6.5 percent, covering a further drop of 14.5 percent compared to 11.8 percent in equipment loans and an acceleration from 3.3 percent to 6.8 percent in cash advances.

**Chart 1.7.12: Change in loans granted by offshore banks**

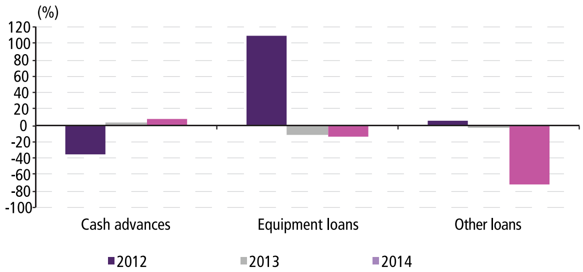
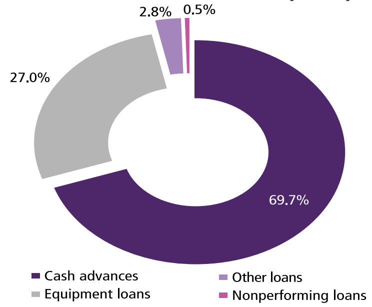



**Chart 1.7.13: Structure of loans granted by offshore banks in 2014 (in %)**




Furthermore, loans distributed by microcredit associations increased by 11.1 percent from 6 percent in 2013. This change mainly reflects the acceleration from 9.3 percent to 12.5 percent in credit to micro businesses, and a 7.7 percent increase in that allocated to low-income housing, after a fall of 7 percent. This improvement was coupled with a further decline of 8.8 percent in nonperforming loans, reducing their ratio from 6.7 percent to 4.6 percent.

**Chart 1.7.14: Change in loans granted by microcredit associations**

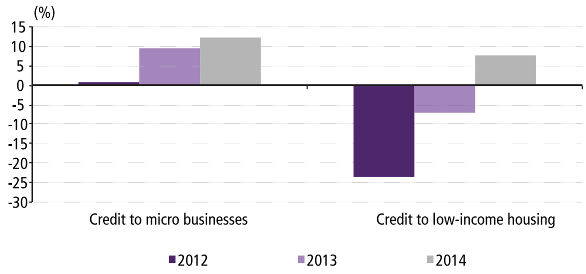
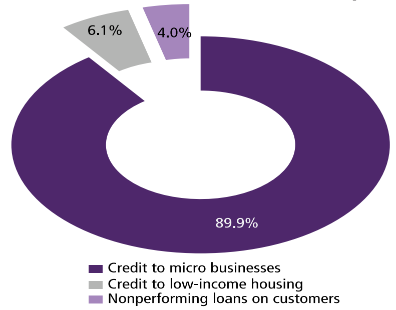



**Chart 1.7.15: Structure of loans granted by microcredit associations in 2014 (in %)**

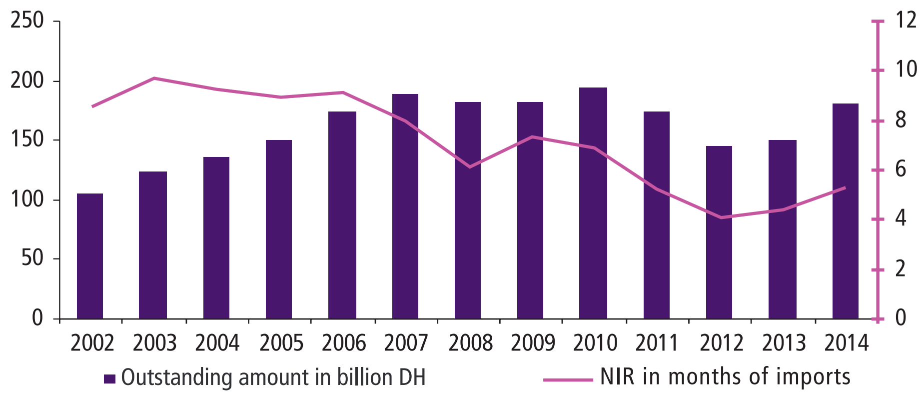



## 1.7.2 Net international reserves

After a slight recovery in 2013, net international reserves (NIR)[1] improved significantly in 2014. Their outstanding amount was up 20.3 percent to 181 billion dirhams, representing the equivalent of 5 months and 8 days of imports of goods and services, as against 4 months and 12 days a year earlier. This increase, the largest since 2006, is attributable to a substantial reduction in the current account deficit, mainly due to a narrowing of the trade deficit and, to a lesser extent, to inflows of donations. It also reflects major inflows of loans to public institutions.

The analysis of the infra-annual change in these reserves indicates a robust monthly rate of 2.9 percent in the first half, rising to 177.8 billion at end-June, particularly following the external borrowings[2] of the Treasury and OCP. Between July and December, their monthly growth decelerated to 0.3 percent on average, as the current account deficit was more than offset by foreign direct investment inflows.

**Chart 1.7.16: Annual change in net international reserves (YoY)**




1 Net international reserves (NIR) are defined, according to the IMF's Monetary and Financial Statistics Manual, as reserve assets under the control of the monetary authorities minus short-term liabilities to nonresidents: NIR = monetary gold holdings + SDR holdings + assets in convertible foreign currencies + Morocco's reserve position with the IMF - Short-term foreign currency liabilities.

2 Amounting to one billion dollars for the Treasury and 1.85 billion dollars for the OCP.

## 1.7.3 Net claims on central government

Gross claims of depository corporations[1] on the central government were down 4.9 percent at end-2014, after a 19.5 percent increase a year earlier. This trend is attributed to the combined declines of 0.2 percent in banks' portfolio of Treasury bonds, after a 22.9 percent increase in 2013, and 30.8 percent in bonds held by money market mutual funds, as against a 47.9 percent increase. Liabilities of these institutions dropped by 16.4 percent after a strong rise of 30.9 percent in 2013, albeit with significant volatility during the year, reflecting the Treasury's active management of its cash surpluses. Overall, net claims on the central government fell by 3.9 percent at end-2014, as against an increase of 19 percent in 2013, thus marking the end of the upward trend that began in 2011.

**Chart 1.7.17: Annual change in net claims on central government**

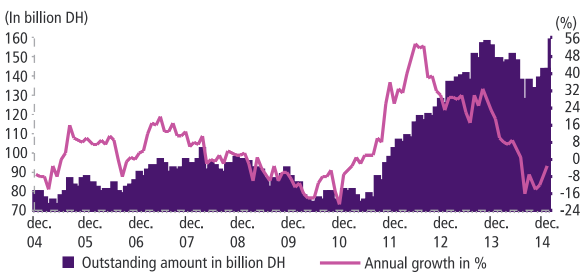
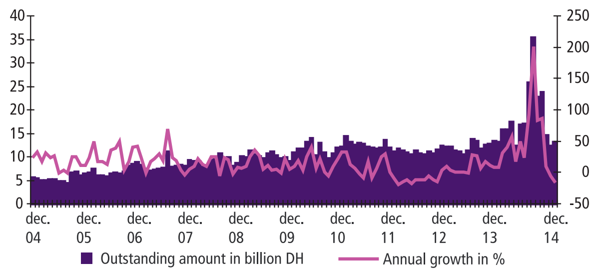



**Chart 1.7.18: Annual change in liabilities on central government**




## 1.7.4 M3 components

The faster growth of M3 in 2014 primarily reflects accelerations in bank money, foreign currency and time deposits and securities of money market mutual funds. However, the growth of currency in circulation and demand deposits did not change from the last year.

**Table 1.7.2: Change in M3 components**

| | Currency in circulation | Bank money | Demand deposits | Other monetary assets | M3 |
|---|---|---|---|---|---|
| | | | Outstanding amount as at end-December (in billion DH) | | |
| 2012 | 163.6 | 448.5 | 111.4 | 268.7 | 992.2 |
| 2013 | 171.4 | 457.6 | 120.3 | 273.9 | 1 023.2 |
| 2014 | 179.4 | 481.2 | 130.0 | 295.6 | 1 086.2 |
| | | | Share in M3 (%) | | |
| 2012 | 16.5 | 45.2 | 11.2 | 27.1 | 100.0 |
| 2013 | 16.8 | 44.7 | 11.8 | 26.8 | 100.0 |
| 2014 | 16.4 | 44.1 | 11.9 | 27.2 | 100.0 |
| | | | YoY change (%) | | |
| 2012 | 3.4 | 4.7 | 8.2 | 3.5 | 4.5 |
| 2013 | 4.7 | 2.0 | 8.1 | 2.0 | 3.1 |
| 2014 | 4.7 | 5.2 | 8.1 | 7.9 | 6.2 |

1 Central Bank, commercial banks and money market mutual funds.

Thus, growth of currency in circulation stabilized at 4.7 percent in 2014, maintaining its contribution to M3 growth at 0.8 percentage point. Its infra-annual change was marked by the usual peaks, of the month of Ramadan, which coincided with summertime, and Eid Al-Adha.

Growth of bank money accelerated from 2 percent to 5.2 percent and its contribution to the increase in money supply stood at 2.3 points from 0.9 point. This change mainly reflects a 13.2 percent rise in Treasury deposits after a 14.9 percent decline and a slightly improved growth of demand deposits with banks from 4 percent to 4.4 percent.

**Chart 1.7.19: Change in currency in circulation**

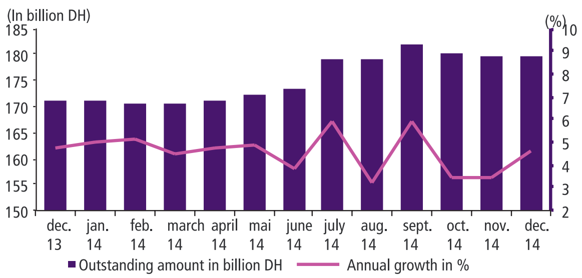
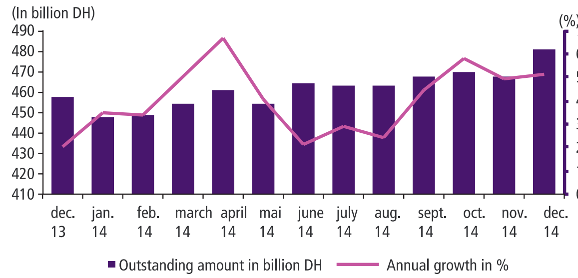



**Chart 1.7.20: Change in bank money**




Growth of demand deposits stabilized at 8.1 percent and their contribution to M3 growth stood at 0.9 percentage point. The analysis by depositor indicates a contribution of almost 7 percentage points for individuals and one point for Moroccans living abroad.

**Chart 1.7.21: Change in demand deposits in 2013**

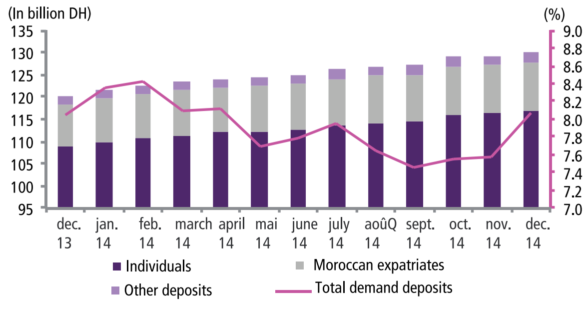
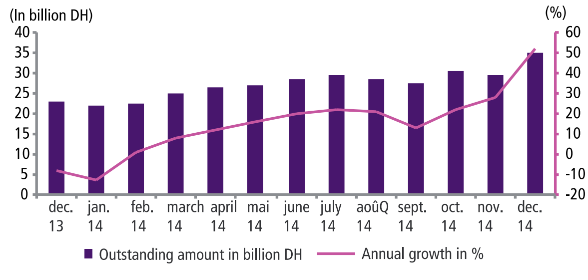



**Chart 1.7.22: Change in foreign currency deposits**




Other monetary assets[1] grew by 7.9 percent from 2 percent in 2013 and their contribution to M3 growth increased from 0.5 percentage point to 2.1 points. This trend mainly reflects a significant improvement of 51.5 percent in outstanding foreign currency deposits to 35 billion dirhams, mainly in connection with the amnesty operation on assets and cash held abroad. Similarly, growth of securities of money market mutual funds and that of time deposits accelerated from 4.8 percent

1 Other monetary assets include time deposits and fixed-term bills, foreign currency deposits, securities sold under repurchase agreements, certificates of deposit with a residual maturity of 2 years or less, securities of money market mutual funds, and time deposits with the Treasury.

to 7.3 percent and from 4.2 percent to 4.4 percent, respectively. The change in time deposits is particularly attributed to a significant increase of 42.3 percent in deposits of nonfinancial public corporations, after a decline of 58.3 percent. However, growth of household deposits slowed from 7.1 percent to 6.7 percent. Those of private nonfinancial corporations shrank by 7.7 percent, after an increase of 17.3 percent. Securities of money market mutual funds recorded a decrease of 0.2 percent, as against an increase of 4.8 percent in the previous year.

**Chart 1.7.23: Change in time deposits**

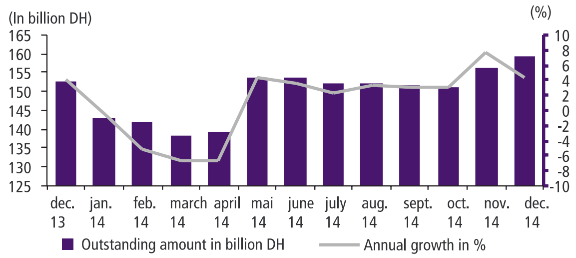
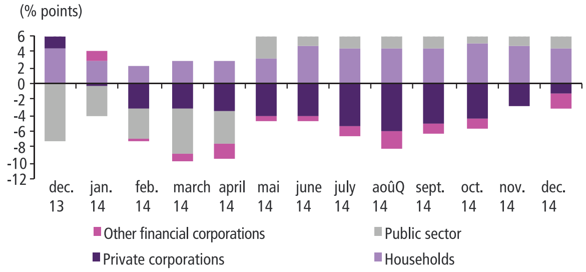



**Chart 1.7.24: Contributions of institutional sectors to the growth of time deposits (YoY)**




## 1.7.5 Liquid investment aggregates

Liquid investment aggregates[1] in 2014 rose by 17.5 percent, as against 7.2 percent in 2013. This acceleration involved all investments, with the exception of treasury bills whose growth rate fell from 13 percent to 11 percent.

**Table 1.7.3: Liquid investment aggregates**

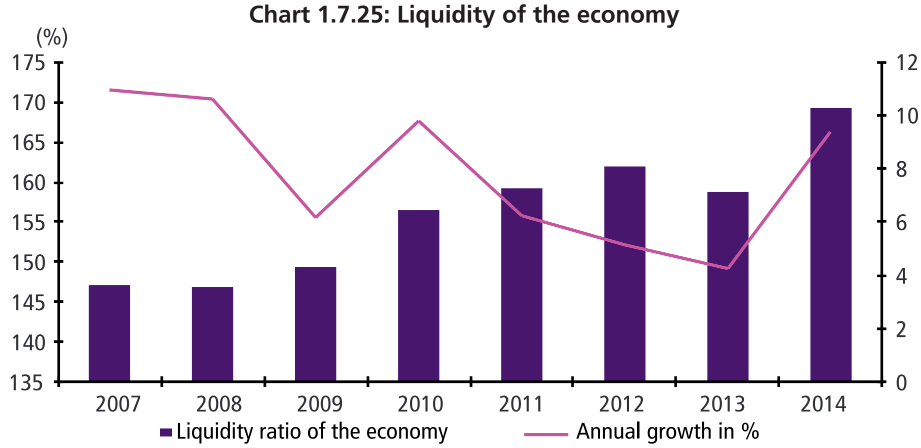
| Outstanding amount in billion DH | End 2012 | End 2013 | | End 2014 | |
|---|---|---|---|---|---|
| | Outstanding amount* | Outstanding amount* | Change in % | Outstanding amount* | Change in % |
| **LI1 aggregate** | **244.4** | **271.5** | **11.1** | **305.0** | **12.3** |
| Negotiable Treasury bonds | 236.1 | 266.7 | 13.0 | 296.1 | 11.0 |
| Bonds of finance companies | 5.9 | 2.4 | -58.7 | 5.2 | 111.5 |
| Commercial paper | 1.4 | 1.7 | 20.6 | 2.8 | 66.8 |
| Securities issued by contractual mutual funds | 1.0 | 0.8 | -23.6 | 1.0 | 28.7 |
| **LI2 aggregate** | **110.0** | **110.1** | **4.4** | **144.5** | **31.2** |
| Securities issued by bond mutual funds | 110.0 | 114.9 | 4.4 | 144.5 | 31.2 |
| **LI3 aggregate** | **26.2** | **26.5** | **0.9** | **30.0** | **13.1** |
| Securities issued by equity and diversified mutual funds | 26.2 | 26.5 | 0.9 | 30.0 | 13.1 |
| **Total LI** | **380.6** | **408.1** | **7.2** | **479.4** | **17.5** |

* In billion DH.

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

Taking into account these developments and the faster growth of M3, liquidity of the economy[1] expanded by 9.4 percent, thus bringing its ratio to GDP from 158.8 percent to 169.3 percent.

**Chart 1.7.25: Liquidity of the economy**

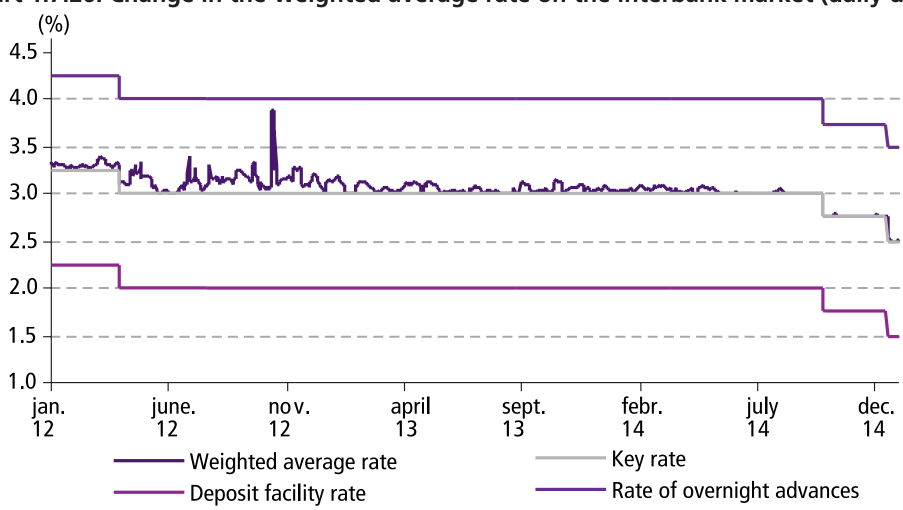



## 1.7.6 Interest rates

Monetary conditions eased overall in 2014, especially after the two decisions taken by the Bank Board to lower the key rate from 3 percent to 2.75 percent on September 23, and then to 2.50 percent on December 16.

On the interbank market, the weighted average rate reached 3.03 percent on average over the first eight months of the year and 2.78 percent in the rest of 2014, thus remaining in line with the key rate. Throughout the year, it fell to 2.95 percent on average, down 11 basis points compared to 2013. This change was accompanied by a significant increase in the trade volume, which rose from 2.8 to 3.5 billion dirhams on daily average.

**Chart 1.7.26: Change in the weighted average rate on the interbank market (daily data)**




1 Consisting of money supply in the broad sense and liquid investment aggregates.

Lending rates continued their downward trend that began in 2011, in spite of the persistence of a relatively high risk in the economy, as evidenced by the increase in nonperforming loans. Thus, the overall lending rate showed in 2014 a further decrease of 23 basis points to 6 percent. This decline affected all loan categories, especially cash advances and equipment loans, with respective declines of 23 basis points and 19 points to 5.97 percent and 5.74 percent. By institutional sector, the drop in rates affected businesses more than individuals, with respective falls of 25 points to 5.94 percent and 8 points to 6.31 percent. The fourth quarter data, which partly incorporate the impact of the lower policy rate in September, indicate that lending rate was overall stable, albeit with declines of 59 basis points in equipment loans and 20 points in consumer ones. In contrast, rates on cash advances and real estate loans showed slight increases of 11 points, each.

**TTable 1.7.4: Change in lending rates**

| | 2013 | | | | | 2014 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | 2013* | Q1 | Q2 | Q3 | Q4 | 2014* |
| Debtor accounts and cash advances | 5.87 | 6.02 | 6.28 | 6.62 | 6.20 | 5.87 | 5.96 | 5.97 | 6.08 | 5.97 |
| Equipment loans | 6.10 | 5.99 | 6.12 | 5.49 | 5.93 | 6.08 | 5.44 | 6.01 | 5.42 | 5.74 |
| Real estate loans | 6.27 | 6.15 | 6.04 | 6.03 | 6.12 | 6.01 | 5.94 | 5.94 | 6.05 | 5.99 |
| Consumer loans | 7.39 | 7.42 | 7.37 | 7.34 | 7.38 | 7.41 | 7.35 | 7.37 | 7.17 | 7.33 |
| **Overall credit rate** | **6.01** | **6.09** | **6.30** | **6.52** | **6.23** | **5.96** | **5.98** | **6.03** | **6.03** | **6.00** |

*Arithmetic means

Source: BAM quarterly survey among banks.

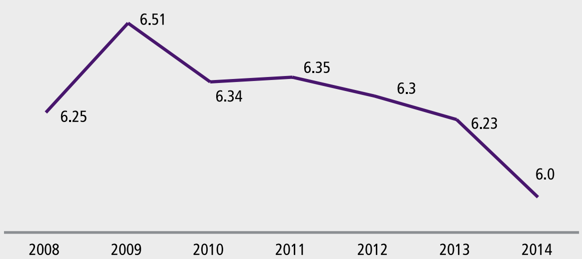
**Box 1.7.2: Change in the main components of lending rates in Morocco**

The lending rate is a key variable, since it helps to assess the cost of financing the economy and to examine the transmission of monetary policy decisions to the real economy. Its level is broadly determined by the change in its components, namely banks funding cost, interest margin and risk premium.

Prior to 1980, lending rates in Morocco were administered based on the economic policy stance and various sectoral development plans. Thereafter, the modernization process of the economy, particularly the financial system, led to a gradual liberalization of these rates as of 1990, which became complete in January 1996[1].

As of that date, lending rates trended downwards from a range of [8 percent; 15 percent] in 1996 to [7 percent; 12.5 percent] in 2005. Since 2006, the date from which data of BAM survey among banks have become available, this rate decreased from 6.89 percent to 6 percent in 2014.

**Chart B1.7.2.1: Change in lending rates**




1 Decision of the Minister of Finance and Foreign Investments N°143-96 dated 31st January 1996, regulating the interest rates applicable to credit operations.

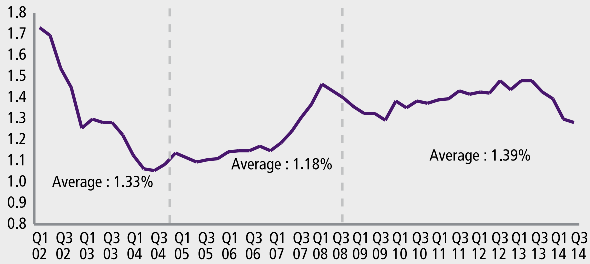
This trend is not only attributed to the change in one of the components of lending rates. Each of them contributed differently depending on economic and monetary conditions.

The cost of financing depends on the banking system resources, which consist mainly of residents' deposits, with a share of 65.8 percent on average between 2002 and 2014, of which 38 percent as demand deposits and 17.9 percent as time deposits. Issues of debt securities, advances and loans of the central bank only represent 3.2 percent and 2.4 percent of these resources, respectively.

Analysis of the change in the cost of bank financing between 2002 and 2014 helps identify three distinct phases:

Before Q1-2005, it showed a downward trend from 1.73 percent to 1.05 percent, due to the improvement in the share of demand deposits in bank resources from 33 percent to 38 percent. This phase was marked by a significant liquidity surplus in the banking system, following substantial inflow of foreign currency under remittances from Moroccan expatriates and travel receipts.

**Chart B1.7.2.2: Change in bank credit and nonagricultural growth**




Between Q1-2005 and Q4-2008, the cost of bank financing increased gradually to 1.46 percent. In this period, the bank liquidity position changed and turned negative starting from July 2007, which resulted in higher interest rates of time deposits and savings accounts, which accounted for an average of 19.2 percent and 9.4 percent of bank resources.

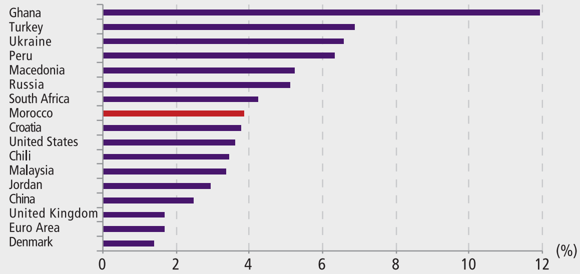
As of 2009, banks **funding cost** stabilized at around 1.39 percent. The declining share of unremunerated demand deposits, particularly between January 2009 and October 2012, was offset by higher rates on other bank resources. In 2014, the cost of financing fell from 1.48 percent in Q4-2013 to 1.28 percent in Q4-2014, mainly owing to an easing of monetary conditions.

Regarding the remaining components of lending rates, **banks' interest margin**[2] depends mainly on the degree of competition within the banking system and the development of direct finance, while the risk premium reflects banks' assessment of the economic outlook. Indeed, in a difficult environment, borrowers' income fell, which may result in difficulties for banks to recover their claims.

2 This indicator stands within a range from 0 to 1. An index below 0.1 indicates a less concentrated market. The market is considered moderately concentrated if the value is between 0.1 and 0.18 and highly concentrated if it is greater than 0.18.

Analysis of the **interest margin**[3] determinants shows that the concentration of the Moroccan banking sector remains moderate, as indicated by the Herfindahl-Hirshman index , which stood at 0.171, an unchanged value over the past five years. In addition, comparison with several countries shows that the level of this margin is at a relatively average level, exceeding countries like Malaysia or Chile, but is still below many other countries like South Africa or Turkey.

**Chart B1.7.2.3: Ranking of countries based on their bank interest margins 99-2011**




In addition, corporate emissions on the capital market play a significant role in investment financing. For illustrative purposes, the ratio between the outstanding bond issues and the outstanding amount of financing corporate equipment goods averaged 24 percent over the last four years and trended upwards with a maximum of 26 percent in 2013.

In this context, the interest margin showed a downward trend between 2001 and 2014. Viewing its trend, it stood in recent years below its long-term average, likely due to the efforts made by banks to attract customers in a difficult economic context. Risk premium[4] would have significantly impacted the trajectory of lending rates, especially as of 2009, as indicated by the ratio of nonperforming loans, which stood at 6.9 percent in 2014 from 5.9 percent in 2013 and 5.3 percent in 2009.

3 Based on DataMarket.

4 Estimated by the spread between lending rates and Treasury bond yields.

In terms of interest rates on deposits, they remained broadly stable at 3.79 percent on average, up 9 basis points for six-month deposits and down 2 percentage points for one-year deposits. Analysis of their changes during the year indicates a downward trend as of June, followed by a significant increase at year-end. This increase, registered despite an easing of interest rates on interbank and private debt markets, would reflect the efforts made by banks to retain customers and attract more stable resources. However, the minimum interest rate paid on passbook accounts with banks, pegged to the weighted average rate of 52-week Treasury bonds during the previous half - year minus 50 basis points, was down 20 basis points from the previous year, standing at 3.32 percent on average during the current year.

**Table 1.7.5: Interest rates on time deposits and passbook accounts* (in %)**

| | 2011 | 2012 | 2013 | 2014: Q1 | 2014: Q2 | 2014: Q3 | 2014: Q4 | 2014 |
|---|---|---|---|---|---|---|---|---|
| 6-month deposits | 3.32 | 3.49 | 3.56 | 3.51 | 3.68 | 3.69 | 3.71 | 3.65 |
| 12-month deposits | 3.76 | 3.83 | 3.91 | 3.86 | 3.91 | 3.86 | 3.94 | 3.89 |
| **6-month and 12-month deposits** | **3.59** | **3.70** | **3.79** | **3.71** | **3.81** | **3.80** | **3.85** | **3.79** |
| **Passbook accounts with banks** | **2.97** | **3.00** | **3.51** | **3.62** | **3.62** | **3.01** | **3.01** | **3.32** |

* Arithmetic means.

Treasury bond yields in the primary market showed significant decreases from 59 basis points for 15-year maturities to 142 points for 10-year ones.

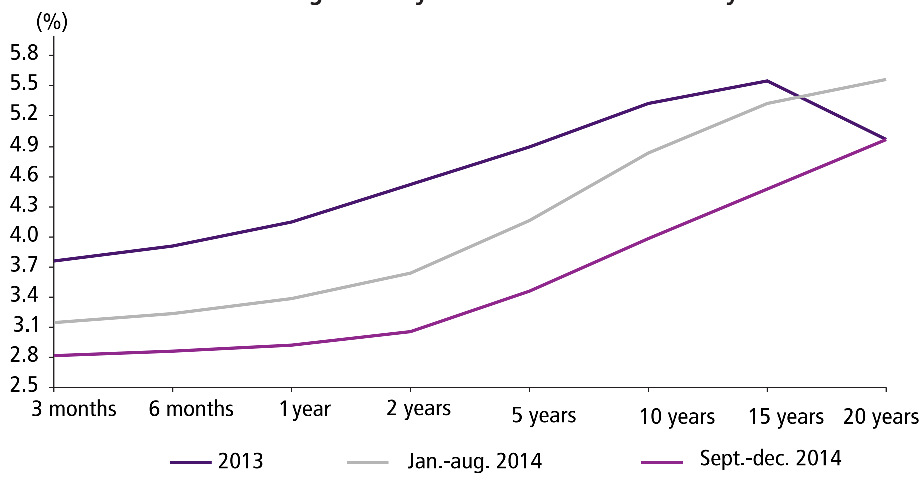
**Table 1.7.6: Treasury bond yields in the primary market***

| | 2011 | 2012 | 2013 | 2014 : Q1 | 2014: Q2 | 2014: Q3 | 2014: Q4 | 2014 |
|---|---|---|---|---|---|---|---|---|
| | **Short-term rates** | | | | | | | |
| 13 weeks | 3.31 | 3.33 | 3.71 | 3.30 | 3.08 | 2.97 | 2.68 | 3.01 |
| 26 weeks | 3.33 | 3.48 | 3.94 | 3.45 | 3.15 | - | 2.79 | 3.13 |
| 52 weeks | 3.47 | 3.69 | 4.16 | 3.63 | 3.25 | 3.14 | 2.84 | 3.22 |
| | **Medium and long-term rates** | | | | | | | |
| 2 years | 3.64 | 3.94 | 4.64 | 4.04 | 3.35 | - | 3.02 | 3.48 |
| 5 years | 3.86 | 4.22 | 4.92 | 4.62 | 3.91 | 3.80 | 3.33 | 3.92 |
| 10 years | 4.14 | 4.49 | 5.51 | 5.43 | 2.98 | - | 3.75 | 4.09 |
| 15 years | 4.36 | 4.70 | 5.69 | 5.87 | 5.14 | - | 4.30 | 5.10 |
| 20 years | 4.42 | 5.01 | - | 5.96 | 5.66 | 5.56 | 4.60 | 5.50 |
| 30 years | - | 5.02 | - | - | - | - | 5.69 | 5.69 |

*Arithmetic means.

The same trend was observed for all maturities in the secondary market. These downward trends, which particularly accelerated following the decisions taken by the Bank Board to lower its key rate, impacted rates of private issues, be they negotiable debt securities or bond ones.

**Chart 1.7.27: Change in the yield curve on the secondary market**



## 1.7.7 Foreign exchange rate

In 2014, the value of the national currency virtually stagnated against the euro and slightly depreciated by 0.09 percent vis-à-vis the dollar. It also declined by 5.16 percent versus the pound sterling, 1.30 percent against the Swiss franc and 0.77 percent versus the Chinese yuan. However, it appreciated by 14.9 percent, 9 percent and 4.1 percent against the Turkish lira, Brazilian real and Indian rupee, respectively.

Under these conditions, the nominal effective exchange rate appreciated by 0.9 percent from one year to another, but depreciated slightly in real terms, due to an inflation differential[1] in favor of Morocco.

**Chart 1.7.28: Transfer exchange rate (monthly average)**

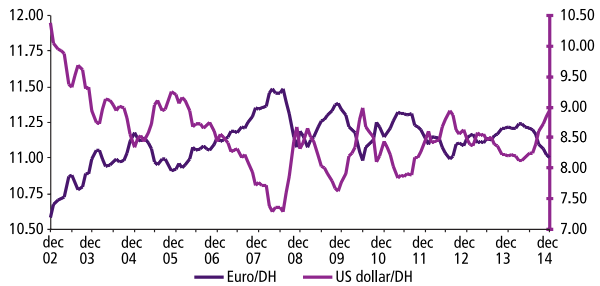
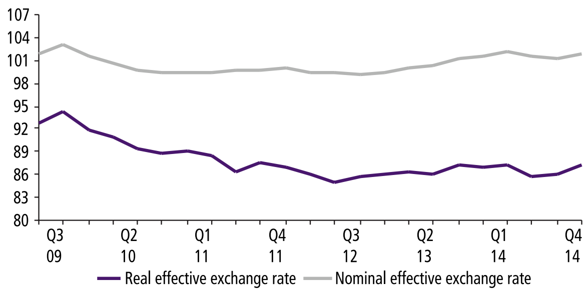
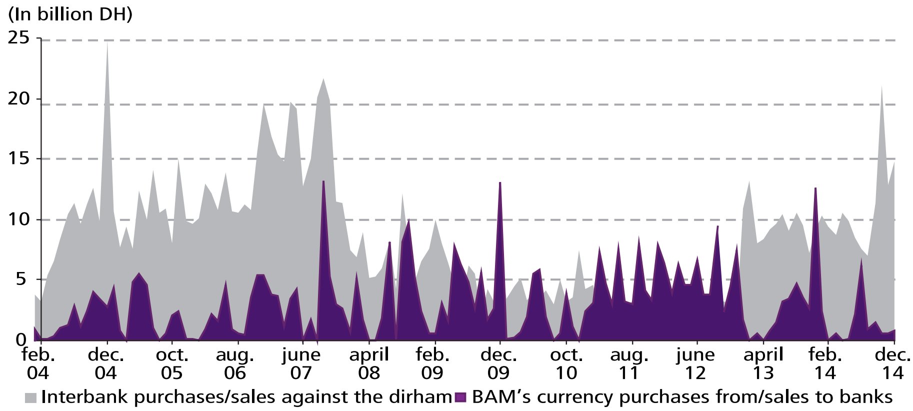



**Chart 1.7.29: Nominal and real effective exchange rates of the dirham (2000=100)**




In terms of transactions, the amount of interbank exchanges of foreign currencies against the dirham averaged 11 billion dirhams in 2014, up 14.7 percent from the previous year. Meanwhile, interbank lending and borrowing transactions in foreign currencies were up 14 percent, averaging 35.2 billion dirhams. Under these conditions, foreign currency sales of Bank Al-Maghrib to banks showed a further decline of 50.9 percent, as against 49.5 percent in 2013, thus averaging 1.3 billion dirhams.

**Chart 1.7.30 : Spot transactions on the exchange market**




1 Inflation rate in Morocco is lower than that of the countries in the sample used to calculate the effective exchange rate.

Forward currency purchases by bank customers decreased by 18.4 percent in 2014 to 5.7 billion dirhams. Similarly, forward sales dropped by 1.3 percent to 2.7 billion dirhams.

**Chart 1.7.31: Change in forward sales of foreign currency**

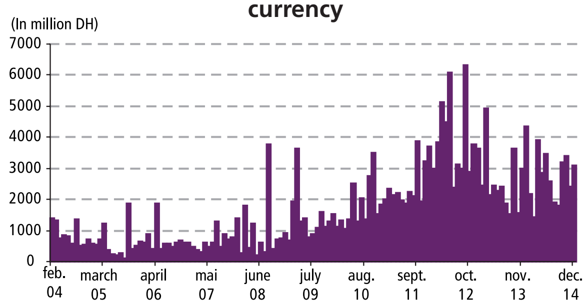
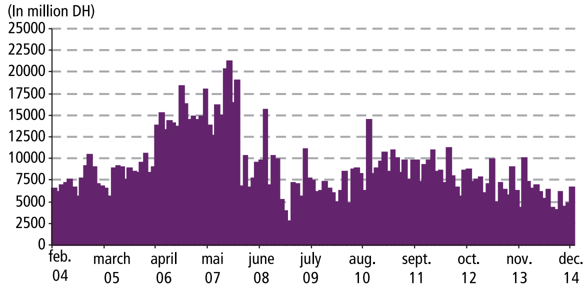



**Chart 1.7.32: Change in forward purchases of foreign currency**




Moreover, the average volume of foreign exchange transactions made by banks with their foreign correspondents decreased by 50.3 percent in 2014, after rising 32.4 percent in the previous year, thus amounting to 38.2 billion dirhams. Foreign currency deposits and investments of banks abroad were up 44 percent to nearly 7 billion dirhams. Under these conditions, the net foreign exchange position of banks amounted on an annual average by 5.3 billion to 8 billion.

**Table 1.7.7: Transactions on the foreign exchange market (monthly average in billion DH)**

| | 2013 | 2014 | Change in % 2013/2014 |
|---|---|---|---|
| Interbank purchases/sales against the dirham | 9.6 | 11.0 | 14.7 |
| BAM foreign currency purchases from banks | 0.2 | 0 | - |
| BAM foreign currency sales to banks | 2.7 | 1.3 | -50.9 |
| Foreign currency purchases/sales with foreign correspondents | 77.2 | 38.2 | -50.3 |

# 1.8 Asset markets

In 2014, conditions at the Casablanca Stock Exchange continued to deteriorate. In fact, the benchmark index rose by 5.6 percent, after three consecutive years of decline, while the liquidity level, measured by the ratio of trading volume to market capitalization, showed further degradation. In addition, the stock market's contribution to financing the economy remains very weak, with a sharply lower volume of capital increase.

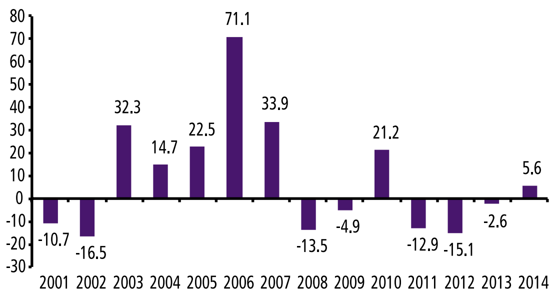
In the debt market, financing was provided in a context marked by a relative fiscal consolidation and easing of monetary conditions, especially after the key rate cuts. Treasury bill issues declined severely, with a focus on long-term maturities and falling rates compared to 2013. Against this backdrop, private debt market conditions eased, thus boosting issuances, which rose significantly to 83 billion from 64 billion on average between 2008 and 2013.

In the real estate market, the trading volume continued its upward trend, with a rise of 11.9 percent in 2014 and 5.5 percent on average between 2010 and 2013. This improvement was probably prompted by a low to moderate increase of prices in most big cities, after an average annual rise of 2.1 percent in the previous four years.

## 1.8.1 Stock market

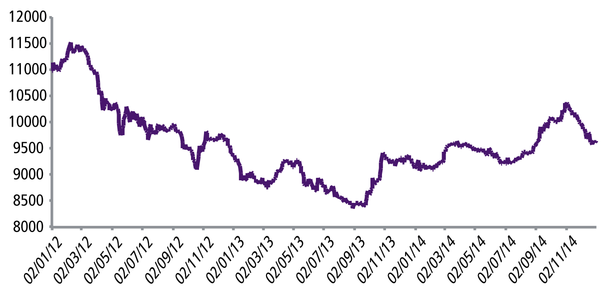
In 2014, The MASI rose by 5.6 percent, thus breaking up with its downward trend that started in 2011. This performance was mainly driven by the increases by 20.6 percent in the sector of "construction and building materials", 18.5 percent in "telecommunications" and 9.5 percent in "banks". On the contrary, the "real estate" sectoral index was down 28.5 percent.

**Chart 1.8.1: Annual performance of MASI (%)**




Source: Casablanca Stock Exchange.

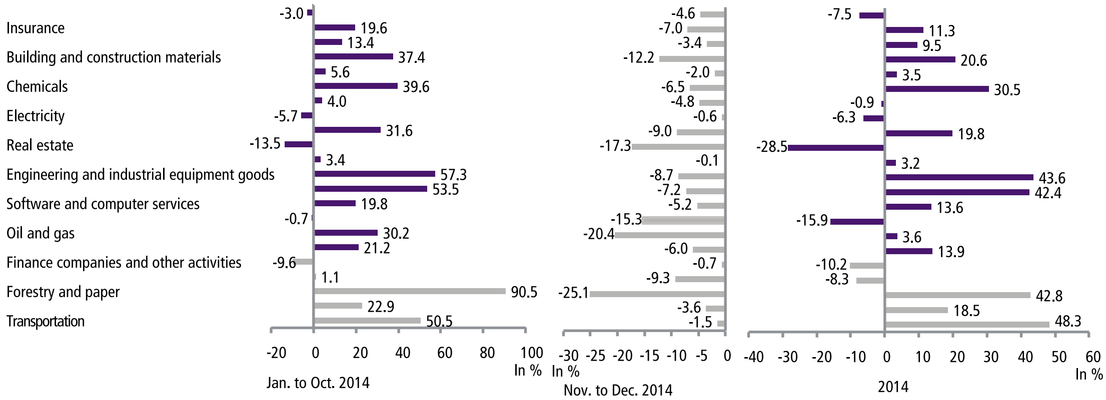
**Chart 1.8.2: Daily change in MASI between 2012 and 2014**




The infra-annual analysis shows that during the first ten months of the year, the MASI continued its uptrend that began in September 2013, registering a performance of 13.6 percent at end-October. Publication of positive half-year results, added to the announcement of the proposed merger of Holcim and Lafarge, had a strong impact on the trends of their shares.

In the last two months of the year, the MASI dropped by 7.1 percent, hence bringing its annual performance to 5.6 percent. In addition to the financial difficulties of some listed real-estate companies, this decline reflects a market correction, after significant cumulative increases during the first ten months, and the decisions taken by FTSE in September and Standard and Poor's in November to reclassify the market from “Emerging” to “Frontier”.

**Chart 1.8.3: Annual change of sectoral indexes**




Source: Casablanca Stock Exchange.

During the year, the number of listed companies reached 75, after the delisting of two values and the introduction of “Résidences Dar Assaada”, a real estate developer. Taking account in particular of the appreciation of the MASI and the low amount of capital increases, the stock market capitalization was up 7.4 percent to 484.4 billion dirhams and its ratio to GDP rose from 51.7 percent to 53.6 percent, a level well below its average of 64.3 percent between 2009 and 2012.

**Chart 1.8.4 : Capitalization and float factor of key sectors**

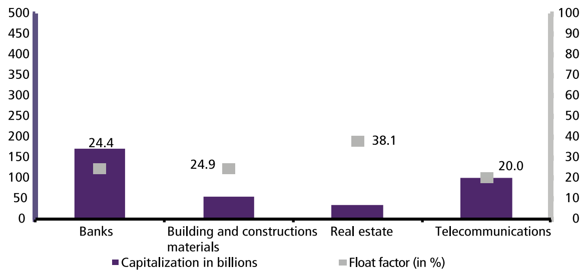
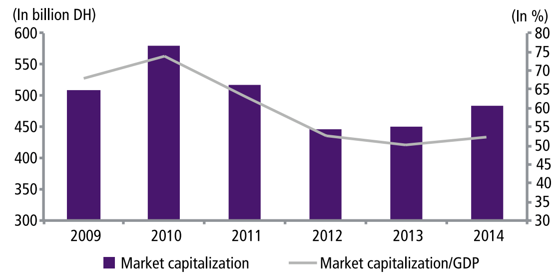



**Chart 1.8.5: Change in market capitalization**




Source: Casablanca Stock Exchange.

As regards the market valuation level, the PER[1] grew to 18.5, a significant increase compared to the average of the last five years, and far from the levels observed in the most important frontier markets. Despite the relative high price, comparison based on the “dividend yield[2]” shows a

1 Price Earnings Ratio (PER) is the ratio of a company's share price to its per-share earnings.

2 The dividend yield is the ratio of the dividends paid and the share price.

relatively high yield level of 4.47, as against 3.33 and 4.34 respectively in Kuwait and Nigeria, the two main stock markets of the frontier category.

**Table 1.8.1: PER and dividend yield of most represented countries in the "frontier market" category**

| | PER | | | Dividend Yield | | |
|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2012 | 2013 | 2014 |
| Kuwait | 16.7 | 18.3 | 17 | 3.32 | 2.89 | 3.33 |
| Nigeria | 12.8 | 13.6 | 12 | 3.36 | 2.73 | 4.34 |
| Argentina | 8.2 | 4.2 | 11.6 | 1.94 | 1.16 | 1.29 |
| Pakistan | 8.7 | 12.1 | 11.8 | 5.62 | 4.15 | 4.32 |
| Morocco | 15.1 | 15.7 | 18.5 | 4.43 | 4.24 | 4.47 |

Source : Datastream.

The rising prices in 2014 were coupled with a 20 percent contraction in the volume of transactions to 49.8 billion dirhams, its lowest level since 2005. This decrease reflects weaker OTC trading on equity and bond compartments, while transactions in the central market moved up 8.1 percent.

As to particular operations, the year mainly witnessed the listing of "Résidences Dar Assaada" by capital increase. This operation concerned 5,241,770 shares at a unit cost of 215 dirhams, totaling 1.1 billion dirhams. The volume of capital increases was limited to 425.1 million dirhams, as against 3.2 billion in 2013 and an average of 7 billion between 2010 and 2012.

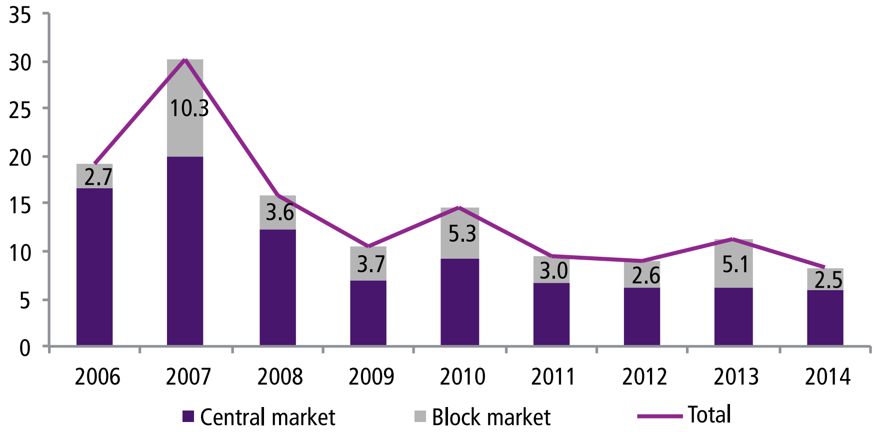
**Table 1.8.2: Change in the trading volume (in million DH)**

| | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|
| **I- Shares** | **93, 858** | **52, 552** | **54, 558** | **44, 336** |
| 1-Central market | 35, 211 | 29, 729 | 26, 450 | 27, 595 |
| 2-OTC market | 16, 089 | 12, 470 | 22, 101 | 11, 816 |
| **Total of the secondary market (1+2)** | **51, 299** | **42, 199** | **48, 550** | **39, 411** |
| 3- New listings | 416 | 27 | 1, 000 | 1, 127 |
| 4- Securities contribution | 33, 783 | 2, 063 | 644 | 2, 493 |
| 5- Public offerings | 3 | 177 | 45 | 675 |
| 6- Transfers | 978 | 617 | 1, 116 | 206 |
| 7- Capital increases | 7, 379 | 7, 469 | 3, 202 | 425 |
| **Total of other markets (3+4+5+6+7)** | **42, 559** | **10, 353** | **6, 008** | 4, 926 |
| **II- Bonds** | **9, 510** | **8, 483** | **7, 584** | **5, 475** |
| 8- Central market | 4, 932 | 3, 205 | 2, 171 | 3, 355 |
| 9- OTC market | 3, 665 | 4, 368 | 4, 713 | 1, 936 |
| **Total of secondary market (8+9)** | **8, 597** | **7, 572** | **6, 884** | **5, 291** |
| 10- New listings | 889 | 910 | 700 | 184 |
| 11- Securities contributions | 23 | - | - | - |
| 12- Transfers | - | 0 | 0 | - |
| **Total of other markets (10+11+12)** | **912** | **910** | **700** | 184 |
| **Total (I+II)** | **103, 368** | **61, 034** | **62, 142** | **49, 811** |

Source: Casablanca Stock Exchange.

The decline in the trading volume affected the liquidity ratio, which stood at 8.3 percent in 2014, down 2.6 percentage points compared to 2013. On the central market in particular, this ratio continued to decline to 5.8 percent, as against 6.1 percent in 2013 and 20 percent in 2007. Due to this downward trend of liquidity, Standard & Poor's and the FTSE, the index provider, downgraded the Casablanca Stock Exchange from "Emerging" to "Frontier".

**Chart 1.8.6 : Annual change in the liquidity ratio (%)**




Source: Casablanca Stock Exchange, and BAM calculations.

## 1.8.2 Debt securities

### Treasury bills

After their record level in 2013, Treasury bill issues declined sharply by 37.1 percent to 110.2 billion dirhams, particularly due to lower volume of repayments. They were issued in favorable conditions, as rates eased and the average maturity was extended. Medium and long-term bills represented respectively 32.8 percent and 54.5 percent of the volume of issues, as against 38.1 percent and 14.1 percent a year earlier. They were remunerated at medium-term rates, which dropped by 90 points to 3.8 percent and by 40 points to 5.2 percent, respectively. The short-term maturity accounted for 12.7 percent of issues, as against 47.9 percent in 2013, while rates declined by 80 basis points to 3.2 percent.

Furthermore, the year was marked by an active debt management as the Treasury resorted to exchange operations, amounting to 30.8 billion dirhams, and bond buybacks for 1.1 billion, with a view to smoothing repayments and extending the average maturity of domestic debt.

**Chart 1.8.7: Change in T-bond payments and subscriptions (in billion DH)**

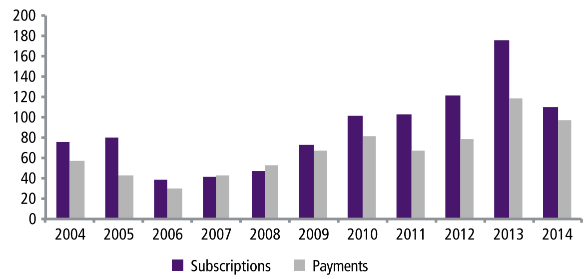
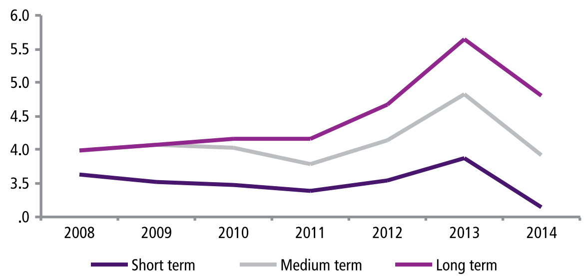



**Chart 1.8.8: Change in the average rates of T-bonds in the primary market (%)**

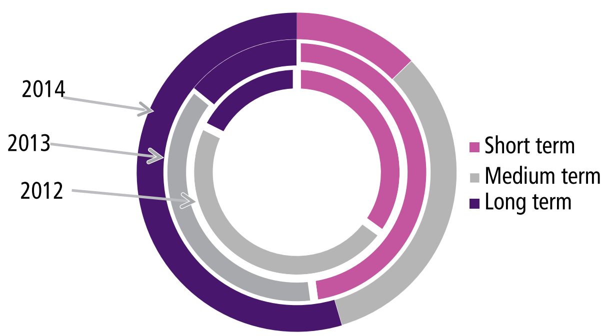



Taking into account repayments totaling 97.1 billion dirhams, net issues of Treasury bills declined sharply to 13.1 billion, as against 56.2 billion in 2013 and 19.4 billion on average between 2008 and 2012. Overall, the outstanding amount of Treasury bills increased by 3.2 percent to 426.1 billion, and its average maturity increased by 1 year and 6 months to 5 years and 10 months.

**Table 1.8.3: Change in the Treasury domestic debt (in billion dirhams)**

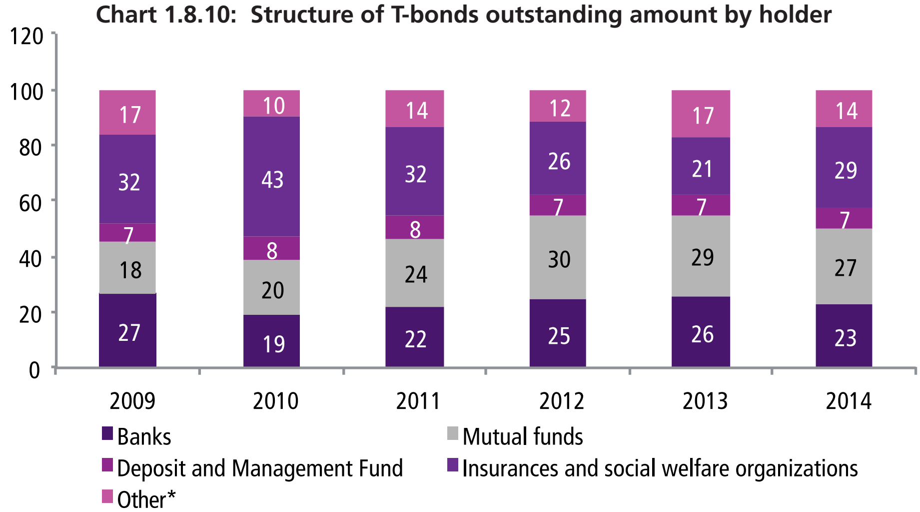
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|
| **Outstanding amount** | **257.9** | **277.4** | **314.2** | **356.7** | **412.97** | **426.1** |
| Short term | 59.0 | 33.8 | 16.4 | 15.7 | 33.9 | 14.9 |
| Medium term | 43.8 | 81.9 | 122.4 | 156.8 | 177.6 | 165.0 |
| Long term | 155.1 | 161.6 | 175.5 | 184.3 | 201.6 | 246.2 |
| **Subscriptions** | **72.9** | **101.1** | **103.5** | **120.3** | **175.2** | **110.2** |
| Short term | 49.9 | 42.3 | 25.4 | 42.1 | 83.9 | 14.0 |
| Medium term | 23.0 | 47.2 | 60.3 | 57.0 | 66.7 | 36.1 |
| Long term | 0.0 | 11.7 | 17.8 | 21.2 | 24.7 | 60.1 |
| **Payments** | **67.7** | **81.6** | **67.1** | **77.8** | **118.9** | **97.1** |
| Short term | 25.9 | 67.4 | 43.3 | 42.7 | 65.7 | 32.9 |
| Medium term | 29.8 | 6.6 | 19.8 | 22.6 | 45.9 | 48.6 |
| Long term | 12.0 | 7.6 | 3.9 | 12.4 | 7.4 | 15.5 |

**Chart 1.8.9: Structure of T-bond issues by term (in %)**




Analysis of outstanding Treasury bills by holder indicates that the share of insurances and social welfare organizations moved up 8 percentage points to 29 percent, but is still below its average over the period 2008-2012, namely 33 percent. However, the share of mutual funds continued its decline that began in 2012, from 29 percent in 2013 to 27 percent in 2014 and that of banks fell from 26 percent to 23 percent.

**Chart 1.8.10: Structure of T-bonds outstanding amount by holder**




*Other: Finance companies, other financial and nonfinancial corporations

## Private debt securities

After a sharp contraction in 2013, private issues increased significantly by 27.5 percent to 83 billion dirhams, a level never seen before. Breakdown of this funding by issuer shows that financial corporations are the main beneficiaries with a share of 72 percent. Nonfinancial corporations issues amounted to 33 billion dirhams, including 52 percent in the bond market and 48 percent as commercial paper. Access to this market is still limited to large companies, 46 of which issued therein securities between 2010 and 2014, with an average amount of 983.5 million dirhams and a minimum of 40 million dirhams.

**Table 1.8.4: Change in bond debt by issuer**

| Issuance (in millions DH) | 2010 | 2011 | 2012 | 2013 | 2014 | Change 2014/2013 | |
|---|---|---|---|---|---|---|---|
| | | | | | | In millions | In % |
| **Overall** | **77, 288** | **69, 973** | **76, 870** | **65, 092** | **83, 006** | **17, 914** | **27.5** |
| **Negotiable debt securities** | **51, 550** | **57, 563** | **57, 194** | **60, 592** | **66, 322** | **5, 730** | **9.5** |
| Certificates of deposit | 42, 057 | 43, 963 | 43, 424 | 50, 853 | 47, 498 | -3, 355 | -6.6 |
| Bills of finance companies | 6, 050 | 7, 649 | 5, 043 | 40 | 7, 502 | 7, 462 | - |
| Commercial paper | 3, 443 | 5, 952 | 8, 727 | 9, 700 | 11, 322 | 1, 623 | 16.7 |
| **Bonds** | **25,336** | **12,410** | **19, 626** | **4, 500** | **16, 684** | **12, 184** | **270.8** |
| Financial corporations | 1,840 | 1,,560 | 7, 376 | 2, 250 | 4, 660 | 2, 410 | 107.1 |
| Including banks | 1,200 | 1,500 | 3, 250 | 2, 250 | 4, 200 | 1, 950 | 86.7 |
| Nonfinancial corporations | 23,496 | 10,850 | 12, 250 | 2, 250 | 12, 024 | 9, 774 | 434.4 |

Source: BAM.

As regards financial corporations, issues of banks stood at 51.7 billion dirhams, down 2.6 percent compared to 2013. This decrease, probably due to an improvement in their structural liquidity position and in their resources, particularly deposits which grew by 6 percent, covers a 6.6 percent decline in issues of certificates of deposit to 47.5 billion. On the contrary, securities issued in the bond market rose from 2.3 billion to 4.2 billion. The structure of these issues by term, dominated by short-term maturities, was marked in 2014 by higher share of medium-term securities from 14 percent to 38 percent, a level close to its average between 2010 and 2012.

After a virtual absence in 2013, issues of finance companies amounted to 8 billion dirhams in 2014, as against an average of 7.8 billion between 2010 and 2012. They were mainly oriented to the medium term and were remunerated, for bills of finance companies, at rates ranging between 3.53 percent and 5.05 percent. However, the amount of bond issues of these companies remained low, totaling 0.46 billion dirhams.

Under these conditions, outstanding private debt of financial corporations virtually stabilized at 97.4 billion dirhams, as high levels of issues were offset by substantial repayments.

Issues of nonfinancial corporations increased sharply to 23.3 billion, 88 percent of which are made by private companies. Bonds constituted 52 percent of these issues and were remunerated at rates ranging between 3.55 percent and 6.5 percent, as against 48 percent for commercial paper issued at rates ranging from 3.1 percent to 6.5 percent. Overall, given the amount of repayment of 10.1 billion, outstanding private debt of nonfinancial corporations reached 71.8 billion, up 4.9 percent compared to 2013.

**Table 1.8.5: Change in the outstanding amount on the private debt market**

| Issuance (in millions DH) | 2010 | 2011 | 2012 | 2013 | 2014 | Change 2014/2013 | |
|---|---|---|---|---|---|---|---|
| | | | | | | In millions | In % |
| **Overall** | **123, 876** | **152, 037** | **169, 163** | **165, 934** | **169, 430** | **3, 496** | **2.1** |
| **Negotiable debt securities** | **59, 935** | **77, 884** | **80, 743** | **74, 843** | **73, 668** | **-1, 175** | **-1.6** |
| Certificates of deposit | 44, 500 | 57, 798 | 59, 068 | 58, 574 | 55, 088 | -3, 486 | -6.0 |
| Bills of finance companies | 13, 640 | 17, 189 | 18, 209 | 12, 848 | 13, 744 | 896 | 7.0 |
| Commercial paper | 1, 795 | 2, 897 | 3, 467 | 3, 422 | 4, 836 | 1, 415 | 41.3 |
| **Bonds** | **63, 941** | **74, 153** | **88, 420** | **91, 091** | **95, 762** | **4, 671** | **5.1** |
| Financial corporations | 19, 821 | 20, 790 | 26, 195 | 26, 074 | 28, 799 | 2, 725 | 10.5 |
| Nonfinancial corporations | 44, 120 | 53, 364 | 62, 226 | 65, 017 | 66, 964 | 1, 947 | 3.0 |

Source: BAM.

## 1.8.3 Mutual fund shares/units

Subscriptions to mutual fund shares/units increased strongly in 2014, especially bond funds, and reached a record high of 621.2 billion dirhams, up 20 percent. Taking into account a 12.7 percent rise in redemptions to 586.9 billion, net inflows stood exceptionally at 34.5 billion, as against outflows of 2.8 billion in 2013 and an average of 8.5 billion between 2010 and 2012. The breakdown of net purchases by category shows the predominance of bond mutual funds with a share of 87 percent, of which more than half on the medium and long terms.

The infra-annual change shows that significant net purchases were registered between February and April, which would be attributable to the investors' projection of lower rates. During the fourth quarter, and following Bank Al-Maghrib's decisions to reduce the key rate, the market also recorded a strong momentum with net purchases of 19 billion.

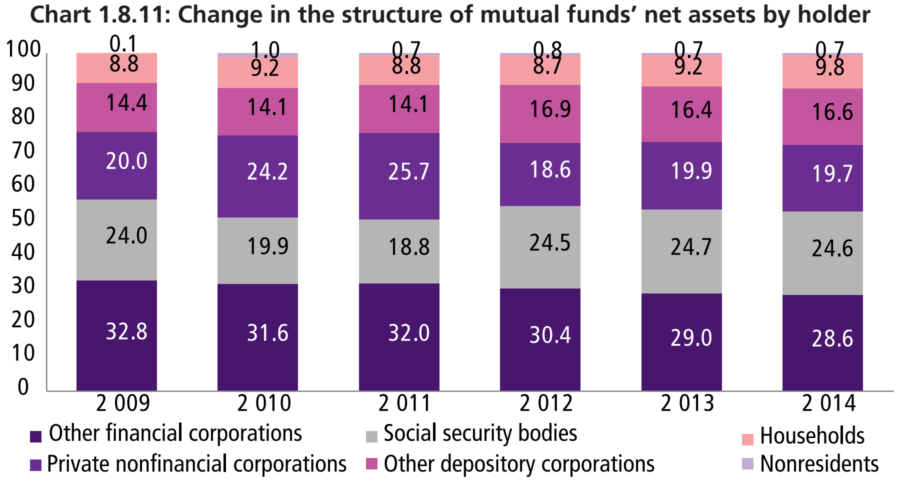
**Table 1.8.6: Change in mutual funds' net assets, subscriptions and repayments**

| | In billion dirhams) | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|
| Net asset | **Money market mutual funds** | **59.5** | **60.6** | **71.4** | **68** | **73.7** |
| | **Non-money market mutual funds** | **165.4** | **168.9** | **170.4** | **177.5** | **226.9** |
| | Bonds | 128.1 | 135.8 | 140.7 | 147.8 | 193.4 |
| | Equity | 22.2 | 22.2 | 20.7 | 20 | 21.1 |
| | **Total** | **224.9** | **229.5** | **241.8** | **245.5** | **300.6** |
| Subscriptions | **Money market mutual funds** | **365.1** | **388.1** | **428.1** | **373.8** | **428.6** |
| | Non-money market mutual funds | 141.9 | 126.8 | 152.6 | 144.3 | 192.9 |
| | Bonds | 131.7 | 117.8 | 135.8 | 137.6 | 181.9 |
| | Equity | 7.4 | 4.5 | 3.8 | 2.3 | 4.3 |
| | **Total** | **507** | **514.9** | **580.7** | **518.1** | **621.5** |
| Repurchases | **Money market mutual funds** | **362.6** | **389** | **396.5** | **379.6** | **425.6** |
| | Non-money market mutual funds | 120.3 | 123.3 | 185.4 | 141.3 | 161.3 |
| | Bonds | 112 | 113.5 | 174.1 | 134.4 | 152.2 |
| | Equity | 5.3 | 5.1 | 2.7 | 2.2 | 4.0 |
| | **Total** | **482.9** | **512.3** | **581.9** | **520.9** | **586.9** |

Source: Transferable Securities Board.

Combined with an average yield of 8.4 percent in mutual funds, these developments brought net assets to 300.5 billion, up 22.4 percent from 11.2 percent on average between 2008 and 2013. Holdings of financial corporations represented 43 percent of these assets, as against 24 percent for social welfare and pension organizations and 19 percent for private nonfinancial corporations. The share of households rose slightly from 9.2 percent to 9.8 percent.

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

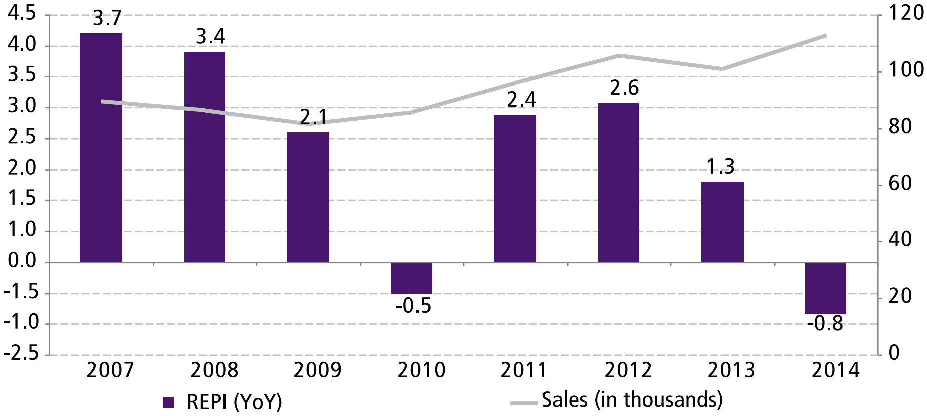



Source : Transferable Securities Board.

## 1.8.4 Real estate assets

The Real Estate Price Index (REPI) was slightly down in 2014, mainly reflecting lower prices in Marrakech, while other major cities registered small to moderate increases. These trends would have relatively boosted sales, which rose significantly for all asset categories.

**Chart 1.8.12: Change in the REPI and in the number of transactions**

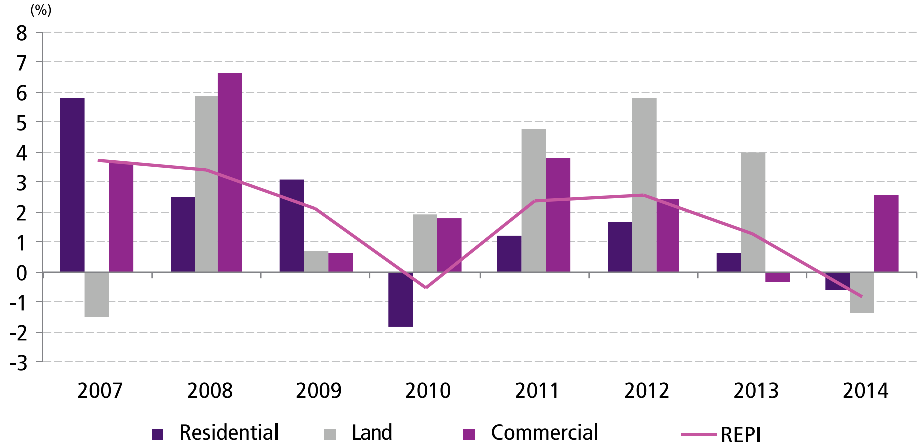



SourceS: National Land Registry Office and BAM calculations.

### National trends

After rising 1.3 percent in 2013, the REPI was slightly down 0.8 percent, reflecting prices decline by 1.4 percent for land and 0.6 percent for residential property, after respective increases of 4 percent and 0.6 percent. The latter fell 0.5 percent for apartments, 0.9 percent for houses and 1.7 percent for villas. In contrast, commercial property prices rose 2.5 percent, as against a decline of 0.3 percent in 2013, with an increase of 2.8 percent for offices and 2.6 percent for commercial premises.

**Chart 1.8.13: REPI trends**




Sources: National Land Registry Office and BAM calculations.

After a decline of 4.7 percent, the volume of transactions increased by 11.9 percent. This improvement concerned all goods, apart from Moroccan style houses whose sales were down 9.7 percent. Purchases of apartments, which account for 68 percent of transactions, rose by 17 percent after a decrease of 1.2 percent. For other categories, urban land transactions grew by 1.1 percent, while those of business properties moved up 13.8 percent, reflecting improved sales for both commercial premises and offices.

**Table 1.8.7: Change in REPI by category of assets (in %)**

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|---|
| **Overall** | **3.4** | **2.1** | **-0.5** | **2.4** | **2.6** | **1.3** | **-0.8** |
| **Residential** | **2.5** | **3.1** | **-1.8** | **1.2** | **1.7** | **0.6** | **-0.6** |
| Apartment | 1.5 | 3.8 | -2.9 | 0.3 | 1.5 | 0.3 | -0.5 |
| Villa | 7.3 | 0.2 | 2.2 | 6.2 | 1.8 | -1.9 | -1.7 |
| House | 5.7 | 2.0 | 2.4 | 3.5 | 2.1 | 1.5 | -0.9 |
| **Urban land** | **5.9** | **0.7** | **2.0** | **4.8** | **5.8** | **4.0** | **-1.4** |
| **Business properties** | **6.7** | **0.6** | **1.8** | **3.8** | **2.4** | **-0.3** | **2.5** |
| Commercial premises | 6.0 | 1.3 | 2.3 | 4.3 | 1.7 | -0.1 | 2.6 |
| Offices | 10.2 | -2.2 | -1.1 | 1.0 | 5.8 | -1.3 | 2.8 |

Sources: National Land Registry Office and BAM calculations.

## Analysis by major cities

Analysis of the REPI change by city shows that it observed low to moderate increases in all major cities, except for Marrakech where it fell 2.9 percent. In terms of transactions, apart from Agadir where a significant decline was recorded, and Tangier where sales stabilized, all other major cities registered an improvement compared to 2013.

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

| | REPI | | | Transactions | | |
|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2012 | 2013 | 2014 |
| Agadir | 1.1 | 1.3 | 2.7 | 56.1 | -2.5 | -11.9 |
| Kenitra | 2.6 | 0.5 | 0.2 | 17.2 | -2.9 | 10.1 |
| Marrakech | -0.5 | 3.3 | -2.9 | 1.5 | -20.6 | 15.7 |
| Oujda | 5.5 | 6.2 | 1.0 | 9.7 | -6.5 | 14.2 |
| Casablanca | -0.3 | 1.5 | 0.1 | 5.5 | 1.2 | 30.3 |
| Rabat | 0.0 | -0.4 | 0.4 | -8.7 | -10.3 | 3.1 |
| Meknes | 4.2 | -1.5 | 1.1 | 14.1 | -32.1 | 27.3 |
| Fes | 1.7 | 0.6 | 0.6 | 7.5 | -3.2 | 3.3 |
| Tangier | 3.6 | 2.3 | 0.6 | 21.1 | 15.6 | -0.2 |
| **Global** | **2.6** | **1.3** | **-0.8** | **10.0** | **-4.7** | **11.9** |

Sources: National Land Registry Office and BAM calculations.

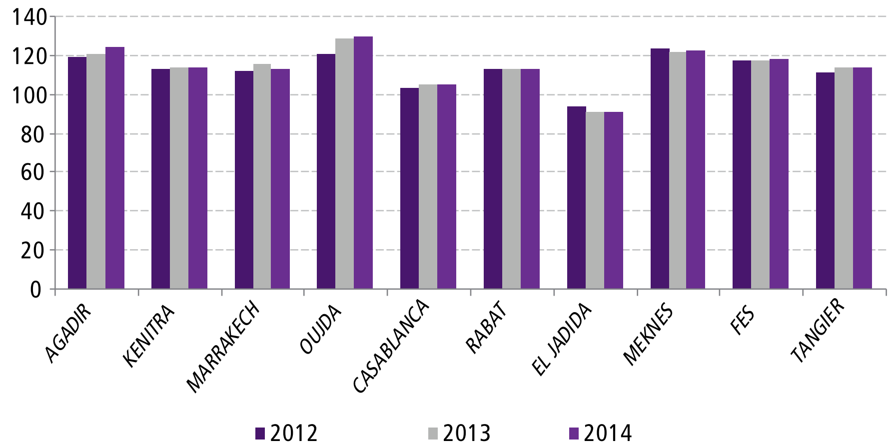
In Casablanca, after an appreciation of 1.5 percent, real estate prices almost stabilized and the number of transactions amounted to 27,774 units, as against an average of 20,777 between 2008 and 2013. More particularly, sales of apartments were up 33.4 percent, a rise most likely attributed to the completion of a significant number of projects in 2014.

In Rabat, despite persistently high prices, sales improved by 6.4 percent for apartments. However, the scarcity of land impacted their prices, which rose 10.8 percent, as well as the number of sales which showed a further decline of 13.8 percent.

Meanwhile, prices decrease in Marrakech is due to declines in urban land prices by 7.1 percent and, to a lesser extent, in apartment prices by 0.3 percent. Transactions rose substantially by 24 percent for apartments, while land transactions fell 2.5 percent.

In Tangier, transactions maintained their relatively high level recorded in 2013. Apartment sales showed an increase of 1 percent, coupled with a 0.4 percent decrease in prices, while urban land sales contracted by 9 percent, with a 2 percent increase in prices.

**Chart 1.8.14: Change in real estate prices in Morocco's major cities**

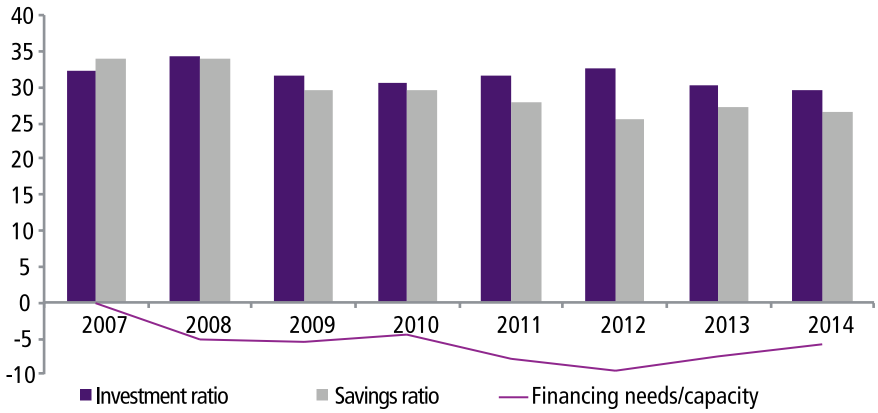



Source: National Land Registry Office and BAM calculations.

# 1.9 Financing of the economy

Gross national disposable income (GNDI) stood at 985.2 billion dirhams in 2014, up 2.4 percent compared to 2013. Taking into account a 3.2 percent increase in consumption to 741.4 billion, gross national savings grew by only 0.1 percent to 243.8 billion. In view of a 4.8 percent decline in investment to 297.7 billion, the financing requirement of the economy eased for the second consecutive year to 53.9 billion.

**Chart 1.9.1: Borrowing requirement, in % of GDP**




Sources: HCP, BAM calculations.

By institutional sector, the borrowing requirement of the general government[1] would have declined slightly, mainly reflecting a 5.1 percent reduction in the Treasury's deficit in 2013 to 4.9 percent of GDP. Up to 59 percent of this requirement was fulfilled in the domestic market, while the rest was provided in large part following the emission of securities on the international market.

Nonfinancial corporations' borrowing requirement would have also reduced, mainly reflecting a slight increase in their income[2], while their capital expenditure would have tilted to the downside. To cover this requirement, these companies used the domestic credit market for a net amount of 15.7 billion dirhams, and received nonresidents' equity participations for a net flow of 30.5 billion.

The financial position of households would have improved, as indicated by the significant increase in their investments. In particular, net deposits rose by 27.9 percent to 47.2 billion, while holdings of mutual fund shares/units more than doubled to 5.1 billion in a context marked by a significant increase in the yields of these securities, especially bond ones.

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

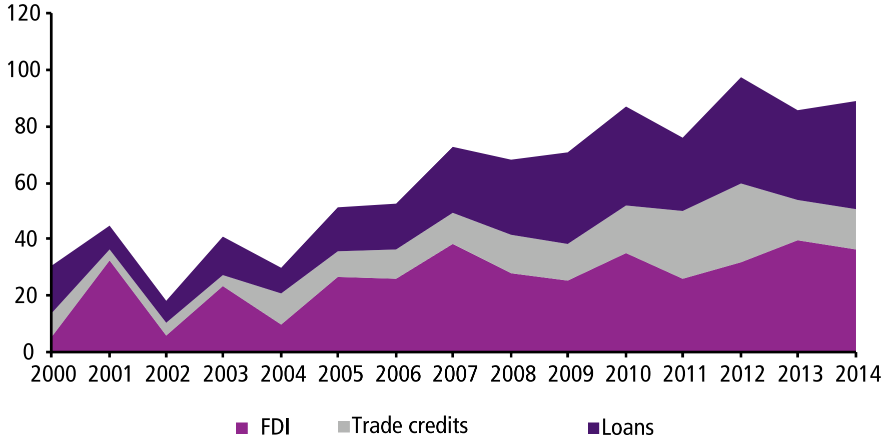
2 Gross national disposable income of nonfinancial corporations.

## 1.9.1 Financial flows with the rest of the world

External financing of the national economy in 2014 was largely provided by nonresidents' equity participations in national corporations, which stood at 32.8 billion dirhams, as against 31.3 billion, and emissions on the international market, with a net flow of 26 billion, as opposed to 8.8 billion in 2013. In contrast, net inflows of loans showed a decrease of 8.8 billion to 16.8 billion and trade credits dropped from 14.5 billion to 14 billion.

The breakdown by institutional sector shows that the largest share of these funds benefited nonfinancial corporations, particularly in the form of equity participations. Net flows of these investments amounted to 30.5 billion dirhams, as against 14.9 billion for issues on the international market and 14.6 billion for loans. External debt of the general government was mainly provided through an emission of sovereign securities, amounting to 1.3 billion dollars[1], while outstanding loans moved down 2 billion dirhams after an increase of 8.5 billion in 2013.

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




Furthermore, flows of residents' financial assets to the rest of the world totaled 43.5 billion dirhams, up 26.1 billion compared to 2013. This increase is attributed to a rise in Bank Al-Maghrib's holdings of sovereign securities, which reached 30.8 billion dirhams from 19.9 billion. Similarly, residents' equity participations stood at 6 billion dirhams from 4 billion in 2013 and were mainly made by nonfinancial corporations to the tune of 4.3 billion. The share of investment intended for France stood at 35.2 percent, as against 16.8 percent for the United States. In contrast, investments in Africa represented 36.8 percent from 73.2 percent and benefited mainly Senegal and Ivory Coast. Outstanding foreign deposits of resident banks declined 9 billion dirhams.

1 A Treasury bond issue was cashed on June 19, 2014, of which a share of 3 percent or the equivalent of 316.6 million dirhams was paid by residents and therefore not integrated in the table of financial flows with the rest of the world.

In total, net flows of funds mobilized with the rest of the world helped to cover 41 percent of the financing requirements of resident sectors.

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

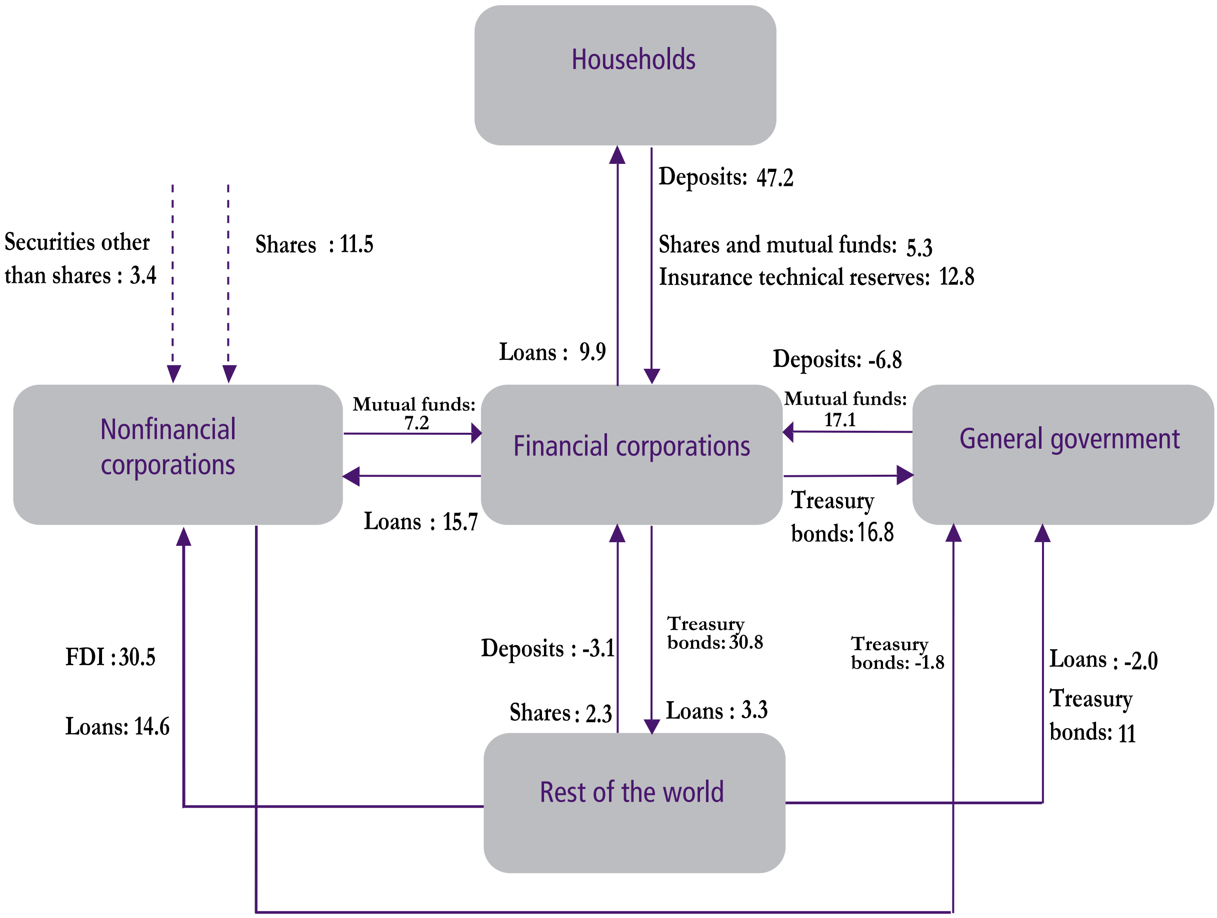
| | 2013 | | | | 2014 | | | |
|---|---|---|---|---|---|---|---|---|
| | Total | GG | NFC | FC | Total | GG | NFC | FC |
| **Balance** | **-68.8** | **-14.9** | **-58.1** | **4.9** | **-42.7** | **-9.0** | **-63** | **29.3** |
| **Residents' assets on rest of the world** | **17.4** | **0** | **2.2** | **15.8** | **43.5** | **0** | **10.9** | **32.6** |
| Gold and SDR | -0.6 | - | - | -0.6 | 4.2 | - | - | 4.2 |
| Currency and other deposits | -7.4 | - | - | -7.4 | -7.5 | - | - | -7.5 |
| **Securities** | | | | | | | | |
| Shares and other equity | 4 | - | 2.2 | 1.8 | 6 | - | 4.3 | 1.7 |
| Treasury bonds | 19.9 | - | - | 19.9 | 30.8 | - | - | 30.8 |
| Loans | 2.7 | - | - | 2.7 | 3.3 | - | - | 3.3 |
| Trade credits | - | - | - | - | 6.6 | - | 6.6 | - |
| Other accounts payable | - | - | - | - | - | - | - | - |
| **Residents' liabilities to the rest of the world** | **86.2** | **14.9** | **60.3** | **10.9** | **86.2** | **9.0** | **73.9** | **3.2** |
| Currency and deposits | 6.9 | - | - | 6.9 | -3.1 | - | - | -3.1 |
| **Securities** | | | | | | | | |
| Shares and other equity | 31.3 | - | 28.7 | 2.6 | 32.8 | - | 30.5 | 2.3 |
| Securities other than shares | 2.4 | - | - | 2.4 | 15 | - | 14.9 | 0.1 |
| Treasury bonds | 6.4 | 6.4 | - | - | 11 | 11 | - | - |
| Loans | 25.5 | 8.5 | 17.1 | -0.1 | 16.8 | -2.0 | 14.6 | 4.2 |
| Trade credits | 14.5 | - | 14.5 | - | 14 | - | 14 | - |

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

## 1.9.2 Financial flows between resident sectors

Financial flows between resident sectors in 2014 were marked by a significant increase in loans to nonfinancial corporations and a decline in general government's liabilities, particularly reflecting lower net Treasury issues on the sovereign debt market. Meanwhile, household investments recorded an increase and were provided especially in the form of deposits and subscriptions in mutual fund shares/units.

**Chart 1.9.3: Main financial flows between institutional sectors in 2014, in billion DH**




## 1.9.3 Capital flows of the general government

In 2014, analysis of the general government's financial transactions indicates a significant drop in funds mobilized on the domestic market, as net flows of liabilities fell from 56.2 billion dirhams to 23.4 billion. This change is largely attributable to a decline in Treasury's net issues, which stood at 14.1 billion, as against 55.5 billion in 2013. In addition to an ease in the Treasury's borrowing requirement, this situation reflects an improvement of other funding sources, particularly deposits, whose net flow stood at 7.3 billion after a negative level in 2013.

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

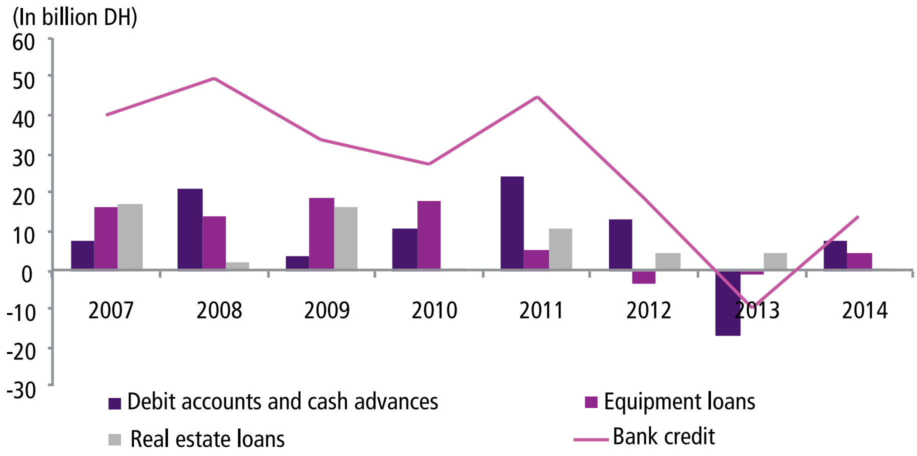
| | 2013 | 2014 |
|---|---|---|
| **Balance** | **-50.3** | **-12.9** |
| **Net flows of the acquisition of financial assets** | **5.9** | **10.1** |
| **Deposits** | 9.5 | -6.8 |
| **Securities** | | |
| Shares and other equity | 4.0 | 2.8 |
| Mutual funds | 2.2 | 17.1 |
| Treasury bonds | -11.9 | -0.9 |
| Bonds | 0.6 | 0.6 |
| Negotiable debt securities | 1.3 | -2.8 |
| **Net flows of liabilities** | **56.2** | **23.0** |
| Deposits with the Treasury | -6.5 | 7.3 |
| Treasury bonds | 55.5 | 14.1 |
| Loans | 1.0 | -2.3 |
| Other accounts payable/receivable | 6.4 | 3.9 |

Meanwhile, net flows of the acquisition of financial assets in this sector, consisting mainly of investments of mandatory-scheme social welfare organizations, more than doubled to 10.1 billion, mainly covering an increase of 14.9 billion in flows of investments in mutual fund shares/units and a decline of 16 billion dirhams in net flows of deposits of this sector. Holdings of shares and other equity securities recorded an increase of 2.8 billion, as against 4 billion in 2013, while net flows of investments in negotiable debt securities were negative at 2.8 billion, as against a positive amount of 1.3 billion a year earlier. Furthermore, outstanding Treasury bills recorded a further drop of 0.9 billion dirhams.

## 1.9.4 Financial flows of nonfinancial corporations

Liabilities excluding trade credits of nonfinancial corporations rose significantly in 2014. Loans were the main source of domestic financing of this sector, with net flows of 15.7 billion dirhams. Particularly, loans granted by banks stood at 13.6 billion, including 7.6 billion dirhams to cover cash requirements and 4.1 billion to finance equipment. Flows of loans disbursed by other financial corporations were up 2 billion, mainly driven by an increase in loans granted by finance companies. Regarding the financing of the market, despite a significant increase of 17 billion in corporate emissions in the debt securities market, net flows were slightly up to 3.3 billion from 2.8 billion in 2013.

**Chart 1.9.4: Net flows of bank loans to nonfinancial corporations**




Flows of investments excluding trade credits of these companies amounted to 15.8 billion, as against a negative level of 6.7 billion in 2013. This change is primarily due to a significant increase of 13 billion in their outstanding deposits, after a decline of 13.9 billion. Similarly, their holdings of mutual fund shares/units recorded a substantial increase of 7.2 billion dirhams as against 5.4 billion a year earlier.

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

| | 2013 | 2014 |
|---|---|---|
| **Balance** | -13.9 | -14.7 |
| **Net flows of liabilities (excluding trade credits)** | 7.2 | 30.5 |
| **Securities** | | |
| Negotiable debt securities and the like | - | 1.4 |
| Bonds and the like | 2.8 | 1.9 |
| Shares and other equity | 13.2 | 11.5 |
| Credits of financial institutions | -8.8 | 15.7 |
| **Net flows of financial asset purchase (excluding trade credits)** | -6.7 | 15.8 |
| Currency and deposits | -13.9 | 13 |
| **Securities** | | |
| Securities other than shares | 1.1 | -5.2 |
| Mutual fund shares/units | 5.4 | 7.2 |
| Shares and other equity | 0.5 | 0.3 |
| Insurance technical reserves | 0.3 | 0.5 |

## 1.9.5 Household financial flows

The year 2014 was marked by an improvement in the household financial position excluding trade credits. Household investments totaled 72.5 billion dirhams, up 17.6 billion compared to 2013 and their liabilities, consisting only of loans, fell from 20.1 to 9.9 billion.

By type of assets, deposits continue to be the primary household investment, with net flows up 10.4 billion dirhams to 47.2 billion. This change is mainly attributed to a large increase of 5.1 billion in outstanding foreign currency deposits with the banking system and 3.5 billion in time deposits with the Treasury. It should be noted that the net flow of demand deposits with banks showed a decrease of 6.1 billion, which would be due to the legislative measure embodied in Law 32-09 on the organization of the notarial profession, which entered into force in July 2014, as evidenced by the rise in household deposits with the CDG.

Regarding net flows of acquisitions of household assets, their portfolio of mutual fund shares/units increased by 5.1 billion in 2014 compared to 2.1 billion a year earlier and their technical life-assurance provisions improved from 2.1 to 8.2 billion. Net flows of other assets were virtually stable at 7.8 billion for cash resources and 0.2 billion for shares.

With regard to liabilities, outstanding loans to individual entrepreneurs decreased by 3 billion after rising by 9.8 billion, while loans to private individuals moved up from 4.3 to 15.8 billion.

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

| | 2013 | 2014 |
|---|---|---|
| **Balance** | 34.7 | 62.5 |
| **Net flows of liabilities (excluding trade credits)** | 20.1 | 9.9 |
| Loans | 20.1 | 9.9 |
| **Net flows of financial assets purchase (excluding trade credits)** | 54.8 | 72.4 |
| Currency | 7.5 | 7.8 |
| Deposits | 36.9 | 47.2 |
| **Securities** | | |
| Securities other than shares | -0.1 | -0.7 |
| Mutual fund shares/units | 2.1 | 5.1 |
| Shares | 0.2 | 0.2 |
| Insurance technical reserves | 8.2 | 12.8 |

# PART 2

# ACHIEVEMENT OF BANK MISSIONS

# HIGHLIGHTS OF THE YEAR

The year 2014 was particularly marked by the adoption of the new Law on Credit Institutions and Similar Bodies (Banking Act), and the finalization of the new draft Law establishing the Statutes of Bank Al-Maghrib. These two texts, drawing lessons from the recent international crisis, aim to redefine the responsibilities and functions of the Bank. The new Banking Act expands the scope of banking supervision, introduces participatory finance and reinforces rules on bank governance. The new draft Statutes of the Bank are intended to strengthen the Bank's autonomy and incorporate its responsibility in the field of financial stability.

Regarding monetary policy, Bank Al-Maghrib enhanced the accommodative stance of monetary policy, reducing the key rate twice to a record low of 2.5 percent. It also cut the required reserve ratio to 2 percent at its Board meeting of March. The year was characterized as well by the implementation of the new program intended to further encourage bank financing of very small, small and medium-sized enterprises (VSMEs), particularly those operating in the industrial sector or whose production is export-oriented.

Concerning banking supervision, the Bank reviewed its approach to evolve towards a banking supervision that is more focused on the group. Moreover, to better monitor risks from banking activities abroad, it adopted a cross-border supervision policy. It continued efforts to develop financial inclusion and improve relations between credit institutions and customers.

Turning to financial stability, the various actions carried out in 2014 focused, among other things, on finalizing the mapping of risks related to the insurance sector and the capital market, strengthening tools for monitoring systemic risks and publishing the first financial stability report. Furthermore, a second systemic crisis simulation exercise, conducted with other financial system regulators, was successfully organized in collaboration with the World Bank.

As part of its oversight of financial market infrastructure, the Bank continued aligning the systems of payment with international standards and started a project to create a Central Counterparty Clearing House.

As regards currency issuance, the year under review saw the conclusion of a 5-year strategic partnership with the U.S. "Crane Currency" group whereby the Bank will manufacture banknotes for the international market. As a result, a first issuance was made for a foreign country. Meanwhile, Dar As-Sikkah developed a reference document entitled "Clean Note Policy" which details its strategy for monitoring and improving the quality of notes in circulation. These achievements, combined with continued research and development efforts, gained international recognition by selecting the new 100-dirham banknote as "Banknote of the month" by a specialized international magazine.

The implementation of the Bank's missions is based directly or indirectly on a number of support entities. In terms of audit, the Bank continued its convergence to the best international standards. On ethics, progress concerned the integration of the ethical dimension in the annual staff assessment process and the reinforcement of ethical provisions in the procurement process. At the level of strategic planning, efforts focused on fine tuning the process and monitoring the progress of strategic plan actions. Concerning legal compliance, the Bank continued to align its internal anti-money laundering and terrorist financing arrangements with international requirements and national regulations. It also worked on the compliance of its files with the requirements of the Law on the Protection of Individuals with Regard to the Processing of Personal Data.

Human resources management remained at the center of the Bank's concerns through the promotion of good management practices, the development of skills and the continuous improvement of staff conditions. The Bank continued to promote the development of its information systems to achieve greater maturity. The preservation of real estate and land assets was given special attention, with increased recourse to well-controlled outsourcing and the establishment of a special charter and committee, as well as the completion of the historical records management process. Communication actions also increased, both internally and towards the press and public.

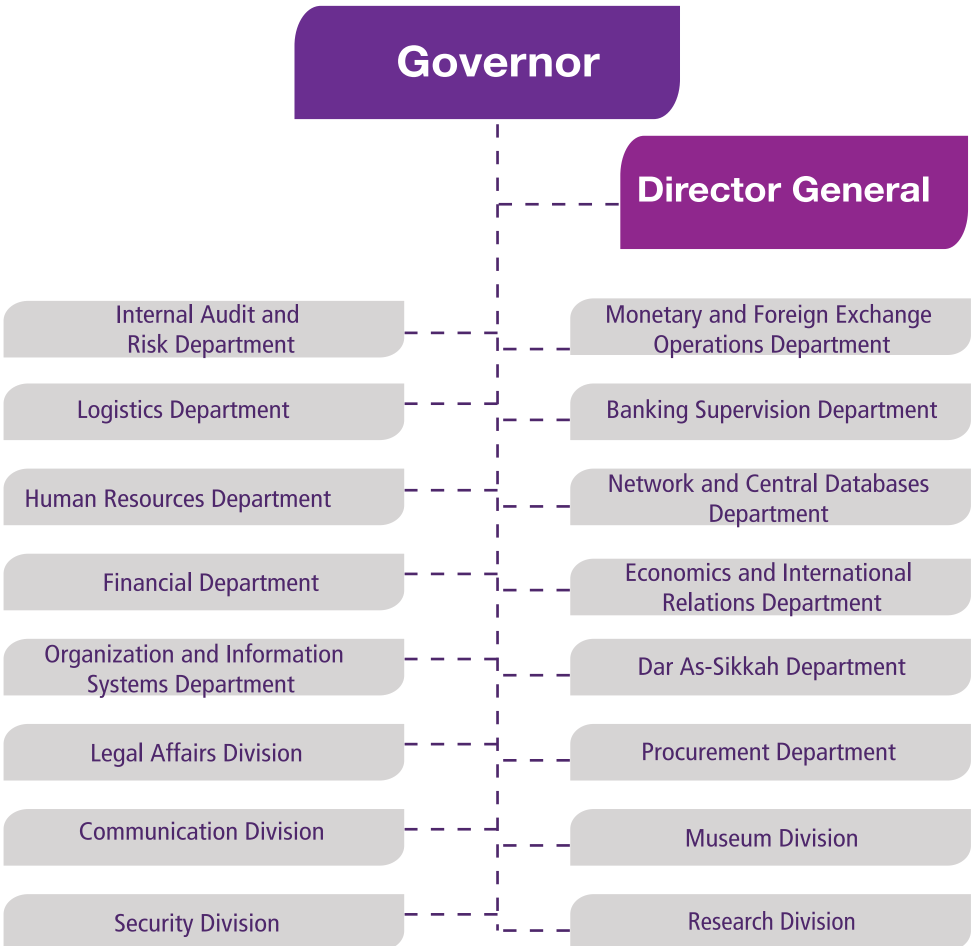
As part of its cultural program, the Bank's Currency Museum highlighted the richness of its collection by organizing or participating in several citizen events, exhibitions and conferences. More generally, the Bank worked on enhancing its policy of outreach to the various national economic operators and its presence regionally and internationally, notably through the organization and participation in many events. Regarding international cooperation, the Bank continued to share its experience and expertise with its partners, particularly in Africa and the Arab world.

# 2.1 Governance and strategy

## 2.1.1 Organizational structure

The organizational structure of the Bank is based on 16 entities, divided between core business entities and support entities.

**Bank Al-Maghrib organization chart**



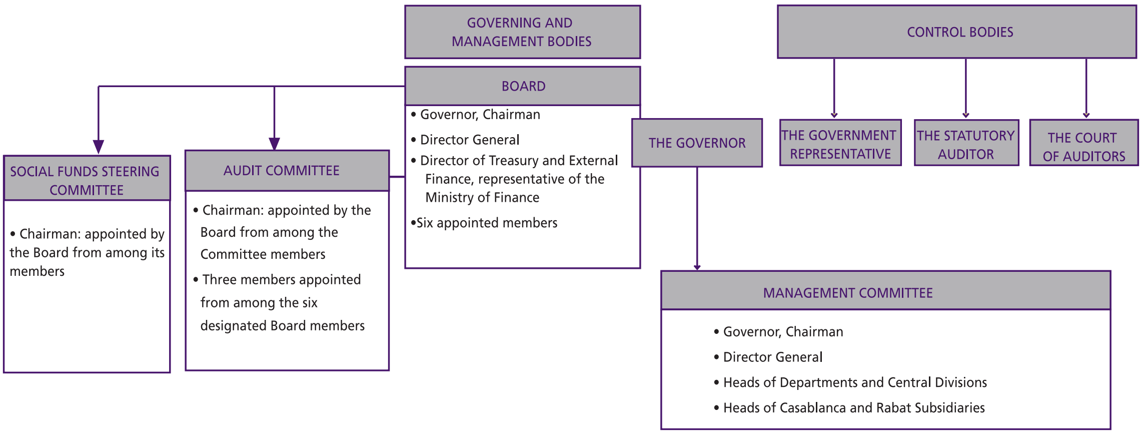

Several standing governance bodies ensure the steering of activities and each intervene in specific areas of activity.

**INTERNAL GOVERNANCE BODIES**

| |
|---|
| - Monetary and Financial Committee; |
| - Financial Stability Committee; |
| - Payment Systems Committee; |
| - Systemic Risk Coordination and Oversight Committee; |
| - Money Market Committee; |
| - Publication Committee; |
| - Review Committee of Authorization Applications for Payment Systems Managers; |
| - Cash Committee; |
| - Money Laundering Prevention Committee; |
| - IT Strategy Committee; |
| - IT Technical Committee; |
| - Crisis Management Committee; |
| - Operational Risk Committee; |
| - Ethics Committee; |
| - Strategy and Major Projects Committee; |
| - Investment Committee; |
| - Advisory Council of Communication; |
| - Security Committee; |
| - Archives Committee; |
| - Advisory Council of Training; |
| - Outsourcing Committee; |
| - Information Security Coordination Committee. |

## 2.1.2 Governance structure

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




## 2.1.2.1 Governing and management bodies

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

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

In compliance with good governance practices, the Bank Board in 2013 adopted rules of procedure that formalize its modes of organization and operation and enshrine the principle of regular self-assessment. The first self-assessment was carried out in 2014 and concluded that the functioning of the Board was satisfactory and proposed some improvement measures which were then implemented.

The Governor runs and manages the Bank. He particularly ensures the Bank's compliance with statutory provisions and regulations as well as the implementation of the Board's decisions.

The Management Committee assists the Governor in managing the Bank's business. It is composed of the Governor, the Director General, the heads of central departments and divisions and the heads of Rabat and Casablanca subsidiaries. This Committee meets monthly.

### 2.1.2.2 Control bodies

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

The Bank's accounts are audited annually by an external statutory auditor, appointed for a nonrenewable six-year period. He certifies the Bank's financial statements, assesses its internal control system and submits his report to the Board. External audit in 2014 is provided by Deloitte, whose mandate expires at the end of the year under review.

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

### 2.1.2.3 Audit Committee

In 2014, the Audit Committee reviewed the annual accounts of the Bank as at December 31, 2013 and the statutory auditor's action plan for 2014.

It also examined the main conclusions of the 2013 report on the Bank's internal control system, mainly the assessment of its level of maturity and its different components.

Moreover, the Committee considered the results of operational, strategic and financial risk control arrangements for 2014 and gave its opinion on the internal audit program for 2015, prior to its approval by the Bank Board.

As part of the dynamic of improvement, the Audit Committee strengthened its role by increasing the frequency of its meetings from two to at least four per year, in line with Board meetings, reviewing on a half-yearly basis internal audit indicators and monitoring the progress of the audit program. Its rules of procedure were amended to reflect these changes.

### 2.1.2.4 Social Funds Steering Committee

The year 2014 saw the completion of the provident fund project launched in 2013, which has two objectives: upgrading the technical and financial management and providing the fund with an appropriate governance framework consistent with best practices.

In this context, the actuarial balance of the provident fund was developed in accordance with international standards and an appropriate governance framework and strict and transparent rules were established, with the aim of maintaining sustainability, guaranteeing the payment of benefits and establishing internal control and risk management arrangements.

Thus, the functions of the Staff Pension Fund governance bodies were expanded to cover the provident fund. This new framework is as follows:

| | |
|---|---|
| Board | Monitors social funds balance |
| Governor | Validates reports and proposals of the Social Funds Steering Committee |
| Social Funds Steering Committee | Controls schemes / Monitors technical and financial management / Validates proposals to the Bank Board |
| Investments Monitoring Committee | Monitors delegated management / Makes proposals / Examines reports |
| Financial Department | Develops actuarial balance sheet / Monitors financial management / Produces consolidated reports |

Moreover, a charter for the steering of social funds, approved by the Bank Board in 2014, has complemented this framework. The charter defines the roles and responsibilities of governance bodies common to both funds, sets the principles of technical and financial management that are also common to both, and defines their organization and operation.

## 2.1.3 Strategy

Bank Al-Maghrib carries out its missions in an environment characterized by dynamism, uncertainties and rapid changes. In response, it has adopted since 2004 a three-year strategic planning, with the development of appropriate strategic plans and the mobilization of resources necessary for their implementation.

Under the Strategic Plan 2013-2015, the vision of the Bank is to become "a key player who inspires confidence through its expertise and commitment", which it intends to reach through four strategic priorities:

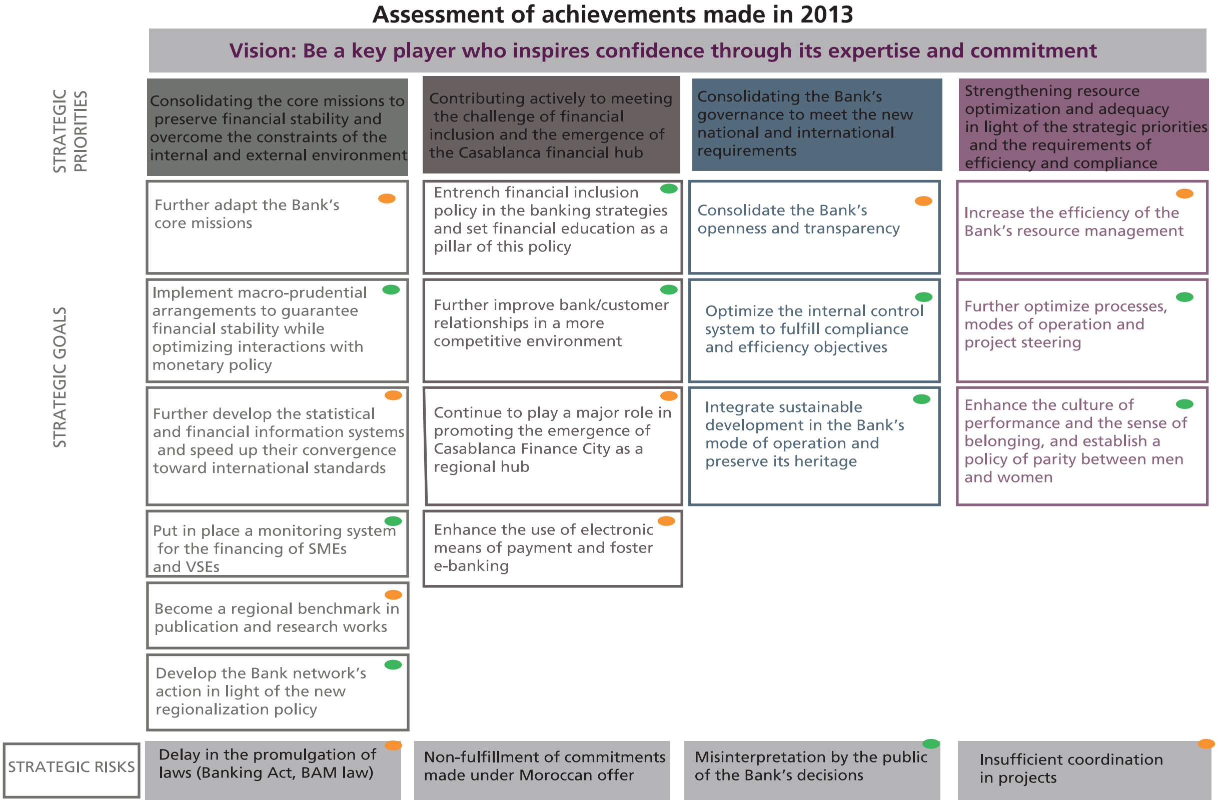
- Consolidating the core missions to preserve financial stability and overcome the constraints of the internal and external environment;
- Contributing actively to meeting the challenge of financial inclusion and the emergence of the Casablanca financial hub;
- Consolidating the Bank's governance to meet the new national and international requirements;
- Strengthening resource optimization and adequacy in light of the strategic priorities and the requirements of efficiency and compliance.

The monitoring and evaluation of the implementation of these priorities were made more efficient mainly thanks to the establishment, since 2013, of a special governing body, namely the Strategy and Major Projects Committee, the development of more appropriate tools, including the strategic dashboard and the major projects dashboard, and the monitoring of strategic risks.

In 2014, significant improvements were introduced to the monitoring framework. The frequency of dashboard production, initially semi-annual, became quarterly to allow a more enhanced monitoring of performance and timely identification of difficulties. As part of implementing the project portfolio management, a new tool was designed, namely "the Bank projects portfolio" and the related dashboard. Its scope is wider compared to the portfolio of "major projects", as it concerns all projects led by entities, whether they are directly related to the strategy or fall within their regular activities. At the end of 2014, the overall portfolio of the Bank consisted of 116 projects, monitored on the basis of changes in their schedules, budgets, scope and risks.

Considering that the "project culture" is necessary to the success of the strategic projects planned, support and awareness actions were conducted in order to familiarize staff members with the process of selecting and managing "major projects", standardize the evaluation criteria and disseminate good practices in project management in general. Moreover, actions of quality assurance in "major projects" were organized to ensure that they meet the minimum conditions in terms of planning, control and reporting. At the same time, the post-implementation review of some structural projects was carried out to ensure that the expected benefits were actually achieved. It sought to assess the consistency of these projects' objectives, their efficiency with respect to the achievement of goals and their cost effectiveness.

The evaluation of the progress made during 2014 in implementing the Strategic Plan 2013-2015 shows considerable progress in all strategic areas and no significant warning in the structural projects, as indicates the table below:




## Box 2.2.1: Methodology for the assessment of strategic objectives and risks

The attainment of strategic objectives is assessed on the basis of a methodology featuring the following elements:

- Assessing the achievement of a strategic objective is determined through the attainment of related operational objectives;
- Measuring the achievement of the operational objective is based on the evaluation of indicator results and the progress of related projects/actions;
- Adopting three colored lights for a uniform assessment of the different objectives:
  - Green light if the indicators of all operational objectives have achieved their targets and if all the related projects/actions proceed according to plan;
  - Orange light if some indicators have not achieved their targets and/or if some projects/actions do not advance according to plan;
  - Red light if all the indicators have not met their targets and if all projects/actions do not advance according to plan.

Strategic risks are assessed based on the following criteria:

- Green light if the results of indicators are well below the alert threshold;
- Orange light if the results of indicators are slightly lower or equal to the alert threshold;
- Red light if the results of indicators are above the alert threshold.

## 2.1.4 Internal control, audit, risk management and ethics

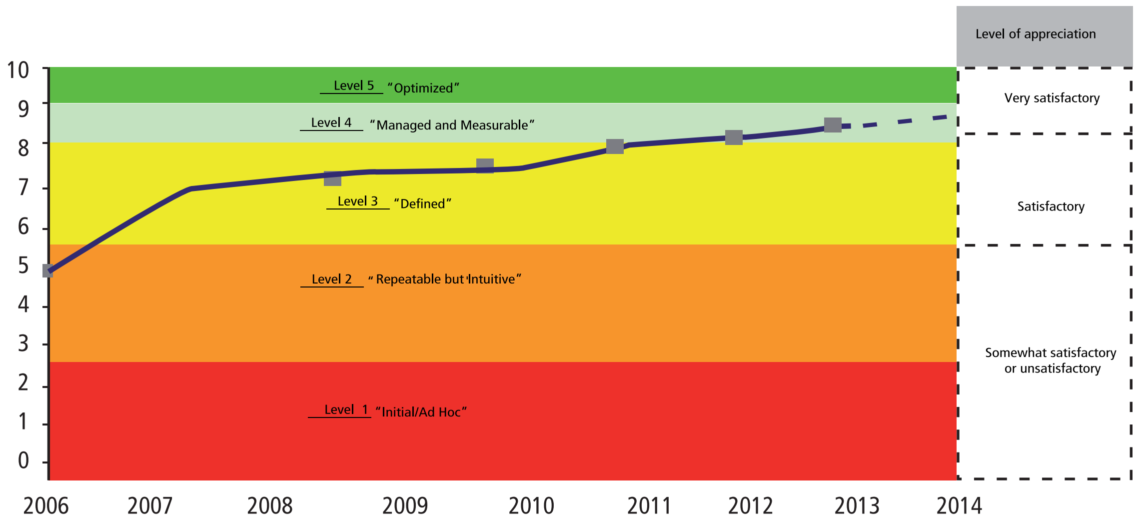
### 2.1.4.1 Internal control system

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

In 2014, this evaluation particularly focused on the organization and operation of the first level control structures within the operating units.

The maturity of the internal control system, assessed on the basis of a five-level rating scale inspired from the COBIT[2] reference framework, remained in the middle of level 4 "Managed and Measurable", given the various advances made by the Bank, particularly in strengthening risk management and steering arrangements.

**Assessment of internal control system maturity**




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

### 2.1.4.2 Internal audit

The internal audit of Bank Al-Maghrib is an independent and neutral function that aims to provide assurance about the control of risks to which the Bank is exposed.

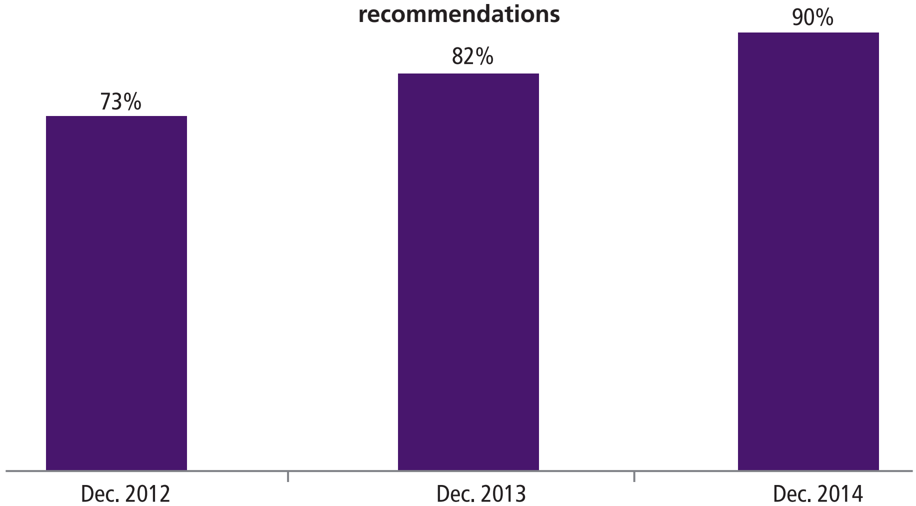
It plans and carries out its tasks according to a risk-based approach, involving an audit universe that includes all entities, processes and activities of the Bank. The annual mission planning takes into account risk analysis, strategic challenges, complementarity of work with the external statutory auditor, the cyclicality criteria and the expectations of the different stakeholders.

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

**Table 2.1.1: Major processes audited in 2014**

| Core business processes | Support processes |
|---|---|
| • **Monetary policy**: Developing the Monetary Policy Report/ Measures to ease collateral eligibility criteria in bank refinancing operations<br>• **Banking supervision**: Managing studies / Self-assessment of compliance with the Core Principles for Effective Banking Supervision issued by the Basel Committee<br>• **Banking operations**: Managing customer accounts<br>• **Currency in circulation**: Unexpected control of cash holdings | • **Information systems**: Managing computer maintenance / Managing access rights<br>• **Human resources:** Management practices<br>• **Financial information**: Annual Management Report / Budget optimization |

**Chart 2.1.1: Achievement rate of high-risk actions scheduled for the implementation of audit recommendations**



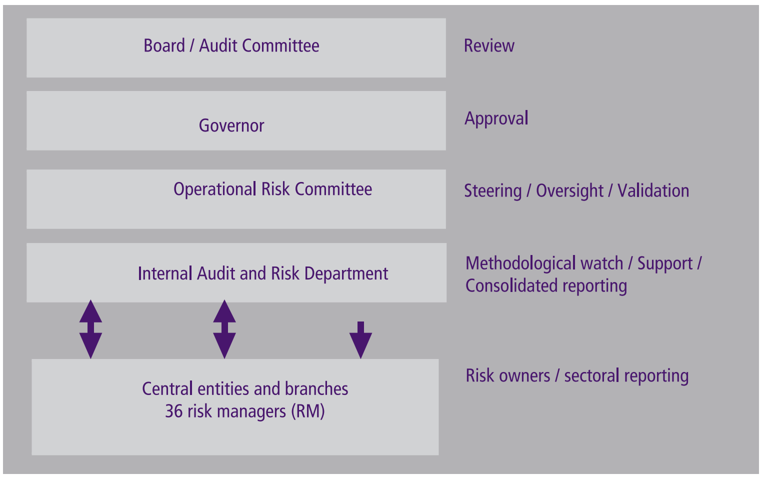
### 2.1.4.3 Risk management

**Operational risks**

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

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

**Organization of operational risk governance**




Developed in 2014, the Bank's tenth risk map was marked by a steady decline in the number of highly critical risks. The existing risks were reassessed following, in particular, the finalization and stabilization of action plans designed to control them, the implementation of audit recommendations or changes in the internal or external context.

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

**Financial risks**

Financial risks inherent in the management of foreign exchange reserves (notably liquidity, market, counterparty, foreign exchange and interest rate risks) are managed by the Monetary and Foreign

Exchange Operations Department. The Bank has established a proper governance framework so that its investments meet its main objectives of safety and liquidity. To this end, the investment guidelines and the strategic asset allocation are determined by the Monetary and Financial Committee at the beginning of each year, and are then presented to the Board. A risk committee monitors compliance with these guidelines and examines monthly change in risk and performance before presenting it to the Monetary and Financial Committee.

**Strategic risks**

Strategic risks relate to risks that may impede the attainment of strategic objectives set in the three-year plan 2013-2015, in particular because of exogenous factors, significant operational risks or inadequate specification of strategic priorities into goals.

In 2014, strategic risks were monitored jointly with stakeholders and were reviewed by the Strategy and Major Projects Committee under the strategic management reviews. A key indicator was set for each strategic risk identified in 2013 in order to measure the level of control.

### 2.1.4.4 Business continuity and information security

The Bank's business continuity system entered in "continuous business" mode in 2013. Its strategic management is provided by the Crisis Management Committee, chaired by the Governor and made up of the Director General and the heads of central departments and divisions of the Bank. The daily management of the system is provided by a central unit, inside the risk management department, whose main mission is to propose the overall strategy of business continuity and maintain the operation of the Business Continuity Plan (BCP). The entities of the Bank are responsible for managing risks associated with their business continuity and implementing the necessary preventive actions.

In 2014, the Bank organized a second crisis simulation exercise in order to familiarize staff with the management of crisis situations and validate the proper functioning of the crisis management plan.

At the same time, the Bank continued to conduct backup exercises, which consist in producing the most critical activities in alternative work sites in accordance with the business continuity plans. Indeed, eleven backup exercises were carried out by central entities. In addition, two pilot exercises were conducted at two branches, before generalizing such exercises throughout the Bank's network of branches.

The Bank also continued deploying and strengthening information security arrangements and the related controls. Similarly to central entities, the Comprehensive Information Security Policy was broken down into local policies in all subsidiaries and branches of the Bank, particularly with the adoption of various measures to strengthen information systems.

The year 2014 was also marked by initiating the implementation of an Information Security Management System (ISMS) which aims to strengthen the governance framework of information security in accordance with relevant international standards (ISO 27001).

### 2.1.4.5 Ethics

To strengthen the exemplary behavior of managers as ethics promoters inside their teams, Bank Al-Maghrib conducted an awareness campaign among all heads of divisions and services in the central administration.

To better entrench the culture of ethics in everyday life, the ethical dimension was included this year in the annual performance appraisal.

Moreover, ethical provisions relating to the procurement process, centralized since 2014 into the Procurement Department, were enhanced with the identification and monitoring of ethical risks specific to procurements, raising awareness of all staff of this department as well as among suppliers of the Bank about our ethical rules (particularly as regards the management of conflicts of interest and gifts).

## 2.2 Monetary policy

In 2014, Bank Al-Maghrib strengthened the accommodative stance of its monetary policy. In a context of low inflationary pressures and to support the recovery of economic activity, the Bank Board decided to cut the key rate twice, in September and December, bringing it down from 3 percent to 2.5 percent, its lowest level ever.

Noting the persistence of a strong need for bank liquidity in the first quarter, the Bank also reduced, during the first meeting of its Board, the required reserve ratio from 4 percent to 2 percent, thus allowing for a continuous injection of 8.1 billion dirhams. Under these circumstances and given the rise of foreign exchange reserves particularly starting from the month of May, the Bank's interventions reached 54.7 billion on average over the year, against 69.6 billion in 2013. Conducted mainly in the form of 7-day advances through calls for tenders, these interventions helped maintain the average weighted rate on the interbank market, which is the operational target of monetary policy, very close to the key rate.

In addition, the year under review was marked by the implementation of the new program aiming at further encouraging bank financing of VSMEs, mainly industrial or export-oriented ones.

Spanning over a period of two years, this mechanism allowed banks participating in the financing of this business category to benefit at the end of the year from advances amounting to 18.9 billion dirhams, or 45 percent of total injections.

## 2.2.1 Monetary policy decisions

Analyses and forecasts developed on the occasion of the first two meetings of the Bank's Board did not indicate any significant pressures on prices. However, with the persistence of geopolitical tensions, strong uncertainties were surrounding the trend of oil prices and consequently pump prices, due to the indexing system implemented in September 2013.

Externally, the available data showed the absence of inflationary pressures. Indeed, the recovery of activity remained subdued in the main partner countries, especially those in the euro area. On the commodity markets, oil prices remained high and the projections of the various international institutions were showing a slight decline over the medium term. Against this background, inflation remained broadly moderate in advanced economies, with low levels in the euro area.

At the national level, nonagricultural activities were expected to revive, with a growth rate of 4 percent in their value added, but the output gap remained negative. Regarding the monetary sphere, data relating to the first months of 2014 indicated that bank credit would continue to grow at a slower pace. Accordingly, the growth of money supply was projected to remain below its potential level and the money gap appeared to be negative. These elements indicated no domestic inflationary pressures.

Taking into account all these developments and the expected increases in the minimum wage, the central forecast for the six quarters ahead projected inflation to be in line with the price stability objective. Thus, the Bank Board decided to keep the key rate unchanged at 3 percent. Furthermore, viewing the persistence of a significant need for liquidity in the banking system, the Board reduced, at its meeting of March, the required reserve ratio from 4 percent to 2 percent.

**Table 2.2.1: Inflation forecasts (in %)**

| | Board meeting dates | | | |
|---|---|---|---|---|
| **Board meeting dates** | **March 25** | **June 17** | **September 23** | **December 16** |
| Average inflation over the forecast horizon | 2.0 | 1.3 | 1.6 | 1.2 |
| Inflation at the end of the forecast horizon | 2.3 | 1.5 | 1.9 | 1.3 |
| Average inflation in 2014 | 1.8 | 0.9 | 0.7 | 0.4 |
| Risk balance | Neutral | Neutral | Neutral | Neutral |

During the second semester, the external environment was marked by the slow recovery of activity in the euro area and the downward revision of its growth prospects. In the commodities market, oil prices began their downtrend, falling back from $113/barrel in late June to $102/barrel at end-August and then $72/barrel in late November, thus increasing the disinflationary pressures in the euro area.

Domestically, the information on the first two quarters were showing a slowdown in activity, which prompted the Bank staff to revise down the 2014 nonagricultural growth forecasts to 3 percent. Similarly, monetary data were showing a continuous moderation in the growth rhythms of credit and M3 aggregate, as the monetary gap remained negative. However, significant inflows in donations and loans resulted in a significant rise in foreign exchange reserves, to the equivalent of 5 months and 5 days of goods and services imports on the eve of the Bank's Board meeting in December.

Based on these elements, and taking into account the revisions of water and electricity pricing systems, starting from August, as well as the rise of the minimum wage, which became effective in July 2014 and the one expected in July 2015, the medium-term inflation forecast indicated a relatively low rate. In reponse to sluggish activity, a significant level of foreign exchange reserves, a budget deficit in line with the objective of the Finance Law and a low inflation, the Board decided to lower its key rate twice, from 3 percent to 2.75 percent in September and to 2.5 percent in December, in order to support economic recovery in particular.

**Chart 2.2.1 : Nonagricultural output gap (in %)**

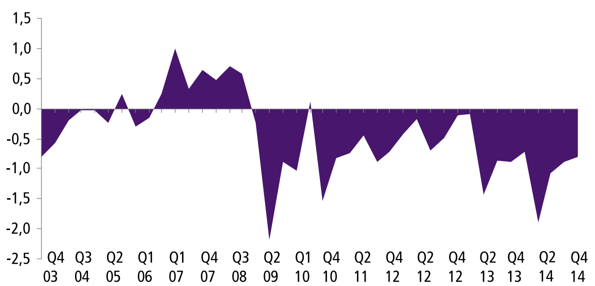
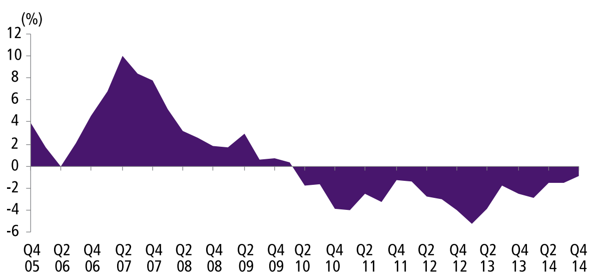



**Chart 2.2.2 : Money gap[1] in real terms (in %)**




1 Money gap is the difference between the observed stock of money and its equilibrium level. The latter, determined based on the quantity equation of money, corresponds to the growth rate of potential economic activity in real terms, less the average rate of decline in the velocity of circulation.

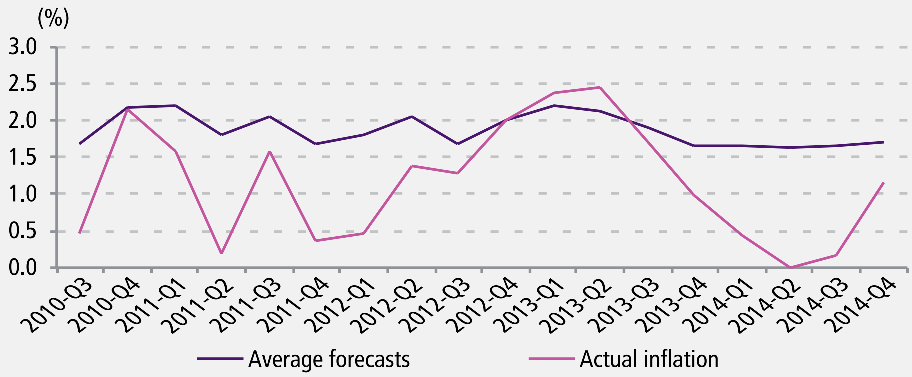
**Table 2.2.2 : Monetary policy decisions since 2008**

| Entry into effect | KEY RATE (7-DAY ADVANCES RATE) | REQUIRED RESERVE RATIO | OTHER DECISIONS |
|---|---|---|---|
| 01/01/2008 | | Decrease from 16.5% to 15% | |
| 24/09/2008 | Increase from 3.25% to 3.50% | | |
| 01/01/2009 | | Decrease from 15% to 12% | |
| 25/03/2009 | Decrease from 3.50% to 3.25% | | |
| 01/07/2009 | | Decrease from 12% to 10% | |
| 01/10/2009 | | Decrease from10% to 8% | |
| 01/04/2010 | | Decrease from 8% to 6% | |
| 13/04/2011 | | | - Extending eligible collateral for monetary policy operations to certificates of deposit<br>- Adjusting auction periods to required reserve periods<br>- Removing passbook accounts from the calculation basis of required reserves |
| 20/09/2011 | | | Introducing longer-term repo operations |
| 27/03/2012 | Decrease from 3.25% to 3% | | Extending eligible collateral for monetary policy operations to securities representing credit claims on VSMEs. |
| 26/09/2012 | | Decrease from 6% to 4% | |
| 13/12/2012 | | | - Implementing the first operation of loans secured by securities representing claims on MSMEs<br>- Relaxing eligibility standards of certificates of deposit |
| 11/12/2013 | | | New mechanism to encourage bank financing for VSMEs |
| 19/12/2013 | | | Decision not to pay interest on required reserves |
| 25/03/2014 | | Decrease from 4% to 2% | |
| 23/09/2014 | Decrease from 3 % to 2.75% | | |
| 16/12/2014 | Decrease from 2.75% to 2.50% | | |

## Box 2.2.2: Assessment of inflation forecasts in 2014

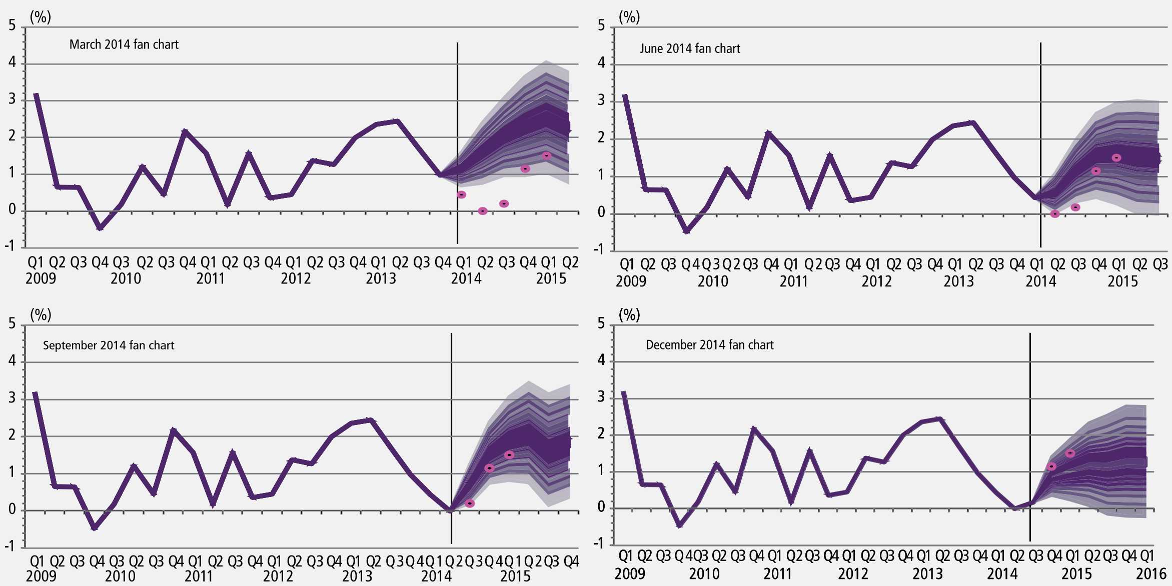
To assess its inflation forecast, the Bank uses two indicators. The first measures the absolute gap between the average forecast made for each quarter and the actual inflation rate, while the second corresponds to the number of times where the forecast was outside the Fan Chart.

**Chart B2.2.2.1: Change in projected and actual inflation**




The analysis of these indicators shows that the forecasts were well above the recorded rates in the first three quarters of 2014. The absolute gap stood at 1.4 percentage point on average and the forecasts published in the Monetary Policy Report appear to be outside the Fan Chart. These differences are mainly due to the negative shocks relating to volatile food products. In the fourth quarter, the absolute gap fell to 0.6 percentage point and the inflation forecast was within the Fan Chart.

**Chart B2.2.2.2: Fan charts of the year 2014 and comparison with actual rates**




* The points on the fan charts represent year-on-year inflation rates during each quarter of 2014.

## 2.2.2 Implementation of monetary policy

In a difficult economic context, the Bank reinforced its support to VSME financing. Indeed, after the secured loans launched in 2012, a new program was implemented in 2014 in favor of this category of businesses, with a minimum period of two years. In this framework, banks can benefit from one-year advances equivalent to the amounts they intend to grant to VSMEs excluding those operating in property development and liberal professions. They may also obtain an additional funding equal to the volume of loans to industrial or export-oriented VSMEs. Banks have strongly adhered to this program and, at the end of the year, outstanding loans granted in this framework reached 18.9 billion dirhams.

As regards the banking system's liquidity, the structural position posted[1] a deficit of 42.6 billion dirhams on average at week-ends, down 10.6 billion compared to 2013. This change primarily reflects a rise of 19.8 billion dirhams in Bank Al-Maghrib's net foreign assets. In contrast, currency in circulation had a restrictive impact of 8.2 billion on average, while the Treasury's net position had no significant impact throughout the year, as the Treasury continued to invest its cash surpluses, including significant levels particularly in the third quarter. Moreover, considering the decrease of the reserve requirement ratio to 2 percent, the deficit of bank treasuries eased from 16.4 billion dirhams to 52.8 billion on average.

Against this background, the Bank interventions declined from a weekly average of 69.6 billion dirhams to 54.7 billion. Up to 35.6 billion of them were in the form of 7-day advances through calls for tenders, 12.8 billion through secured loans granted under the new VSME funding support program and 6.1 billion through three-month repurchase agreements. In addition, to meet occasional liquidity needs, the Bank granted on many occasions 24-hour advances, ranging between 350 million and 4 billion dirhams.

**Chart 2.2.3 : Structural liquidity position and required reserve amount (end-of-week average, in billion dirhams)**

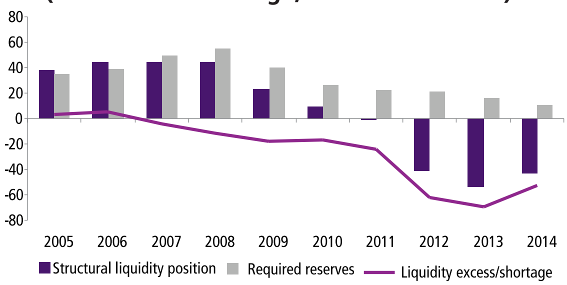
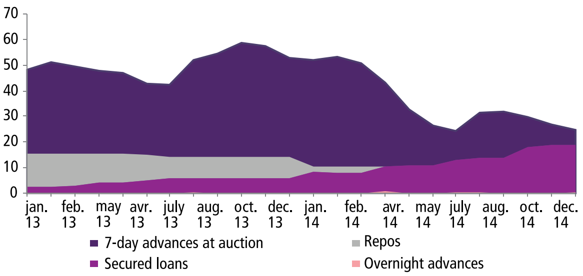



**Chart 2.2.4 : Bank Al-Maghrib interventions (end-of-week average, in billion dirhams)**




1 The structural position of banking liquidity (SPBL) corresponds to the net effect of autonomous factors on bank liquidity. It is calculated as follows:
SPBL = Net foreign exchange reserves of Bank Al-Maghrib + Net position of the Treasury – Currency in circulation + Other net factors.

Infra-annual analysis shows that, during the first four months of the year, Banks treasuries continued to show a significant deficit of 66.5 billion dirhams. To meet this need, the Bank intervened through 7-day advances amounting to 49.8 billion, repurchase agreements for 10 billion and through secured loans for 8.7 billion. Furthermore, the 2-percent reduction of the monetary reserve ratio in March allowed for the release of 8.1 billion.

**Chart 2.2.5 : Liquidity position and required reserve amount (end-of-week average, in billion dirhams)**

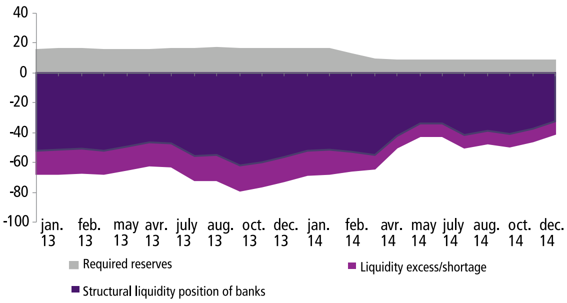
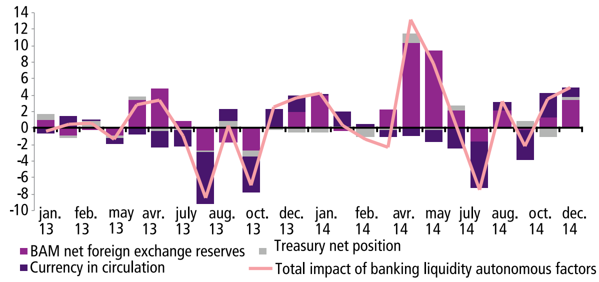



**Chart 2.2.6: Contribution of autonomous factors to the monthly change in SPBL (end-of-week average, in billion dirhams)**




Between May and July, banks' liquidity needs significantly declined, to 45 billion dirhams on average. The restrictive effect of the increase in currency in circulation was largely offset by the expansionary impact of the increase in Bank Al-Maghrib's foreign exchange reserves. Thus, the Bank reduced the volume of its interventions from 68.7 billion dirhams to 46.5 billion, including 27.8 billion through 7-day advances, 11.8 billion through secured loans and 6.8 billion through repurchase agreements.

From August to October, the liquidity need increased slightly to 48.8 billion on average, as a result of massive outflows of currency in circulation during the summer period, the new school-year beginning, and the Eid Al-Adha. During this period, 7-day advances averaged 31 billion dirhams, compared to 15.2 billion for secured loans and 3.8 billion for repurchase agreements.

The last two months of the year were marked by a fall in liquidity needs to 43.1 billion on average and 39.4 billion at end-December. This rise is due to higher foreign exchange reserves and, to a lesser extent, to the reflows of notes and coins. As a result, the amount of the Bank's operations was brought down to 45.7 billion, and was granted in the form of 7-day advances for 25.9 billion and secured loans for 18.9 billion.

These interventions helped maintain the weighted average rate on the interbank market, which is the operational target of monetary policy, in line with the key rate. It reached 3.03 percent on average before the first reduction of the key rate, 2.76 percent between September 23 and December 16 and 2.51 percent during the rest of the month. Over the whole year, this rate stood at 2.95 percent on average, down 11 basis points compared to 2013. This was accompanied by a significant increase in the volume of trading on the interbank market, which increased from a daily average of 2.8 billion in 2013 to 3.5 billion in 2014.

**Chart 2.2.7 : Change in the interbank weighted average rate (daily data)**

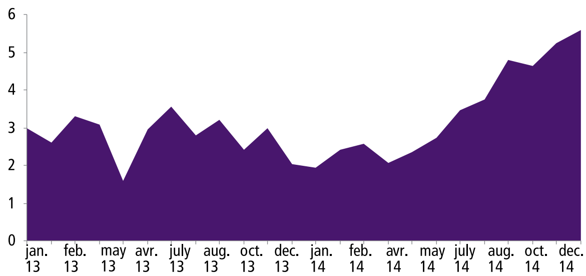
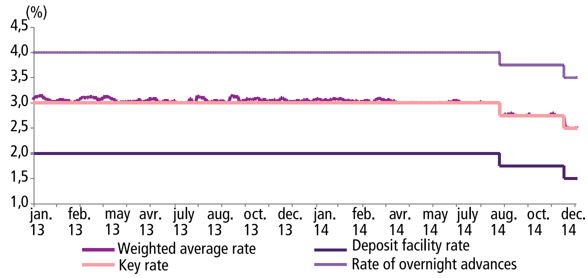



**Chart 2.2.8 : Change in the average volume of interbank transactions (in billions of dirhams)**




**Box 2.2.3: Historical overview of monetary policy instruments in Morocco**

Since the establishment of Bank Al-Maghrib (BAM) in 1959, the conduct of monetary policy in Morocco has undergone a number of changes to accompany the development of the national economy and the financial system in particular. Three main distinct phases can be identified depending on the type of instruments used and the intervention mode.

**1959-1980: Use of direct instruments for monetary control**

During this period, Bank Al-Maghrib used many direct intervention instruments. Rediscount ceilings were set up to fix the refinancing amounts based on the collected deposits. Starting from February 1966, the Bank used the monetary reserve to mitigate the impacts of fluctuations in foreign exchange reserves on bank liquidity.

In 1969, against a background of disproportionate increases in the money supply compared to economic growth, the Bank introduced credit restrictions, which consist in a direct quantitative control of lending to the economy. This control was lifted in 1972, but for a short period only. Indeed, following the first oil crisis, massive foreign currency flows caused by soaring commodity prices, especially for phosphates between 1972 and 1974 in particular, and the effects of the expansionary fiscal policy pushed monetary authorities to restore credit control between 1976 and 1990.

During this phase, other instruments were used such as a mandatory loan-to-deposit ratio, with the aim of ensuring the financing of some sectors considered as priority ones. Banks were, in fact, required to hold a minimum of 35 percent of their liabilities as Treasury bonds, 5.5 percent as medium-term loans for certain sectors, 6 percent as housing loans and 3.5 percent for the purchase of the bonds of the Caisse nationale de crédit agricole (National Agricultural Credit Fund).

**1981-1994: Transition towards liberalization and use of indirect instruments**

In a context of openness and economic liberalization initiated since the early 80s, mainly with the adoption of the structural adjustment plan, the monetary authorities began to opt for indirect approaches. This has led to a more relaxed and simpler regulation of interest rates, as deposit rates' liberalization began in April 1985 while that of lending rates started in October 1990 and was carried on gradually.

In terms of instruments, although the first interventions on the money market in the form of advances were initiated in 1981, they had not become the main instrument of liquidity regulation until the removal of rediscount ceilings in December 1987. Furthermore, to freeze excess liquidity following large inflows of foreign currencies, BAM increasingly resorted to the monetary reserve whose ratio was increased from 0.5 percent in 1981 to 4 percent in 1986 and was adjusted several times to reach 10 percent at the end of this phase.

During this period, Bank Al-Maghrib also started further reforms in order to stimulate the money market, particularly through the creation of the commercial paper market in 1986, so as to diversify businesses' financing sources. Starting from 1995, this market had continued to extend as credit institutions got the possibility to issue negotiable debt securities.

This period was also marked by the overhaul of the institutional framework of the Bank in 1993. In addition to the privilege of issuing money, the new statutes of the Bank assigned it the responsibility of ensuring the stability of the currency and its convertibility, developing the money market and ensuring the smooth running of the banking system.

Finally, the use of indirect instruments had not become the exclusive mode of monetary regulation until credit control was abandoned in 1991 and interest rates liberalized.

**Starting from 1995: Adjusting monetary policy instruments and ensuring their efficiency**

In June 1995, BAM set up a liquidity management mechanism through calls for tenders and open-market operations. 7-day advances were granted at the key rate which has become the main instrument of monetary policy, allowing to indirectly influence other interest rates. In 2004, in a context of excess liquidity, another change was operated, with the introduction of the 24-hour deposit facility and 7-day liquidity withdrawal through calls for tenders, the abolition of 5-day advances and the introduction of foreign exchange swaps.

This phase was marked by a significant change in 2006. Indeed, in the context of its new status defining price stability as the fundamental mission, the Bank adopted a new analytical framework, similar to that of central banks endorsing inflation-targeting regimes. Since then, monetary policy decisions have become the prerogative of the Bank's Board, whose total independence is ensured by its new composition.

At the operational level and to promote the transmission of its decisions to the real economy, the Bank has defined the weighted average rate on the interbank market as the operational target, and has gradually managed to control its level and reduce its volatility.

Moreover, in a difficult economic context, the Bank resorted to unconventional instruments to support the financing of very small, small and medium -sized enterprises (VSMEs). In 2012, Bank Al-Maghrib introduced 3-month secured loans that allow banks to refinance themselves in exchange for collateral consisting of VSMEs' bills. This mechanism has been replaced starting from 2014 by a new program allowing Banks to benefit from advances for a period of one year up to the amounts they plan to grant to this category of businesses.

**Chart B2.2.3.1: Change in the key rate and inflation**

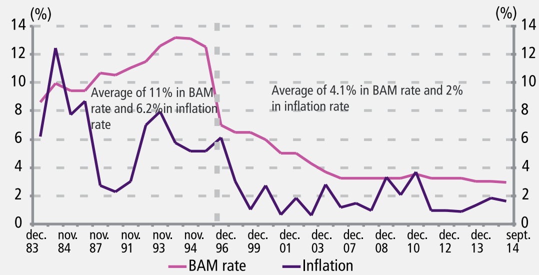
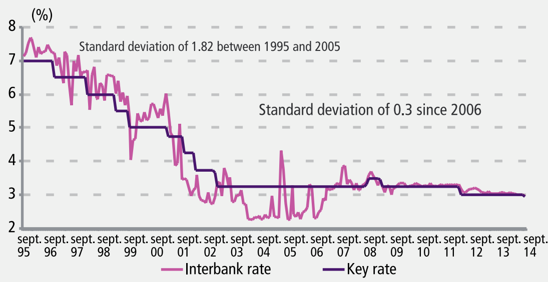



**Chart B2.2.3.2: Change in the key rate and the interbank rate**




This overview of the various intervention instruments of Bank Al-Maghrib's shows not only improvements on the conduct of monetary policy in Morocco but also its ongoing adaptation in order to accompany the development of the national economy.

## 2.2.3 Further strengthening the monetary statistics production framework

As part of the ongoing improvement of statistical and informational system of Bank Al-Maghrib, 2014 was marked by expanding the coverage scope of monetary statistics to insurance and reinsurance companies. Accordingly, a data exchange agreement was concluded between Bank Al-Maghrib and the Insurance and Social Security Department (DAPS) to formalize data exchange process, as well as define the roles and responsibilities incumbent on each party in terms of data reliability.

It should be noted that the expansion of monetary statistics to insurance and reinsurance companies allowed bringing the coverage rate of financial companies from 90.3 percent to 98.9 percent of total financial assets. As a result of this expansion, a new edition of the "Monetary Statistics" publication was released in June 2014, on a quarterly basis, enriched by the balance sheets of insurance and reinsurance companies, as well as data on their receivables and commitments vis-à-vis the nonfinancial sector.

In terms of outlook, it is expected that monetary statistics would expand in 2015 to cover pension funds in the financial sector, particularly the Moroccan Inter-professional Pension Fund (CIMR). This action will ensure comprehensive coverage of the financial position of the entire financial sector.

## 2.3 Reserves management

In an international environment marked by a weak and uneven recovery of the global economy and by maintaining ultra-accommodative monetary policies, the Bank continued its prudent management of foreign exchange reserves, subject to the stringent requirements of security and liquidity.

Thus, the management strategy adopted in 2014 continued to prioritize the security and liquidity of assets comprising the reserves through, on the one hand, maintaining the credit quality and, on the other, investing in liquid assets, notably sovereign bonds. It also took into account the new context of negative interest rates on the securities of the best-rated countries in the euro area and rising foreign exchange reserves.

Against this background, the decline in yields has continued in 2014 due to the falling revenues of securities acquired at high rates and their reinvestment at very low rates.

## 2.4 Banking supervision

The year 2014 was a milestone for banking supervision in terms of the legal and regulatory framework. The new banking law was adopted by Parliament and the provisions of Basel III, transposed by Bank Al-Maghrib, on capital and short-term liquidity entered into force. The Bank has also carried out a complete review of the circular on internal controls applicable to credit institutions and revised the directive on their governance, in light of the latest developments in Basel standards.

In view of the slowdown in the economic situation and its repercussions on the deterioration in the quality of risk exposure of the banking sector, Bank Al-Maghrib has been very vigilant, further strengthening its micro-prudential supervisory action. The Bank also continued to work based on a broader perspective, aimed at ensuring financial stability through monitoring systemic risks and strengthening the crisis management system, in coordination with other financial supervisory authorities.

In terms of financial inclusion, and as part of actions taken over the last preceding years to promote the extension of banking services to large segments of the population, Bank Al-Maghrib continued its efforts, in partnership with various stakeholders, in order to improve access to financial services and promote financial education. It also intensified its efforts aimed at facilitating access of very small and medium-sized businesses to bank financing, in collaboration with the banking sector.

## 2.4.1 Strengthening the legal and prudential framework

The new Banking Act was adopted by the Parliament on November 24, 2014 and published in the Official Gazette early 2015. Anticipating its adoption, Bank Al-Maghrib started in 2014 preparing its implementing regulations, while giving priority to the regulations relating to participatory finance.

**Box 2.2.4: Summary of the main contributions of the new Banking Act**

The main contributions of Law No. 103-12 on credit institutions and similar bodies, published in the Official Gazette of January 22, 2015 relate in particular to:

- expanding the scope of banking supervision;
- introducing participatory banking activities and their governing framework;
- strengthening governance rules;
- establishing a new macroprudential supervision mechanism covering the entire financial sector;
- strengthening the processing regime of credit institutions' difficulties;
- consolidating customer protection relating to banking services; and
- ensuring the compliance of the Banking Act with other legislations.

After the transposition in 2013 of capital and short-term liquidity ratio standards, Bank Al-Maghrib adopted, in close consultation with the banking industry, technical notices specifying their implementation rules. It approved, in particular, the transitional provisions adopted for the gradual implementation of these reforms over the period 2014-2019.

Parallel to the increase of quantitative prudential requirements, the Bank has set higher standards for banking governance, risk management and internal control in light of the latest developments in these areas. The new rules strengthen the requirements to be fulfilled by institutions in order to have an internal control system and a governance system adapted to their risk profile and systemic importance.

### 2.4.2 Banking supervision activities

In 2014, Bank Al-Maghrib has ensured the supervision of 83 credit institutions and similar bodies, including 19 banks, 34 finance companies, 6 offshore banks, 13 microcredit associations, 9 money transfer companies, the Deposit and Management Fund (CDG) and the Central Guarantee Fund. Work was based on a combination of off-sight and onsite inspections, to ensure, on the one hand, permanent monitoring of the financial and prudential situation of supervised institutions and, on the other hand, an in-depth investigation of issues of concern or aspects that cannot be evaluated from a distance.

In 2014, permanent control activities focused on monitoring the preparation of banks to put in place new capital and short-term liquidity ratio rules, reviewing the results of stress tests carried out by banks as well as monitoring cross-border banking activities.

Concerning the onsite inspection program, it has been defined taking into account the institutions' risk profile, based on the internal rating system of Bank Al -Maghrib (SANEC), and their systemic importance.

As in the past three years, Bank Al-Maghrib has focused more on thematic missions, whose number reached 13, covering 24 credit institutions and similar bodies, broken down into 18 banks, 3 finance companies and 3 micro-credit associations. At the same time, it conducted three general missions with a bank and two finance companies.

The main topics covered by the onsite inspections concerned in particular analyzing the credit quality portfolio of controlled institutions, evaluating their management system, monitoring the implementation of recommendations issued during previous missions, assessing governance in banking institutions as well as their internal control and anti-money laundering systems. Inspection Missions have also been carried out with some banks with respect to the control of their foreign branches and the monitoring of cross-border risks they are exposed to.

Bank Al-Maghrib also carried out assessment missions of internal rating models used by banks in the credit risk management process as well as measurement models of rate and liquidity risks.

Given the presence of some Moroccan banking groups outside national borders and the importance of their banking activities abroad, cross-border supervision is increasingly becoming a key concern for the central bank. In 2014, and in coordination with the supervisory authorities of the host countries, oversight was further intensified and resulted, in addition to remote periodic exchanges, in joint onsite inspections and the establishment of supervisory colleges composed of regulatory authorities of Pan African Moroccan banks. In this respect, the Banking Commission of the West African Economic and Monetary Union (UEMOA) participated in two audit missions of two Moroccan banks to assess the mechanisms put in place to monitor their operations abroad. Likewise, Bank Al-Maghrib conducted jointly with the same authority, a control mission of a Moroccan bank subsidiary in Côte d'Ivoire.

### 2.4.3 Macroprudential supervision

As part of its ongoing efforts to establish a framework for macroprudential supervision, Bank Al-Maghrib has strengthened in 2014 its monitoring tools of systemic risks based on a constantly evolving information infrastructure aimed at assessing cross-sectoral risks affecting the banking and financial system.

The regular proceedings of the internal Financial Stability Committee of Bank Al-Maghrib and the Financial Authorities Commission for the coordination and monitoring of systemic risks have continued with the objective of assessing risks weighing on the financial system and proposing mitigation measures. In this context, Bank Al-Maghrib has considered the establishment of a framework for the prudential monitoring of systemically- important banks in accordance with international standards in this area.

Coordination among oversight bodies has become more structured with the signing of a framework for data exchange to facilitate the monitoring of systemic risk and crisis management. In partnership with the World Bank, a second crisis simulation exercise was conducted in May 2014, with the participation of financial authorities. This exercise, which is part of the new banking law, has put to test the new legal and contractual arrangements in place.

2014 was also marked by the publication of the first report on financial stability. The result of close collaboration between Bank Al-Maghrib and the supervisory authorities of insurance and capital market, this report analyzes, in its various chapters, the soundness of financial institutions, the indebtedness of nonfinancial units, market infrastructures and indicators related to the macroeconomic environment as well as those on financial and real-estate markets.

## 2.4.4 Development of financial inclusion

Bank Al-Maghrib continued to work for the promotion of access by the population to financial services. In this context, it has established a set of indicators to measure financial inclusion in order to evaluate access as well as the extent of use of these services.

To complement these data with information on demand, a survey of household perception of financial services was conducted, in partnership with the World Bank, with a view to assessing the financial capacity of the Moroccan population and understanding its attitudes, behaviors and knowledge in this area.

As part of the measures aimed at anchoring financial education as a vehicle for the financial inclusion policy, the Bank continued the pedagogical action it is carrying out, especially with regard to the youth. Thus, in collaboration with the Ministry of National Education (regional academies), the Ministry of Economy and Finance, the Transferable Securities Board, the Department of Insurance and Social Security, the Casablanca Stock Exchange, the Moroccan Bankers' Association and the Moroccan Federation of Insurance and Reinsurance Companies, the Bank organized, from 10 to 14 March 2014, the third edition of the Week of Finance for children and the youth, aimed at familiarizing young people with basic financial concepts. In this context, visits to the Bank branches and to Bank Al-Maghrib Museum, Dar As-Sikkah, the Casablanca Stock Exchange, commercial bank branches and insurance companies were organized for over 80,000 young people from schools and high schools aged between 8 and 17 years old.

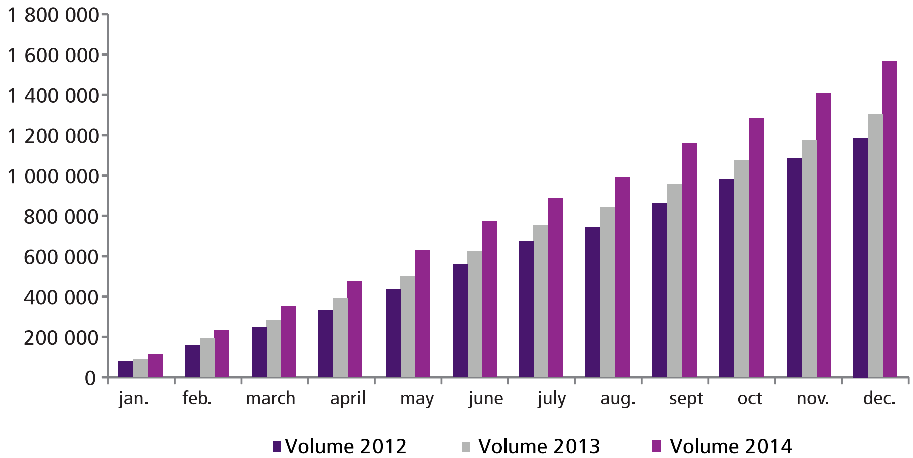
In terms of credit institutions' customer protection, the Bank intensified its efforts to promote a more competitive environment in the service of customers. It worked to facilitate bank customer mobility. It also continued its support activities of the banking mediation center created in 2013.

In pursuit of its efforts aimed to promote the financing of the micro-small and medium-sized businesses (MSMEs), the Bank, in coordination with key stakeholders, encouraged the institutionalization of an observatory on MSMEs. Meanwhile, the Financial Support Fund set up in 2013, intended for the joint co-financing with banks of viable micro-businesses which experience temporary difficulties, became operational in 2014. The Bank also participated in the third edition of the regional awareness campaign for the benefit of this business segment, which covered several regions of the Kingdom.

## 2.4.5 Risk Registry

The activity of the Credit Bureau continued its upward trend in 2014, marking an increase in both the number of contracts registered in the database as well of consultations of creditworthiness reports before granting credit. Thus, the cumulative number of contracts at end-2014 stood at 11.1 million, with a monthly outstanding of 668.1 billion dirhams, up 1.14 percent compared to end-2013. The number of consultations, in turn, reached 1.558,151 units, up 19.4 percent compared to 2013, primarily due to the increase in the number of consultations made by microcredit associations, following the implementation, at their level, of automatic consultation mode.

**Chart 2.4.1: Annual cumulative volume of Credit Bureau consultations**




Consequently, taking into account the performance of the mechanisms in place and in view of the impact of market opening to competition on the quality and diversification of offered services, a tender was launched for approval of a second Credit Bureau.

# 2.5 Systems and means of payment

## 2.5.1 Oversight of systems and means of payment

In terms of monitoring Financial Markets Infrastructure (MFI), the Bank continued its strategy of promoting an appropriate and efficient functioning of the systems under control.

Its actions resulted in an onsite mission to the the Gross Settlements System of Morocco (SRBM) for a second evaluation in the second half of 2014, after the first evaluation which took place in 2010, to ascertain its compliance level with the Principles for Financial Market Infrastructures (PIMF), enacted by the CPMI / IOSCO[1] in April 2012. It also made sure that the settlement/delivery system and the central securities depository, Maroclear, are able to conduct their own self-evaluation based on the PIMF, during the last quarter of 2014, after the onsite assessment conducted by the Central Bank with Maroclear in 2012.

1 The Committee on Payments and Market Infrastructures / The International Organization of Securities Commissions.

These two assessments have shown compliance levels broadly in line with the aforementioned international standards, both for the gross settlement payment system as well as for Maroclear.

Meanwhile, as part of the development efforts of capital markets, the law on the futures market for financial instruments was enacted in June 2014. As a result of this major development, the legislator has proceeded to the creation of a new market infrastructure, the clearing house, and the delegation of the trading activity to a management company of the futures market.

Being a market infrastructure subject to the supervision of the Central Bank, the proposed establishment of the Central Counterparty Clearing House (CCP) has been entrusted to Bank Al-Maghrib who used the services of a well-reputable firm to accompany it in preparing the study for its implementation. The study allowed drawing the strategic guidelines for capital market development in Morocco, defining the scope of the CCP product, carrying out preliminary analysis of the infrastructure underpinning the existing information systems (Casablanca Stock Exchange and Maroclear), and identifying the project risk factors as well as the business model of the CCP.

In terms of monitoring cashless payment instruments, Bank Al-Maghrib communicated in 2014 to the Ministry of Industry, Trade, Investment and Digital Economy its proposals for reform of the legal texts governing the means of payment, in order to initiate the next steps for the conduct of this major project that determines the changes in terms of cashless payment instruments.

Finally, as part of opening the payments market, Bank Al-Maghrib has authorized two new international operators to exercise the activity of authorizations routing, processing and clearing of electronic payment flows.

### 2.5.2 Check payment default registry

At end-December 2014, the accumulated payment defaults totaled 2.559,554 cases for an outstanding amount of around 66 billion dirhams, up 4.8 percent and 9.7 percent respectively in number and value. The breakdown of the above amount by customer category showed the dominance of natural persons, with a share of 81 percent, as against 19 percent for legal persons.

For its part, the number of people banned from issuing checks rose at end-2014 to 579.037 people, up 3.5 percent. This number remains dominated by natural persons, whose share stands at 89.9 percent.

**Chart 2.5.1: Annual change in unsettled defaults (in number and value)**

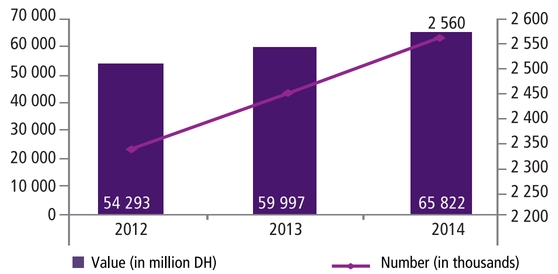
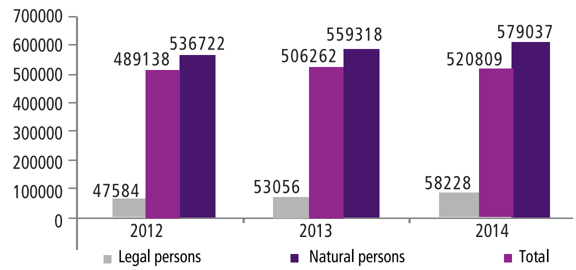



**Chart 2.5.2: Breakdown of persons banned from writing checks**




For 2014, inquiries by banks fell 6 percent compared to the previous year, from 4.289,998 to 4.030,584 applications. Those coming from the large public reached 2.423.

# 2.6 Banknotes and coins

## 2.6.1 Highlights

In 2014, currency activity has witnessed three major events which fall within the scope of the 2013-2015 Strategic Plan orientations. These are:

- Signature of a Memorandum of agreement between Bank Al-Maghrib and the American group Crane Currency, one of the major players in the currency industry, to regulate banknote production for the global market;
- Implementation of a project to produce 325 million foreign banknotes;
- Set up of a reference framework for the "Clean Note Policy" aiming at monitoring and improving the quality of banknotes in circulation.

**Box 2.6.1: Memorandum of agreement on cooperation between Bank Al-Maghrib and Crane Company**

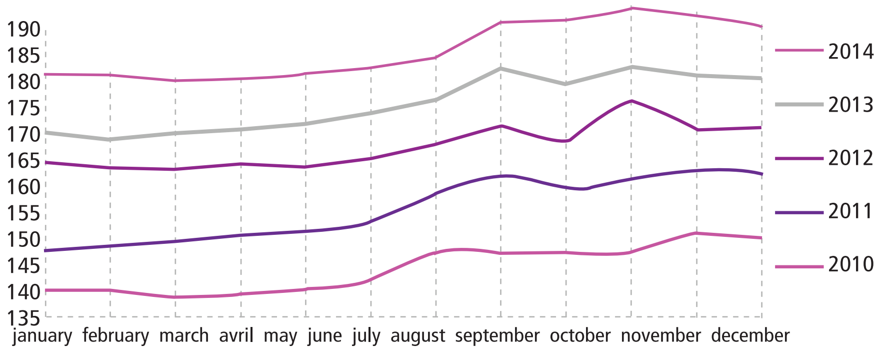
On November 12, 2014, Bank Al-Maghrib & Crane Currency signed a memorandum of agreement of a strategic partnership on the production of banknotes for the international market.

This partnership aims to support the global expansion of both parties in currency activities, relying on the expertise of Dar As-Sikkah, equipped with state-of-the-art technology, and on the reputation of Crane Currency, global producer of currency products for over 200 years, and entrusted by over 50 central banks for banknotes design and manufacture.

## 2.6.2 Currency in circulation

At the national level, the average value of currency in circulation reached 186.4 billion dirhams, up 5.2% from 2013. This value reached 191.7 billion dirhams at end 2014. Banknotes represented 99 percent of the total amount of circulation. The average number of banknotes in circulation in 2014 rose to 1.3 billion denominations, up 5 percent compared to 2013.

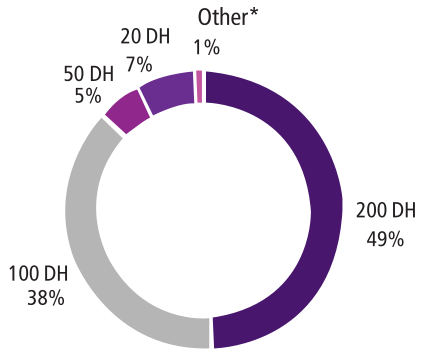
**Chart 2.6.1: Change in currency in circulation, in value (in billions of DH)**




As to the structure of currency in circulation, the 200 dirhams denomination, which constitutes 49 percent of the total, continued to represent, since 2010, the largest share in the volume of banknotes in circulation. On the contrary, the share of the 100 dirhams denomination fell slightly, from 39 percent in 2013 to 38 percent, while that of 20 and 50 dirhams denominations stabilized at 7 percent and 5 percent respectively.

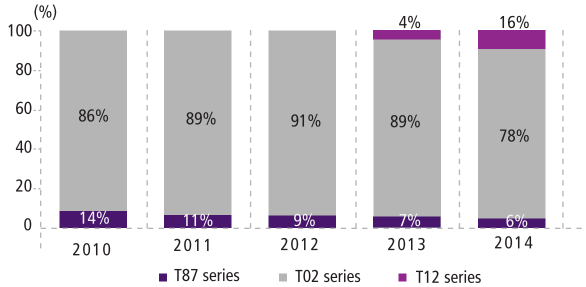
It should be noted that the new series banknotes, in circulation since 2013, accounted for over 16 percent of the total number of the denominations in circulation, while the 1987 series represented 6 percent.

**Chart 2.6.2: Structure of banknotes in circulation in 2014**



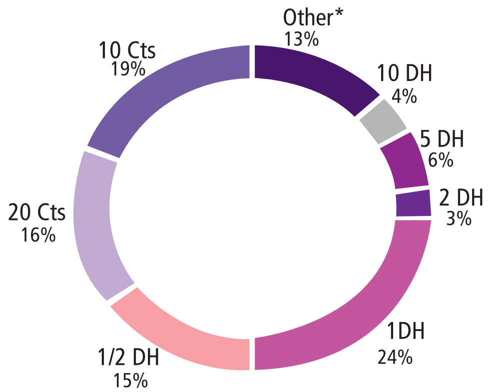

*Other: include 10Dh banknotes and commemorative banknotes.

**Chart 2.6.3: Share of banknotes in the currency in circulation, by series (2010-2014)**



On the other hand, the average value of coins in circulation stood at 2.7 billion dirhams, equaling 2.4 billion units. The 1 dirham, 10 cents, 20 cents and ½ dirham denominations combined represent 75 percent of the number of such coins. At end 2014, the value of coins in circulation amounted to 2.8 billion dirhams, up 4.7% compared to the previous year.

**Chart 2.6.4: Structure of coins in circulation in 2014**

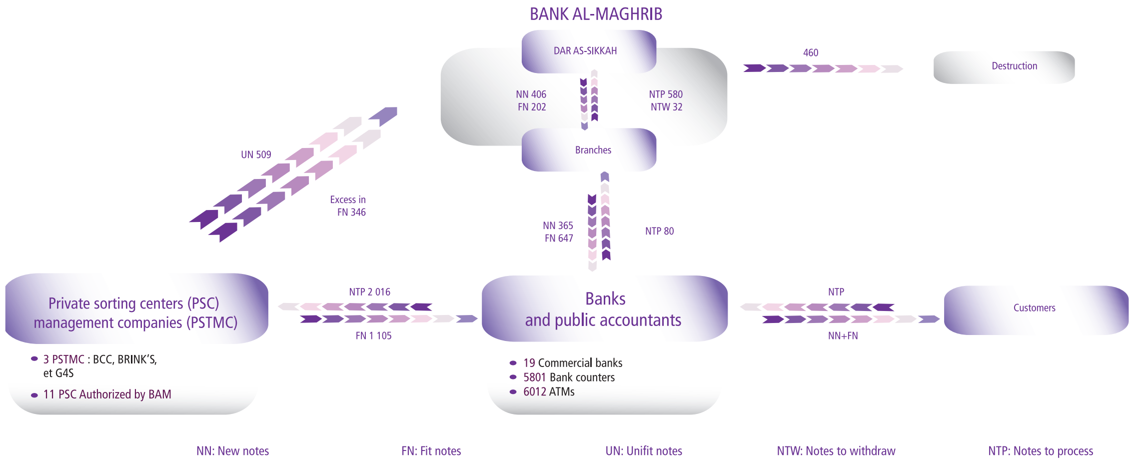



* Other: include 1 and 5 centime coins, commemorative coins and coins to withdraw.

## 2.6.3 Supply of banknotes

The following diagram sums up the main banknote flows carried out in 2014 by the different currency actors:

**Cash cycle of Moroccan banknotes in millions of denominations in 2014**




Bank Al-Maghrib branches issued 48 percent of the economy's total demand of banknotes, estimated at 2.1 billion denominations, as against 70 percent in 2010. The banknotes issued comprise 365 million new notes, 311 million fit notes and 336 million fit notes from those delivered previously by private sorting centers to the Bank's branches as non-recycled excess of local banks.

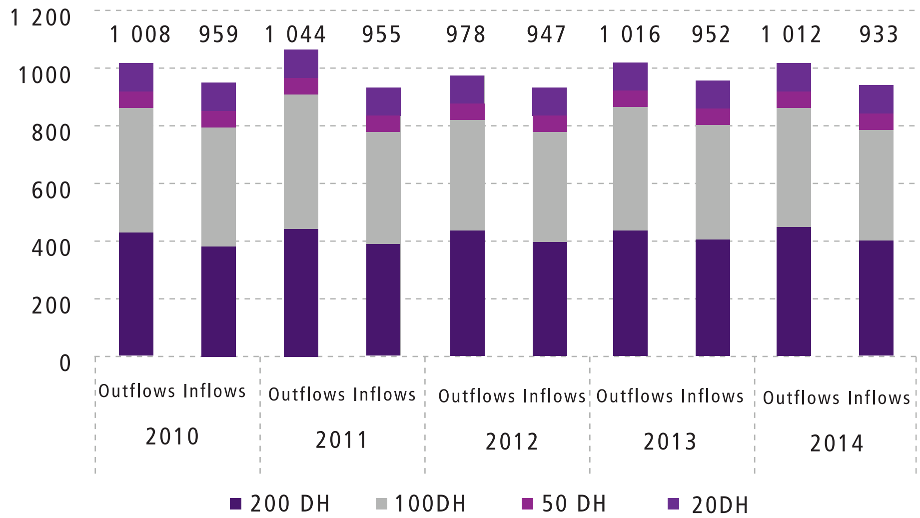
**Table 2.6.1: Change in the structure of overall demand for banknotes (2010-2014), in millions of denominations**

| | | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|
| Contribution of Private sorting Centers | Fit notes directly recycled by private sorting centers | 441 | 671 | 925 | 944 | 1 105 |
| | Fit notes indirectly recycled by private sorting centers (BAM branches) | 77 | 186 | 336 | 335 | 336 |
| Contribution of BAM | New banknotes provided by BAM | 543 | 423 | 358 | 384 | 365 |
| | Fit notes produced and provided by BAM | 389 | 434 | 283 | 297 | 311 |
| **Overall demand** | | **1 450** | **1 714** | **1 902** | **1 960** | **2 117** |

The remaining of the aggregate demand, consisting of 1.1 billion banknotes, was directly satisfied by the private sorting centers which generated, in turn, a surplus of fit notes of about 346 million denominations delivered to the branches of Bank Al-Maghrib.

While the overall demand for banknotes increased by 46 percent, from 1.5 billion units in 2010 to 2.1 billion units in 2014, banknotes withdrawn from the branches of Bank Al-Maghrib remained virtually stable in terms of number and denomination.

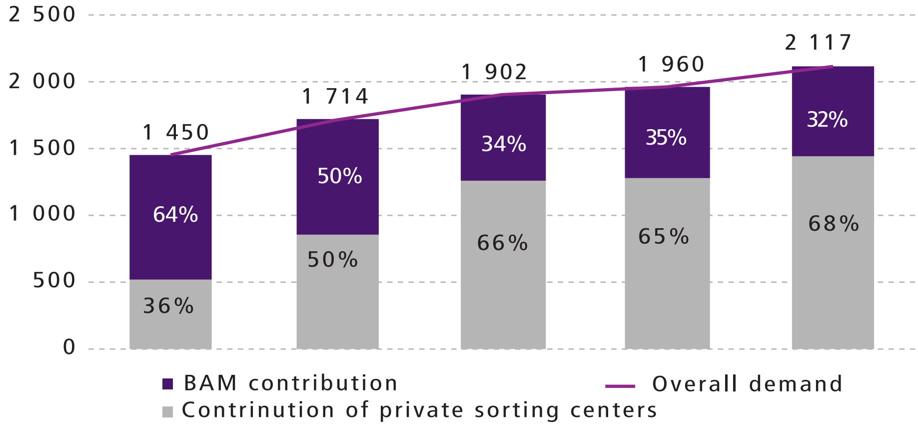
**Chart 2.6.5: Bankote inflows and outflows in BAM branches (in millions of denominations)**




In line with the Bank's forecasts, the volume of banknotes withdrawn from the branches of Bank Al-Maghrib in 2014, amounted to 1 billion denominations, mainly fuelled by the demand for 200 dirhams and 100 dirhams denominations. It should be noted that the new banknotes withdrawn from Bank Al-Maghrib branches represented 36 percent of total withdrawals.

From another perspective, overall demand for banknotes was met by 1.4 billion banknotes provided by the private sorting centers and 676 million banknotes produced by Bank Al-Maghrib. Hence, in 2014, private sorting centers' contribution to supplying the economy with banknotes reached 68 percent while it barely exceeded 36 percent in 2010.

**Chart 2.6.6: Overall demand for banknotes (in millions of denominations) and rate of contribution**




To help meet the overall demand for banknotes and have enough operational stocks, Bank Al-Maghrib printed 368 million notes and checked the fitness of 530 million banknotes withdrawn from circulation, thus reissuing 202 million fit notes. For their part, private sorting centers processed 2 billion notes in circulation and reissued 1.5 billion fit ones. Together, Bank Al-Maghrib and private sorting centers have processed about twice the volume of notes in circulation. As a result, about 460 million unfit notes were destroyed.

### 2.6.3.1 Production of new banknotes

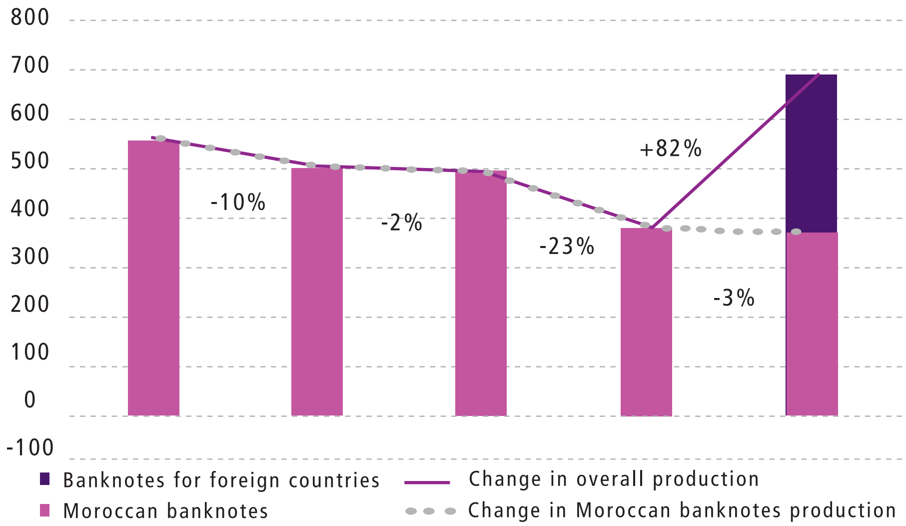
Since 2010, when new banknotes production reached a record level of 557 million denominations, the quantity of Moroccan banknotes produced decreased by about 8.5 percent, to reach 368 million in 2014. The most important drop, 23 percent, was recorded between 2012 and 2013 when the new series of banknotes was being produced.

However, this average decline recorded for five years is directly related to the large volumes of valid banknotes provided directly to banks by the sorting centers, thus provoking a relative decline in the demand for banknotes at Bank Al-Maghrib branches, given the sharp increase in overall demand for banknotes during this period (46 percent).

Furthermore, and in line with the strategic objectives of the Bank, banknotes production lines operated in a more optimal way in 2014, further to the printing of 325 million foreign banknotes, in addition to the 368 million Moroccan ones.

Thus, the total banknotes printed by Bank Al-Maghrib in 2014 reached 693 million notes, up 82 percent compared to the 379.9 million banknotes produced in 2013.

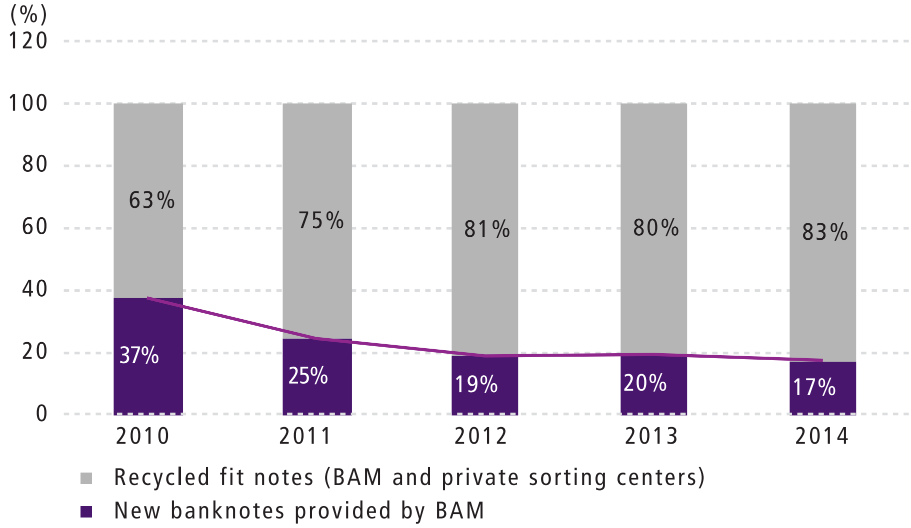
**Chart 2.6.7: Production of new banknotes in millions of denominations**




## 2.6.3.2 Quality of banknotes in circulation

Although the share of new banknotes in circulation in the overall volume of banknotes provided for the economy has decreased significantly from 37 percent in 2010 to 17percent in 2014, the fact remains that the quality of banknotes was preserved, as proved by the several control mechanisms used, including assessment of the quality of banknotes processed by Bank Al-Maghrib and by the private sorting centers, measurement of banknotes lifetime as well as analyses carried out at the Dar As-Sikkah laboratory.

**Chart 2.6.8: Share of new banknotes provided by BAM in the overall demand, 2010-2014**



The satisfactory results obtained are owed to the measures taken by Bank Al-Maghrib, first by strengthening banknotes resistance to the circulation hazards using new technological processes and, secondly, by setting up a suitable policy of supervising the processing and the recycling of banknotes by private actors of the currency industry. This policy, known as "Clean Note Policy" aims at controlling risks and costs associated with the management of currency in circulation.

**Box 2.6.2: "Clean note policy" of Bank Al-Maghrib**

Bank Al-Maghrib has developed a policy of supervising and improving the quality of banknotes in circulation, called the "Clean Note Policy". In line with international best practices, this policy aims to meet the following goals:

- Ensuring an optimal supply of banknotes to the economy;
- Managing risks related to currency circulation and logistics;
- Controlling costs of currency production, processing and logistics.

These goals are to be reached through several levers for banknotes management, including:

- Moroccan banknotes production and security;
- Moroccan banknotes qualitative processing and recycling ;
- Moroccan banknotes logistics and transport;
- Currency industry regulation.

Currently, the quality of every Moroccan banknote in circulation is controlled at least twice a year and the private sorting centers check the authenticity of 79 percent of the total volume of notes processed annually in Morocco.

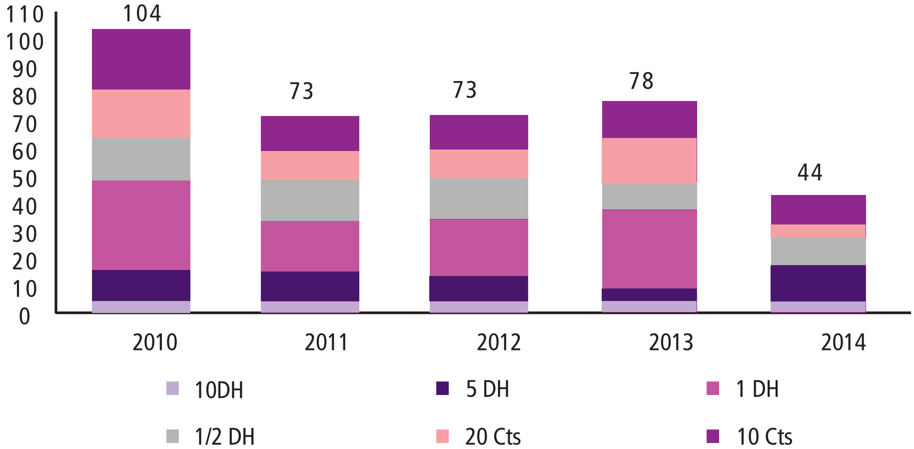
Outsourcing of banknotes fitness-checking and recycling was ensured hand in hand with off-site and on-site control operations of private sorting centers and banks. In 2014, the branches of the Bank carried out 164 off-site control missions of bank agencies and 58 control operations of private sorting centers, against respectively 94 and 53 missions in 2013.

These missions involved verifying the compliance of currency operations with the provisions of Bank Al-Maghrib mainly as regards operating procedures, internal control, authentication of deposited banknotes and recycling banknotes. They have resulted in sustained support actions to raise the currency recycling activity to the best international standards.

## 2.6.4 Supply of coins

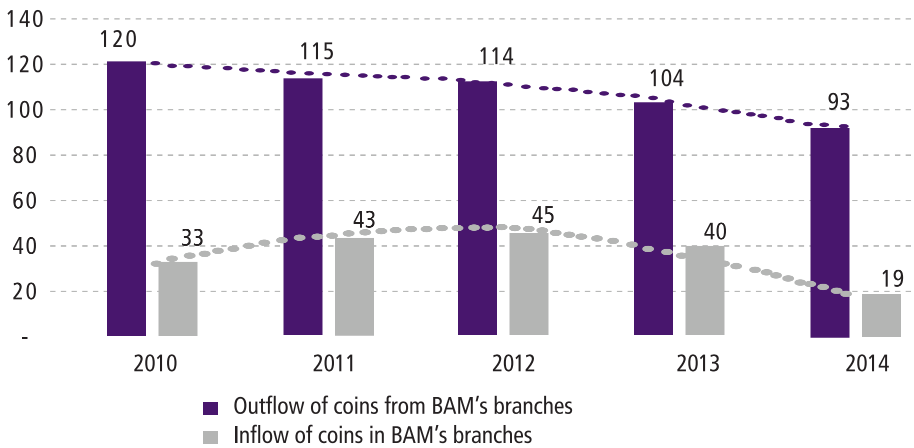
Around 44 million coins were produced in 2014, against 104 million in 2010, up 57 percent over the last five years. Similarly, coins withdrawn from the branches of Bank Al-Maghrib amounted to 93 million coins, down 22 percent compared to 2010, while those deposited declined by 58 percent since 2012, reaching 19 million coins, after recording an increase of 36 percent between 2010 and 2012.

**Chart 2.6.9: Production of coins, in millions of units**




The structure of coins by category in the deposits to and withdrawals from the branches of Bank Al-Maghrib, did not change over the last five years. Indeed, 10 dirhams, 5 dirhams, 2 dirhams and 1 dirham coins remained predominant in deposits, at 93 percent of the total. As for withdrawals, 1 dirham, ½ dirham, 20 centimes, 10 cents coins constituted 72 percent of total coins provided at the branches of Bank Al-Maghrib.

**Chart 2.6.10: Coins inflows and outflows, in millions of units**




## 2.6.5 Fight against counterfeiting

Owing to the provisions implemented by Bank Al-Maghrib as part of the "Clean Note Policy", as well as to the security efforts made to fight currency counterfeiting, the rate of counterfeit Moroccan banknotes was maintained at around eight false banknotes per million in circulation (BPM), a rate below the alert threshold set by Bank Al-Maghrib which is 20 Moroccan banknotes, and below the rates observed internationally. As an indication, that rate has reached around 40 BPM in Canada, Brazil and in the euro area and 140 BPM in Britain.

A total of 10,914 counterfeit notes, worth 1,310,720 dirhams, were identified in 2014, compared to 7,680 a year earlier, up 42 percent in number and 51.6 percent in value, from one year to the other. By denomination, the largest increase concerned the 200 dirhams note, which reached 62 percent between 2013 and 2014. Counterfeit banknotes of the 2002 series accounted for 81 percent of the detected notes.

**Chart 2.6.11: Change in counterfeit (2010-2014)**

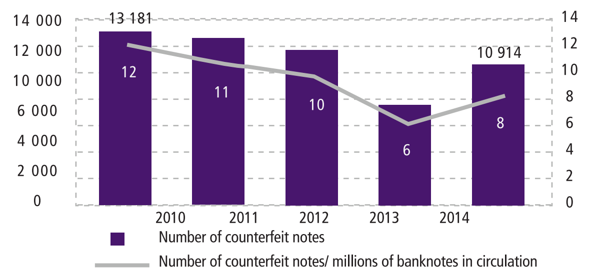
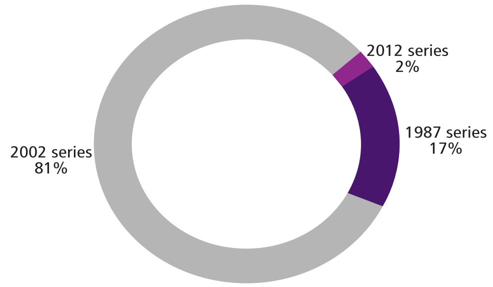



**Chart 2.6.12: Breakdown of counterfeit banknotes, by series (2014)**




The 200 dirhams denomination alone represented 44 percent of the total number of counterfeits, followed by 100 dirhams, 50 dirhams and 20 dirhams denominations, with respective shares of 19 percent, 21 percent and 16 percent.

This increase, both in number and in value, mainly reflects the currency counterfeits detected by commercial banks and by private sorting centers, as a direct result of the efficiency of the "Clean Note Policy" initiated by Bank Al -Maghrib which:

- Promotes the strengthened authentication of banknotes in circulation. As a consequence, 20 percent more of the banknotes in circulation were submitted to fitness-checking between 2013 and 2014.
- Strengthens on-site control of the banking agencies and checks the suitability of the equipment used for Moroccan banknotes authentication, while ensuring compliance with the obligation to check banknotes upon their receipt from the customer.
- Encourages the geographic expansion of private sorting centers throughout the Kingdom. In this regard, two new private sorting centers opened in Oujda and Rabat in 2014.

Still, it should be noted that Moroccan banknotes counterfeit is merely a craft industry which depends on printers and color copiers.

In order to control the counterfeiting risks and provide banknotes that are circulation-resistant and counterfeit-proof, the new series of Moroccan banknotes, the 2012 series, issued in 2013, befitted from the latest technological innovations both in terms of design, choice of raw materials, and of the new printing processes introduced.

**Box 2.6.3: Awards granted in 2014 to the new series of Moroccan banknotes**

To ensure that the new series of Moroccan banknotes are more counterfeit-proof, Bank Al-Maghrib has given special importance to the choice of raw materials and of the technological processes used in printing banknotes. It provided this series with the most innovative safety elements.

To mention only this example, the security thread of the new 100 dirhams denomination "RollingStar®" is used for the first time in a banknote. Its anti-counterfeiting characteristics earned it, in 2014, the prize of the best innovation "Currency Awards". The banknote was also appointed, in the same year, "note of the month" by the "Currency News" magazine.

**Key figures of currency activity in 2014**

| | Change / dec. 2013 | |
|---|---|---|
| **325** million banknotes for foreign countries | - | - |
| **1.3** billion banknotes in circulation (188.9 billion dirhams) at end 2014 | +4.5% | ↗ |
| **2.5** billion coins in circulation (2.8 billion dirhams) at end December 2014 | + 3.5% | ↗ |
| **1.3** billion banknotes in circulation (183.7 billion dirhams) on average in 2014 | +5.0% | ↗ |
| **2.4** billion coins in circulation (2.7 billion dirhams) on average in 2014 | + 3.5% | ↗ |
| **1,0** million banknotes issued at the counters | -0.4% | → |
| **933** million banknotes paid in at the counters | -2.0% | ↘ |
| **589** million banknotes to process paid in at the counters | - 5.8% | ↘ |
| **93** million coins issued at the counters | - 10.0% | ↘ |
| **19** million coins paid in at the counters | -53.0% | ↘ |
| **368** million new Moroccan banknotes produced | - 3.0% | ↘ |
| **530** million banknotes processed | -16.5% | ↘ |
| **202** million fit notes produced | - 11.4% | ↘ |
| **2** billion banknotes processed by private sorting centers | + 12.0% | ↗ |
| **1.5** billion fit notes produced by private sorting centers | + 13.0% | ↗ |
| **10,914** counterfeit banknotes (1.3 million dirhams, average value: 120 DH) | + 42.0% | ↗ |

# 2.7 Resources, working conditions and outreach

## 2.7.1 Information systems

The main achievements made by the Bank as regards the information systems are summarized below:

#### 2.7.1.1 Service Level Agreements

As part of improving its relationship with its internal customers, Bank Al-Maghrib has chosen, since 2012, to commit on the levels of services provided. In this regard, several contracts were signed based on a list agreed yearly by the Committee of Computing Strategy and according to a series of criteria on the service offered, including criticality, the impact of its unavailability and the commitment of the Bank vis-à-vis external partners through this activity. In 2014, eight new service contracts were signed, bringing the total number to 18.

#### 2.7.1.2 Structuring projects

In 2014, many structural projects were launched or implemented to modernize and optimize the Bank's operating framework. These include the set up of an IT solution for managing the activity of payment means monitoring, which allows an automatic receipt and control of credit institutions statements, secure exchanges with them and a dynamic reporting. These structural projects include:

- Integrating a solution for personalized bank checks ;
- Establishing a solution to centralize and automatically transfer the reportings destined to the Exchange Office, and based on various databases of the Bank's information system;
- Implementing a remote display solution to enrich the real-time communication device of all information on the tasks and decisions of the Bank addressed to the customers of its branches and agencies as well as to employees of its branches;
- Implementing a system for centralizing and supervising term and sight bank accounts as well as a solution for centralizing the situation of payment incidents on standardized bills of exchange (SBEs) and providing credit institutions with interfaces to consult the payment incidents on SBEs;
- Establishing a system for the management of Basel II prudential reporting - Advanced Approaches.

#### 2.7.1.3 Integrated Quality, Environmental and Safety Management System

As part of its three-year certification cycle, Bank Al-Maghrib conducted the first follow-up audit of its Integrated QSE Management System in order to ensure continued compliance with the standard requirements and to assess its effectiveness in achieving the goals of the QSE policy and orientations.

The QSE management system was audited by a certification body on December 1 to 5, based on the ISO 9001: 2008, OHSAS 18001 and ISO 14001 V 2007 V 2004 standards. Following this audit, no non-conformity or point of concern was identified, while several strengths were recorded. Furthermore, it was demonstrated throughout the audit, that the Bank's QSE approach is rigorous and effective, considering the implementation of relevant actions, commitment of improvement prospects, and involvement of all staff.

These efforts culminated in the decision to maintain the QSE certification according to the three standards. This success reflects the strong will of Bank Al-Maghrib to take part in a process of continuous improvement and sustainable development, while meeting the requirements and needs of its partners, ensuring healthy and safe working conditions for its employees and reducing the environmental impact of its activities.

#### 2.7.1.4 Updating the project management methodology

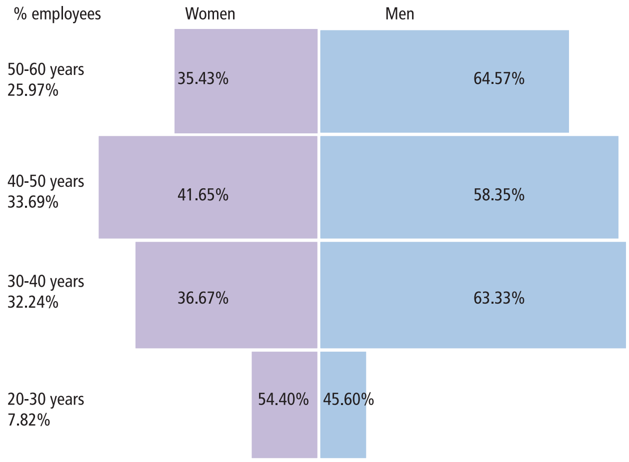
Early in the year, the Bank launched, in collaboration with different entities, a review of Bank Al-Maghrib's management methodology project, called "MENHAGE".

This approach, initiated four years after the launching of this methodology, is part of a continuous improvement process. Its aim is to ensure adjustment of the said methodology to the current maturity level of the Bank's project management and its alignment with the strategic goal "Further optimize processes, modes of operation and project steering".

### 2.7.2 Human resources management

The human capital is a major asset for the conduct of Bank Al-Maghrib's missions and the implementation of its strategic plan.  Human resources management policy is based on four main pillars; professional development, remuneration policy, working conditions and social benefits allocated to employees.

At the end of 2014, the Bank employed 2,326 agents, including 60 percent in core business fields and 40 percent in support areas. Down 2.6 percent compared to 2013, headcount evolution remained in line with the human resources optimization and specialization actions conducted by the Bank.




Training fits into a skills development perspective, in consistency with the Bank's strategic orientations and business requirements. Hence, the 2014 training plan covered all processes of the Bank with a predominance of core businesses up to 54 percent. This year recorded more than 2,062 participations in various trainings for 40 percent of the total employees of the Bank. It also witnessed the introduction of new forms of learning, namely the first e-learning activities, mainly in collaboration with the IMF institute for capacity development.

In 2014, The Bank also worked to strengthen its position as a regional training platform by organizing five international seminars. These large-scale events have implemented the Bank's partnerships established, in the field of training, with renowned institutions such as the IMF, the World Bank, the German Bundesbank or Banque de France. Different topics, led by experts of these institutions, were discussed, including monetary policy and inflation targeting, Credit Bureau, cash management, central bank accounting and fiscal management.

In the context of rapidly changing businesses of the Bank and a growing need for expertise, external hiring was focused on specialized resources and more and more top profiles. Thus, 87 percent of external recruitments made in 2014 concerned the "Specialist" career path. In addition, particular attention was paid to new recruits with the aim of fostering their integration, thus allowing a better monitoring and ensuring that they are imbued with the culture of the Bank and its business lines.

Regarding staff mobility, a hundred internal movements were achieved in 2014, thus optimizing the needs of the Bank in terms of personnel and allowing concerned employees to flourish in new entities or new professions and fulfill their wish for professional development.

In order to preserve the momentum of improving the management practices, started in 2013, the

Bank continued its efforts to support managers. Several awareness-raising campaigns have been organized among all managers and 38 exchange workshops were conducted for the benefit of more than 200 ones. A continuous training cycle on management was also established in 2014 to address managerial issues related to resources mobilization and development.

Through a structured and coordinated approach to strengthen inter and intra entities collaboration, the Bank seeks to continuously improve collective performance and enhance synergies between the teams. After the scoping, diagnosis and benchmarking stages achieved in 2014, an action plan has been set up. The levers of this plan include awareness-raising actions, exchange workshops and tailor-made assistance, such as coaching and team building.

The Bank has also begun to study the men/women parity issue in order to set up a policy that preserves gender equality. Based on the national challenges, on the national and international regulatory framework and on the Bank's context, the works carried out to date helped develop the first report on the comparative situation of men and women in the Bank.

Finally, to offer its staff a stimulating work environment which combines well-being and performance, the Bank continues to enhance the social benefits granted to its employees as regards health, welfare, leisure activities and family budget support.

### 2.7.3 Financial information and management control

Regarding management control, the new information system, in force since 2013, has helped support the budget-making process as well as changes in the cost accounting system. Besides shortening the production time line and costs, this system has fostered better use by entities of analytical results available, and helped them prepare budget estimates. In parallel, the management control document repository has been enriched by a methodological guide for cost accounting, which is also widely distributed throughout the Bank via the Intranet portal.

In terms of social funds of the Bank, upgrade of the technical and financial management of mutual funds was completed in 2014, and an appropriate governance framework was established, in line with the best practices.

### 2.7.4 Working environment

In accordance with the orientations of the Strategic Plan, efforts were focused, during 2014, on consolidating the projects initiated in 2013 for optimizing resources and ensuring their adequacy with the priorities and the efficiency requirements.

Thus, as part of the outsourcing project, the bank generalized the comprehensive maintenance of buildings and cleaning, which expanded from 12 in 2013 to 39 sites in 2014. In addition to reducing response times, this generalization has ensured control of maintenance expenses of buildings and other fixed equipment. Similarly, the quasi-total outsourcing of transport activity induced substantial fiscal gains (up to 15 percent for light vehicles and 10 percent for staff transport).

With regard to preserving and enhancing its heritage, the Bank set up a policy for managing its buildings and developed a charter of real estate activity to ensure that spaces management is efficient and that real estate properties are adapted to the changing needs of the bank's activities.

As for historical archival heritage, two issues were addressed in 2014. These concern monetary and foreign exchange transactions and agreements with international financial organizations. In addition to this valuation, the records management system was perpetuated through the anchoring of this new management mode and its entry in operation.

On the property level, the year 2014 also saw the beginning of works related to the development of the historical headquarters building.

Moreover, energy policy was implemented in some sites, allowing a 5 percent reduction in energy consumption in Dar As-Sikkah production site.

Safety and Security in Bank Al-Maghrib have also undergone several changes during 2014, namely governance, modernization of security technical equipment, and improvement of their operation, as well as enhancing professional competences of the security staff.

At the technical level, several tenders were launched in 2014 to upgrade the security systems, while continuing to outsource their maintenance. Also, supervision and protection of the Bank’s sites was strengthened, internally, through the implementation of several new security features, and, externally, by the increased deployment of the Directorate General of National Security officers.

## 2.7.5 Legal compliance

### 2.7.5.1 Internal framework for personal data protection

In 2014, the Bank continued to foster the conditions of implementation of personal data processing, through corrective and/or preventive action plans.

In recognition of the works performed to ensure compliance with the legislation on personal data protection, the Bank set up its Central Registry which provides a detailed mapping of all the processing operations carried out, and which allows an individualized analysis based on the data classification by their degree of sensitivity.

In the banking sector, the joint commission -composed of representatives of Bank Al-Maghrib, the National Commission for Protection of Personal Data (CNDP), the Moroccan Bankers' Association (GPBM) and of the Professional Association of Financing Companies- in charge of coordinating measures taken in implementation of Law No. 09-08 in the banking sector, continued to hold intensive sessions to help credit institutions implement the various CNDP recommendations on the "core business" processing operations. These operations particularly cover customer's account holding, management of operations thereto, of credits and guarantees, and of occasional customers.

**Box 2.7.1: Second symposium on personal data protection in the banking sector**

On December 23rd, 2014 in Rabat, Bank Al-Maghrib organized, together with the National Commission for Personal Data Protection (CNDP), the second Symposium on personal data protection in the banking sector.

During this event, the working sessions focused on implementation status of Law No. 09-08 in the Moroccan banking sector, the assessment of the maturity of the personal data protection device and its perception by bank customers, as well as the interactions of the said device with the requirements relating to the fight against financial crime, particularly cross-border.

Works of this symposium have resulted in recommendations relating in particular to the inclusion of microcredit associations in the dialogue, the concentration of efforts to solve practical problems facing the sector and the need to respect the international commitments of Morocco.

### 2.7.5.2 Anti-money laundering and combating the financing of terrorism (AML/CFT)

As part of the compliance of national AML/CFT system with the revised standards of the Financial Action Task Force (FATF), and in accordance with the action plan agreed with the Financial Intelligence Processing Unit (UTRF), Bank Al Maghrib has provided technical support to the nationally set up commission, by providing a detailed diagnosis of the corresponding preventive arsenal and suggesting appropriate legal arrangements.

Furthermore, in order to limit the risks associated with any use of the contribution in full discharge-adopted by our country in 2014- for money laundering purposes, Bank Al-Maghrib, in consultation with the UTRF, ensured compliance by all banks with their due diligence as regards declarations presented to them by taxpayers benefiting from this program[1].

1 During the discussion on the national contribution in discharge, held at the 20th plenary meeting of MENAFATF in November 2014, this body has concluded that the program is in line with the four FATF principles in this regard.

Moreover, in order to promote a clear understanding by the designated nonfinancial businesses and professions (DNFBP) of their due diligence and of the risk of money laundering, the Bank organized, together with the UTRF, on December 18, 2014 in Rabat, a workshop for the benefit of chartered accountants and auditors, real estate agents and developers, dealers in precious metals, and casinos.

This event was an opportunity to clarify:

- The different practical arrangements for applying the anti-money laundering law and the UTRF General Directive laying down the rules applicable to this category of persons subject to this law ;
- The role of the UTRF as a control authority, and future prospects;
- Money laundering risks and typologies specific to the activities of DNFBPs.

Concerning the technical assistance program agreed between our country and the IMF to assess the conformity of our national legal and regulatory AML/CFT device with the revised FATF standards, the FATF mission has particularly recommended our country to trigger the process of risks identification and assessment at the national level and to interpret it into policies and controls to carry out.

The mission also identified the main weaknesses of our national system, including those related to the effective implementation of the due diligence rules for some law professions.

## 2.7.6 Communication

In order to strengthen the tools of information intended for its audiences and improve the understanding of its missions and decisions, Bank Al-Maghrib has made active use of several communication channels in 2014, including the media, corporate and digital communication, and staff-oriented actions aimed to ensure full transparency of its actions and decisions and to foster the spirit of sharing.

### 2.7.6.1. Strengthening relations with the media

For an enhanced exchange of information with the press, various communication formats were adopted. In fact, alongside the monetary policy press briefing held at the end of each quarterly meeting of the Bank Board, and which constitutes, since 2008, a well-anchored tradition and an event much anticipated by the media, adhoc meetings were organized around current issues, run by core business entities.

To ensure an optimum understanding of its messages, the Bank organized, for the first time in 2014, and for a primarily educational purpose, a meeting with journalists around the analytical and operational aspects of monetary policy and the methodology adopted for the monthly industrial business survey. At the same time, and in order to reinforce the relationships with the media, the Bank initiated a survey and evaluation program with the press.

Moreover, Bank Al-Maghrib publicized several institutional events, including the fifth meeting of the MENA Advisory Group, the regional tour of the Bank among companies to improve the survey it conducts among the industrial sector, the Symposium on Corporate Social Responsibility, the Arab Committee meeting for Banking Supervision and the Symposium on the personal data protection in the banking and financial sector.

### 2.7.6.2. External communication

The Bank's continued desire to open up to the general public prompted it to grant particular attention to its website. Also, to better meet the needs of the target users, the Bank launched a complete overhaul of its portal, with the aim of offering an Internet website with clear ergonomics, a contemporary design, a more fluid navigation and easily accessible information.

**Box 2.7.2 : Bank Al-Maghrib publications published on its website www.bkam.mama**


REPORT PRESENTED TO HIS MAJESTY THE KING

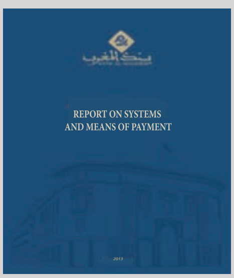
FREQUENCY: YEARLY

This report, presented to His Majesty the King, comprises an analysis of the economic, monetary and financial situation at the international and national levels, as well as the activities of Bank Al-Maghrib and its financial statements for each year.


REPORT ON THE CONTROL, ACTIVITY AND RESULTS OF CREDIT INSTITUTIONS

FREQUENCY: YEARLY

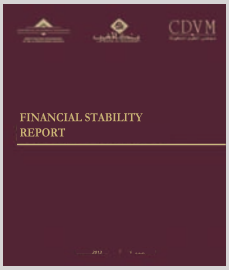
This report presents the legal and regulatory environment and the activities of banking supervision and financial stability. It also presents the structure, activity and results of the banking system and the evolution of banking risks.




REPORT ON SYSTEMS AND MEANS OF PAYMENT

FREQUENCY: YEARLY

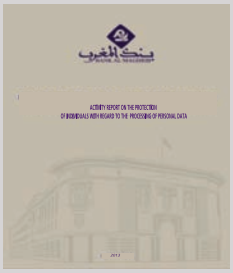
This report describes the different approaches to payment systems oversight in Morocco and the security measures of the means of payment.




FINANCIAL STABILITY REPORT

FREQUENCY: YEARLY

This report is prepared by Bank Al-Maghrib in collaboration with the Ministry of Economy and Finance and the Transferable Securities Board (CDVM). It provides a comprehensive overview of economic and financial trends regarding financial stability. The first edition of this report was published in 2013.



ACTIVITY REPORT ON THE PROTECTION OF INDIVIDUALS WITH REGARD TO THE PROCESSING OF PERSONAL DATA

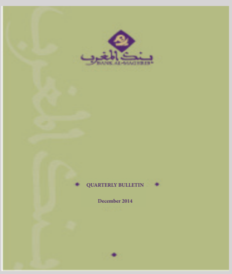
FREQUENCY: YEARLY

This report presents the situation of personal data processing carried out by the Bank. It provides a classification of such operations according to the risk on the privacy of individuals. The report also addresses the degree of compliance of the means of collection and processing of personal data.


MONETARY POLICY REPORT

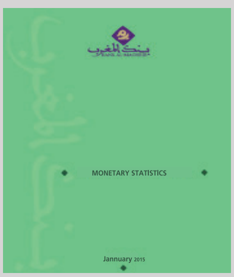
FREQUENCY: QUARTERLY

Available in three languages, this report, whose 33rd edition was published in December 2014, is based on analyses and forecasts prepared for meetings of the Bank Board. The report presents the basis for monetary policy decisions.




QUARTERLY BULLETIN

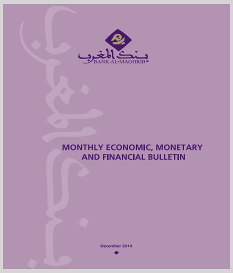
This bulletin deals primarily with economic, monetary and financial statistics.




MONETARY STATISTICS

FREQUENCY: MONTHLY

This document presents the main monthly and quarterly monetary and credit aggregates as well as the monetary situation. It also presents the position of deposit-taking institutions vis-à-vis the institutional sectors and the analytical situation of other financial corporations.



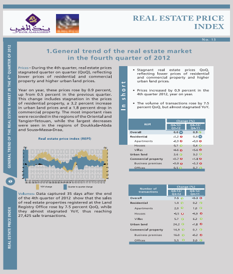

MONTHLY ECONOMIC, MONETARY AND FINANCIAL BULLETIN

This bulletin presents an overview on changes in international environment and domestic conditions. It describes the various economic, monetary and financial developments.


RESULTS OF THE BUSINESS SURVEY IN THE INDUSTRY

FREQUENCY: MONTHLY WITH A QUARTERLY EDITION

This paper presents the results of the monthly survey conducted among a representative sample of 400 companies operating in the industrial sector nationwide.




REAL ESTATE PRICE INDEX

FREQUENCY: QUARTERLY WITH A YEARLY SUPPLEMENT IN THE FOURTH QUARTER EDITION

This publication, prepared jointly with the National Land Registry Office, allows tracing the trend in prices and property transactions, nationally and by major cities.

To go digital, and in conformity with the goals set in its Strategic Plan in this field, the Bank has started communicating through the social media, to supplement its traditional communication channels used so far. As such, the Bank created its Twitter account on December 16, 2014, in order to take advantage of the opportunities offered by social networks, namely interactivity with the public and improving information accessibility. Within less than two weeks, the number of subscribers reached 500 including institutions and the media.

In the same vein, a dynamic display project within agencies and branches of Bank Al-Maghrib was adopted in order to foster close communication with the Bank's customers.

### 2.7.6.3 Staff-oriented communication

Assuming that internal communication helps promoting good external communication, the Bank has adopted a proper strategy in this field, through a variety of constantly-improving tools. As a matter of fact, the biannual magazine "Tawassol", launched in 2010, has particularly valued, in 2014, the human capital of the Bank and its collective achievements, while supporting the institution's structural projects.

Moreover, once a year, all employees meet at the Executives' day which has become, since 2003, an annual event of sharing and exchange much anticipated by the Bank's executives. Over 900 employees gather at the Bank's training centre to address different issues. For the 2014 edition held in January 2015, the theme chosen was "Payment Means: Developments & challenges". A film on the development of payment means in the world was prepared for that specific occasion.

### 2.7.7 Bank Al-Maghrib Museum

Since 2011, when an annual cultural programming project was set up, the Bank Museum has moved from a traditional mission of heritage conservation and transmission to a civic one. To attract a wider audience, the Museum has moved from a being mere place of exhibition of collections to a living cultural institution, animated with a rich and varied program which targets all audiences. The 2014 calendar was marked by two major events: the cycle devoted to the Moroccan painter, late Mohammed Kacimi, with the publication of a book in tribute to the artist's work, and the one dedicated to Orientalist painting produced Morocco.

Furthermore, during 2014, the Museum was invited to take part in numerous key events of the national and international cultural plaza organized by renowned institutions such as the ONA Foundation, the new Mohamed VI Museum, the Louvre and the Arab World Institute.

Finally, the Museum has reached new audiences by organizing, for the first time in 2014, a travelling outdoors exhibition entitled "The second part of the reign of His Majesty Mohammed V: 1939 -1955" in several cities such as Nador, Beni Mellal or Laayoune and in partnership with the Ministry of Culture as part of the works of the Moulay Ali Cherif University in Rissani.

### 2.7.8 International relations

In 2014, the Bank worked on increasing its openness by strengthening its international cooperation ties. In this context, it participated in several international events and meetings, including:

- Spring and autumn meetings of the International Monetary and Financial Committee held in April and October respectively in Washington, as well as the IMF and the World Bank Annual Meetings;
- The twenty-first annual conference of Governors of Central Banks of French-speaking countries, organized by the Central Bank of West African States, on May 14 - 16 in Dakar, under the theme "Stability of the sovereign debt market, financing of economies and financial

inclusion: Role of central banks". During this event, the Bank raised the issue of sovereign debt market stability and exit from post-crisis unconventional policies ;

- The first IMF Central Bank Forum for Developing Markets, co-organized by the Banque de France on September 9-10 on "The Road to Inflation Targeting and Transitional Monetary Arrangements". Bank Al-Maghrib intervened on the issue "Enabling environment: Policy implementation and understanding the transmission channels and operational frameworks" ;
- The thirty-eighth meeting of the Governors of Arab Central Banks and monetary institutions, organized on September 19 in Algiers;
- The International Conference of the European Institute of the Mediterranean on "Macroeconomic and monetary policies in the countries south and east of the Mediterranean" on October 31 in Barcelona, and in which Bank Al-Maghrib spoke on "The role of central banks today".

Moreover, Bank Al-Maghrib's cooperation framework has been strengthened owing to high-level meetings. Two friendship and work visits were performed with the Central Bank of West African States (BCEAO) and the Qatar Central Bank (QCB). The first one covered areas of banking supervision, financial stability and economies financing while the second focused on themes related to legal affairs, payment systems, Islamic banks, the Credit Bureau, human resources and social affairs.

In addition, several study visits were organized to the Bank for the benefit of officials and executives from the BCEAO, BEAC, Sudan National Printer, and from central banks of several countries including Congo, The Republic of Guinea, Nigeria, Mozambique, Burundi, Mauritania, Tunisia, Egypt and the Philippines. These visits dealt with financial stability, monetary and exchange rate policy, banking supervision, banknotes printing, the accounting framework, strategic planning, Credit Bureau, human resources and the Currency Museum.

Meanwhile, two study visits were made to Banque de France around the macroeconomic forecasting models and the institutional communication - social networks, respectively, in addition to other two visits to the Bank of Portugal and the National Bank of Belgium to share experiences on insurances and archives. Also, several executives of the Bank participated in a seminar on Islamic financial services, in implementation of the Memorandum of Agreement concluded in 2011 between our Institute and the QCB.

# PART 3

## FINANCIAL STATEMENTS OF THE BANK

In this report, figures are rounded to the nearest thousand dirhams. Therefore, totals and sub-totals do not always correspond to the sum of the relevant rounded-off figures.

# 3-I Overview of the financial position for the fiscal year 2014 (*)

**Table 3-1-1: Key figures**

| In thousands of dirahms | 2014 | 2013 | Change in % |
|---|---|---|---|
| Total balance sheet | 238 270 950 | 240 171 971 | -1% |
| Use of capital ratio | 60% | 63% | -6% |
| Total revenues | 3 989 547 | 4 803 899 | -17% |
| Total expenses (Including corporate tax) | 3 177 645 | 3 630 840 | -12% |
| Net income | 811 902 | 1 173 059 | -31% |
| Average outstanding amount of BAM's interventions | 55 622 784 | 70 706 747 | -21% |
| Operating ratio | 55% | 45% | 23% |

**HIGHLIGHTS OF THE YEAR**

- The Central Bank continued in 2014 to implement an accommodative monetary policy:
  -The required reserve ratio was reduced by 200 basis points to 2 percent (Board's decision in March);
  -The key rate was revised downward from 3.00 percent to 2.75 percent (Board's decision in September);
  -The key rate was reduced for the second time by 25 basis points to 2.50 percent (Board's decision in December).
- Bank liquidity conditions improved due to higher foreign currency assets and lower required reserve ratio, which prompted the Central Bank to reduce its interventions in the money market.
- Net foreign exchange reserves consolidated by 20 percent, year on year, to 181 billion dirhams, following the significant foreign currency inflows due to donations from the Gulf countries and international bond yields (OCP and Treasury) as well as to the easing in the trade deficit.
- The ECB reduced in June and September its key rate bringing it from 0.25 percent to 0.05 percent and a negative deposit rate (-0.20 percent) was applied.

## 3-1-1 Balance sheet

**Table 3-1-2: Balance sheet by transaction**

| In thousands of dirahms | 2014 | 2013 | Change % |
|---|---|---|---|
| Including | | | |
| Currency in circulation | 191 457 660 | 182 079 842 | 5% |
| Transactions with foreign countries (Including) | -163 714 498 | -134 126 868 | 22% |
| Holdings and investments in gold and foreign currencies | 177 271 038 | 152 884 659 | 16% |
| SDR holdings | 7 417 983 | 3 178 007 | >100% |
| Revaluation account of foreign exchange reserves | 9 566 096 | 8 685 391 | 10% |
| Transactions with the State (Including) | 2 849 650 | 2 506 672 | 14% |
| Treasury account | 2 117 412 | 2 212 364 | -4% |
| Hassan II Fund account | 646 837 | 276 025 | >100% |
| Net position of credit institutions | -32 479 412 | -52 308 245 | -38% |
| Claims on Moroccan credit institutions | 42 232 212 | 72 116 650 | -41% |
| Deposits and liabilities to Moroccan banks | 9 752 800 | 19 808 405 | -51% |

Assets-liabilities

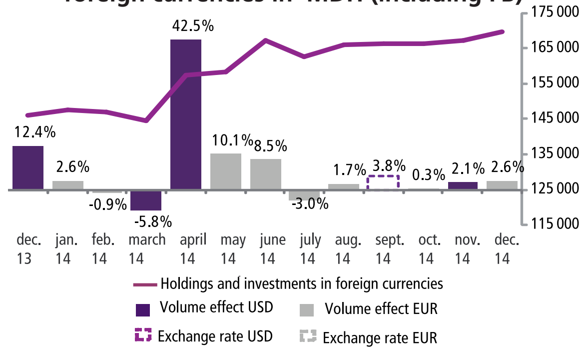
* The change in the balance sheet and profit and loss account items is addressed in more details in the comments section of the financial statements.
For purposes of analysis, the balance sheet and profit and loss account items were adjusted in this part of the report.

At the end of the fiscal year 2014, **the total balance sheet** stood at **238,270,950 KDH**, representing an annual decline of nearly 1 percent. This change was mainly due to the combined effect of a sharp contraction in loans granted to banks as part of monetary regulation and consolidation of holdings in foreign currency. In the assets and liabilities sides, it results from a decrease in Moroccan banks' current accounts assets and an increase in notes and coins in circulation.

**Currency in circulation**, the main component of liabilities (80 percent), reached, at the end of the year, **191,457,660 KDH**, up 5 percent, a rate close to that recorded in the last two years, reflecting higher demand for banknotes.

**Transactions with foreign countries** continued their growth in 2014, which reached 22 percent to **163,714,498 KDH**, driven by higher holdings and investments in foreign currencies, main item of this aggregate. The latter rose by 16 percent, due to the consolidation of foreign exchange reserves, after declines in 2011 and 2012 and a break up with this trend in 2013.

**Chart 3-1-1: Change in holdings and investments in foreign currencies in MDH (including FB)**




FB: Foreign banknotes

It should be noted that net foreign reserves closed the year 2014 with a strong increase of 20 percent to **181 billion dirhams**. This trend was essentially attributed to an easing of 6 percent in the trade deficit, international bond yields of the OCP (1.55 billion dollars in April) and the Treasury (1 billion euros in June) and collection of donations from the Gulf Cooperation Council, totaling 13.1 billion dirhams.

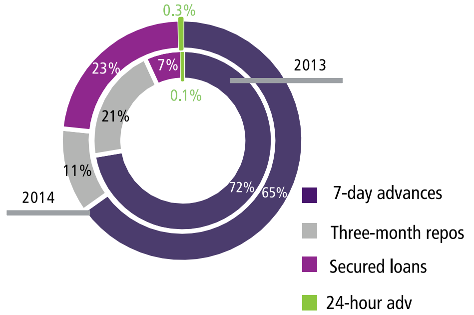
The increase in transactions with foreign countries is also due to an increase in 2014 in the Bank's SDR holdings, following the acquisition of **320 million SDR** in the first quarter of this year, in order to restore a neutral position vis-à-vis the IMF.

Moreover, owing to the dollar appreciation between 2013 and 2014 from 8.15 to 9.04 dirhams, holdings and investments in gold, another component of this aggregate, moved up 11 percent to **7,692,458 KDH**, as against a decline of 30 percent in 2013.

The balance of **transactions with the State** amounted to **2,849,650 KDH**, up 342,978 KDH (+14 percent), mainly due to higher deposits of Hassan II Fund for Economic and Social Development (+370,811 KDH).

**Net position of credit institutions** stood in 2014 at **32,479,412 KDH**, from 52,308,245 KDH a year earlier, impacted by a reduction in the bank liquidity deficit. This change was made possible thanks in particular to significant foreign exchange inflows (donations and yields) and lower minimum required amount under the monetary reserve. Against this backdrop, the Bank reduced the amount of its injections, which totaled at the end of the year 41,852,088 KDH (-42 percent) and bank deposits fell to 9,752,800 KDH (-51 percent).

**Chart 3-1-2 : Average outstanding amount of claims on banks**




## 3-1-2 Income

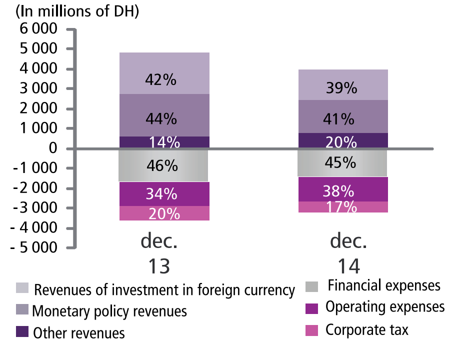
**Table 3-1-3 : Net income of the fiscal year**

| In thousands of dirahms | 2014 | 2013 | Var % |
|---|---|---|---|
| Income of foreign exchange reserve management transactions | 775 119 | 1 032 482 | -25% |
| Income of monetary policy transactions | 1 633 494 | 2 006 355 | -19% |
| Income of other transactions | 558 311 | 457 194 | 22% |
| Income of activities | 2 966 925 | 3 496 031 | -15% |
| General operating income | -1 642 263 | -1 569 079 | 5% |
| Gross operating income | 1 324 662 | 1 926 952 | -31% |
| Noncurrent income | 34 325 | -19 062 | >100% |
| Corporate taxes | -547 085 | -734 831 | -26% |
| Net income | 811 902 | 1 173 059 | -31% |

At the end of 2014, the Bank generated a **net income** of **811,902 KDH**, down 31 percent compared to 2013. This change reflects decreases in the income of the Bank's activities and particularly income of foreign exchange reserve management transactions (-25 percent) and monetary policy conduct (-19 percent). However, it should be noted that these declines were partially offset by a 22 percent improvement in the income of the Bank's other operations.

**Foreign exchange reserve management transactions** showed in 2014 very low if not negative yields for investments in euros, generating an income of **775,119 KDH**, down 257,363 KDH compared to 2013, despite an increase in outstanding foreign currency investments. Under this unfavorable conditions, the bond portfolio generated interests of 1,224,427 KDH, down 344,994 KDH (-22 percent) compared to 2013, as the matured securities acquired in the past at high rates were reinvested at very low rates.

**Chart 3-1-3 : Structure of revenues and expenses**

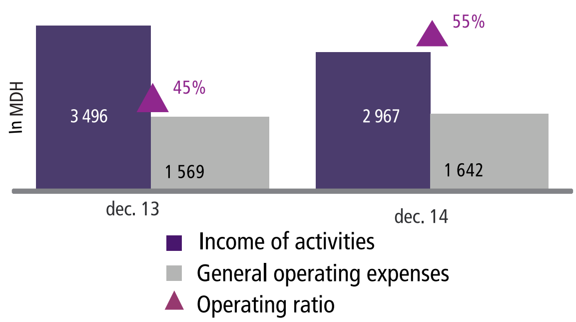



The income of **monetary policy operations** corresponds exclusively to interests received on the Bank's interventions in the money market since December 2013, when a decision was taken not to pay interests on required reserves. This resulted in a decline in the associated expenses by 116,084 KDH in 2014. This income fell by 19 percent to **1,633,494 KDH**, due to a drop in average outstanding liquidity injections, which moved down, year on year, from 70,706,747 KDH to 55,622,784 KDH, following a liquidity deficit easing in the year 2014. Thus, interests received from these operations decreased by 488,945 KDH (-23 percent) compared to the previous fiscal year.

Income from **other operations** covering mainly the commissions received under services provided to customers and sales of Dar As-Sikkah, increased by 22 percent to **558,311 KDH**. The partnership that the Bank concluded in 2014 with the Crane Currency Group to manufacture banknotes for the international market drained an additional revenue of 39,642 KDH. Foreign exchange operations generated commissions of 418,501 KDH, up 27 percent, particularly due to the volume of transactions in 2014.

**General operating expenses** registered a contained increase of 5 percent to **1,642,263 KDH**, mainly due to an 8 percent rise in depreciations, in connection with the modernization of information systems and of the Bank’s fiduciary production tool.

**Chart 3-1-4 : Operating ratio**



# 3-2 Financial statements

## 3-2-1 Balance sheet (Assets)

**Table 3-2-1: Assets as at December 31, 2014**

| In thousands of dirhams | Notes | 2014 | 2013 |
|---|---|---|---|
| Holdings and investments in gold | 1 | 7 692 458 | 6 940 913 |
| Holdings and investments in foreign currency | 2 | 169 578 580 | 145 943 746 |
| - Holdings and investments held in foreign banks | | 11 979 318 | 19 895 981 |
| - Foreign Treasury bills and similar securities | | 153 507 463 | 122 550 633 |
| - Other holdings in foreign currency | | 4 091 798 | 3 497 131 |
| Holdings in international financial institutions | 3 | 8 821 380 | 4 510 071 |
| - IMF subscription-Reserve tranche | | 1 107 835 | 1 073 181 |
| - Special Drawings Rights holdings | | 7 417 983 | 3 178 007 |
| - Subscription to the Arab Monetary Fund | | 295 561 | 258 883 |
| Lending to the Government | | - | - |
| - Conventional advances | | - | - |
| - Overdraft facilities advances | | - | - |
| - Other facilities | | - | - |
| Claims on Moroccan credit institutions and similar bodies | 4 | 42 232 212 | 72 116 650 |
| - Securities received under repurchase agreements | | - | 14 004 034 |
| - Advances to banks | | 41 852 088 | 58 001 937 |
| - Other claims | | 380 124 | 110 679 |
| Treasury bills - Open market operations | | - | - |
| Other assets | 5 | 6 653 282 | 7 162 173 |
| Fixed assets | 6 | 3 293 037 | 3 498 419 |
| Total assets | | **238 270 950** | **240 171 971** |

## 3-2-2 Balance sheet (Liabilities)

**Table 3-2-2: Liabilities as at December 31, 2014**

| In thousands of dirhams | Notes | 2013 | 2012 |
|---|---|---|---|
| Banknotes and coins in circulation | 7 | 191 457 660 | 182 079 842 |
| - Banknotes in circulation | | 188 703 752 | 179 436 597 |
| - Coins in circulation | | 2 753 909 | 2 643 245 |
| Liabilities in gold and in foreign currency | 8 | 5 260 598 | 7 335 333 |
| - Liabilities in gold | | - | - |
| - Liabilities in foreign currency | | 5 260 598 | 7 335 333 |
| Liabilities in convertible dirhams | 9 | 196 194 | 200 210 |
| - Liabilities to international financial institutions | | 190 971 | 193 880 |
| - Other liabilities | | 5 222 | 6 330 |
| Deposits and liabilities in dirhams | 10 | 16 947 983 | 26 978 301 |
| Current account of the Treasury | | 2 117 412 | 2 212 364 |
| Deposits and liabilities in dirhams to Moroccan banks | | 9 752 800 | 19 808 405 |
| - Current accounts | | 9 752 800 | 19 808 405 |
| - Liquidity-withdrawal accounts | | - | - |
| - Deposit facility accounts | | - | - |
| Deposits of general government and public institutions | | 2 461 356 | 2 285 290 |
| Other accounts | | 2 616 415 | 2 672 241 |
| Other liabilities | 11 | 10 707 436 | 9 824 254 |
| Special Drawings Rights Allocations | 3 | 7 355 033 | 7 046 927 |
| Equity capital and the like (including) | 12 | 5 534 143 | 5 534 045 |
| - Equity capital | | 500 000 | 500 000 |
| - Reserves | | 5 001 340 | 5 001 340 |
| - Retained earnings | | 24 164 | 21 105 |
| Net income of the fiscal year | | 811 902 | 1 173 059 |
| **Total liabilities** | | 238 270 950 | 240 171 971 |

## 3-2-3 Off-balance sheet

**Table 3-2-3: Off-balance sheet as at December 31, 2014**

| In thousands of dirhams | Notes | 2014 | 2013 |
|---|---|---|---|
| Spot foreign exchange transactions | | | |
| Spot delivery of currencies | | - | - |
| Spot purchase of dirhams | | - | - |
| Forward foreign exchange transactions | | | |
| Foreign currencies receivable | | - | - |
| Foreign currencies payable | | - | - |
| Currency exchange-deposit transactions | 13 | 1 971 243 | 4 892 800 |
| Foreign exchange transaction-arbitrage operations | 13 | | |
| Foreign currencies receivable | | 307 325 | 823 807 |
| Foreign currencies payable | | 306 441 | 821 123 |
| Off-balance currency adjustment | | - | - |
| Liabilities on derivatives | | - | - |
| Liabilities on securities | 14 | | |
| Securities received on advances granted | | 22 546 127 | 69 064 400 |
| Securities received on advances to be granted | | 11 225 200 | 3 493 000 |
| Other guarantees received on advances granted | | 19 541 768 | 6 920 000 |
| Advances to be granted | | 23 002 063 | - |
| Foreign securities receivable | | 1 096 900 | 102 114 |
| Securities deliverable | | 1 799 438 | - |
| Other liabilities | 15 | | |
| Received market guarantees | | 49 786 | 40 906 |
| Liabilities of guarantees received for staff loans | | 835 443 | 814 862 |
| Financing liabilities granted to the staff | | 63 665 | 39 182 |
| Other granted liabilities | | 1 000 | 1 000 |

## 3-2-4 Profit and loss account

**Table 3-2-4: Profit and loss account as at December 31, 2014**

| In thousands of dirhams | Notes | 2014 | 2013 |
|---|---|---|---|
| Revenues | | 3 989 547 | 4 803 899 |
| Interests earned on holdings and investments in gold and foreign currency | 16 | 1 266 372 | 1 594 441 |
| Interests earned on claims on credit institutions and similar bodies | 17 | 1 633 494 | 2 122 439 |
| Other interests earned | 18 | 8 439 | 8 247 |
| Commissions earned | 19 | 481 431 | 411 751 |
| Other financial revenues | 20 | 70 025 | 58 963 |
| Sales of produced goods and services | 21 | 200 264 | 168 366 |
| Miscellaneous revenues | 22 | 40 422 | 42 084 |
| Reversal of depreciation | | - | - |
| Reversal of provisions | 23 | 232 348 | 389 405 |
| Noncurrent revenues | 24 | 56 752 | 8 202 |
| Expenses | | 3 177 645 | 3 630 840 |
| Interests paid on liabilities in gold and foreign currency | 25 | 7 380 | 4 479 |
| Interests paid on deposits and liabilities in dirham | 26 | 170 102 | 276 111 |
| Commissions paid | 27 | 13 115 | 12 776 |
| Other financial expenses | 28 | 475 480 | 739 548 |
| Staff expenses | 29 | 720 808 | 708 634 |
| Purchase of materials and supplies | 30 | 187 389 | 235 337 |
| Other external expenses | 31 | 301 768 | 284 869 |
| Depreciation and provisions expenses | 32 | 737 440 | 608 403 |
| Noncurrent expenses | 33 | 17 077 | 25 852 |
| Corporate taxes | 34 | 547 085 | 734 831 |
| **Net income** | | **811 902** | **1 173 059** |

## 3-2-5 Main accounting rules and evaluation methods

### 3-2-5-1 Legal framework

The financial statements are developed and presented in conformity with the BAM Chart of Accounts, approved by the National Accounting Board in May 2007.

The Bank applies the accounting requirements specified in the General Accounting Standard for issues common to companies in terms of assessing the stock and its fixed and other assets, and applies particular assessments for all its specific operations.

The financial statements, as cited under Article 55 of Law No. 76-03 bearing the Statutes of Bank Al-Maghrib, include the balance sheet, off-balance sheet, profit and loss account (PLA) and additional information statement (AIS).

### 3-2-5-2 Evaluation methods

**Foreign exchange operations**

Foreign exchange operations include spot and forward purchases and sales of foreign currencies, whether for Bank Al-Maghrib's own account or as part of intermediation with banks. These transactions are entered in the corresponding off-balance sheet accounts on their commitment date. Then, they are recorded in the balance sheet accounts on the value date or on the date of liquidity delivery.

**Assets and liabilities in gold and foreign currency**

Assets and liabilities in gold and foreign currency are converted into dirhams based on the applied exchange rate of foreign currencies on the closing date of the fiscal year.

Profits and losses resulting from this operation are entered in the account of exchange reserves reassessment posted in the liabilities of the Bank's balance sheet, in accordance with the provisions of the agreement governing this account, concluded between Bank Al-Maghrib and the Government on December 29, 2006. This agreement sets the minimum threshold of 2.5 percent of BAM's net foreign assets, at which the balance of this account shall be maintained, and provides for a mechanism for allocation of provision to, or withdrawal from this account, in cases of deficit or surplus compared to the required minimum. This reassessment mechanism has no fiscal impact.

Revenues and expenses in foreign currencies are converted at the exchange rate on the date of the transaction.

## Securities

The securities acquired as part of the exchange reserve management are classified by purpose: portfolio of transaction, portfolio of securities held for sale or investment portfolio.

**Transaction portfolio:** It consists of securities purchased with the intention, right from the start, to re-sell them within a deadline not exceeding six months. They are recorded at their purchase price, including costs and, if need be, accrued coupons. Gains and losses resulting from the monthly evaluation of such securities at the market price are entered in the corresponding profit and loss accounts.

At the end of 2014, Bank Al-Maghrib holds no transaction security in its portfolio.

**Portfolio of securities held for sale** consists of securities other than those classified under transaction or investment securities. They are purchased with the intention of holding them for more than six months, with no intention from the Bank to hold them to maturity. Their recording shall respect the following rules:

- Entries into the portfolio are recorded in the balance sheet at their purchase price, excluding costs and, if need be, excluding accrued coupons;
- The differences (discounts or premiums) between securities' purchase price and redemption price are not amortized over the duration of these securities holding;
- The unrealized losses resulting from the difference between the book value and the market value of these securities are subjected to depreciation provisioning on a weekly basis. However, unrealized gains are not entered in accounts.

It is worth reminding that as of October 2008, the Bank came up with a sub-category in its securities held for sale to include discount securities. These securities are recorded at their purchase price, including interests. Discount securities are spread over the life of the securities and entered in the revenue accounts at the end of each month.

**Investment portfolio** consists of securities acquired with the intention of being held until maturity. They are entered in accordance with the following rules:

- They are recorded at their purchase price, excluding costs and, when applicable, accrued coupons as well;
- Gains on these securities are not recorded;
- Losses on these securities are recorded only when the Bank believes that the security, which suffers a loss, will be probably sold in the following fiscal year and in the case where there is a probable risk of default of the issuer;

- The differences (discounts or premiums) between securities' purchase price and redemption price are amortized on a straight-line basis over the remaining life of the securities.

As at December 31, 2014, no provision is recorded for this portfolio.

### Other foreign assets

The Bank holds a portfolio of securities denominated in US dollars. The management of this portfolio is delegated to the World Bank by virtue of delegation contracts.

These securities are recorded at their market value. In fact, they are initially recorded at their purchase price; the capital gains or losses incurred at the end of each month are entered in the appropriate profit and loss accounts, on the basis of the month-end market values, duly audited and reported by authorized agents.

### Tangible and intangible fixed assets

Tangible and intangible fixed assets are recorded at their purchase cost. They are posted on the assets side of the balance sheet at a net value representing their acquisition cost minus accumulated depreciations.

Fixed assets, including incidental expenses, are amortized according to the straight-line method, depending on the estimated duration of use of the goods, and by applying the depreciation rate in force.

The depreciation periods adopted, according to the nature of each fixed asset, are as follows:

**Table 3-2-5 : Fixed assets depreciation periods**

| | |
|---|---|
| Real properties | 20 years |
| Fixtures, fittings and facilities | 5 years |
| Dar As-Sikkah equipment | 10 years |
| Office equipment, computing materials and software, vehicles and other materials | 5 years |
| Office furniture | 10 years |

### Financial fixed assets

Shareholdings in Moroccan and foreign financial institutions are entered in the assets side of the balance sheet for their net value representing their acquisition cost minus the provisions set up at the closing date. Regarding foreign holdings, their value is converted into dirhams at the historical rate of the currency.

The provisions for depreciation of these unlisted securities are evaluated at the end of the fiscal year following the net asset value method, based on the last financial statements available.

### Inventories

Inventories are composed of:

- Consumable materials and supplies;
- Raw material for the manufacturing of banknotes and coins (paper, ink, and blanks);
- Finished goods and in-process inventory (secured documents and export-oriented notes);
- Commemorative coins.

Consumable materials and supplies are recorded in the balance sheet at their purchase price, minus the provisions for their depreciation, if need be, at the closing date.

Raw materials are recorded in the balance sheet at their purchase price plus the handling costs, and minus the provisions for their depreciation, if need be.

Finished goods and in-process inventory are recorded in the balance sheet at their production cost, minus the provisions for their depreciation, if need be.

## 3-2-5-3 Financial risk management system

#### Risk description

The financial risks to which the Bank is exposed while managing foreign exchange reserves are:

- The credit risk, defined as:

- Firstly, the payment default risk (counterparty risk) which corresponds to a risk of economic loss due to the inability of a counterparty to fulfill its obligations,

- And secondly, the credit rating reduction risk, relating to the risk of lowering credit rating by one or more rating agencies.

- The market risk, which is the risk of loss arising from adverse changes in market factors. It concerns, inter alia, risks related to movements in interest or foreign exchange rates.

#### Governance framework

The risk management governance adopted by Bank Al-Maghrib is based on its strong involvement in the process, a clear definition of rules and procedures and continuous risk monitoring by independent bodies to ensure that risks are tracked and these same rules are applied. The governance framework is composed of three main bodies:

- **The Monetary and Financial Committee (MFC)**, which ensures adequacy of the risk management system, approves risk limits and monitors the overall development of portfolios in terms of the risk cost. Moreover, investment guidelines and the strategic allocation of assets are determined by the MFC at the beginning of each year, before submission to the Board.

- **The Risk Committee,** which monitors compliance with investment guidelines and examines on a monthly basis the developments of risks and performances prior to submission to the MFC.
- **The Audit Committee**, in charge of assessing the quality of the risk management system and reviewing the consistency of the internal risk monitoring framework with procedures and regulations in force. Moreover, this Committee reviews the Bank's overall exposures in terms of risks.

Regular analysis and reports are prepared to inform the parties concerned of the necessary elements in the relevant decision-making process.

**Financial risk management**

The principles, tools and limits adopted by the Bank aim to ensure that potentially negative consequences of financial risks faced by foreign assets are controlled in the best conditions. To this end, the system in place involves several key elements, namely risk identification, risk appetite assessment, implementation of mitigation measures, monitoring and management of these risks and periodic review of the adequacy of the entire system.

Financial risks are monitored and managed rigorously in order to comply with the rules and decisions adopted by the MFC and the Bank Board.

These risks are managed based on a key principle, namely the independence of the entity in charge of operational activities from the control body.

Credit risk is managed on the basis of specific studies, particularly on the basis of a careful analysis of financial data, leading to the establishment of global and unitary credit limits, reviewed on a biannual basis. Exposures in terms of the amount and type of transaction are monitored and tracked on a daily basis. The operational framework has been strengthened since 2008, particularly by using a synthetic credit risk monitoring indicator. The adopted metric helps to better assess exposure to credit risk, whether global or unitary.

To assess market risk, the Bank adopted a set of indicators, such as the effective duration of portfolios, sensitivity to changes in rates and value at risk for aggregate estimate of overall risk-taking.

The foreign exchange risk is managed by replication of the basket used to determine the value of the dirham with a maximum deviation.

In general, the Bank's exposure to market risk remains marginal, due to a systematic hedging of the currency position and a low risk of interest rates, a consequence of a low sensitivity of portfolios of securities held for sale.

In 2014, against the backdrop of low or even negative rates, the risk management system was strengthened by the establishment of a more formal framework. As such, the adoption of new risk measurement indicators and consolidation of reporting statements helped ensure more effective monitoring of investment activities. Meanwhile, the reserve management strategy was adapted, while ensuring compliance with investment guidelines laid down by the Bank Board. In 2014, it remained focused on diversifying investments and maintaining a good quality of assets held.

## 3-2-5-4 Comments on the balance sheet items

### Note 1: Assets and investments in gold

Gold assets are composed of those deposited in Morocco and abroad. Since the end of 2006, these assets are evaluated at market prices. Gains and losses resulting from this operation are allocated to the reevaluation account of foreign exchange reserves.

**Table 3-2-6 : Assets and investments in gold**

| | 2014 | 2013 |
|---|---|---|
| Gold price per ounce in dirhams (1) | 10 844 | 9 793 |
| Quantity of gold ounces | 709 368 | 708 767 |
| **Market value (2)** | **7 692 458** | **6 940 913** |
| Gold stock (in tonnes) | 22 | 22 |

(1) Gold price USD/DH
(2) In millions of dirhams

The 11 percent increase in the exchange value of these assets and investments is mainly attributed to the appreciation of the dollar from 8.15 to 9.04 dirhams, year on year.

### Note 2: Assets and investments in foreign currency

This item represents the equivalent in dirhams of assets in convertible foreign currencies, which are held in the form of demand deposits, time deposits and foreign securities.

**Table 3-2-7 : Breakdown by type of investment**

| In thousands of dirhams | 2014 | Share | | 2013 | Share | |
|---|---|---|---|---|---|---|
| Demand deposits | 1 456 732 | 1% | | 4 477 290 | 3% | |
| Time deposits | 7 891 395 | 5% | | 13 296 467 | 9% | |
| Securities held for sale (1) | 117 587 160 | 69% | 90% | 96 119 659 | 66% | 84% |
| Investment securities | 35 920 303 | 21% | | 26 430 975 | 18% | |
| Miscellaneous (2) | 6 722 989 | 4% | | 5 619 355 | 4% | |
| **Total** | **169 578 580** | **100%** | | **145 943 746** | **100%** | |

(1) Taking into account provisions for depreciation of securities
(2) Including accrued interest and management authorizations

At the end of 2014, assets and foreign currencies investments were up 16 percent to 169,578,580 KDH, due to the consolidation of foreign assets. Their share in the balance sheet rose to 71 percent from 61 percent a year earlier. This item is dominated by bond securities whose share moved up, year on year, from 84 percent to 90 percent.

During the first half of 2014, the bank continued to implement the foreign currency assets management strategy adopted in 2013, aiming at maintaining a very good credit quality of assets and a short duration, and diversifying investments.

In the second half, this strategy was adapted to the new context of negative yields in the euro area and rising foreign exchange reserves. For this purpose, investments in the investment tranche was raised, while extending their duration.

**Table 3-2-8 : Breakdown by remaining life**

| | 2014 | 2013* |
|---|---|---|
| ⩽ 1 year | 55% | 72% |
| > 1 year | 45% | 28% |
| Total | 100% | 100% |

(*) Refined calculation of the indicator, row by row instead of an aggregation by country

## Note 3: Assets with international financial institutions

This item, reflecting positions with the IMF and AMF, almost doubled in 2014 (+96 percent) to 8,821,380 KDH, due to a significant increase in SDR holdings.

### Position with the IMF

This includes on the assets side:

- IMF subscription - Reserve tranche: composed of the fraction (14.5 percent) of Morocco's quota in the capital of the IMF, paid by Bank Al-Maghrib. It is composed of:

**- The available tranche**: 70.46 million SDR (923,113 KDH) paid by Bank Al-Maghrib in foreign currency. This tranche, which could be used by our country when needed, is included in the foreign exchange reserves of our Institute;

**Table 3-2-9 : Position with the IMF**

| In thousands of dirhams | 2014 | 2013 | Change in % |
|---|---|---|---|
| Assets | | | |
| IMF subscription - Reserve tranche | 1 107 835 | 1 073 181 | 3% |
| SDR assets | 7 417 983 | 3 178 007 | >100% |
| **Total** | **8 525 819** | **4 251 187** | **>100%** |
| Liabilities | | | |
| SDR allocations | 7 355 033 | 7 046 927 | 4% |
| Accounts No.1 and 2 | 184 833 | 188 909 | -2% |
| **Total** | **7 539 866** | **7 235 836** | **4%** |

**- The mobilized tranche**: 14.70 million SDR (184,722 KDH) equivalent to the subscription in national currency by Bank Al-Maghrib, deposited in the IMF "Account No.1" open in the books of our Institute.

- SDR holdings: This account records the equivalent of Bank Al-Maghrib's assets with the IMF. It records, in the debit side, SDR purchase transactions by the Bank and the remunerations paid by the IMF, while in the credit side, it records payments of commissions on SDR allocations on a quarterly basis and reimbursement of Morocco's borrowings. In 2014, the Bank purchased 320 million SDR to restore a neutral position vis-à-vis the IMF. It also settled the commitment fee on the IMF Precautionary and Liquidity Line (PLL), amounting to 7,058,400 SDR (equivalent to 90,423 KDH). These assets rose between 2013 and 2014, from 3,178,007 KDH to 7,417,983 KDH.

The SDR allocations item is registered in the liabilities side. It corresponds to the value in dirhams of the amounts of SDR allocations granted by the IMF to Morocco as a member country. In 2009, this account was credited with 5.7 billion dirhams, representing Morocco's share in the general allocation and special allocation (475.8 million SDR) granted by the IMF to member countries.

Quarterly commissions are paid by the Bank to the IMF on these allocations.

### AMF subscription

This account represents the fraction paid by the Bank for the paid-in subscription in the capital of the AMF.

Morocco's participation in this institution amounts to 35.82 million Arab dinars, divided between Bank Al-Maghrib and the Treasury as follows:

- 200,000 Arab dinars paid in national currency and deposited in the AMF account open in Bank Al-Maghrib books. The share paid by BAM amounts to 150,000 Arab dinars (5,648 KDH);
- 16.18 million Arab dinars subscribed in foreign currency, of which 7.52 million Arab dinars subscribed by the Bank (295,561 KDH).

It should be noted that Bank Al-Maghrib began in April 2014 to settle the first tranche (0.65 million Arab dinars) under its contribution to the AMF capital increase, whose release by member countries is scheduled over the five-year period 2014-2018;

- 19.44 million Arab dinars, of which 9.11 million attributable to Bank Al-Maghrib for the AMF capital increase by incorporation of reserves, which took place in 2005 (5.88 million Arab dinars) and in 2013 (3.23 million Arab dinars).

## Note 4: Claims on Moroccan credit institutions and similar bodies

This item comprises refinancing operations of credit institutions as part of the monetary policy conduct. They totaled, at year-end, 41,852,088 KDH, down 42 percent compared to 2013, in light of a context marked by a reduced liquidity deficit.

The latter was covered by means of:

- Main operations through 7-day advances at auction at the key rate, the main instrument for implementing the monetary policy. At the end of 2014, these advances stood at 23,002,088 KDH as against 52,001,937 KDH;

**Table 3-2-10 : Structure of claims on banks**

| In thousands of dirhams | 2014 | 2013 | Change in % |
|---|---|---|---|
| Repurchase agreements | 23 002 088 | 66 005 970 | -65% |
| 7-day advances | 23 002 088 | 52 001 937 | -56% |
| 24-hour advances | - | - | - |
| Three-month repos | - | 14 004 034 | -100% |
| Secured loans | 18 850 000 | 6 000 000 | >100% |
| **Total** | **41 852 088** | **72 005 970** | **-42%** |

- Long-term operations intended to fill the bank liquidity deficit for a period longer than that of the main operations:
  - Repos whose last operation matured in November 2014;
  - Secured loans, initiated in December 2012, as part of the measures implemented by the Bank to further improve VSME's access to financing, by expanding the collateral eligible for monetary policy operations to private bills. These loans are granted at the average interest rate over the period considered. The growth of the amounts accorded under this instrument accelerated in 2014, following the introduction in December 2013 of the new program for financing VSMEs over a minimum period of two years, in light of persistently difficult economic conditions and further deceleration in bank credit. Four secured loan operations, totaling 19,000,000 KDH, were carried out by the Bank in 2014 as part of this new mechanism;
- Standing facilities allowing credit institutions to obtain liquidity for a period of 24 hours, at a key rate plus one hundred basis points.

The Bank may also, under monetary regulation, use currency swap transactions, which are part of the long-term category, and intervene in the secondary market of Treasury securities, an instrument belonging to the category of structural operations whose objective is to manage a sustainable situation of excess or insufficient liquidity. In 2014, the Bank did not use these two instruments.

## Note 5: Other assets

This item includes, inter alia, cash accounts and equalization accounts which are mainly composed of expenses to be spread out over many fiscal years, expenses recognized in advance, and revenues due, and any other debtor amount pending equalization. This item fell, year on year, from 7,162,173 KDH to 6,653,282 KDH, down 7 percent.

## Note 6: Fixed assets

**Table 3-2-11 : Fixed assets**

| In thousands of dirhams | 2014 | 2013 | Change in % |
|---|---|---|---|
| (Including) | | | |
| Equity securities | 73 016 | 73 200 | -0,3% |
| Tangible and intangible fixed assets | 6 063 447 | 5 904 986 | 3% |
| Gross fixed assets | 6 794 271 | 6 629 420 | 2% |
| Depreciation and provisions | 3 501 234 | 3 131 000 | 12% |
| **Net fixed assets** | **3 293 037** | **3 498 419** | **-6%** |

The Bank's net fixed assets fell by 6 percent to 3,293,037 KDH, mainly due to a decline in the net value of tangible and intangible fixed assets. This trend particularly reflects an increase in the cumulative value of depreciations and provisions, following the recognition of depreciations for the fiscal year 2014, which amounted to 369,766 KDH in 2014, as against 340,939 KDH a year earlier, up 8 percent following the commissioning of several fixed assets of the Bank.

### Equity securities

The gross value of Bank Al-Maghrib's portfolio of equity securities remained almost stable from one year to another, at 73,016 KDH.

**Table 3-2-12 : Equity securities**

| In thousands of dirhams | 2014 | 2013 | Change in % |
|---|---|---|---|
| **Securities held in Moroccan institutions (including)** | 26 765 | 26 765 | - |
| Dar Ad-Damane | 1 265 | 1 265 | - |
| Maroclear | 4 000 | 4 000 | - |
| Casablanca Finance City Authority | 20 000 | 20 000 | - |
| Securities held in foreign financial institutions | 46 252 | 46 436 | -0,4% |
| Ubac Curaçao | 23 228 | 23 228 | - |
| Swift | 519 | 519 | - |
| Arab Monetary Fund | 5 648 | 5 833 | -3% |
| Arab Trade Financing Program | 16 856 | 16 856 | - |
| **Gross total of equity securities** | **73 016** | **73 200** | **-0,3%** |

## Tangible and intangible fixed assets

**Table 3-2-13 : Tangible and intangible fixed assets**

| In thousands of dirhams | 2013 Gross amount | Increase | Decrease | 2014 Gross amount |
|---|---|---|---|---|
| Real properties | 2 240 809 | 64 728 | - | 2 305 538 |
| Land | 232 679 | - | 78 | 232 601 |
| Construction and works in progress | 166 319 | 36 121 | 57 667 | 144 773 |
| Fixtures, fittings and facilities | 205 073 | 17 812 | 388 | 222 497 |
| Furniture, materials, vehicles and equipment of social character | 2 282 670 | 84 430 | 6 870 | 2 360 230 |
| Intangible fixed assets | 537 078 | 109 883 | 94 982 | 551 979 |
| Others | 240 359 | 5 866 | 395 | 245 829 |
| **Total** | **5 904 986** | **318 840** | **160 380** | **6 063 447** |

At the end of 2014, the gross outstanding amount of the Bank's investments in tangible and intangible fixed assets totaled 6,063,447 KDH, up 158,461 KDH compared to 2013, broken down mainly as follows:

- 35 percent corresponding to operating and non-operating projects, including, particularly, the construction of Laayoune agency and extension of Dar As-Sikkah print room;
- 18 percent relating to the production of banknotes, including, mainly, accessories for equipping the new banknote manufacturing line and the purchase of grinding machine of intaglio plate;
- 14 percent corresponding to recurring equipment mainly for redesigning the network infrastructure of some sites of Bank Al-Maghrib and purchase of counting and counterfeit detection machines;
- 9 percent mainly for reinforcing the information system arrangements.

## Note 7: Banknotes and coins in circulation

The amount of this item covers the difference between banknotes and coins issued by the Bank and those deposited with the Bank.

It showed in 2014 an annual growth of 5 percent to 191,457,660 KDH, in conjunction with higher demand for banknotes. Month on month, it trended overall in accordance with its seasonal pattern. Indeed, it recorded peaks in the third and fourth quarters of 2014 following summertime, the month of Ramadan and the celebration of religious festivities.

## Note 8: Liabilities in gold and foreign currency

This entry mainly comprises currency deposits of foreign banks. It stood at 5,260,598 KDH, down 2,074,735 KDH (-28 percent), due to lower Bank's liabilities in foreign currencies.

## Note 9: Liabilities in convertible dirhams

This item includes the Bank's liabilities in convertible dirhams towards foreign banks, international financial institutions (IMF, AMF, IBRD) and nonresidents.

The IMF "Account No.1" constitutes the major component of this entry. The assets of this account as well as those of "Account No.2" of the IMF, which are readjusted annually to take into consideration the parity of the dirham against SDR, amounted in 2014 to 184,833 KDH.

**Table 3-2-14 : Liabilities in convertible dirhams**

| In thousands of dirhams | 2014 | 2013 | Change in % |
|---|---|---|---|
| Liabilities to international financial institutions | 190 971 | 193 880 | -2% |
| Liabilities to foreign banks | 5 242 | 4 961 | 6% |
| Ordinary accounts of international financial institutions | 185 730 | 188 919 | -2% |
| Other liabilities | 5 222 | 6 330 | -17% |
| **Total** | **196 194** | **200 210** | **-2%** |

## Note 10: Deposits and liabilities in dirhams

This item mainly includes:

- The current account of the Treasury, whose balance stood at the end of 2014 at 2,117,412 KDH. It is remunerated according to the requirements below, in accordance with the agreement signed between the Ministry of Economy and Finance and Bank Al-Maghrib on July 28, 2009:

**Table 3-2-15 : Deposits and liabilities in dirhams**

| In thousands of dirhams | 2014 | 2013 | Change in % |
|---|---|---|---|
| Current account of the Treasury | 2 117 412 | 2 212 364 | -4% |
| Current account of Moroccan banks | 9 752 800 | 19 808 405 | -51% |
| Liquidity withdrawals | - | - | - |
| Deposit facilities | - | - | - |
| Deposits of general government and public institutions | 2 461 356 | 2 285 290 | 8% |
| Other accounts | 2 616 415 | 2 672 241 | -2% |
| **Total** | **16 947 983** | **26 978 301** | **-37%** |

-The tranche lower or equal to 2 billion dirhams is remunerated at the rate of 7-day advances minus fifty basis points;

-The tranche above 2 billion dirhams and up to 3 billion dirhams is remunerated at the rate of 7-day advances minus one-hundred basis points;

-The tranche higher than 3 billion dirhams is not remunerated.

- Current accounts of Moroccan banks, held mainly to honor their commitments regarding the required reserve, with a minimum of 2 percent of their liabilities were must be respected on average over the period of observation. These accounts were halved to 9,752,800 KDH, following a 200 basis points decline in the required reserve ratio in March 2014. The remuneration of this reserve was canceled by decision of the Bank Board on December 17, 2013.

The 51 percent decrease in current accounts of Moroccan banks largely covers a decline in deposits and liabilities in dirhams.

- Deposits of general government and public institutions, including the account of Hassan II Fund for Economic and Social Development, remunerated at the rate of 7-day advances, minus 50 basis points.

This item can also accommodate, in a context of excess liquidity:

- 7-day liquidity withdrawals as unsecured deposits by tenders, remunerated at the key rate minus fifty basis points;
- 24-hour deposit facilities allowing banks to place, on their own initiative, a cash surplus. The remuneration applied to these deposits is the key rate minus one hundred basis points.

## Note 11: Other liabilities

This entry includes, mainly:

- Miscellaneous creditors, primarily consisting of tax and fiscal withholdings, other sums payable to the State, and third parties, and contributions to provident funds and institutions for social security pending settlement. They show a balance of 845,256 KDH at the end of 2014, as against 918,730 KDH a year earlier.

**Table 3-2-16 : Other liabilities**

| In thousands of dirhams | 2014 | 2013 | Change in % |
|---|---|---|---|
| Other securities transactions | 1 086 | 1 086 | - |
| Miscellaneous creditors | 845 256 | 918 730 | -8% |
| Equalization accounts | 202 326 | 158 240 | 28% |
| Amounts claimable after receipt of payment | 7 157 | 22 992 | -69% |
| Provisions for risks and expenses | 85 516 | 37 815 | >100% |
| Foreign exchange reevaluation account | 9 566 096 | 8 685 391 | 10% |
| **Total** | **10 707 436** | **9 824 254** | **9%** |

- The equalization accounts, mainly composed of transactions between branches, expenses to be paid and revenues recognized in advance and any other debtor amount pending settlement;
- Amounts claimable after receipt of payment, including accounts making up the counterpart of securities presented for payment;
- Provisions for risks and expenses allowing to note the existing losses and expenses related to operations executed during the fiscal year and that are most likely realized. They were brought in 2014 to 85,516 KDH through an allocation of 50,000 KDH to cover liabilities of social funds.
- Foreign exchange reevaluation account includes the exchange variations resulting from the assessment of holdings and liabilities in gold and in foreign currency, based on the year-end average exchange rates, in accordance with the provisions of the agreement signed between Bank Al-Maghrib and the State to regulate this account.

This agreement also stipulates that in case of an insufficiency vis-à-vis to the required minimum, a reserve for foreign exchange losses deducted from the net profit is constituted. The credit balance of this account can neither be posted in the revenues of the fiscal year, nor distributed or allocated to any other usage.

The increase of 880,704 KDH in the revaluation account between 2013 and 2014 is due to the combined effect of the appreciation of the dollar and the depreciation of the euro in 2014.

### Note 12: Equity capital and the like

Equity capital and the like amounted to 5,534,143 KDH at the end of 2014, as against 5,534,045 KDH in 2013.

**Table 3-2-17 : Equity capital**

| In thousands of dirhams | 2014 | 2013 |
|---|---|---|
| Capital | 500 000 | 500 000 |
| Reserves | 5 001 340 | 5 001 340 |
| General reserve funds | 500 000 | 500 000 |
| Special reserve funds | 4 501 340 | 4 501 340 |
| Other equity capital | 8 639 | 11 600 |
| Retained earnings | 24 164 | 21 105 |
| **Total** | **5 534 143** | **5 534 045** |

## 3-2-5-5 Comments on off-balance sheet items

The Bank keeps record of off-balance sheet liabilities, detailing both given and received commitments. Off-balance sheet accounts are registered to debit when the liabilities materialize on maturity or in case of realization by a debit on the balance sheet, and to credit side in the opposite case.

The off-balance sheet liabilities include liabilities in foreign currency, liabilities on securities and other liabilities.

## Note 13: Foreign exchange transactions

**Table 3-2-18 : Foreign exchange transactions**

| In thousands of dirhams | 2014 | 2013 |
|---|---|---|
| Foreign exchange transactions- currency deposits | 1 971 243 | 4 892 800 |
| Foreign exchange transactions-arbitrage operations | | |
| Foreign currencies receivable | 307 325 | 823 807 |
| Foreign currencies payable | 306 441 | 821 123 |

## Note 14: Liabilities on securities

This heading records mainly securities pledged to Bank Al-Maghrib to secure various advances to banks (debt securities issued or guaranteed by the State, negotiable debt securities, private claims, etc.).

**Table 3-2-19 : Liabilities on securities**

| In thousands of dirhams | 2014 | 2013 |
|---|---|---|
| Securities received on advances granted | 22 546 127 | 69 064 400 |
| Securities received on advances to be granted | 11 225 200 | 3 493 000 |
| Other guarantees received on advances granted | 19 541 768 | 6 920 000 |
| Advances to be granted | 23 002 063 | - |
| Foreign securities receivable | 1 096 900 | 102 114 |
| Foreign securities deliverable | 1 799 438 | - |

## Note 15 : Other liabilities

**Table 3-2-20 : Other liabilities**

| In thousands of dirhams | 2014 | 2013 |
|---|---|---|
| Received market guarantees | 49 786 | 40 906 |
| Guarantees liabilities received for staff loans | 835 443 | 814 862 |
| Financing liabilities granted to the staff | 63 665 | 39 182 |
| Other granted liabilities | 1 000 | 1 000 |

# 3-2-5-6 Comments on profit and loss account items

## Note 16: Interests earned on investments in gold and in foreign currency

This item is strongly correlated with levels of foreign exchange reserves and interest rates. It includes interests from foreign exchange reserves management transactions, which are, mainly:

- Bond market investments in foreign Treasury bills and similar securities (investment portfolio and portfolio of securities held for sale);
- International money market investments (Treasury portfolio);
- SDR holdings with the IMF;
- Loans of foreign Treasury bills.

Interests generated by these transactions fell by 21 percent compared to 2013 to 1,266,372 KDH, reflecting adverse market conditions in 2014. Bond yields thus shrank by 22 percent to 1,224,427 KDH. This change covers:

- A 45 percent decrease in interest of the "investment" portfolio, following a drop in its average outstanding amount and reinvestment at very low rates of matured securities that offered higher rates;
- And a 19 percent increase in interest generated by the portfolio of securities held for sale, mainly reflecting an increase in its average outstanding amount.

Interest on gold and money market investments increased to 12,931 KDH and 16,138 KDH, respectively, due to the strengthening of the gold lending transactions in view of the attractiveness of the deposit rates, and the gradual increase in the outstanding amount of money market investments.

**Table 3-2-21 : Interests earned on holdings in gold and in foreign currency**

| In thousands of dirhams | 2014 | 2013 | Change in % |
|---|---|---|---|
| Interest received | | | |
| Investments in gold | 12 931 | 2 478 | >100% |
| Foreign Treasury bills and similar securities | 1 224 427 | 1 569 421 | -22% |
| Holdings and investments in foreign banks | 16 506 (*) | 11 896 | 39% |
| Claims on the IMF | 6 434 | 2 343 | >100% |
| Other interests | 6 074 | 8 304 | -27% |
| **Total** | **1 266 372** | **1 594 441** | **-21%** |

(*) Includes interests on money market investments amounting to 16,138KDH and that earned on current accounts with foreign banks amounting to 368 KDH.

## Note 17: interests received on claims on Moroccan credit institutions and similar bodies

These are interests received by the Bank on various advances to credit institutions as part of the monetary policy conduct (for remuneration conditions, see Note 4 of the balance sheet).

These interests dropped by 23 percent to 1,633,494 KDH, in conjunction with a decline in the bank liquidity need, which resulted in lower volume of BAM interventions. It should be noted that the overall decrease of 50 basis points in the key rate in the last quarter of 2014, did not have a strong impact on these revenues this year.

To regulate the monetary market, the Bank intervened mainly through 7-day advances whose average outstanding amount fell, year on year, from 51,157,591 KDH to 36,266,079 KDH, thus generating interest of 1,066,828 KDH as against 1,534,728 KDH in 2013. It also carried out four secured loan operations, under the program for supporting VSMEs financing whose interest totaled 371,040 KDH, showing a significant increase compared to 2013. Meanwhile, it used incidentally repo transactions whose interest decreased to 189,039 KDH (-57 percent), following the non-renewal of matured operations.

**Table 3-2-22 : Interests received on claims on Moroccan credit institutions and similar bodies**

| In thousands of dirhams | 2014 | 2013 | Change in % |
|---|---|---|---|
| **Interest received** | | | |
| 7-day advances | 1 066 828 | 1 534 728 | -30% |
| Repurchase agreement | 189 039 | 440 116 | -57% |
| 24-hour advances | 6 588 | 4 023 | 64% |
| Secured loans | 371 040 | 143 342 | >100% |
| Other interest | - | 231 | -100% |
| **Total** | **1 633 494** | **2 122 439** | **-23%** |

## Note 18: Other interests earned

This item covers interests due to the Bank under loans granted to its staff. This interest remains almost stable, from one year to the next, at 8,439 KDH.

## Note 19: Commissions earned

Commissions are deducted by the Bank in payment of banking transactions for customers, which cover, mainly, foreign exchange operations and the centralization of the Treasury's auction operations.

They amounted to 481,431 KDH, up 17 percent compared to 2013, due to higher commissions on foreign exchange operations (+27 %). The amount of those deducted by the Bank on the centralization of the Treasury's auction operations fell by 26 percent this year, as the Treasury did not resort much to the primary market to finance its deficit.

**Table 3-2-23 : Commissions earned**

| In thousands of dirhams | 2014 | 2013 | Change in % |
|---|---|---|---|
| Foreign exchange commission | 418 501 | 329 836 | 27% |
| Management of Treasury bills | 53 954 | 73 204 | -26% |
| Other commissions | 8 975 | 8 711 | 3% |
| **Total** | **481 431** | **411 751** | **17%** |

## Note 20: Other financial revenues

Other financial revenues, which mainly cover gains generated from foreign currency transactions, rose at the end of 2014 to 70,025 KDH, up 19 percent, in conjunction with an increase in gains from

**Table 3-2-24 : Other financial revenues**

| In thousands of dirhams | 2014 | 2013 | Change in % |
|---|---|---|---|
| Gains from investment securities sales | 23 801 | 11 084 | >100% |
| Deferral of discounts on foreign securities | 11 854 | 17 873 | -34% |
| Gains in management authorizations | 27 465 | 18 318 | 50% |
| Other revenues | 6 906 | 11 689 | -41% |
| **Total** | **70 025** | **58 963** | **19%** |

foreign investment securities sales (+12,717 KDH) and those from management authorizations (+9,146 KDH), combined with a decline in deferral of discounts on foreign securities (-6,019 KDH).

### Note 21: Sales of produced goods and services

This item includes revenues from sales of various produced goods and services provided by the Bank, which cover mainly secured documents produced by Dar As-Sikkah, including the biometric passport. The selling price of these documents is fixed on the basis of data from the analytical system established by the Bank. This item also consists of changes in inventories of finished products, in-process production and commemorative coins.

The increase in this item to 200,264 KDH (+19 percent) was particularly attributed to the sale proceeds from foreign banknotes produced by Dar As-Sikkah, amounting to 39,642 KDH, as part of the agreement concluded with Crane Currency. Sales of secured documents generated 141,258 KDH, a level almost similar to 2013, with nearly 90 percent corresponding to biometric passports, while inventories of finished goods and in-process production rose overall by 9,416 KDH.

### Note 22: Miscellaneous revenues

Miscellaneous revenues include, inter alia, the recovery of costs paid by Bank Al-Maghrib and the contribution of banks to the Moroccan Gross Settlement Systems. This item showed a slight decrease of 4 percent, down from 42,084 KDH to 40,422 KDH.

### Note 23: Reversals of provisions

Reversals of provisions in 2014 cover mainly those constituted under the depreciation of foreign investment securities (see Table 3-2-30 of Note 32 of the PLA).

### Note 24: Noncurrent revenues

This item includes exceptional noncurrent revenues, with a significant impact both in absolute and relative figures.

It posts a balance of 56,752 KDH at end 2014 from 8,202 KDH a year earlier, up 48,550 KDH, mainly reflecting the recognition, in noncurrent revenues, of the balance of a commitment account in foreign currency prescribed in 2014, amounting to 53,341 KDH.

### Note 25: Interests paid on liabilities in gold and in foreign currency

At the end of 2014, interests paid on liabilities in gold and foreign currency amounted to 7,380 KDH, including 7,357 KDH as commissions paid quarterly by the Bank on SDR allocations accorded by the IMF to Morocco as a member country (see Note 3 of the balance sheet).

## Note 26: Interests paid on deposits and liabilities in dirhams

It covers particularly interests paid by the Bank, mainly on deposits at the account of Hassan II Fund for Economic and Social Development and the Treasury current account (for payment conditions, see Note 10 of the balance sheet). The 38 percent decrease results mainly from the elimination of the remuneration of the required reserve as of December 19, 2013.

This item can also include, in a context of excess liquidity, interests paid by the Bank under liquidity withdrawals, deposits facilities and swap of dirhams against currencies.

## Note 27: Commissions paid

These are commissions paid in exchange for financial services provided to the Bank. They stood at 13,115 KDH and include, inter alia, custody fees for foreign securities (5,924 KDH), management authorizations (2,916 KDH) and custody fees for Moroccan securities (4,006 KDH).

## Note 28: Other financial expenses

This item covers losses on foreign currency transactions including, mainly, losses on investment securities sales, which dropped by 43 percent in 2014, taking into account the nature of securities comprising the portfolio and deferral of premiums on Treasury bills and similar securities, which trended similarly, at -2 percent (securities purchased above par).

**Table 3-2-25 : Interest on liabilities in dirhams**

| In thousands of dirhams | 2014 | 2013 | Change in % |
|---|---|---|---|
| **Interest paid** | | | |
| Required reserve account | - | 116 084 | -100% |
| Other accounts (including) | 145 607 | 138 747 | 5% |
| Treasury account | 67 119 | 62 390 | 8% |
| **Total** | **170 102** | **276 111** | **-38%** |

## Note 29: Staff expenses

This item includes mainly the salaries and wages, allowances and bonuses paid to the Bank staff, employer basic and supplementary contributions to Bank Al-Maghrib Staff Pension Fund and contributions to the Mutual Fund, and various insurance premiums.

The balance of this item stood in late 2014 at 720,808 KDH, a contained increase of 2 percent compared to 2013.

**Table 3-2-26 : Other financial expenses**

| In thousands of dirhams | 2014 | 2013 | Change in % |
|---|---|---|---|
| Losses in investment securities sales | 339 465 | 600 251 | -43% |
| Deferral of premiums on foreign securities | 120 197 | 122 968 | -2% |
| Capital losses in management mandates | 11 145 | 9 824 | 13% |
| Other expenses | 4 674 | 6 505 | -28% |
| **Total** | **475 480** | **739 548** | **-36%** |

## Note 30: Purchases of materials and supplies

Raw materials (paper, ink, coin blanks, electronic chips and precious metals) are used in the manufacturing of coins and banknotes, secured documents and commemorative coins. This item also includes changes in inventories of raw materials and supplies as well as rebates, discounts and payment deductions obtained on purchases, and granted to the Bank by its suppliers.

The 20 percent decrease in this item to 187,389 KDH particularly results from a decline of 15,847 KDH in the fees of purchasing materials and supplies, combined with rising stocks whose change stood at the end of 2014 at -56,161 KDH as against -24,082 KDH a year earlier.

**Table 3-2-27 : Staff expenses**

| In thousands of dirhams | 2014 | 2013 | Change in % |
|---|---|---|---|
| Staff salaries and social security contributions | 699 217 | 687 617 | 2% |
| Training expenses | 6 934 | 5 297 | 31% |
| Other expenses | 14 657 | 15 720 | -7% |
| **Total** | **720 808** | **708 634** | **2%** |

## Note 31: Other external expenses

They include Bank overheads and current expenditure covering, inter alia, computer maintenance, building upkeep, rental, water and electricity consumption as well as various taxes.

These expenses increased by 6 percent to 301,768 KDH, after virtual stagnation in 2013, mainly due to higher costs for information system maintenance arising from strategic investments and the continued outsourcing certain Bank activities.

**Table 3-2-28 : Purchases of materials and supplies**

| In thousands of dirhams | 2014 | 2013 | Change in % |
|---|---|---|---|
| Purchase of raw materials | 146 306 | 179 094 | -18% |
| Purchase of consumable materials and supplies | 22 397 | 31 993 | -30% |
| Other purchases | 18 685 | 24 249 | -23% |
| **Total** | **187 389** | **235 337** | **-20%** |

# Note 32 : Depreciations and provisions

## Depreciations

**Table 3-2-29 : Depreciations**

| In thousands of dirhams | 2014 | 2013 |
|---|---|---|
| Depreciations of tangible and intangible fixed assets | 369 766 | 340 939 |
| Real properties * | 116 859 | 118 297 |
| Furniture and equipment | 174 581 | 155 285 |
| Other tangible fixed assets | 43 | 43 |
| Intangible fixed assets | 78 283 | 67 313 |
| Amortization expenses of other costs to be spread out over many fiscal years | 5 905 | 5 462 |
| Amortization expenses of previous fiscal years | 8 550 | 4 526 |
| **Total** | **384 220** | **350 926** |

(*) Including fixtures, fittings and facilities

## Provisions

**Table 3-2-30 : Provisions**

| In thousands of dirhams | Outstanding amount 31/12/2013 | Expenses | Reversals | Other changes | Outstanding amount 31/12/2014 |
|---|---|---|---|---|---|
| Provisions for depreciation | | | | | |
| Foreign Treasury bills and similar securities | 410 276 | 237 775 | 371 858 | -48 | 276 240 |
| Miscellaneous stocks and values | 3 655 | 4 121 | 3 655 | | 4 121 |
| Moroccan equity securities | 3 000 | 3 900 | | | 6 900 |
| Foreign equity securities | | | | | |
| Other provisions | | | | | |
| Provisions for risks and expenses posted under liabilities | | | | | |
| Provisions for risks and expenses | 39 617 | 11 680 | 13 892 | | 37 404 |
| Other provisions | 42 042 | | | 41 631 | 411 |
| **Total** | | **257 476** | **389 405** | | |

For the terms of the constitution and reversal of provisions, see Section on "Assessment Methods" and Note 11 of the balance sheet.

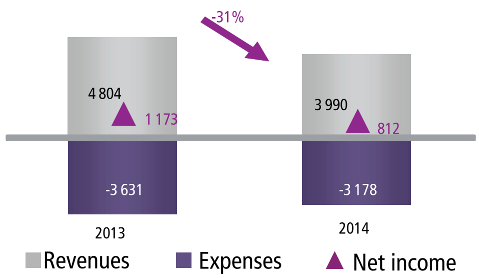
# Note 33: Noncurrent expenses

Noncurrent expenses mainly include the amount of the solidarity social contribution on profits, calculated based on 2 percent of the Bank's net income (16,569 KDH).

## Note 34: Corporate tax

The tax rate is fixed at 37 percent under Article 19 of the General Tax Code, which is the taxation level applied to credit institutions under common law.

**Chart 3-2-1 : Change in revenues, expenses and net income (in millions of dirhams)**



# 3-3 Statutory Audit Report

*(This is a free translation into English of our audit report signed and issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction and construed solely in accordance with, Moroccan law and Moroccan professional auditing standards).*

**STATUTORY AUDIT REPORT**
**FISCAL YEAR ENDED DECEMBER 31st, 2014**

In accordance with our engagement as statutory auditors by the Bank's Board, we have audited the accompanying financial statements including the balance sheet, the profit and loss account and the attached disclosures here attached of BANK AL MAGHRIB for the year ended December 31st, 2014, which show a net equity of 5 534 143 thousands of Moroccan Dirhams and a net profit of 811 902 thousands of Moroccan Dirhams.

**Management's Responsability**

Management is responsible for the preparation and fair presentation of these financials statements, in accordance with generally accepted accounting principles and standards in Morocco. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of the financial statements that are free from material misstatement and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with generally accepted auditing standards in Morocco. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall financial statements presentation.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

**Opinion on the financial statements**

We certify that the financial statements mentioned in the first paragraph show, in all material aspects, a fair view of the results of the operations for the year ended as well as of the financial situation and the assets of BANK AL MAGHRIB on December 31st, 2014, in accordance with generally accepted accounting principles in Morocco.

Without disputing the above opinion, we would note that assets and liabilities in gold and currencies have been assessed according to the principles provided in the statement A1 of the attached disclosures.

**Specific Procedures and Disclosures**

We have notably ensured the correspondence of the information provided in the management report with the Bank's financial statements.

March 24th, 2015

**Deloitte Audit**


**Fawzi BRITEL**
**Partner**

# 3-4 Approval by the Bank Board

In compliance with article 55 of Law No 76-03 bearing Statutes of Bank Al-Maghrib, the financial statements are hereby submitted by the Governor for approval by the Board.

At its meeting on March 24, 2015, after having taken cognizance of the statutory auditor's opinion on the sincerity of the financial statements and their conformity with the information given in the Bank's management report, the Board approved the 2014 financial statements and net income distribution.

# STATISTICAL APPENDICES

**Table A1 MAIN INDICATORS OF THE ECONOMY**

(Amounts in billions of dirhams)

| | 2012 | 2013 | 2014* | Percentage changes 2013/2012 | Percentage changes 2014/2013 |
|---|---|---|---|---|---|
| **Economy International** | | | | | |
| Economic growth (in %) | | | | | |
| World | 3.4 | 3.4 | 3.4 | - | - |
| Euro area | -0.8 | -0.5 | 0.9 | - | - |
| United States | 2.3 | 2.2 | 2.4 | - | - |
| United Kingdom | 0.7 | 1.7 | 2.6 | - | - |
| Brasil | 1.8 | 2.7 | 0.1 | - | - |
| China | 7.8 | 7.8 | 7.4 | - | - |
| Inflation (in %) | | | | | |
| World | 4.2 | 3.9 | 3.5 | - | - |
| Euro area | 2.5 | 1.3 | 0.4 | - | - |
| United States | 2.1 | 1.5 | 1.6 | - | - |
| United Kingdom | 2.8 | 2.6 | 1.5 | - | - |
| Brasil | 5.4 | 6.2 | 6.3 | - | - |
| China | 2.6 | 2.6 | 2.0 | - | - |
| Unemployment | | | | | |
| Euro area | 11.3 | 12.0 | 11.6 | - | - |
| United States | 8.1 | 7.4 | 6.2 | - | - |
| United Kingdom | 8.0 | 7.6 | 6.2 | - | - |
| Brasil | 5.5 | 5.4 | 4.8 | - | - |
| China | 4.1 | 4.1 | 4.1 | - | - |
| **Economy National** | | | | | |
| **National accounts** | | | | | |
| Gross domestic product at constant prices | 91.1 | 115.1 | 110.3 | 26.3 | -4.1 |
| Gross domestic product at current prices | 847.9 | 901.4 | 924.8 | 6.3 | 2.6 |
| Agricultural Added value | 97.6 | 113.1 | 99.1 | 15.9 | -12.4 |
| Non-agricultural Added value | 684.2 | 708.7 | 731.6 | 3.6 | 3.2 |
| Gross national disposable income | 105.8 | 106.7 | 106.5 | 0.9 | -0.2 |
| Final national consumption | 59.9 | 59.4 | 59.8 | -0.8 | 0.5 |
| Gross fixed capital formation | 276.4 | 273.4 | 272.1 | -1.1 | -0.5 |
| National gross saving | 25.5 | 27.0 | 26.4 | 6.0 | -2.5 |
| Investment ratio (GFCF/GDP) in % | 32.6 | 30.3 | 29.4 | -7.0 | -3.0 |
| Saving ratio (as % of GNDI) | 24.1 | 25.3 | 24.7 | 5.0 | -2.3 |

(*) PreliminaryTableAU

**Table A1 MAIN INDICATORS OF THE ECONOMY**

(Amounts in billions of dirhams)

| | 2012 | 2013 | 2014* | Percentage changes 2013/2012 | Percentage changes 2014/2013 |
|---|---|---|---|---|---|
| **Economy National** | | | | | |
| **Unemployment rate in %** | **9.0** | **9.2** | **9.9** | **0.2** | **0.7** |
| **Prices** | | | | | |
| Consumer price index | 110.8 | 112.9 | 113.4 | 1.9 | 0.4 |
| Food prices indicator | 118.5 | 121.3 | 120.0 | 2.4 | -1.1 |
| Core inflation indicator | 109.8 | 111.4 | 112.7 | 1.5 | 1.2 |
| **External accounts** | | | | | |
| Total exports FOB | 184.9 | 185.4 | 200.0 | 0.3 | 7.9 |
| Total imports CAF | 386.9 | 383.7 | 386.2 | -0.8 | 0.6 |
| Trade balance in % of GDP | -23.8 | -22.0 | -20.1 | - | - |
| Balance of Travel in % of GDP | 6.8 | 6.4 | 6.4 | - | - |
| Balance of current transfers in % of GDP | 6.6 | 6.4 | 6.5 | - | - |
| Current account balancet in % of GDP | -9.5 | -7.9 | -5.6 | - | - |
| Balance of the capital account in % of GDP | 9.3 | 7.5 | 5.0 | | |
| **Public finance(3)** | | | | | |
| Budget balance as % of GDP | -7.2 | -5.1 | -4.9 | - | - |
| Outstanding domestic treasury debt in % of GDP | 44.4 | 47.9 | 47.9 | - | - |
| Outstanding amount of the domestic debt as % of GDP | 25.1 | 26.0 | 30.0 | - | - |
| **Money and monetary conditions** | | | | | |
| Aggregate M1 | 612.2 | 628.9 | 660.6 | 2.7 | 5.0 |
| Money supply (M3) | 992.2 | 1 023.2 | 1 086.2 | 3.1 | 6.2 |
| Net foreign assets | 144.7 | 150.3 | 180.8 | 3.8 | 20.3 |
| Lending rates (2) | 6.30 | 6.23 | 6.00 | - | - |
| Deposits rates (2) | 3.70 | 3.79 | 3.79 | - | - |
| Key rates (2) | 3.00 | 3.00 | 2.92 | - | - |
| interbank rates (2) | 3.19 | 3.06 | 2.95 | - | - |

(*) Preliminary
(1) Excluding privatization receipts.
(2) Weighted average rates

**TABLE A2.1 GROSS DOMESTIC PRODUCT CHANGES (BASE 2007)**

(At last year prices) (In percentage)

| | 2010 | 2011 | 2012 | 2013 | 2014* |
|---|---|---|---|---|---|
| **Gross domestic product** | **3.8** | **5.2** | **3.0** | **4.7** | **2.4** |
| **Primary sector** | | | | | |
| Agriculture | 2.3 | 5.7 | -9.1 | 17.9 | -2.5 |
| Fishing | -15.9 | 24.8 | 9.7 | 26.8 | -3.9 |
| **Secondary sector** | | | | | |
| Mining | 42.1 | 5.0 | -2.1 | -1.5 | 4.2 |
| Industry (excluding oil refining) | 8.4 | 6.8 | 1.8 | -0.6 | 1.0 |
| Elecricity and water | 18.2 | 8.3 | -6.7 | 14.5 | 4.5 |
| Building and public works | 2.4 | 4.9 | 2.2 | 1.6 | 1.4 |
| **Tertiary sector (1)** | | | | | |
| Trade | -3.3 | 7.4 | 4.1 | -1.1 | 0.9 |
| Hotels and restaurants | 7.7 | -1.1 | 2.6 | 4.7 | 2.4 |
| Transportation | 4.9 | 7.0 | 2.4 | 1.2 | 5.6 |
| Postal and telecommunications services | 5.2 | 9.5 | 29.5 | 2.9 | 6.3 |
| Financial and insurance activities | 13.0 | 8.6 | 4.2 | 0.2 | 1.4 |
| Real estate, renting and services to enterprises | 1.7 | 5.6 | 4.5 | 1.6 | 1.8 |
| Education, health and social work | 4.4 | 1.6 | 7.1 | 5.0 | 1.3 |
| General government and social security | 0.8 | 9.9 | 5.1 | 3.7 | 2.5 |
| **Added value to the base prices** | **4.7** | **6.3** | **2.7** | **3.9** | **1.4** |
| Tax on products net of subsidies | 4.6 | 6.7 | 2.7 | 5.4 | 6.0 |

(1) Including non-market services provided by the general government.
(*) Revised
Source : High Commission for Planning

## TABLE A2.2 GROSS DOMESTIC PRODUCT BY BRANCH OF ACTIVITY

(At current prices) (In millions of dirhams)

| | 2010 | 2011 | 2012 | 2013 | 2014* |
|---|---|---|---|---|---|
| **Gross domestic product** | **784 624** | **820 077** | **847 881** | **901 366** | **924 769** |
| **Primary sector** | **101 558** | **107 594** | **104 540** | **121 206** | **107 605** |
| Agriculture | 96 374 | 100 251 | 97 582 | 113 128 | 99 121 |
| Fishing | 5 184 | 7 343 | 6 958 | 8 078 | 8 484 |
| **Secondary sector** | **201 314** | **218 240** | **223 903** | **235 854** | **243 627** |
| Mining | 22 632 | 31 650 | 33 420 | 29 983 | 22 904 |
| Industry (excluding oil refining) | 122 330 | 127 057 | 129 146 | 139 982 | 151 149 |
| Elecricity and water | 14 931 | 13 930 | 12 657 | 15 359 | 17 003 |
| Building and public works | 41 421 | 45 603 | 48 680 | 50 530 | 52 571 |
| **Tertiary sector (1)** | **400 440** | **429 475** | **453 370** | **464 796** | **479 502** |
| Trade | 66 055 | 72 022 | 77 133 | 76 807 | 77 718 |
| Hotels and restaurants | 17 268 | 17 438 | 18 326 | 19 729 | 21 042 |
| Transportation | 28 053 | 27 901 | 29 453 | 30 689 | 33 717 |
| Postal and telecommunications services | 27 853 | 28 109 | 26 373 | 23 055 | 22 509 |
| Financial and insurance activities | 39 222 | 41 088 | 43 420 | 42 989 | 43 748 |
| Real estate, renting and services to enterprises | 82 383 | 88 100 | 92 820 | 95 468 | 97 965 |
| Education, health and social work | 64 627 | 68 797 | 74 345 | 79 318 | 81 173 |
| General government and social security | 63 731 | 74 383 | 79 431 | 84 200 | 88 525 |
| Other nonfinancial services | 11 248 | 11 637 | 12 069 | 12 541 | 13 105 |
| **Added value to the base prices** | **703 312** | **755 309** | **781 813** | **821 856** | **830 734** |

(1) Including non-market services provided by the general government

(*) Preliminary

Source : High Commission for Planning (National accounting department)

### TABLE A2.3 GOODS AND SERVICES ACCOUNT

(At current prices) (In millions of dirhams)

| | 2010 | 2011 | 2012 | 2013 | 2014* | Percentage changes 2013/2012 | Percentage changes 2014/2013 |
|---|---|---|---|---|---|---|---|
| **RESOURCES** | **1 122 127** | **1 219 674** | **1 273 478** | **1 325 571** | **1 355 905** | **4.1** | **2.3** |
| Gross domestic product | 784 624 | 820 077 | 847 881 | 901 366 | 924 769 | 6.3 | 2.6 |
| Imports of goods and services | 337 503 | 399 597 | 425 597 | 424 205 | 431 136 | -0.3 | 1.6 |
| **Expenditure** | **1 122 127** | **1 219 674** | **1 273 478** | **1 325 571** | **1 355 905** | **4.1** | **2.3** |
| Final national consumption households | 457 983 | 484 614 | 508 124 | 535 861 | 552 595 | 5.5 | 3.1 |
| Final national consumption General government | 140 823 | 153 360 | 168 190 | 178 309 | 183 853 | 6.0 | 3.1 |
| FC NPIs | 3 057 | 3 734 | 4 083 | 4 242 | 4 923 | 3.9 | 16.1 |
| Gross fixed capital formation | 240 536 | 258 285 | 276 390 | 273 392 | 272 094 | -1.1 | -0.5 |
| Changes in stocks | 26 820 | 35 114 | 20 530 | 39 449 | 25 585 | 92.2 | -35.1 |
| Exports of goods and services | 252 908 | 284 567 | 296 161 | 294 318 | 316 855 | -0.6 | 7.7 |

(*) Revised
Source : High Commission for Planning

### TABLE A2.4 GROSS NATIONAL DISPOSABLE INCOME AND ITS APPROPRIATION

(At current prices) (In millions of dirhams)

| | 2010 | 2011 | 2012 | 2013 | 2014* | Percentage changes 2013/2012 | Percentage changes 2014/2013 |
|---|---|---|---|---|---|---|---|
| Gross domestic product | 784 624 | 820 077 | 847 881 | 901 366 | 924769 | 6.3 | 2.6 |
| Net income of property from outside | -10 808 | -13 833 | -17 119 | -12 243 | -20 892 | -28.5 | 70.6 |
| Gross national income | 773 816 | 806 244 | 830 762 | 889 123 | 903 877 | 7.0 | 1.7 |
| Net current transfers from outside | 61 081 | 64 260 | 65907 | 72 948 | 81 297 | 10.7 | 11.4 |
| **Gross national disposable income** | 834 897 | 870 504 | 896 669 | 962 071 | 985 174 | 7.3 | 2.4 |
| Final national consumption | 601 863 | 641 708 | 680 397 | 718 412 | 741 371 | 5.6 | 3.2 |
| households | 457 983 | 484 614 | 508 124 | 535 861 | 552 595 | 5.5 | 3.1 |
| General government | 140 823 | 153 360 | 168 190 | 178 309 | 183 853 | 6.0 | 3.1 |
| FC NPIs | 3 057 | 3 734 | 4 083 | 4 242 | 4 923 | 3.9 | 16.1 |
| Gross national savings | 233 034 | 228 796 | 216 272 | 243 659 | 243 803 | 12.7 | 0.1 |

(*) Revised
Source : High Commission for Planning

### TABLE A2.5 INVESTMENT AND SAVINGS

(At current prices) (In millions of dirhams)

| | 2010 | 2011 | 2012 | 2013 | 2014* | Percentage changes 2013/2012 | Percentage changes 2014/2013 |
|---|---|---|---|---|---|---|---|
| **RESOURCES** | **233 033** | **228 794** | **216 273** | **243 658** | **243 822** | **12.7** | **0.1** |
| Gross national savings | 233 034 | 228 796 | 216 272 | 243 659 | 243 803 | 12.7 | 0.1 |
| Net capital transfers received | -1 | -2 | 1 | -1 | 19 | -200.0 | -2000.0 |
| **EXPENDITURE** | **233 033** | **228 794** | **216 273** | **243 658** | **243 822** | **12.7** | **0.1** |
| Gross fixed capital formation | 240 536 | 258 285 | 276 390 | 273 392 | 272 094 | -1.1 | -0.5 |
| Changes in stocks | 26 820 | 35 114 | 20 530 | 39 449 | 25 585 | 92.2 | -35.1 |
| Financing requirement | -34 323 | -64 605 | -80 647 | -69 183 | -53 857 | -14.2 | -22.2 |

(*) Revised

Source : High Commission for Planning

### TABLE A2 6 AGRICULTURE

(area in thousands of hectars / production million quintals)

| | Crop year 2012-2013 | | | Crop year 2013-2014 | | |
|---|---|---|---|---|---|---|
| | Area | Production | Yield | Area | Production | Yield |
| **Principal cereals** | **5171** | **96.6** | **18.7** | **4571** | **67.5** | **14.8** |
| Soft wheat | 2.259 | 50.4 | 22.3 | 2 081 | 37.1 | 17.8 |
| Hard wheat | 945 | 19.0 | 20.1 | 905 | 14.1 | 15.6 |
| Barley | 1 967 | 27.2 | 13.8 | 1 585 | 16.4 | 10.3 |
| **PULSE CROPS** | **400** | **2.9** | **7.3** | **ND** | **3.2** | **ND** |
| **Market garden crops** | **229** | **79.5** | **315.1** | **ND** | **77.6** | **ND** |

Source : Ministry of Agriculture and Sea Fisheries

## TABLE A2.7 SEA FISHERIES

(In thousands of tonnes)

| | 2013* | 2014** |
|---|---|---|
| **Coastal fishing** | **1 181.7** | **1 287.2** |
| **Consumpting of fresh products** | **391.0** | **325.1** |
| **Processing** | **772.0** | **954.4** |
| Conned fish | 152.7 | 206.0 |
| Fish meal and fish oil | 181.3 | 341.8 |
| Frozen | 438.0 | 406.6 |

(*) revised
(**) Preliminary
Source : Ministry of Agriculture and Sea Fisheries

## TABLE A2.8 ENERGY PRODUCTION

| | 2011 | 2012 | 2013* | 2014** | Percentage changes % 2014/2013 |
|---|---|---|---|---|---|
| **Net local generation (1)** | **24 145** | **26 214** | **26 485** | **27 363** | **3.3** |
| Thermal power | 21 316 | 23 812 | 22 483 | 23 988 | 6.7 |
| Hydraulic power | 2 139 | 1 816 | 2 990 | 2 033 | -32.0 |
| Wind power | 692 | 728 | 1 215 | 1 768 | 45.5 |
| **Imports** | 4 607 | 4 841 | 5 400 | 6 010 | 11.3 |

1) The difference between net local generation and total generation by energy source is the result of an offsetting effect between the contribution of domestic third parties and the electrical energy used by pumped-storage electricity and ancillary pumped-storage plants of the VHV-HV network.

(*) revised
(**) Preliminary
Sources : Ministry of Energy and Mining Water and Environment and National Electricity Office.

## TABLE A2.9 OIL REFINING

(en millions de tonnes)

| | 2011 | 2012 | 2013* | 2014** | Percentage changes % 2014/2013 |
|---|---|---|---|---|---|
| **Production** | 6.4 | 6.9 | 6.6 | 6.1 | -6.8 |
| Diesel oil | 2.4 | 2.5 | 2.2 | 2.3 | 1.6 |
| Fuels | 2.4 | 2.1 | 2.0 | 1.4 | -28.0 |
| **Local sales** | 6.3 | 6.1 | 5.4 | 5.3 | -2.6 |

(*) revised
(**) Preliminary
Source : ONEE

**TABLE A2.10 INDICES OF MANUFACTURING PRODUCTION**

(Base 100 in 2010)

| | 2012 | 2013 | 2014 | Percentage changes | |
|---|---|---|---|---|---|
| | | | | 2013 / 2012 | 2014 / 2013 |
| **Food industries** | | | | | |
| Staple foods | 105.2 | 106.8 | 111.8 | 1.5 | 4.7 |
| Manufactured tobacco | 106.2 | 109.2 | 110.4 | 2.8 | 1.1 |
| **Textiles and leather industries** | | | | | |
| Textile industry products | 95.1 | 93.9 | 96.7 | -1.3 | 3.0 |
| Clothing goods and furs | 105.5 | 101.3 | 102.9 | -4.0 | 1.6 |
| Leather, travel goods and footwear | 90.6 | 92.0 | 94.5 | 1.5 | 2.7 |
| **Chemical and parachemical industries** | | | | | |
| woodwork products | 88.9 | 86.9 | 87.5 | -2.3 | 0.7 |
| Paper and cardboard | 101.5 | 97.4 | 95.8 | -4.0 | -1.7 |
| Editing products, printed or reproduced products | 107.3 | 108.5 | 113.7 | 1.2 | 4.7 |
| Coking, refining, and nuclear industries products | 116.3 | 108.9 | 101.5 | -6.4 | -6.8 |
| Chemical products | 103.6 | 107.1 | 108.1 | 3.5 | 0.9 |
| Rubber or plastic products | 110.5 | 111.2 | 109.7 | 0.6 | -1.3 |
| Other mineral non-metal products | 101.3 | 99.2 | 96.6 | -2.2 | -2.5 |
| **Mechanical and metallurgical industries** | | | | | |
| Metal products | 106.2 | 104.6 | 102.9 | -1.5 | -1.6 |
| Metal works products | 103.9 | 110.4 | 110.6 | 6.3 | 0.1 |
| Machinery and equipement | 99.5 | 95.9 | 97.8 | -3.6 | 2.0 |
| Car industry products | 100.2 | 108.4 | 103.9 | 8.2 | -4.2 |
| Other transport equipement | 113.9 | 118.4 | 123.5 | 3.9 | 4.3 |
| Furniture, miscellaneous industries | 98.5 | 93.8 | 96.9 | -4.7 | 3.3 |
| **Electrical and electronic industries** | | | | | |
| Electrical machines | 102.7 | 91.8 | 94.6 | -10.6 | 3.1 |
| Radio, Television and communication equipement | 98.9 | 112.4 | 118.6 | 13.6 | 5.5 |
| Mediacl, precision, optics and clock making material | 140.8 | 163.7 | 171.4 | 16.3 | 4.7 |
| **Total manufacturing industries** | **104.5** | **104.8** | **105.7** | **0.2** | **0.9** |

Source : High commission for planning`

**TABLE A2.11 TOURISM**

| | 2012 | 2013 | 2014 | Percentage changes 2014/2013 |
|---|---|---|---|---|
| **Total of tourist arrivals** | **9 375 156** | **10 046 264** | **10 282 944** | **2.4** |
| **Residence tourism** | **5 011 729** | **5 323 333** | **5 437 453** | **2.1** |
| **European Union countries** | **3 855 875** | **3 994 226** | **4 115 396** | **3.0** |
| France | 1 769 710 | 1 782 056 | 1 798 190 | 0.9 |
| Spain | 730 882 | 682 834 | 683 761 | 0.1 |
| Germany | 199 349 | 237 852 | 255 124 | 7.3 |
| United Kingdom | 357 347 | 403 325 | 476 550 | 18.2 |
| Italy | 196 186 | 234 912 | 254 209 | 8.2 |
| **Other European countries** | **250 455** | **313 234** | **324 605** | **3.6** |
| **America** | **257 908** | **294 618** | **303 550** | **3.0** |
| United States | 140 045 | 160 033 | 167 267 | 4.5 |
| Canada | 69 206 | 70 923 | 73 251 | 3.3 |
| Brazill | 15 142 | 25 639 | 22 157 | -13.6 |
| **Middle East (1)** | **152 987** | **164 534** | **177 233** | **7.7** |
| **Maghreb** | **219 280** | **270 227** | **213 675** | **-20.9** |
| **Other African countries** | **142 953** | **144 540** | **157 289** | **8.8** |
| **Asia** | **100 411** | **108 311** | **111 479** | **2.9** |
| **Other countries** | **31 860** | **33 643** | **34 226** | **1.7** |
| **Moroccans resident abroad** | **4 363 427** | **4 722 931** | **4 845 491** | **2.6** |

(1) Including Egypt
Source : Ministry of Tourism

**TABLE A3.1 INDICATORS OF EMPLOYMENT AND UNEMPLOYMENT**

(Population in thousands and rates in percentage)

| | Urban areas | | | Rural areas | | | National | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2013 | 2014 | Changes in absolute value (2) 2014/2013 | 2013 | 2014 | Changes in absolute value (2) 2014/2013 | 2013 | 2014 | Changes in absolute value (2) 2014/2013 |
| **Total population** | **19 996** | **20 432** | **437** | **13 417** | **13 416** | **-1** | **33 430** | **33 848** | **418** |
| **Population aged 15 years and over** | **14 672** | **14 968** | **296** | **9 558** | **9 633** | **75** | **24 230** | **24 601** | **371** |
| **Population aged 15 years and over** | **6 218** | **6 307** | **89** | **5 488** | **5 506** | **18** | **11 706** | **11 813** | **107** |
| Employed | 5 347 | 5 373 | 26 | 5 278 | 5 273 | -5 | 10 625 | 10 646 | 21 |
| Unemployed | 871 | 934 | 63 | 210 | 233 | 23 | 1 081 | 1 167 | 86 |
| **Activity rate** (1) | **42.4** | **42.1** | **-0.3** | **57.4** | **57.2** | **-0.2** | **48.3** | **48** | **-0.3** |
| **Unemployment rate** | **14.0** | **14.8** | **0.8** | **3.8** | **4.2** | **0.4** | **9.2** | **9.9** | **0.7** |
| **By gender** | | | | | | | | | |
| Men | 12.3 | 12.8 | 0.5 | 4.9 | 5.4 | 0.5 | 9.1 | 9.7 | 0.6 |
| Women | 20.4 | 21.9 | 1.5 | 1.6 | 1.8 | 0.2 | 9.6 | 10.4 | 0.8 |
| **By age** | | | | | | | | | |
| 15 to 24 years | 36.0 | 38.1 | 2.1 | 8.4 | 8.9 | 0.5 | 19.3 | 20.1 | 0.8 |
| 25 to 34 years | 19.8 | 20.9 | 1.1 | 4.2 | 4.5 | 0.3 | 13.2 | 13.9 | 0.7 |
| 35 to 44 years | 7.9 | 8.4 | 0.5 | 2.3 | 2.7 | 0.4 | 5.6 | 6.1 | 0.5 |
| 45 years and over | 3.5 | 4.4 | 0.9 | 1.1 | 1.5 | 0.4 | 2.3 | 3 | 0.7 |
| **By diploma** | | | | | | | | | |
| Without any diploma | 8.1 | 8.1 | 0.0 | 2.4 | 2.7 | 0.3 | 4.5 | 4.7 | 0.2 |
| With diploma | 18.2 | 19.5 | 1.3 | 9.8 | 10 | 0.2 | 16.3 | 17.2 | 0.9 |

(1) Labour force aged 15 and over as a percentage of the total population aged 15 and over
(2) For rates this is a change in percentage points
Source : High Commission for Planning

**TABLE A3.2 EMPLOYMENT BY BRANCH OF ECONOMIC ACTIVITY (1)**

(thousands of persons)

| | Year | | Changes | |
|---|---|---|---|---|
| | 2013 | 2014 | in absolute value | In percentage |
| **Total** | **10 625.0** | **10 646.0** | **21** | **0.2** |
| Agriculture, forestry and fishing | 4 177.4 | 4 193.4 | 16 | 0.4 |
| Industry (including handicraft) | 1 213.2 | 1 176.2 | -37 | -3.0 |
| Construction and public works | 988.2 | 988.2 | 0 | 0.0 |
| Other services | 4 230.8 | 4 272.8 | 42 | 1.0 |
| Other activities | 15.4 | 15.4 | 0 | 0.0 |

(1) This concerns the employment of persons aged 15 years and above.
Source : High Commission for Planning

**TABLE A 4.1 INFLATION**

(100 : 2006)

| | Inflaion | Food and soft drinks | Alcoholic beverages, tobacco and narcotics | Clothes and shoes | Housing, water, gas, electricity and other fuels | Furniture, household items and routine household maintenance | Health | Transport | Communications | Leisure and culture | Education | Restaurants and hotels | Various goods and services |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2010 | 0.9 | 1.2 | 0.1 | 0.5 | 0.5 | 0.8 | 0.9 | 0.0 | - 1.1 | - 0.7 | 4.1 | 2.4 | 1.7 |
| 2011 | 0.9 | 1.4 | 0.0 | 1.6 | 0.5 | 0.8 | 0.3 | - 0.1 | - 5.4 | - 0.7 | 4.1 | 1.7 | 2.1 |
| 2012 | 1.3 | 2.4 | 0.2 | 2.1 | 0.5 | 0.1 | 0.7 | 3.2 | - 19.6 | 0.5 | 3.8 | 2.0 | 1.4 |
| 2013 | 1.9 | 2.2 | 5.4 | 1.6 | 1.1 | 0.2 | 0.9 | 3.2 | - 9.2 | 0.4 | 5.5 | 3.2 | 1.3 |
| 2014 | 0.4 | - 1.2 | 1.7 | 2.1 | 2.5 | 0.8 | - 0.2 | 2.6 | - 4.6 | - 0.9 | 3.4 | 2.5 | 1.2 |
| 2014 January | 0.5 | - 0.6 | 7.2 | 2.3 | 1.3 | 0.4 | 1.1 | 1.3 | - 9.2 | - 0.5 | 3.5 | 3.3 | 1.7 |
| February | 0.4 | - 1.1 | 7.2 | 2.6 | 1.3 | 0.6 | 1.1 | 2.5 | - 9.0 | - 1.0 | 3.5 | 3.3 | 1.6 |
| March | 0.4 | - 0.9 | 0.7 | 2.5 | 1.1 | 0.8 | 1.0 | 2.5 | - 9.0 | - 1.0 | 3.5 | 3.7 | 1.1 |
| April | 0.4 | - 0.9 | 0.8 | 2.5 | 1.0 | 0.8 | 1.4 | 3.3 | - 9.0 | - 1.0 | 3.5 | 2.6 | 1.0 |
| May | - 0.3 | - 2.3 | 0.8 | 2.3 | 1.0 | 0.8 | 1.3 | 3.0 | - 9.0 | - 0.9 | 3.5 | 2.3 | 1.2 |
| June | - 0.1 | - 1.7 | 0.8 | 2.3 | 0.9 | 1.0 | - 1.5 | 3.4 | - 9.0 | - 0.9 | 3.5 | 2.3 | 1.3 |
| July | 0.4 | - 1.6 | 0.8 | 2.5 | 0.9 | 0.9 | - 1.1 | 4.2 | 2.1 | - 1.0 | 3.5 | 2.3 | 1.3 |
| August | 0.0 | - 3.2 | 0.7 | 2.1 | 4.0 | 0.9 | - 1.1 | 3.5 | 0.0 | - 1.0 | 3.5 | 2.1 | 1.1 |
| September | 0.1 | - 2.4 | 0.7 | 1.8 | 4.6 | 0.8 | - 1.1 | 2.1 | 0.0 | - 1.1 | 3.4 | 2.3 | 1.1 |
| October | 0.6 | - 1.3 | 0.6 | 1.7 | 4.5 | 0.8 | - 1.2 | 2.4 | 0.0 | - 1.0 | 3.3 | 1.9 | 1.1 |
| November | 1.2 | 0.1 | 0.6 | 1.3 | 4.4 | 0.9 | - 1.1 | 2.5 | 0.0 | - 1.1 | 3.2 | 1.9 | 1.0 |
| December | 1.6 | 1.6 | 0.7 | 1.3 | 4.5 | 0.6 | - 1.2 | 0.3 | 0.0 | - 0.4 | 3.2 | 1.7 | 0.4 |

Source : High Commission for Planning

**TABLE A4.2 CORE INFLATION**

(100 : 2006)

| | Core Inflation | Food products in-clued in core inflation | Clothes and shoes | Housing, water, gas, electricity and other fuels (1) | Furniture, household items and routine household mainte-nance | Health (1) | Transport (1) | Communica-tions | Leisure and culture | Education | Restaurants and hotels | Various goods and services |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2010 | 0,4 | -0,6 | 0,5 | 0,8 | 0,8 | 0,0 | 0,3 | -1,1 | -0,7 | 4,1 | 2,4 | 1,7 |
| 2011 | 1,8 | 3,3 | 1,6 | 1,0 | 0,8 | 0,3 | -0,3 | -5,4 | -0,7 | 4,1 | 1,7 | 2,1 |
| 2012 | 0,8 | 2,2 | 2,1 | 1,0 | 0,1 | 2,0 | 0,9 | -19,6 | 0,5 | 3,8 | 2,0 | 1,4 |
| 2013 | 1,5 | 1,6 | 1,6 | 2,2 | 0,2 | 0,9 | 1,2 | -9,2 | 0,4 | 5,5 | 3,2 | 1,3 |
| 2014 | 1,2 | 1,0 | 2,1 | 1,7 | 0,8 | 2,6 | 0,9 | -4,6 | -0,9 | 3,4 | 2,5 | 1,2 |
| 2014 January | 1,3 | 1,1 | 2,3 | 2,5 | 0,4 | 2,5 | 1,0 | -9,2 | -0,5 | 3,5 | 3,3 | 1,7 |
| February | 1,3 | 1,1 | 2,6 | 2,5 | 0,6 | 3,1 | 1,0 | -9,0 | -1,0 | 3,5 | 3,3 | 1,6 |
| March | 1,1 | 1,0 | 2,5 | 2,1 | 0,8 | 3,5 | 0,7 | -9,0 | -1,0 | 3,5 | 3,7 | 1,1 |
| April | 1,1 | 0,9 | 2,5 | 1,8 | 0,8 | 3,4 | 1,3 | -9,0 | -1,0 | 3,5 | 2,6 | 1,0 |
| May | 1,1 | 1,1 | 2,3 | 1,7 | 0,8 | 3,2 | 0,9 | -9,0 | -0,9 | 3,5 | 2,3 | 1,2 |
| June | 1,1 | 1,0 | 2,3 | 1,7 | 1,0 | 3,2 | 1,2 | -9,0 | -0,9 | 3,5 | 2,3 | 1,3 |
| July | 1,4 | 1,2 | 2,5 | 1,7 | 0,9 | 2,6 | 1,2 | 2,1 | -1,0 | 3,5 | 2,3 | 1,3 |
| August | 1,0 | 0,3 | 2,1 | 1,5 | 0,9 | 2,6 | 0,9 | 0,0 | -1,0 | 3,5 | 2,1 | 1,1 |
| September | 0,9 | 0,4 | 1,8 | 1,3 | 0,8 | 1,7 | 0,9 | 0,0 | -1,1 | 3,4 | 2,3 | 1,1 |
| October | 0,8 | 0,4 | 1,7 | 1,1 | 0,8 | 1,9 | 0,8 | 0,0 | -1,0 | 3,3 | 1,9 | 1,1 |
| November | 1,3 | 1,8 | 1,3 | 1,0 | 0,9 | 1,7 | 0,8 | 0,0 | -1,1 | 3,2 | 1,9 | 1,0 |
| December | 1,3 | 1,7 | 1,3 | 1,3 | 0,6 | 1,6 | 0,5 | 0,0 | -0,4 | 3,2 | 1,7 | 0,4 |

(1) Not regulated products and services regulated
Source : Calculated on the basis of data from High Commission for Planing products and services.

**TABLE A4.3 IMPORT PRICE INDEX**

| Section | | Overall Index | Food Index (1) | Mining Index (2) | Semis-finished (3) |
|---|---|---|---|---|---|
| 2010 | | -27.1 | -28.2 | -45.0 | -30.2 |
| 2011 | | 8.6 | 11.7 | 28.2 | 9.3 |
| 2012 | | 20.1 | 34.5 | 14.9 | 17.6 |
| 2013 | | 8.0 | 1.3 | 13.1 | 10.1 |
| 2014 | | 10.3 | -9.1 | 49.6 | 17.7 |
| 2014 | January | 15.9 | 7.6 | 54.5 | 22.5 |
| | February | 20.2 | 10.5 | 70.8 | 26.4 |
| | March | 19.9 | 8.9 | 77.1 | 25.7 |
| | April | 14.4 | 1.2 | 64.2 | 19.3 |
| | May | 12.4 | -4.0 | 60.6 | 17.0 |
| | June | 10.0 | -5.1 | 53.6 | 14.3 |
| | July | 12.8 | -10.7 | 61.0 | 21.4 |
| | August | 10.8 | -15.6 | 54.0 | 22.5 |
| | September | 4.3 | -22.8 | 34.4 | 15.1 |
| | October | 0.5 | -24.9 | 23.4 | 9.8 |
| | November | 1.3 | -26.7 | 29.1 | 10.3 |
| | December | 2.5 | -24.0 | 31.2 | 9.7 |

(1) Excluding subsidized products and crude sulfur.
(2) Excluding wheat and sugar.
(3) Excluding crude sulfur.
Source : Calcullated on the basis of data from Foreign Exchange Office.

**TABLE A4.4 PRICE INDEX OF TRADABLES AND NON TRADABLE**
**(ANNUAL CHANGE)**

| Section | | Price of tradable goods (CPIXT) | Price of non tradable goods (CPIXNT) |
|---|---|---|---|
| 2010 | | - 0.8 | 1.7 |
| 2011 | | 2.5 | 1.0 |
| 2012 | | 2.0 | - 0.5 |
| 2013 | | 1.2 | 1.7 |
| 2014 | | 1.4 | 0.9 |
| 2014 | January | 1.4 | 1.0 |
| | February | 1.5 | 1.0 |
| | March | 1.4 | 0.7 |
| | April | 1.5 | 0.6 |
| | May | 1.3 | 0.7 |
| | June | 1.3 | 0.7 |
| | July | 1.4 | 1.6 |
| | August | 0.8 | 1.0 |
| | September | 0.9 | 1.1 |
| | October | 1.0 | 0.8 |
| | November | 1.8 | 0.9 |
| | December | 1.7 | 0.8 |

Source : Calcullated on the basis of data from Foreign Exchange Office.

## TABLE A4.5 INDUSTRIAL PRODUCER PRICE INDEX

(100: 2010)

| | Average 2013 | 2014 | | | | Average 2014 | Percentage changes | |
|---|---|---|---|---|---|---|---|---|
| | | 1st quarter | 2nd quarter | 3nd quarter | 4th quarter | | 2013/2012 | 2014/2013 |
| Textile manufacturing | 102,6 | 103,3 | 103,6 | 103,0 | 102,4 | 103,1 | -0,3 | 0,5 |
| Furniture manufacturing | 102,3 | 103,2 | 103,8 | 103,8 | 103,8 | 103,7 | 0,6 | 1,4 |
| Other manufacturing industries | 113,5 | 107,4 | 107,6 | 107,7 | 107,7 | 107,6 | -2,9 | -5,2 |
| Manufacturing of other transportation materiels | 100,6 | 100,5 | 100,4 | 100,4 | 100,4 | 100,4 | 0,0 | -0,2 |
| Automotive industry | 98,9 | 98,6 | 98,4 | 98,6 | 98,9 | 98,6 | -0,3 | -0,3 |
| Manufacturing of machinery and equipment | 101,7 | 102,9 | 103,0 | 103,0 | 103,0 | 103,0 | 0,8 | 1,3 |
| Electric equipment manufacturing | 107,6 | 105,7 | 105,3 | 104,3 | 104,8 | 105,0 | -1,6 | -2,4 |
| Manufacturing of wood and products of wood and cork, exept furniture; manufacture of articles of straw and plaiting materials | 111,3 | 112,9 | 114,1 | 114,5 | 115,0 | 114,1 | 0,8 | 2,5 |
| Manufacturing of computer, electronic and optical products | 99,9 | 100,0 | 101,1 | 101,1 | 101,1 | 100,8 | -0,1 | 0,9 |
| Manufacturing of metal products,exept machinery and equipment | 103,3 | 102,4 | 102,3 | 101,5 | 101,8 | 102,0 | 1,4 | -1,3 |
| Manufacturing of base metals | 105,9 | 105,7 | 105,7 | 105,5 | 105,9 | 105,7 | -1,2 | -0,2 |
| Manufacturing of other non-metallic products | 105,7 | 106,7 | 106,8 | 107,8 | 108,0 | 107,3 | 4,0 | 1,5 |
| Chemical industry | 126,4 | 121,6 | 110,9 | 105,6 | 108,2 | 111,6 | -9,5 | -11,7 |
| Pharmaceutical industry | 100,0 | 99,7 | 99,1 | 97,6 | 97,2 | 98,4 | -1,2 | -1,6 |
| Coking and manufacturing of refined petroleum products | 132,7 | 127,6 | 125,6 | 127,0 | 107,9 | 122,0 | -7,8 | -8,1 |
| Manufacturing of wearing apparel | 102,1 | 101,5 | 102,5 | 103,7 | 105,1 | 103,2 | 0,7 | 1,1 |
| Printing and reproduction of recorded media | 103,2 | 103,5 | 103,5 | 103,5 | 103,5 | 103,5 | 0,6 | 0,3 |
| Manufacturing of paper and cardboard | 99,6 | 100,6 | 100,6 | 100,6 | 100,6 | 100,6 | 1,8 | 1,0 |
| Manufacturing of rubber and plastic products | 106,3 | 105,9 | 108,5 | 109,7 | 111,2 | 108,8 | 0,1 | 2,4 |
| Manufacturing of leather and related products exept leather clothing | 107,0 | 107,9 | 108,0 | 108,0 | 108,0 | 108,0 | 5,2 | 0,9 |
| Food industries | 109,4 | 108,0 | 108,3 | 109,0 | 109,3 | 108,6 | 1,5 | -0,7 |
| Manufacturing of tabacco products | 106,4 | 108,6 | 108,6 | 108,6 | 108,6 | 108,6 | 6,4 | 2,1 |
| Beverages manufacturing | 115,3 | 116,1 | 116,7 | 116,6 | 116,6 | 116,5 | 1,5 | 1,0 |
| **Overall** | **111,7** | **110,2** | **108,7** | **108,4** | **106,8** | **108,5** | **-1,8** | **-2,9** |

Source : High commission for planning`

**Table A5.1 IMPORTS BY MAIN PRODUCTS**

(Weight in thousands of tonnes, Value in millions of dirhams)

| | 2013* | | 2014** | | Changes | | | | Structure 2014 in % | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Weight | | Value | | | |
| | Weight | Value | Weight | Value | Absolute | % | Absolute | % | Weight | Value |
| **TOTAL IMPORTS** | **42 948** | **383 720** | **48 801** | **386 118** | **5 853** | **13.6** | **2 399** | **0.6** | **100** | **100** |
| **Foodstuffs, beverages and tobacco** | **7 821** | **35 887** | **10 922** | **41 747** | **3 100** | **39.6** | **5 859** | **16.3** | **22.4** | **10.8** |
| Wheat | 2 728 | 8 221 | 5 161 | 12 696 | 2 433 | 89.2 | 4 474 | 54.4 | 34.9 | 22.9 |
| Cake and other residues from the food industry | 1 445 | 4 745 | 1 582 | 4 654 | 137 | 9.5 | -92 | -1.9 | 18.5 | 13.2 |
| Mays | 1 765 | 4 071 | 2 094 | 4 247 | 329 | 18.6 | 176 | 4.3 | 22.6 | 11.3 |
| Raw or refined sugar | 923 | 3 713 | 772 | 2 882 | -151 | -16.4 | -831 | -22.4 | 11.8 | 10.3 |
| Tea | 57 | 1 596 | 59 | 1 591 | 2 | 2.7 | -5 | -0.3 | 0.7 | 4.4 |
| Other | 903 | 13 541 | 1 253 | 15 677 | 351 | 38.8 | 2 136 | 15.8 | 11.5 | 37.7 |
| **Energy and lubricants** | **19 948** | **102 266** | **21 129** | **92 564** | **1 181** | **5.9** | **-9 701** | **-9.5** | **43.3** | **24.0** |
| Crude oil | 5 739 | 36 459 | 4 835 | 28 101 | -904 | -15.7 | -8 357 | -22.9 | 28.8 | 35.7 |
| Gas oils and fuel oils | 4 914 | 35 630 | 4 538 | 31 531 | -376 | -7.6 | -4 099 | -11.5 | 24.6 | 34.8 |
| Oil gas and other hydrocarbons | 3 175 | 19 125 | 3 327 | 19 215 | 152 | 4.8 | 89 | 0.5 | 15.9 | 18.7 |
| Coal, coke ans similar solid fuels | 5 716 | 4 757 | 7 938 | 6 179 | 2 222 | 38.9 | 1 422 | 29.9 | 28.7 | 4.7 |
| Electrical energy | 0 | 2 917 | 0 | 3 156 | 0 | - | 239 | 8.2 | 0.0 | 2.9 |
| Other | 404 | 3 378 | 490 | 4 383 | 86 | 21.2 | 1 005 | 29.8 | 2.0 | 3.3 |
| **Raw animal and vegeTable products** | **1 552** | **11 259** | **1 760** | **11 845** | **208** | **13.4** | **586** | **5.2** | **3.6** | **3.1** |
| Crude soybean oil or unrefined | 371 | 3 191 | 437 | 3 281 | 66 | 17.9 | 90 | 2.8 | 23.9 | 28.3 |
| wood in the rough,squard or saws | 711 | 2 752 | 722 | 2 886 | 11 | 1.6 | 134 | 4.9 | 45.8 | 24.4 |
| Seeds, spores, and fruits ensemener | 2 | 712 | 2 | 689 | 0 | 14.1 | -23 | -3.2 | 0.1 | 6.3 |
| Inedible animal byproducts | 13 | 679 | 13 | 577 | 0 | -2.9 | -102 | -15.0 | 0.9 | 6.0 |
| Cotton | 35 | 609 | 37 | 622 | 1 | 3.9 | 14 | 2.3 | 2.3 | 5.4 |
| Other | 420 | 3 316 | 549 | 3 789 | 130 | 31.0 | 473 | 14.3 | 27.0 | 29.5 |
| **Raw mineral products** | **4 324** | **6 588** | **5 175** | **8 188** | **852** | **19.7** | **1 600** | **24.3** | **10.6** | **2.1** |
| Sulfur | 3 600 | 4 152 | 4 377 | 5 685 | 777 | 21.6 | 1 533 | 36.9 | 83.3 | 63.0 |
| Scrap, waste,scrao copper,iron, steel, and other minerals | 352 | 1 191 | 421 | 1 351 | 69 | 19.6 | 160 | 13.4 | 8.1 | 18.1 |
| Synthetic textile fibers | 40 | 672 | 35 | 586 | -5 | -12.3 | -86 | -12.8 | 0.9 | 10.2 |
| Sand,quartz, kaolin, and other clay | 166 | 164 | 155 | 161 | -11 | -6.7 | -3 | -1.9 | 3.8 | 2.5 |
| Synthetic rubber | 4 | 101 | 4 | 89 | 0 | 0.8 | -13 | -12.7 | 0.1 | 1.5 |
| Other raw products of mineral origin | 162 | 307 | 183 | 316 | 21 | 13.1 | 9 | 2.9 | 3.7 | 4.7 |

**Table A5.1 IMPORTS BY MAIN PRODUCTS (continued)**

(Weight in thousands of tonnes, Value in millions of dirhams)

| | 2013* | | 2014** | | Changes | | | | Structure 2014 in % | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Weight | | Value | | | |
| | Weight | Value | Weight | Value | Absolute | % | Absolute | % | Weight | Value |
| **Semi-finished products** | **7 434** | **80 584** | **7 913** | **81 677** | **479** | **6.4** | **1.092** | **1.4** | **16.2** | **21.2** |
| Plastic materials | 665 | 11 309 | 679 | 11 605 | 14 | 2.1 | 296 | 2.6 | 8.9 | 14.0 |
| Chemical products | 1 162 | 7 964 | 1 576 | 8 123 | 414 | 35.6 | 160 | 2.0 | 15.6 | 9.9 |
| Fiber and cotton yarns | 463 | 4 808 | 499 | 5 074 | 35 | 7.7 | 266 | 5.5 | 6.2 | 6.0 |
| Wire, rods, and sections of iron or non-alloy steel | 671 | 4 514 | 677 | 4 389 | 6 | 0.9 | -125 | -2.8 | 9.0 | 5.6 |
| Semi-finished products of iron or non-alloy steel | 770 | 3 580 | 581 | 2 665 | -189 | -24.5 | -915 | -25.6 | 10.4 | 4.4 |
| Wire, rods and sections of copper | 50 | 3 342 | 57 | 3 443 | 6 | 12.6 | 102 | 3.0 | 0.7 | 4.1 |
| Ammonia | 647 | 3 011 | 808 | 2 985 | 160 | 24.8 | -26 | -0.9 | 8.7 | 3.7 |
| Flat rolled products of iron or non-alloy steel | 327 | 2 680 | 304 | 2 798 | -23 | -7.1 | 117 | 4.4 | 4.4 | 3.3 |
| Electronic devices (transistors) | 1 | 2 624 | 1 | 2 270 | 0 | 30.4 | -354 | -13.5 | 0.0 | 3.3 |
| Pipe fittings and metallic construction | 94 | 2 653 | 97 | 2 212 | 3 | 2.7 | -441 | -16.6 | 1.3 | 3.3 |
| Natural and chemical fertilizers | 660 | 2 415 | 635 | 2 270 | -25 | -3.7 | -145 | -6.0 | 8.9 | 3.0 |
| Other | 1 923 | 31 686 | 2 000 | 33 843 | 77 | 4.0 | 2.157 | 6.8 | 25.9 | 39.3 |
| **Agricultural finished capital goods** | **39** | **2 216** | **37** | **2 050** | **-2** | **-4.2** | **-166** | **-7.5** | **0.1** | **0.5** |
| Cultivators and africultural tractors | 21 | 1 294 | 18 | 1 140 | -3 | -14.6 | -154 | -11.9 | 55.0 | 58.4 |
| Agricultural machines and tools | 18 | 915 | 19 | 898 | 1 | 8.2 | -17 | -1.9 | 44.9 | 41.3 |
| Other agricultural finished capital goods | 0 | 7 | 0 | 12 | 0 | 179.6 | 5 | 70.9 | 0.1 | 0.3 |
| **Industrial finished capital goods** | **825** | **79 834** | **768** | **77 033** | **-57** | **-6.9** | **-2.801** | **-3.5** | **1.6** | **20.0** |
| Industrial vehicles | 92 | 7 927 | 83 | 6 889 | -9 | -9.7 | -1.038 | -13.1 | 11.2 | 9.9 |
| Machines and miscellaneous equipment | 66 | 6 651 | 60 | 5 634 | -5 | -8.3 | -1.016 | -15.3 | 8.0 | 8.3 |
| Electrical switch gear | 24 | 6 192 | 27 | 7 415 | 4 | 14.9 | 1.223 | 19.7 | 2.9 | 7.8 |
| Wires and cables for electricity | 31 | 5 178 | 39 | 6 251 | 8 | 25.2 | 1.073 | 20.7 | 3.8 | 6.5 |
| Piston engines, other engines and their parts | 52 | 4 898 | 47 | 4 089 | -5 | -10.5 | -809 | -16.5 | 6.3 | 6.1 |
| Parts and spare parts of industrial vehicules | 88 | 4 529 | 80 | 4 395 | -8 | -9.1 | -134 | -3.0 | 10.6 | 5.7 |

**Table A5.1 IMPORTS BY MAIN PRODUCTS (continued)**

(Wheight in thousands of tonnes, Value in millions of dirhams)

| | 2013* | | 2014** | | Changes | | | | Structure 2014 in % | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Weight | | Value | | | |
| | Weight | Value | Weight | Value | Absolute | % | Absolute | % | Weight | Value |
| Information processing automatic machines and their parts | 9 | 3 341 | 8 | 3 592 | -1 | -11.2 | 251 | 7.5 | 1.0 | 4.2 |
| Pumps and compressors | 20 | 2 527 | 21 | 2 322 | 1 | 4.3 | -205 | -8.1 | 2.4 | 3.2 |
| Cushion and pneumatic tires | 48 | 2 470 | 50 | 2 476 | 2 | 3.7 | 6 | 0.2 | 5.8 | 3.1 |
| Sorting,crushing, grinding or agglomerating machines | 36 | 2 244 | 18 | 986 | -18 | -50.4 | -1 257 | -56.0 | 4.3 | 2.8 |
| Parts of planes and other air or space vehicules | 2 | 2 422 | 2 | 2 452 | 0 | -15.7 | 30 | 1.2 | 0.3 | 3.0 |
| Other | 358 | 31 455 | 334 | 30 531 | -23 | -6.6 | -924 | -2.9 | 43.4 | 39.4 |
| **Finished consumer goods** | **1 006** | **65 059** | **1 097** | **70 755** | **91** | **9.0** | **5 696** | **8.8** | **2.2** | **18.3** |
| Passenger cars | 77 | 9 255 | 83 | 10 033 | 6 | 8.3 | 778 | 8.4 | 7.6 | 14.2 |
| Spare parts | 79 | 5 134 | 61 | 3 757 | -18 | -22.9 | -1 376 | -26.8 | 7.9 | 7.9 |
| Pharmaceutical products | 7 | 5 055 | 8 | 5 189 | 0 | 5.3 | 134 | 2.7 | 0.7 | 7.8 |
| Textile fibers | 40 | 5 087 | 46 | 5 991 | 7 | 17.1 | 905 | 17.8 | 3.9 | 7.8 |
| Hosiery | 41 | 3 514 | 48 | 3 878 | 7 | 18.5 | 364 | 10.4 | 4.0 | 5.4 |
| Plastic articles | 77 | 3 533 | 87 | 4 089 | 10 | 12.7 | 556 | 15.7 | 7.7 | 5.4 |
| Textile fibers and cotton | 24 | 2 647 | 24 | 2 718 | 1 | 2.4 | 71 | 2.7 | 2.4 | 4.1 |
| Telecommunications receivers | 15 | 2 421 | 15 | 2 829 | 0 | -0.7 | 408 | 16.9 | 1.5 | 3.7 |
| Seats, furniture, mattresses and li ghting articles(consumption) | 85 | 2 543 | 84 | 2 654 | -1 | -1.2 | 112 | 4.4 | 8.5 | 3.9 |
| Other | 562 | 25 872 | 640 | 29 616 | 79 | 14.0 | 3 744 | 14.5 | 55.8 | 39.8 |
| **Industrial gold** | **0** | **27** | **0** | **260** | **0** | **-** | **233** | **863.0** | **0.0** | **0.1** |

(*) Revised
(**) Preliminary
Source : Foreign Exchange Control Office

**Table A5.2 EXPORTS BY MAIN PRODUCTS**

(Wheight in thousands of tonnes, Value in millions of dirhams)

| | 2013* | | 2014** | | Changes | | | | Structure 2014 in % | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Weight | | Value | | | |
| | Weight | Value | Weight | Value | Absolute | % | Absolute | % | Weight | Value |
| **TOTAL** | **24 626** | **185 387** | **25 693** | **200 013** | **1 067** | **4.3** | **14 626** | **7.9** | **100.0** | **100.0** |
| **Foodstuffs beverages and tobacco** | **2 521** | **33 649** | **2 622** | **35 458** | **101** | **4.0** | **1 809** | **5.4** | **10.2** | **17.7** |
| Canned fish | 148 | 5 894 | 163 | 6 137 | 15 | 9.9 | 242 | 4.1 | 5.9 | 17.5 |
| Crustaceans molluscs and shellfish | 125 | 6 011 | 101 | 6 193 | -25 | -19.6 | 182 | 3.0 | 5.0 | 17.9 |
| Fresh tomato | 461 | 3 611 | 473 | 3 891 | 12 | 2.5 | 280 | 7.7 | 18.3 | 10.7 |
| Citrus fruits | 523 | 3 235 | 516 | 3 141 | -7 | -1.3 | -94 | -2.9 | 20.7 | 9.6 |
| Canned fruits and vegeTables | 353 | 2 946 | 355 | 2 943 | 2 | 0.7 | -2 | -0.1 | 14.0 | 8.8 |
| Other | 911 | 11 952 | 1 014 | 13 153 | 103 | 11.4 | 1201 | 10.0 | 36.1 | 35.5 |
| **Energy and lubricants** | **1 240** | **9 144** | **908** | **6 389** | **-332** | **-26.8** | **-2 755** | **-30.1** | **3.5** | **3.2** |
| Petrleum oil and lubricants | 876 | 6 709 | 602 | 4 991 | -274 | -31.3 | -1 718 | -25.6 | 70.6 | 73.4 |
| Diesel oil and fuel oil | 301 | 2 121 | 217 | 1 041 | -84 | -27.9 | -1 080 | -50.9 | 24.3 | 23.2 |
| Paraffin and other oil derivates | 62 | 292 | 87 | 332 | 25 | 40.5 | 40 | 13.8 | 5.0 | 3.2 |
| Gasoline | 2 | 19 | 3 | 25 | 1 | 48.2 | 6 | 31.7 | 0.2 | 0.2 |
| Other energy products | 0 | 3 | 0 | 0 | 0 | -90.7 | -3 | -97.3 | 0.0 | 0.0 |
| **Raw animal and vegeTable products** | **174** | **2 819** | **207** | **3 484** | **33** | **19.2** | **665** | **23.6** | **0.8** | **1.7** |
| Plants and their parts | 43 | 593 | 39 | 636 | -4 | -9.2 | 44 | 7.4 | 24.7 | 21.0 |
| Bowels and fish oil | 17 | 299 | 40 | 652 | 23 | 131.5 | 353 | 118.3 | 9.9 | 10.6 |
| crude or refined olive oil | 13 | 263 | 22 | 419 | 9 | 71.9 | 156 | 59.2 | 7.3 | 9.3 |
| Agar-agar | 1 | 240 | 1 | 216 | 0 | -13.3 | -24 | -10.1 | 0.6 | 8.5 |
| Inedible animal sub-products | 16 | 233 | 15 | 282 | -1 | -4.2 | 49 | 21.1 | 9.3 | 8.3 |
| Other crude or refined vegeTable oils | 2 | 203 | 1 | 221 | -1 | -47.7 | 18 | 8.7 | 1.3 | 7.2 |
| Other | 82 | 989 | 89 | 1 058 | 7 | 9.1 | 69 | 7.0 | 46.9 | 35.1 |
| **Raw mineral products** | **11 449** | **14 932** | **11 636** | **14 032** | **187** | **1.6** | **-900** | **-6.0** | **45.3** | **7.0** |
| Phosphates | 8 608 | 9 097 | 8 738 | 8 203 | 130 | 1.5 | -894 | -9.8 | 75.2 | 60.9 |
| Zinc ore | 144 | 2 150 | 129 | 1 928 | -15 | -10.4 | -222 | -10.3 | 1.3 | 14.4 |
| Barium sulfate | 929 | 860 | 1 170 | 1 151 | 241 | 25.9 | 291 | 33.8 | 8.1 | 5.8 |
| Copper ore | 70 | 700 | 86 | 830 | 16 | 23.1 | 130 | 18.5 | 0.6 | 4.7 |
| Lead ore | 46 | 642 | 48 | 562 | 2 | 3.4 | -80 | -12.5 | 0.4 | 4.3 |
| Other | 1 652 | 1 482 | 1 465 | 1 358 | -187 | -11.3 | -124 | -8.3 | 14.4 | 9.9 |

**Table A5.2 EXPORTS BY MAIN PRODUCTS (continued)**

Weight in million of tonnes / Value in millions dirhams)

| | 2013* | | 2014** | | Changes | | | | Structure 2014 in % | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Weight | Value | Weight | Value | Weight | | Value | | Weight | Value |
| | | | | | Absolute | % | Absolute | % | | |
| **Semi-finished** | **8 645** | **45 183** | **9 614** | **48 468** | **969** | **11.2** | **3284** | **7.3** | **37** | **24.2** |
| Phosphate derivatives | 6 471 | 28 234 | 6 895 | 30 075 | 425 | 6.6 | 1840 | 6.5 | 74.9 | 62.5 |
| Electronic devices (transistors) | 2 | 4 133 | 2 | 4 197 | 0 | 4.8 | 65 | 1.6 | 0.0 | 9.1 |
| Oil residual products and ralated materials | 542 | 4 056 | 505 | 3 574 | -37 | -6.9 | -482 | -11.9 | 6.3 | 9.0 |
| Raw silver and semi-manufactured silver products | 0 | 1 228 | 0 | 952 | 0 | -5.4 | -276 | -22.4 | 0.0 | 2.7 |
| Flat-rolled products of iron or non-alloy steel | 119 | 885 | 55 | 455 | -64 | -53.6 | -430 | -48.5 | 1.4 | 2.0 |
| Other semi-finished | 1 511 | 6 648 | 2 156 | 9 214 | 645 | 42.7 | 2 566 | 38.6 | 17.5 | 14.7 |
| **Agricultural finished capital goods** | **1** | **66** | **1** | **60** | **0** | **1.8** | **-6** | **-8.9** | **0.0** | **0.0** |
| Other agricultural finished capital goods | 0 | 13 | 0 | 10 | 0 | 22.5 | -3 | -23.0 | 20.6 | 19.0 |
| agricultural machines and tools | 0 | 6 | 0 | 2 | 0 | -1.8 | -4 | -62.3 | 59.0 | 8.6 |
| Motor cultivators and agricultural tractors | 0 | 48 | 0 | 48 | 0 | -8.7 | 1 | 1.2 | 20.4 | 72.4 |
| **Industrial finished capital goods** | **201** | **31 455** | **208** | **33 485** | **7** | **3.7** | **2 030** | **6.5** | **0.8** | **16.7** |
| Wires and cables for electricity | 104 | 17 121 | 120 | 18 549 | 16 | 14.9 | 1 427 | 8.3 | 52.0 | 54.4 |
| Electronic under-systems | 11 | 3 348 | 12 | 4 980 | 1 | 8.8 | 1 632 | 48.8 | 5.4 | 10.6 |
| Parts of aircrafts and other aerial or space vehicles | 1 | 2 958 | 1 | 3 128 | 0 | 3.8 | 171 | 5.8 | 0.6 | 9.4 |
| Industrial vehicls | 38 | 3 288 | 22 | 1 690 | -15 | -40.6 | -1 598 | -48.6 | 18.8 | 10.5 |
| Turbo-jets and turboprop aircraft parts thereof | 0 | 17 | 0 | 30 | 0 | 34.2 | 13 | 77.4 | 0.0 | 0.1 |
| Other | 47 | 4 723 | 53 | 5 108 | 6 | 13.1 | 385 | 8.2 | 23.3 | 15.0 |
| **Finished consumer goods** | **395** | **47 614** | **497** | **57 805** | **102** | **25.8** | **10 191** | **21.4** | **1.9** | **28.9** |
| Clothing | 57 | 19 045 | 59 | 20 152 | 2 | 3.6 | 1 108 | 5.8 | 14.4 | 40.0 |
| Passenger cars | 129 | 9 650 | 205 | 17 844 | 76 | 58.9 | 8 194 | 84.9 | 32.7 | 20.3 |
| Hosiery | 44 | 7 270 | 46 | 7 350 | 2 | 5.2 | 80 | 1.1 | 11.0 | 15.3 |
| Shoes | 12 | 2 157 | 11 | 2 157 | 0 | -2.6 | 1 | 0.0 | 3.0 | 4.5 |
| Blankets,linen and other made-up textile articles | 9 | 1 616 | 9 | 2 027 | 0 | 1.9 | 411 | 25.5 | 2.2 | 3.4 |
| Other consumer finished goods | 145 | 7 876 | 167 | 8 274 | 22 | 14.9 | 398 | 5.1 | 36.7 | 16.5 |
| **Industrial gold** | **0** | **525** | **0** | **832** | **0** | **-** | **307** | **58.5** | **0.0** | **0.4** |

(*) Revised
(**) Preliminary
Source : Foreign Exchange Office

**Table A5.3 GEOGRAPHICAL DISTRIBUTION OF FOREIGN TRADE**

(In millions of dirhams)

| | Imports CIF | | Exports FOB | | Balance | |
|---|---|---|---|---|---|---|
| | 2013* | 2014** | 2013* | 2014** | 2013* | 2014** |
| **Total** | **383 720** | **386 118** | **185 387** | **200 013** | **-198 333** | **-186 105** |
| **EUROPE** | **229 766** | **236 778** | **122 567** | **135 183** | **-107 199** | **-101 594** |
| **European Union** | **190 596** | **195 755** | **112 538** | **126 428** | **-78 058** | **-69 327** |
| Spain | 51 638 | 51 673 | 35 106 | 43 945 | -16 532 | -7 728 |
| France | 49 452 | 51 309 | 39 855 | 41 093 | -9 598 | -10 215 |
| Italy | 20 478 | 19 293 | 7 031 | 8 588 | -13 447 | -10 704 |
| Germany | 18 283 | 20 057 | 5 089 | 5 663 | -13 194 | -14 394 |
| Great Britain | 7 195 | 6 980 | 5 089 | 5 873 | -2 106 | -1 108 |
| Netherlands | 6 019 | 7 843 | 5 570 | 5 561 | -379 | -534 |
| Belgium-Luxembourg Economic Union | 6 992 | 8 373 | 4 798 | 3 719 | -3 074 | -2 180 |
| **Other European countries** | **39 170** | **41 023** | **10 030** | **8 756** | **-29 140** | **-32 267** |
| Russia | 16 033 | 16 336 | 2 248 | 1 736 | -13 784 | -14 600 |
| Turkey | 11 676 | 14 094 | 3 559 | 4 589 | -6 846 | -8 162 |
| **ASIE** | **84 919** | **81 827** | **22 057** | **23 394** | **-62 862** | **-58 432** |
| **Middle East countries** | **44 032** | **39 019** | **4 082** | **4 422** | **-39 950** | **-34 598** |
| Saudi Arabia | 23 522 | 20 899 | 603 | 921 | -23 595 | -22 860 |
| **Other Asian coutries** | **40 887** | **42 807** | **17 974** | **18 973** | **-22 912** | **-23 835** |
| China | 26 486 | 29 500 | 2 873 | 2 274 | -23 614 | -27 226 |
| Iraq | 11 428 | 7 205 | 103 | 83 | -9 977 | -11 309 |
| Japan | 2 720 | 2 896 | 2 321 | 1 830 | -399 | -1 066 |
| India | 5 299 | 4 254 | 6 443 | 7 274 | 1 145 | 3 019 |
| **AMERICA** | **45 873** | **44 326** | **20 310** | **19 619** | **-25 563** | **-24 707** |
| United States | 28 643 | 26 920 | 7 202 | 7 192 | -21 441 | -19 728 |
| Canada | 3 551 | 2 901 | 1 776 | 1 770 | -1 775 | -1 131 |
| Brazil | 6 773 | 4 599 | 10 561 | 9 164 | 3 788 | 4 565 |
| Other | 6 905 | 9 906 | 771 | 1 493 | -6 135 | -8 413 |
| **AFRICA** | **19 794** | **20 266** | **16 360** | **17 289** | **-3 434** | **-2 977** |
| **Maghreb-Arab Union countries** | **12 808** | **13 083** | **4 426** | **4 531** | **-8 382** | **-8 553** |
| Algeria | 10 799 | 11 161 | 1 776 | 1 770 | -9 023 | -9 391 |
| Tunisia | 1 867 | 1 730 | 730 | 885 | -1 137 | - 845 |
| Libya | 130 | 185 | 733 | 306 | 603 | 120 |
| Mauritania | 12 | 7 | 1 186 | 1 570 | 1 174 | 1 562 |
| **Other** | **6 986** | **7 182** | **11 934** | **12 758** | **4 948** | **5 576** |
| **OCEANIA AND OTHER** | **3 369** | **2 923** | **4 093** | **4 528** | **725** | **1 605** |

(*) Revised
(**) Preliminary
Source : Foreign Exchange Control Office

**TABLE A5.4 BALANCE OF PAYMENT**

(In millions of dirhams)

| | 2014 | | |
|---|---|---|---|
| | **Credit** | **Debit** | **Balance** |
| **CURRENT TRANSACTIONS ACCOUNT** | **391 911.9** | **444 134.1** | **-52 222.2** |
| **GOODS AND SERVICES** | **300 652.8** | **413 260.0** | **-112 607.2** |
| **GOODS** | **167 128.7** | **339 248.4** | **-172 119.7** |
| General goods | 166 861.0 | 339 005.7 | -172 144.7 |
| Net trade exports | 118.7 | - | 118.7 |
| Non-monetary gold | 149.0 | 242.7 | -93.7 |
| **SERVICES** | **133 524.1** | **74 011.6** | **59 512.5** |
| Manufacturing services performed on physical inputs detained by third parties | 11 984.0 | 51.0 | 11 933.0 |
| Maintenance and repairing services not included elsewhere | 1 652.2 | 932.0 | 720.2 |
| Transportation | 26 099.0 | 30 724.3 | -4 625.3 |
| Sea transportation | 7 284.8 | 21 280.0 | -13 995.2 |
| Air transportation | 14 018.4 | 6 900.7 | 7 117.7 |
| Other transportation | 4 741.5 | 2 438.1 | 2 303.4 |
| Postal and mail services | 54.3 | 105.5 | -51.2 |
| **Travel** | **59 306.6** | **12 017.6** | **47 289.0** |
| Business travels | 2 668.8 | 1 129.9 | 1 538.9 |
| Personal travels | 56 637.8 | 10 887.7 | 45 750.1 |
| Construction | 4 558.3 | 4 790.7 | -232.4 |
| Insurance and pension services | 974.3 | 450.6 | 523.7 |
| Financial services | 722.1 | 1 228.4 | -506.3 |
| Fees for intellectual property usage, not included elsewhere | 13.7 | 980.5 | -966.8 |
| Telecommunication, computer and information services | 13 390.3 | 1 752.9 | 11 637.4 |
| Other services to businesses | 10 422.6 | 12 682.5 | -2 259.9 |
| Personal, cultural and leisure services | 969.0 | 210.9 | 758.1 |
| Goods and services of the general government, not included elsewhere | 3 432.0 | 8 190.2 | -4 758.2 |
| **PRIMARY INCOME** | **4 864.5** | **26 022.5** | **-21 158.0** |
| Investment income | 3 991.5 | 25 904.3 | -21 912.8 |
| Direct investments | 2 379.0 | 17 327.0 | -14 948.0 |
| Portfolio investments | 10.9 | 2 389.9 | -2 379.0 |
| Other investments | 273.5 | 6 187.4 | -5 913.9 |
| Reserve assets | 1 328.1 | - | 1 328.1 |
| Other primary income | 873.0 | 118.2 | 754.8 |
| **SECONDARY INCOME** | **86 394.6** | **4 851.6** | **81 543.0** |
| Public | 12 677.2 | 777.3 | 11 899.9 |
| Private | 73 717.4 | 4 074.3 | 69 643.1 |
| **CAPITAL ACCOUNT** | **15.7** | **-** | **15.7** |
| **Financing capacity (+) / need(-)** | | | **-52 206.5** |

Source : Foreign Exchange Office

**TABLE A5.4 BALANCE OF PAYMENT (continued)**

(In millions of dirhams)

| | 2014 | | |
|---|---|---|---|
| | Net asset purchases | Liability net increase | Balance |
| **FINANCIAL ACCOUNT** | | | |
| **DIRECT INVESTMENTS** | **3 729.7** | **30 114.0** | **-26 384.3** |
| Shares of investment funds | 3 345.6 | 26 566.1 | -23 220.5 |
| Debt instruments | 384.1 | 3 547.9 | -3 163.8 |
| **PORTFOLIO INVESTMENTS** | **-579.4** | **25 936.2** | **-26 515.6** |
| **FINANCIAL DERIVATIVES** | **-2 069.1** | **-1 910.2** | **-158.9** |
| **OTHER INVESTMENTS** | **4 516.9** | **24 796.0** | **-20 279.1** |
| Other equity | 169.8 | - | 169.8 |
| Currency and other deposits | -2 280.8 | -1 654.6 | -626.2 |
| Loans | - | 12 455.3 | -12 455.3 |
| Trade credits and other advances | 6 627.9 | 13 995.3 | -7 367.4 |
| **RESERVE ASSETS** | **26 691.7** | **-** | **26 691.7** |
| **TOTAL CHANGE IN ASSETS/LIABILITIES** | **32 289.8** | **78 936.0** | **-46 646.2** |
| **Financing capacity (+) / need (–)** | | | **-46 646.2** |
| Net errors and omissions | | | 5 560.3 |

Source : Foreign Exchange Office.

**TABLE A5.5 INTERNATIONAL INVESTMENT POSITION**

(In millions of dirhams)

| | 2013 | | | 2014* | | | |
|---|---|---|---|---|---|---|---|
| | Asset | Liability | Balance | Asset | Liability | Balance | |
| **Direct investments** | **20 653.0** | **422 331.2** | **-401 678.2** | **37 924.9** | **467 171.3** | **-429 246.4** | |
| Equity and shares of investment funds | 17 707.6 | 397 178.3 | -379 470.7 | 34 467.8 | 438 470.5 | -404 002.7 | |
| Direct investor in direct investment firms | 17 707.6 | 397 178.3 | -379 470.7 | 34 467.8 | 438 470.5 | -404 002.7 | |
| Debt instruments | 2 945.4 | 25 152.9 | -22 207.5 | 3 457.1 | 28 700.8 | -25 243.7 | |
| Direct investor's claims on direct investment firms | 2 945.4 | 25 152.9 | -22 207.5 | 3 457.1 | 28 700.8 | -25 243.7 | |
| **Portfolio investments** | **6 191.2** | **63 315.0** | **-57 123.8** | **10 354.2** | **96 739.6** | **-86 385.4** | |
| Equity and shares of investment funds | 6 106.7 | 27 528.8 | -21 422.1 | 10 260.4 | 28 786.9 | -18 526.5 | |
| Deposit-taking institutions other than central bank | 1 056.6 | 15 044.4 | -13 987.8 | 1 049.1 | 10 893.4 | -9 844.3 | |
| Other sectors | 5 050.1 | 12 484.4 | -7 434.3 | 9 211.3 | 17 893.5 | -8 682.2 | |
| Other financial corporations | 2 690.5 | 1 141.6 | +1 548.9 | 2 516.4 | 1 657.5 | +858.9 | |
| Nonfinancial corporations, households and NPISH | 2 359.6 | 11 342.8 | -8 983.2 | 6 694.9 | 16 236.0 | -9 541.1 | |
| Debt securities | 84.5 | 35 786.2 | -35 701.7 | 93.8 | 67 952.7 | -67 858.9 | |
| Deposit-taking institutions other than the central bank | 84.5 | 2 445.2 | -2 360.7 | 93.8 | 2 712.7 | -2 618.9 | |
| General government | 0.0 | 33 341.0 | -33 341.0 | 0.0 | 47 510.0 | -47 510.0 | |
| Other sectors | 0.0 | 0.0 | 0.0 | 0.0 | 17 | -730.0 | 730.0 |
| Nonfinancial corporations, households and NPISH | 0.0 | 0.0 | 0.0 | 0.0 | 17 | -730.0 | 730.0 |
| **Financial derivatives (other than reserves) and employees stock-options** | **26.0** | **469.6** | **-443.6** | **885.1** | **1** | **214.2-329.1** | |
| **Other investments** | **36 946.9** | **310 015.6** | **-273 068.7** | **47 563.3** | **335 246.0** | **-287 682.7** | |
| Other equity | 777.8 | 0.0 | +777.8 | 988.1 | 0.0 | +988.1 | |
| Currency and other deposits | 20 789.4 | 49 423.5 | -28 634.1 | 24 229.8 | 47 597.7 | -23 367.9 | |
| Central bank | 0.0 | 6 707.0 | -6 707.0 | 0.0 | 3 792.0 | -3 792.0 | |
| Deposit-taking institutions other than the central bank | 19 188.0 | 42 716.5 | -23 528.5 | 23 260.0 | 43 805.7 | -20 545.7 | |
| Other sectors | 1 601.4 | 0.0 | +1 601.4 | 969.8 | 0.0 | +969.8 | |
| Other financial corporations | 4.9 | 0.0 | +4.9 | 5.0 | 0.0 | +5.0 | |
| Nonfinancial corporations, households and NPISH | 1 596.5 | 0.0 | +1 596.5 | 964.8 | 0.0 | +964.8 | |
| Loans | 284.0 | 215 215.0 | -214 931.0 | 269.0 | 228 224.1 | -227 955.1 | |
| Deposit-taking institutions other than the central bank | 284.0 | 1 963.5 | -1 679.5 | 269.0 | 4 818.4 | -4 549.4 | |
| General government | 0.0 | 96 837.0 | -96 837.0 | 0.0 | 93 869.0 | -93 869.0 | |
| Other sectors | 0.0 | 116 414.5 | -116 414.5 | 0.0 | 129 536.7 | -129 536.7 | |
| Other financial corporations | 0.0 | 486.6 | -486.6 | 0.0 | 723.5 | -723.5 | |
| Nonfinancial corporations, households and NPISH | 0.0 | 115 927.9 | -115 927.9 | 0.0 | 128 813.2 | -128 813.2 | |
| Trade credits and advances | 15 095.7 | 38 330.1 | -23 234.4 | 22 076.4 | 52 069.2 | -29 992.8 | |
| Other sectors | 15 095.7 | 38 330.1 | -23 234.4 | 22 076.4 | 52 069.2 | -29 992.8 | |
| Other financial corporations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Nonfinancial corporations, households and NPISH | 15 095.7 | 38 330.1 | -23 234.4 | 22 076.4 | 52 069.2 | -29 992.8 | |
| Special drawing rights (allocations) | | 7 047.0 | -7 047.0 | 0.0 | 7 355.0 | -7 355.0 | |
| **Reserve assets** | **156 944.0** | **0.0** | **+156 944.0** | **184 517.0** | **0.0** | **+184 517.0** | |
| Monetary gold | 6 941.0 | | +6 941.0 | 7 692.0 | | +7 692.0 | |
| Special drawing rights | 3 080.0 | | +3 080.0 | 7 316.0 | | +7 316.0 | |
| IMF reserve position | 884.0 | | +884.0 | 923.0 | | +923.0 | |
| Other reserve assets | 146 039.0 | | +146 039.0 | 168 586.0 | | +168 586.0 | |
| **Total assets/liabilities** | **220 761.1** | **796 131.4** | **-575 370.3** | **281 244.5** | **900 371.1** | **-619 126.6** | |

(*) Preliminary
Source : Foreign Exchange Office.

**Table A6.1 TREASURY REVENUE AND EXPENDITURE**

(In millions of dirhams)

| | January - December 2013* | | January - December 2014** | | Changes in % Realization |
|---|---|---|---|---|---|
| | Realization | Implementa-tion rate of finance bill | Realization | Implemanta-tion rate of finance bill | |
| **CURRENT REVENUE(1)** | **228 777** | **98** | **236 076** | **102** | **3.2** |
| **Fiscal revenue** | **196 765** | **97** | **199 948** | **98** | **1.6** |
| Direct taxes | 77 390 | 100 | 77 600 | 101 | 0.3 |
| Customs duties | 7 681 | 84 | 7 738 | 100 | 0.7 |
| Indirect taxes(2) | 98 135 | 95 | 98 843 | 94 | 0.7 |
| Registration fees and stamp duties | 13 559 | 98 | 15 767 | 108 | 16.3 |
| **Non-fiscal revenue** | **28 916** | **104** | **33 142** | **135** | **14.6** |
| State monopolies | 13 323 | 106 | 9 766 | 90 | -26.7 |
| Miscellaneous revenues | 15 593 | 102 | 23 375 | 171 | 49.9 |
| **Receipts of certain special Treasury accounts** | **3 096** | **97** | **2 986** | **100** | **-3.6** |
| **EXPENDITURE** | **280 475** | **99** | **285 442** | **101** | **1.8** |
| **Current expenditure** | **232 280** | **99** | **232 934** | **97** | **0.3** |
| Administrative expenses | 145 600 | 98 | 153 004 | 98 | 5.1 |
| Personnel expenses | 99 044 | 101 | 101 645 | 98 | 2.6 |
| Other goods and services | 46 556 | 93 | 51 359 | 97 | 10.3 |
| Interest on the public debt | 22 502 | 100 | 24 784 | 104 | 10.1 |
| Domestic | 18 620 | 99 | 21 055 | 102 | 13.1 |
| Foreign | 3 882 | 107 | 3 729 | 111 | -4.0 |
| Subsidization | 41 600 | 104 | 32 648 | 93 | -21.5 |
| Transfers to local authorities | 22 578 | 94 | 22 498 | 92 | -0.4 |
| **CURRENT BALANCE** | **-3 503** | | **3 142** | | |
| **Capital expenditure** | **48 195** | **102** | **52 509** | **120** | **9.0** |
| **Special Treasury accounts balance** | **6 009** | **150** | **4 500** | **88** | |
| **Budget deficit** | **-45 689** | | **-44 867** | | |
| **CHANGE IN ARREARS** | **-6 350** | | **-3 891** | | |
| **FINANCING REQUIREMENT** | **-52 039** | | **-48 757** | | |
| **NET FINANCING** | **52 039** | | **48 757** | | |
| **Foreign financing** | **15 009** | | **9 064** | | |
| Foreign borrowing | 23 015 | | 17 457 | | |
| Amortization | -8 006 | | -8 393 | | |
| **Domestic financing** | **37 030** | | **37 647** | | |
| **Privatization** | **0** | | **2 046** | | |

(*) Revised
(**) Preliminary
(1) Excluding privatization revenues
(2) Including the share of the VAT receipts paid to local authorities
Source : Ministry of Economy and Finance

Table A6.2 TREASURY CURRENT REVENUE

(In millions of dirhams)

| | January - December 2013* | January - December 2014** | Percentage change |
|---|---|---|---|
| **FISCAL REVENUE** | **196 765** | **199 948** | **1.6** |
| **Direct taxes** | **77 390** | **77 600** | **0.3** |
| Corporation tax | 40 417 | 41 260 | 2.1 |
| Income tax | 34 081 | 34 325 | 0.7 |
| Other direct taxes | 2 892 | 2 015 | -30.3 |
| **Customs duties** | **7 681** | **7 738** | **0.7** |
| **Indirect taxes** | **98 135** | **98 843** | **0.7** |
| Value added tax (V.A.T) | 75 260 | 74 994 | -0.4 |
| Domestic | 28 921 | 28 566 | -1.2 |
| Imports | 46 338 | 46 428 | 0.2 |
| Domestic taxes on consumption | 22 875 | 23 849 | 4.3 |
| Petroleum products | 13 323 | 13 918 | 4.5 |
| Tobacco products | 8 007 | 8 478 | 5.9 |
| Other domestic taxes | 1 545 | 1 453 | -6.0 |
| **Registration fees and stamp duties** | **13 559** | **15 767** | **16.3** |
| **NON-FISCAL REVENUE** | **28 916** | **33 142** | **14.6** |
| Monopolies | 13 323 | 9 766 | -26.7 |
| Miscellaneous revenues | 15 593 | 23 375 | 49.9 |
| **RECEIPTS OF CERTAIN SPECIAL TREASURY ACCOUNTS** | **3 096** | **2 986** | **-3.6** |
| **TOTAL CURRENT REVENUE** | **228 777** | **236 076** | **3.2** |

(*) Revised
(**) Preliminary
Source : Ministry of Economy and Finance

**TABLE A6.3 ESTIMATED GENERAL BUDGET**

(In millions of dirhams)

| | Finance Act 2012 | Finance Act 2013 | Finance Act 2014 |
|---|---|---|---|
| **CURRENT REVENUE (1)** | **209 972** | **234 554** | **232 231** |
| **Tax revenue** | **193 611** | **203 486** | **204 686** |
| Direct taxes | 73 414 | 77 546 | 77 167 |
| Customs duties | 9 913 | 9 099 | 7 721 |
| Indirect taxes (2) | 98 534 | 103 004 | 105 142 |
| Registration fees and stamp duties | 11 750 | 13 837 | 14 655 |
| **Non-tax revenue** | **16 361** | **27 868** | **24 545** |
| State monopolies | 11 380 | 12 563 | 10 841 |
| Miscellaneous revenues | 4 981 | 15 305 | 13 704 |
| **Receipts of certain special Treasury accounts** | **3 200** | **3 200** | **3 000** |
| **EXPENDITURE** | **262 986** | **282 198** | **283 891** |
| **Current expenditure** | **216 994** | **234 726** | **240 150** |
| Administrative expenses | 141 315 | 148 262 | 156 703 |
| Personnel expenses | 93 508 | 98 000 | 103 700 |
| Interest on the public debt | 20 244 | 22 392 | 23 935 |
| Domestic | 17 356 | 18 772 | 20 587 |
| Foreign | 2 888 | 3 620 | 3 347 |
| Subsidization | 32 525 | 40 000 | 35 000 |
| Transfers to local authorities | 22 910 | 24 072 | 24 512 |
| **CURRENT ACCOUNT BALANCE** | **-3 822** | **-173** | **-7 919** |
| **Capital expenditure** | **45 992** | **47 471** | **43 741** |
| Special Treasury accounts balance | 3 000 | 4 000 | 5 100 |
| **BUDGET BALANCE** | **-46 814** | **-43 644** | **-46 561** |
| **CHANGE IN ARREARS** | **-17 000** | **10 000** | **-7 984** |
| **FINANCING REQUIREMENT** | **-63 814** | **-33 644** | **-54 545** |
| **NET FINANCING** | **63 814** | **33 644** | **54 545** |
| **Foreign financing** | **13 348** | **23 584** | **21 794** |
| Foreign borrowing | 21 200 | 28 092 | 26 112 |
| Amortization | -7 852 | -4 508 | -4 318 |
| **Domestic financing** | **47 266** | **10 060** | **32 751** |
| **Privatization** | **3 200** | **0** | **0** |

(1) Excluding privatization revenues
(2) Including the share of the VAT receipts paid to local authorities
Source : Ministry of Economy and Finance

**TABLE A7.1 MAIN FOREIGN EXCHANGE RATES QUOTED BY THE BANK AL-MAGHRIB**

- Transfer exchange rate -

| End of period | | 2013 | | 2014 | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Annual average | Dec. | Janv. | Feb. | March | April | May | June | July | Aug | Sept. | Oct. | Nov. | Dec. | Annual average |
| 1 euro - EUR | Buying rate | 11.158 | 11.186 | 11.173 | 11.180 | 11.204 | 11.202 | 11.190 | 11.170 | 11.166 | 11.130 | 11.061 | 11.029 | 10.995 | 10.969 | 11.156 |
| | Selling rate | | 11.253 | 11.240 | 11.247 | 11.271 | 11.270 | 11.257 | 11.237 | 11.233 | 11.197 | 11.127 | 11.095 | 11.061 | 11.035 | |
| 1 dollar - USD | Buying rate | 8.3895 | 8.1634 | 8.2079 | 8.1838 | 8.1023 | 8.1085 | 8.1509 | 8.2173 | 8.2338 | 8.3553 | 8.5918 | 8.7002 | 8.8171 | 8.9047 | 8.4063 |
| | Selling rate | | 8.2125 | 8.2572 | 8.2330 | 8.1510 | 8.1572 | 8.2001 | 8.2667 | 8.2833 | 8.4055 | 8.6435 | 8.7525 | 8.8700 | 8.9582 | |
| REER(*) | | 86.744 | 87.058 | | | 87.362 | | | 85.832 | | | 86.146 | | | 87.269 | 86.652 |
| NEER(*) | | 100.82 | 101.55 | | | 102.14 | | | 101.58 | | | 101.33 | | | 101.79 | 101.71 |

(*) Quarterly data

**Table A7.2 DEVELOPMENT OF THE EXCHANGE MARKET ACTIVITY**

(In millions of dirhams)

| Monthly totals | Annual average 2013 | 2014 | | | | | | | | | | | | Annual average 2014 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Janv. | Feb. | March | April | May | June | July | Aug | Sept. | Oct. | Nov. | Dec. | |
| **Spot operations** | | | | | | | | | | | | | | |
| Currency-againt-currency sale/purchase operations with foreign correspondants | 77 200.0 | 43 070.8 | 41 899.0 | 46 002.6 | 34 223.3 | 41 541.8 | 39 052.3 | 33 481.2 | 34 921.3 | 38 308.6 | 43 098.0 | 30 390.5 | 34 636.4 | 38 385.5 |
| Interbank sale/purchase operations againts the dirham | 9 587.4 | 10 338.2 | 9 355.2 | 8 695.9 | 10 564.8 | 9 814.1 | 8 463.6 | 7 619.1 | 7 048.8 | 11 306.0 | 21 044.0 | 12 880.9 | 14 831.3 | 10 996.8 |
| Currency investments abroad | 4 839.3 | 5 971.1 | 5 680.8 | 5 766.3 | 7 201.4 | 6 262.2 | 7 342.9 | 6 234.4 | 7 264.6 | 7 531.2 | 7 625.7 | 9 061.1 | 7 648.0 | 6 965.8 |
| Currency sale by BAM to the banks | 2 693.0 | 2 454.4 | 0.0 | 564.1 | 1.5 | 168.7 | 2 124.4 | 6 218.0 | 951.9 | 1 441.0 | 554.7 | 552.6 | 827.2 | 1 321.5 |
| **Forward operations** | | | | | | | | | | | | | | |
| Forward purchase of currency by banks customers (import coverage) | 7 038.0 | 7 307.9 | 6 558.8 | 6 890.7 | 6 087.2 | 5 383.5 | 6 382.5 | 4 343.8 | 4 043.9 | 6 069.1 | 4 447.4 | 4 799.3 | 6 636.2 | 5 745.9 |
| Forward sale of currency by banks customers (export cover) | 2 718.9 | 2 176.7 | 1 429.9 | 3 895.9 | 2 848.4 | 3 460.4 | 2 599.5 | 1 892.9 | 1 795.5 | 3 206.7 | 3 397.6 | 2 429.1 | 3 077.1 | 2 684.1 |

**Table A7.3 BANK LIQUIDITY DEVELOPMENTS**

(In millions of dirhams)

| Monthly totals | Dec. 2013 Change | Monthly Outstanding amounts 2014 (1) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Jan | Feb. | March | April | May | June | July | Aug | Sept. | Oct. | Nov. | Dec. |
| Notes and coins | -2 078 | -110 | -1 745 | -285 | 883 | 887 | 1 374 | 2 494 | 5 595 | -872 | 3 677 | -3 022 | -1 044 |
| Treasury's net position (2) | -555 | -482 | 196 | -1 005 | -198 | 1 163 | -254 | 627 | 19 | -23 | 936 | -1 006 | 494 |
| Bank Al-Maghrib net foreign exchange holdings | 1 941 | 3 936 | -360 | 191 | 2 341 | 10 383 | 9 439 | 2 072 | -1 582 | 2 183 | -171 | 1 246 | 3 336 |
| Other net factors | 151 | 693 | -1 294 | -796 | -3 521 | 2 472 | -1 | -213 | -398 | 218 | 791 | 254 | 46 |
| Bank's structural liquidity position(3) | 3 615 | 4 257 | 288 | -1 325 | -2 261 | 13 131 | 7 811 | -8 | -7 556 | 3 250 | -2 122 | 3 516 | 4 921 |
| **Reserve requirement** | -102 | 190 | 93 | -3 619 | -3 781 | -868 | 46 | 145 | 183 | 35 | -94 | -37 | 26 |
| **Surplus or liquidity requirement** | 3 718 | 4 067 | 195 | 2 294 | 1 520 | 13 999 | 7 765 | -153 | -7 740 | 3 215 | -2 028 | 3 554 | 4 895 |
| **Bank Al-Maghrib money market interventions** | **-4 850** | **-2 352** | **850** | **-2 500** | **-4 188** | **-12 513** | **-8 500** | **303** | **7 038** | **-2 040** | **1 600** | **-3 100** | **-3 400** |
| **Facilities on Bank Al-Maghrib's initiative** | -4 850 | -2 352 | 850 | -2 500 | -5 213 | -11 488 | -8 500 | -150 | 7 250 | -1 800 | 1 600 | -3 100 | -3 750 |
| 7-days advance on call for tenders | -4 850 | -752 | 1 250 | -2 500 | -7500 | -10 650 | -6 100 | -2 250 | 7 150 | 600 | -2 400 | -2 600 | -2 250 |
| **Facilities on bank's initiative** | 0 | 0 | 0 | 0 | 1 025 | -1 025 | 0 | 453 | -213 | -240 | 0 | 0 | 350 |

(1) Monthly oustanding amounts calculated on the basis of end-of-week averages

2) The Treasury's net position is the difference between, on the one hand, the total of advances granted to the Treasury and the treasury bonds - open market transactions held by Bank Al-Maghrib, and on the` other hand, the total of accounts of the Treasury and Hassan II Fund for economic and social development . As the new statutes of Bank Al-Maghrib restrictes financial assistance to the state to cash facilities, the TNP is particularity influenced by movements at the level of the Treasury's account and that of Hassan II fund for economic and social development

(3) Bank's structural liquidity position is the net effect of autonomous factors on bank treasuries It is calculated as follows :

BSLP = Net foreign assets of Bank Al-Maghrib + Treasury's net position + Other net factors - Notes and coins in circulation

**TABLE A7.4 MONEY MARKET RATES IN 2014**

(Percent per annum, monthly average)

| | Bank Al-Maghrib's intervention rate | | | | Interbank market rate | |
|---|---|---|---|---|---|---|
| | 7-days advances | Liquidity withdrawals | 24-hours advances | Deposit facility | Monthly average | Month end |
| January | 3.00 | 2.50 | 4.00 | 2.00 | 3.04 | 3.09 |
| February | 3.00 | 2.50 | 4.00 | 2.00 | 3.07 | 3.09 |
| March | 3.00 | 2.50 | 4.00 | 2.00 | 3.04 | 3.02 |
| April | 3.00 | 2.50 | 4.00 | 2.00 | 3.05 | 3.05 |
| May | 3.00 | 2.50 | 4.00 | 2.00 | 3.02 | 3.00 |
| June | 3.00 | 2.50 | 4.00 | 2.00 | 3.00 | 3.00 |
| July | 3.00 | 2.50 | 4.00 | 2.00 | 3.02 | 3.05 |
| August | 3.00 | 2.50 | 4.00 | 2.00 | 3.01 | 3.01 |
| September | 2.94 | 2.44 | 3.94 | 1.94 | 2.95 | 2.76 |
| October | 2.75 | 2.25 | 3.75 | 1.75 | 2.76 | 2.77 |
| November | 2.75 | 2.25 | 3.75 | 1.75 | 2.75 | 2.76 |
| Décember | 2.63 | 2.13 | 3.63 | 1.63 | 2.64 | 2.51 |

**TABLE A7.5 INTEREST RATES OF DEPOSITS WITH BANKS**

(Percent per annum)

| | 2013 | | 2014 | |
|---|---|---|---|---|
| | January -June | July- December | January -June | July- December |
| **Deposits with banks** | | | | |
| Savings accounts(1) | 3.28 | 3.74 | 3.62 | 3.01 |
| Other accounts | Free rate | Free rate | Free rate | Free rate |
| National Savings Fund books (2) | 2.30 | 2.00 | 2.53 | 2.53 |

(1) Since january 2005,the minimum rate on savings books has been equal to the 52-week Treasury bills issued by tender during the previous half year minus 50 basis points.weight average rate on the 52-week tresury bills issued.
(2) Since July 2006, the remuneration rate of deposits and savings accounts with the National Savings Fund is equal to the average rate of 5-year treasury bills issued by tender during the previous half year minus 200 basis points instead of 250 before.

**TABLE A7.6 DEPOSIT RATES IN 2014**

(Percent per annum, monthly average)

| | 6-month deposits weighted average interest rate | 12- month deposits weighted average interest rates | 6 and 12-month deposits weighted average interest rate |
|---|---|---|---|
| January | 3.58 | 4.00 | 3.83 |
| February | 3.45 | 3.78 | 3.64 |
| March | 3.51 | 3.80 | 3.67 |
| April | 3.48 | 3.83 | 3.69 |
| May | 3.79 | 4.02 | 3.90 |
| June | 3.78 | 3.89 | 3.83 |
| July | 3.74 | 3.86 | 3.80 |
| August | 3.74 | 3.84 | 3.81 |
| September | 3.58 | 3.88 | 3.78 |
| October | 3.50 | 3.82 | 3.70 |
| November | 3.92 | 3.94 | 3.93 |
| December | 3.71 | 4.05 | 3.92 |

**Table A7.7 WEIGHTED AVERAGE RATES OF TREASURY BILLS ISSUED BY TENDER**

(Percent per annum, monthly average)

| Years | | 13 days bils | 26-weeks bills | 52-weeks bills | 2-years bills | 5-years bills | 10-years bills | 15-years bills | 20-years bills | 30-years bills |
|---|---|---|---|---|---|---|---|---|---|---|
| **2013** | January | 3.90 | 4.06 | 4.14 | 4.57 | 4.75 | - | 5.38 | - | - |
| | February | 3.93 | 4.09 | - | 4.53 | - | - | - | - | - |
| | March | 3.95 | 4.07 | 4.25 | 4.61 | 4.75 | - | 5.66 | - | - |
| | April | 3.96 | 4.10 | 4.23 | 4.65 | - | - | - | - | - |
| | May | 3.97 | 4.13 | 4.25 | 4.72 | - | - | - | - | - |
| | June | 3.90 | 4.10 | 4.21 | 4.66 | - | - | 5.69 | - | - |
| | July | - | 3.89 | 4.11 | 4.59 | - | - | 5.66 | - | - |
| | August | - | 3.81 | 4.10 | 4.60 | 4.90 | 5.35 | 5.70 | - | - |
| | September | 3.50 | 3.76 | 4.11 | 4.64 | 4.96 | 5.48 | 5.76 | - | - |
| | October | 3.48 | 3.75 | 4.14 | 4.72 | 5.05 | - | 5.77 | - | - |
| | November | - | - | - | 4.70 | 5.07 | 5.55 | 5.84 | - | - |
| | December | - | 3.73 | 4.11 | 4.66 | 5.13 | 5.65 | 5.95 | - | - |
| **2014** | January | 3.35 | 3.55 | 3.79 | 4.26 | 4.93 | 5.64 | 5.94 | - | - |
| | February | 3.30 | 3.45 | 3.67 | 4.07 | 4.58 | 5.43 | 5.93 | - | - |
| | March | 3.25 | 3.34 | 3.44 | 3.77 | 4.36 | 5.21 | 5.75 | 5.96 | - |
| | April | 3.10 | 3.20 | 3.27 | 3.47 | 4.04 | - | 5.36 | - | - |
| | May | 3.08 | 3.15 | 3.29 | 3.23 | 3.87 | 4.54 | 4.93 | 5.72 | - |
| | June | 3.06 | 3.09 | 3.20 | - | 3.82 | 4.39 | - | 5.60 | - |
| | July | 3.03 | - | 3.14 | - | 3.82 | - | - | - | - |
| | August | 3.03 | - | - | - | 3.80 | - | - | 5.57 | - |
| | September | 2.85 | - | 3.14 | - | 3.79 | - | - | 5.56 | - |
| | October | 2.79 | 2.85 | 2.93 | 3.14 | 3.50 | - | 4.49 | - | 5.69 |
| | November | 2.75 | 2.78 | 2.83 | 2.99 | 3.26 | 3.86 | 4.22 | 4.60 | - |
| | December | 2.50 | 2.75 | 2.74 | 2.93 | 3.23 | 3.64 | 4.20 | - | - |

#### TABLE A7.8 INTEREST RATES OFFERED ON NEGOTIABLE INSTRUMENTS OF INDEBTEDNESS

(Percent per annum)

| | 2013 | 2014 |
|---|---|---|
| **Certificates of deposit** | | |
| Month of 32 days | 4.10 to 4.25 | 3.60 to 4.05 |
| 32 days to 92 days | 3.50 to 4.40 | 2.95 to 3.75 |
| 93 days to 182 days | 3.70 to 4.65 | 2.95 to 4.10 |
| 183 days to 365 days | 4.00 to 4.90 | 3.10 to 4.70 |
| 366 days to 2 years | 4.25 to 5.22 | 3.00 to 4.50 |
| More than 2 years up to 3 years | 4.43 to 5.65 | 3.54 to 4.28 |
| More than 3 years up to 5 years | 4.80 to 5.87 | 3.70 to 5.53 |
| More than 5 years up to 10 years | - | - |
| **Financing companies bonds** | | |
| More than 2 years up to 3 years | - | 3.53 to 4.16 |
| More than 3 years up to 5 years | - | 3.68 to 4.90 |
| More than 5 years up to 10 years | - | - |
| **Commercial paper** | | |
| Month of 32 days | 3.88 to 6.50 | 3.10 to 6.50 |
| 32 days to 92 days | 3.95 to 6.50 | 3.65 to 6.50 |
| 93 days to 182 days | 4.70 to 5.45 | 3.40 to 6.50 |
| 183 days to 365 days | 4.50 to 5.77 | 3.99 to 5.95 |
| 366 days to 2 years | - | 3.10 |
| More than2 years up to 3 years | - | - |
| More than 3 years up to 5 years | - | - |
| More than 5 years up to 10 years | - | - |

(-) No emission.

#### TABLE A7.9 INTEREST RATES OF NOTES AND BONDS ISSUED ON THE BOND MARKET(1)

(Percent per annum)

| | 2013 | 2014 |
|---|---|---|
| less than 3 years | 5.8 | 5.87 |
| 5 years | 5.01 - 5.60 | 4.00 - 6.00 |
| 7 years | - | 4.16 - 5.40 |
| 8 years | - | 4.76 - 5.55 |
| 10 years | 4.75 - 6.18 | 3.55 - 5.64 |
| 15 years | 6.20 - 6.35 | 4.32 - 6.17 |
| 20 years | 6.5 | 6.45 - 6.58 |
| 25 years | - | - |

(1) Min and Max
(-) No emission
Source : Maroclear

### TABLE A7.10 LENDING RATES

(in percentage, monthly average)

| Periods / rates | March-13 | June-13 | Sept-13 | Dec-13 | March-14 | June-14 | Sept-14 | Dec-14 |
|---|---|---|---|---|---|---|---|---|
| **Global** | **6.01** | **6.09** | **6.30** | **6.52** | **5.96** | **5.98** | **6.03** | **6.03** |
| **By economic purpose** | | | | | | | | |
| Overdraft facilities | 5.87 | 6.02 | 6.28 | 6.62 | 5.87 | 5.96 | 5.97 | 6.08 |
| Equipment loans | 6.10 | 5.99 | 6.12 | 5.49 | 6.08 | 5.44 | 6.01 | 5.42 |
| Real-estate loans | 6.27 | 6.15 | 6.04 | 6.03 | 6.01 | 5.94 | 5.94 | 6.05 |
| Consumer loans | 7.39 | 7.42 | 7.37 | 7.34 | 7.41 | 7.35 | 7.37 | 7.17 |
| **By agent** | | | | | | | | |
| Business | 8.31 | 7.23 | 7.40 | 8.88 | 8.47 | 7.80 | 8.21 | 8.36 |
| Individuals | 6.38 | 6.41 | 6.39 | 6.38 | 6.37 | 6.31 | 6.34 | 6.20 |
| Individual entrepreneurs | 5.92 | 6.04 | 6.27 | 6.51 | 5.89 | 5.91 | 5.97 | 5.98 |

### TABLE A7.11 MAXIMUM AGREED INTEREST RATE OF CREDIT INSTITUTIONS(1)

(in percentage)

| Periods / rates | April 2011 - March-12 | April 2012- March 2013 | April 2013 - March 2014 | April 2014 - March 2015 |
|---|---|---|---|---|
| Maximum interest rate agreed | 14.26 | 14.14 | 14.30 | 14.39 |

(1) The maximum conventional interest rate (TMIC) is calculated for the period from October 2006 to March 2007, based on interest rates for consumer loans in 2005, plus 200 basis points. Starting from 2007, it is revised annually on April 1 of each year, depending on variation recorded during the previous calendar year in the deposit rate on 6-month and 1-year deposits.

## Table A 8.1 MAIN MONETARY INDICATORS

(In billions of dirhams)

| | 2013 | 2014 | | | | | | | | | | | | Annual change (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Janv. | Feb. | Mar | April | May | June | July | Aug | Sept. | Oct. | Nov. | Dec. | 2012 | 2013 | 2014 |
| M1 | 628.9 | 618.4 | 619.2 | 624.2 | 631.9 | 626.0 | 637.8 | 641.9 | 642.0 | 649.7 | 649.5 | 646.4 | 660.6 | 4.3 | 2.7 | 5.0 |
| M2 | 749.3 | 740.1 | 741.8 | 747.7 | 756.0 | 750.4 | 762.7 | 768.1 | 768.8 | 776.8 | 778.4 | 775.8 | 790.6 | 4.9 | 3.6 | 5.5 |
| **M3** | **1 022.8** | **994.4** | **997.9** | **1 001.8** | **1 011.4** | **1 025.8** | **1 041.8** | **1 047.5** | **1 052.2** | **1 058.9** | **1 056.7** | **1 057.9** | **1 086.2** | **4.5** | **3.1** | **6.2** |
| **LI** | **408.1** | **382.8** | **407.6** | **420.8** | **426.2** | **438.9** | **435.7** | **437.6** | **438.6** | **443.2** | **457.8** | **467.6** | **479.4** | **6.9** | **7.2** | **17.5** |
| Currency in circulation | 171.4 | 171.2 | 170.3 | 170.5 | 171.0 | 172.4 | 173.5 | 178.9 | 179.3 | 182.0 | 180.2 | 179.5 | 179.4 | 3.4 | 4.7 | 4.7 |
| **Banking depositsof monetary nature(1)** | | | | | | | | | | | | | | | | |
| Demand deposits wih banks | 416.6 | 403.5 | 404.7 | 410.7 | 403.4 | 408.1 | 419.9 | 418.2 | 417.2 | 418.3 | 415.2 | 416.6 | 435.0 | 4.2 | 4.0 | 4.4 |
| Time accounts and fixed-term bills | 152.7 | 142.9 | 141.9 | 138.4 | 139.3 | 154.0 | 153.5 | 152.3 | 152.0 | 151.8 | 151.2 | 156.5 | 159.3 | -0.9 | 4.2 | 4.4 |
| Money market UCITS | 61.3 | 54.2 | 56.2 | 57.5 | 55.6 | 60.0 | 60.9 | 60.4 | 65.1 | 59.1 | 57.0 | 55.9 | 61.5 | -0.4 | 4.2 | 0.4 |
| **Net international reserves** | **150.3** | **150.6** | **151.3** | **150.2** | **163.1** | **164.2** | **177.8** | **172.0** | **175.6** | **176.4** | **176.0** | **177.5** | **180.8** | **-16.7** | **3.8** | **20.3** |
| **Net claims on central government** | **149.3** | **149.4** | **146.6** | **148.1** | **151.7** | **147.9** | **138.6** | **127.8** | **138.3** | **134.1** | **139.2** | **143.8** | **143.4** | **22.8** | **19.0** | **-3.9** |
| **Claims on the economy** | **858.5** | **829.4** | **833.6** | **846.6** | **843.1** | **854.1** | **875.7** | **871.9** | **866.7** | **875.6** | **877.5** | **873.4** | **890.2** | **5.1** | **3.4** | **3.7** |
| **Loans of other depository corprations** | **756.6** | **731.6** | **733.9** | **746.2** | **741.1** | **746.4** | **762.1** | **762.7** | **757.1** | **764.6** | **765.4** | **762.3** | **775.7** | **4.8** | **3.8** | **2.5** |
| **Banks loans** | 747.0 | 724.0 | 724.2 | 736.7 | 735.7 | 736.9 | 755.2 | 753.1 | 746.8 | 757.2 | 755.9 | 753.2 | 763.4 | 4.6 | 3.9 | 2.2 |
| **By economic purpose** | | | | | | | | | | | | | | | | |
| Real-estate loans | 230.5 | 230.7 | 231.5 | 232.2 | 232.0 | 233.0 | 234.8 | 233.7 | 234.3 | 235.4 | 235.7 | 236.5 | 236.8 | 6.1 | 4.8 | 2.7 |
| Overdraft facilities (2) | 175.3 | 167.1 | 169.0 | 171.8 | 173.1 | 172.4 | 187.5 | 185.7 | 181.4 | 184.0 | 179.7 | 174.9 | 180.7 | 7.8 | -5.6 | 3.1 |
| Equipment loans | 139.4 | 137.6 | 137.4 | 136.3 | 138.9 | 140.1 | 140.7 | 140.7 | 139.8 | 139.9 | 145.2 | 145.4 | 144.5 | -2.0 | 1.5 | 3.7 |
| Consumer loans | 40.4 | 40.0 | 40.1 | 40.2 | 40.5 | 40.8 | 39.9 | 43.5 | 43.6 | 43.9 | 44.0 | 44.1 | 44.1 | 9.8 | 1.9 | 9.2 |
| Miscellaneous claims | 117.7 | 103.9 | 101.9 | 109.9 | 104.4 | 103.3 | 104.1 | 99.4 | 97.2 | 102.0 | 99.8 | 100.2 | 104.8 | 2.3 | 16.2 | -11.0 |
| Nonperforming loans | 43.7 | 44.7 | 44.4 | 46.3 | 46.8 | 47.3 | 48.2 | 50.1 | 50.5 | 52.1 | 51.5 | 52.1 | 52.5 | 8.7 | 23.8 | 20.2 |
| **By economic sector** | | | | | | | | | | | | | | | | |
| Other financial corporations | 104.9 | 92.6 | 90.2 | 97.0 | 91.6 | 90.0 | 92.3 | 86.6 | 84.0 | 89.6 | 88.7 | 88.5 | 94.2 | -3.2 | 19.3 | -10.2 |
| Public sector (3) | 44.3 | 41.8 | 41.0 | 41.4 | 44.0 | 44.5 | 45.2 | 42.5 | 44.4 | 45.9 | 45.8 | 46.6 | 48.4 | 24.4 | 7.6 | 9.2 |
| Private sector | 597.8 | 589.6 | 593.0 | 598.3 | 600.1 | 602.4 | 617.8 | 624.0 | 618.4 | 621.7 | 621.4 | 618.1 | 620.8 | 4.7 | 1.3 | 3.8 |

(1) All deposits opened by money-holding sectors with the banking system except regulated deposits and guarantee deposits
(2) Central government
(3) Including debtor accounts
(4) Excluding the central government

**Table A 8.2 MONETARY AGGREGATES**

(In billions of dirhams)

| | 2013 | 2014 | | | | | | | | | | | | Annual change (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Janv. | Feb. | Mar | April | May | June | July | Aug | Sept. | Oct. | Nov. | Dec. | 2012 | 2013 | 2014 |
| **Currency in circulation[1]** | **171.4** | **171.2** | **170.3** | **170.5** | **171.0** | **172.4** | **173.5** | **178.9** | **179.3** | **182.0** | **180.2** | **179.5** | **179.4** | **3.4** | **4.7** | **4.7** |
| Bank notes and coins in circulation | 182.1 | 180.7 | 179.8 | 179.9 | 180.9 | 181.8 | 184.0 | 190.6 | 190.9 | 192.7 | 192.0 | 189.8 | 191.5 | 3.8 | 5.6 | 5.2 |
| Banks' cash holdings | 10.7 | 9.5 | 9.4 | 9.4 | 9.9 | 9.4 | 10.5 | 11.7 | 11.5 | 10.8 | 11.8 | 10.3 | 12.0 | 11.1 | 20.9 | 12.6 |
| **Bank money** | **457.6** | **447.2** | **448.9** | **453.7** | **460.9** | **453.6** | **464.3** | **463.0** | **462.6** | **467.7** | **469.3** | **466.9** | **481.2** | **4.7** | **2.0** | **5.2** |
| Demand deposits with BAM | 1.8 | 2.6 | 2.9 | 3.3 | 16.0 | 3.7 | 3.7 | 3.5 | 3.4 | 2.9 | 3.1 | 2.6 | 1.8 | -17.7 | -3.9 | -0.9 |
| Demand deposits with banks | 416.6 | 403.5 | 404.7 | 410.7 | 403.4 | 408.1 | 419.9 | 418.2 | 417.2 | 418.3 | 415.2 | 416.6 | 435.0 | 4.2 | 4.0 | 4.4 |
| Demand deposits with the Treasury | 39.2 | 41.2 | 41.2 | 39.7 | 41.5 | 41.8 | 40.6 | 41.3 | 42.0 | 46.4 | 51.0 | 47.7 | 44.4 | 10.2 | -14.9 | 13.2 |
| **M1** | **628.9** | **618.4** | **619.2** | **624.2** | **631.9** | **626.0** | **637.8** | **641.9** | **642.0** | **649.7** | **649.5** | **646.4** | **660.6** | **4.3** | **2.7** | **5.0** |
| Demand deposits[2] | 120.3 | 121.7 | 122.6 | 123.5 | 124.1 | 124.4 | 124.9 | 126.2 | 126.8 | 127.2 | 128.9 | 129.3 | 130.0 | 8.2 | 8.1 | 8.1 |
| Comptes d'épargne auprès des banques | 120.3 | 121.7 | 122.6 | 123.5 | 124.1 | 124.4 | 124.9 | 126.2 | 126.8 | 127.2 | 128.9 | 129.3 | 130.0 | 8.2 | 8.1 | 8.1 |
| **M2** | **749.3** | **740.1** | **741.8** | **747.7** | **756.0** | **750.4** | **762.7** | **768.1** | **768.8** | **776.8** | **778.4** | **775.8** | **790.6** | **4.9** | **3.6** | **5.5** |
| **Other monetary assets** | 273.6 | 254.3 | 256.1 | 254.2 | 255.4 | 275.4 | 279.2 | 279.4 | 283.4 | 282.1 | 278.3 | 282.1 | 295.6 | 3.5 | 1.8 | 8.1 |
| Time accounts and fixed-term bills with banks | 152.7 | 142.9 | 141.9 | 138.4 | 139.3 | 154.0 | 153.5 | 152.3 | 152.0 | 151.8 | 151.2 | 156.5 | 159.3 | -0.9 | 4.2 | 4.4 |
| Money market UCITS | 61.3 | 54.2 | 56.2 | 57.5 | 55.6 | 60.0 | 60.9 | 60.4 | 65.1 | 59.1 | 57.0 | 55.9 | 61.5 | -0.4 | 4.2 | 0.4 |
| Deposits in foreign currencies | 23.1 | 21.7 | 22.7 | 24.7 | 26.3 | 26.9 | 28.3 | 29.4 | 28.5 | 27.4 | 30.6 | 29.4 | 35.0 | 17.1 | -8.7 | 51.5 |
| Securities sold under repurchase agreements | 2.4 | 3.0 | 4.2 | 2.1 | 4.9 | 3.2 | 6.8 | 5.2 | 5.7 | 6.1 | 4.2 | 3.9 | 4.8 | -9.5 | -38.8 | 104.5 |
| Certificates of deposit of a residual maturity of 2 years or less | 29.3 | 27.7 | 27.1 | 27.3 | 24.7 | 26.6 | 25.0 | 25.2 | 24.1 | 27.4 | 26.0 | 27.4 | 23.2 | 28.5 | -1.2 | -20.8 |
| Time accounts with the treasury | 3.5 | 3.3 | 3.2 | 3.3 | 3.7 | 3.8 | 3.9 | 5.3 | 5.8 | 5.8 | 3.4 | 3.5 | 5.5 | - | 20.5 | 58.8 |
| Other deposits[3] | 1.4 | 1.4 | 0.8 | 0.8 | 1.0 | 0.8 | 0.8 | 1.5 | 2.1 | 4.5 | 5.9 | 5.7 | 6.3 | 289.5 | -16.8 | 352.2 |
| **M3** | **1 022.8** | **994.4** | **997.9** | **1 001.8** | **1 011.4** | **1 025.8** | **1 041.8** | **1 047.5** | **1 052.2** | **1 058.9** | **1 056.7** | **1 057.9** | **1 086.2** | **4.5** | **3.1** | **6.2** |

(1) Currency in circulation = banknotes and coins in circulation - banks' cash holdings
(2) Demand and time deposits in foreign currencies with banks
(3) Loans made by banks from financial corporations

**Table A 8.3 LIQUID INVESTMENT AGGREGATES**

(In billions of dirhams)

| | 2013 | 2014 | | | | | | | | | | | | Annual change (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Janv. | Feb. | Mar | April | May | June | July | Aug | Sept. | Oct. | Nov. | Dec. | 2012 | 2013 | 2014 |
| **LI 1** | **271.5** | **249.7** | **267.9** | **275.7** | **275.1** | **284.4** | **280.3** | **278.6** | **273.9** | **280.4** | **288.0** | **293.6** | **305.0** | **11.1** | **11.1** | **12.3** |
| **Negotiable Treasury bonds** | **266.7** | **244.9** | **263.3** | **271.5** | **271.1** | **279.3** | **274.8** | **272.1** | **267.5** | **273.0** | **280.5** | **285.8** | **296.1** | **10.1** | **13.0** | **11.0** |
| Other financial corporations | 264.0 | 244.0 | 261.7 | 269.8 | 269.9 | 278.2 | 273.6 | 271.3 | 266.9 | 272.1 | 279.4 | 283.9 | 295.2 | 9.8 | 12.4 | 11.8 |
| Nonfinancial corporations | 2.7 | 0.9 | 1.6 | 1.7 | 1.2 | 1.1 | 1.2 | 0.9 | 0.6 | 1.0 | 1.1 | 1.9 | 0.9 | 161.2 | 124.9 | -67.4 |
| **Bonds of finance companies** | **2.4** | **2.3** | **2.0** | **1.4** | **1.1** | **2.3** | **2.7** | **3.1** | **2.6** | **3.5** | **3.9** | **4.2** | **5.2** | **67.1** | **-58.7** | **111.5** |
| Other financial corporations | 2.4 | 2.3 | 2.0 | 1.4 | 1.1 | 2.3 | 2.7 | 3.1 | 2.6 | 3.5 | 3.9 | 4.2 | 5.2 | 67.1 | -58.7 | 111.5 |
| **Commercial paper** | **1.7** | **1.8** | **1.9** | **2.1** | **2.2** | **1.9** | **2.1** | **2.7** | **3.0** | **3.1** | **2.8** | **2.7** | **2.8** | **0.4** | **20.6** | **66.8** |
| Other financial corporations | 1.6 | 1.8 | 1.8 | 2.1 | 2.1 | 1.9 | 2.1 | 2.7 | 3.0 | 3.1 | 2.7 | 2.7 | 2.6 | -0.3 | 17.5 | 65.3 |
| **Contractual UCITS** | **0.7** | **0.8** | **0.7** | **0.7** | **0.8** | **0.8** | **0.7** | **0.7** | **0.7** | **0.7** | **0.7** | **0.9** | **1.0** | **72.6** | **-23.6** | **28.7** |
| Other financial corporations | 0.2 | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 | 55.4 | -54.4 | 7.1 |
| Nonfinancial corporations | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.3 | 0.4 | 31.1 | 32.9 | 94.8 |
| Individuals and Moroccans living abroad | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 200.3 | 3.3 | -5.6 |
| **LI 2** | **110.1** | **107.5** | **113.4** | **118.5** | **123.9** | **126.2** | **127.4** | **130.5** | **135.1** | **132.9** | **138.8** | **143.1** | **144.5** | **3.3** | **0.1** | **31.2** |
| **Bond UCITS** | **110.1** | **107.5** | **113.4** | **118.5** | **123.9** | **126.2** | **127.4** | **130.5** | **135.1** | **132.9** | **138.8** | **143.1** | **144.5** | **3.3** | **0.1** | **31.2** |
| Other financial corporations | 76.2 | 74.4 | 78.3 | 81.8 | 86.2 | 87.1 | 87.9 | 90.1 | 93.2 | 90.7 | 94.7 | 97.4 | 103.8 | 6.4 | -2.6 | 36.2 |
| Nonfinancial corporations | 20.0 | 19.6 | 20.7 | 21.6 | 22.5 | 23.0 | 23.2 | 23.8 | 24.6 | 24.4 | 25.5 | 26.3 | 24.8 | -12.1 | 6.4 | 23.9 |
| Individuals and Moroccans living abroad | 13.9 | 13.6 | 14.4 | 15.1 | 15.2 | 16.1 | 16.2 | 16.6 | 17.2 | 17.8 | 18.6 | 19.3 | 15.9 | 12.1 | 7.5 | 14.6 |
| **LI 3** | **26.5** | **25.7** | **26.2** | **26.6** | **27.3** | **28.4** | **28.0** | **28.4** | **29.6** | **29.9** | **31.0** | **30.9** | **30.0** | **-11.4** | **0.9** | **13.1** |
| **Equity UCITS and diversified UCITS** | **26.5** | **25.7** | **26.2** | **26.6** | **27.3** | **28.4** | **28.0** | **28.4** | **29.6** | **29.9** | **31.0** | **30.9** | **30.0** | **-11.4** | **0.9** | **13.1** |
| Other financial corporations | 22.6 | 21.9 | 22.4 | 22.7 | 23.2 | 24.2 | 23.8 | 24.2 | 25.2 | 25.5 | 26.4 | 26.4 | 23.5 | -9.2 | -1.1 | 4.2 |
| Nonfinancial corporations | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 0.8 | 0.9 | -33.0 | -9.5 | 50.6 |
| Individuals and Moroccans living abroad | 3.3 | 3.2 | 3.2 | 3.3 | 3.4 | 3.5 | 3.5 | 3.5 | 3.7 | 3.7 | 3.8 | 3.8 | 5.5 | -21.6 | 21.1 | 67.7 |
| **LI** | **408.1** | **382.8** | **407.6** | **420.8** | **426.2** | **438.9** | **435.7** | **437.6** | **438.6** | **443.2** | **457.8** | **467.6** | **479.4** | **6.9** | **7.2** | **17.5** |

**Table A 8.4 M3 COUNTERPARTS**

(In billions of dirhams)

| | 2013 | 2014 | | | | | | | | | | | | Annual change (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Janv. | Feb. | Mar | April | May | June | July | Aug | Sept. | Oct. | Nov. | Dec. | 2012 | 2013 | 2014 |
| **Claims on the economy** | **858.5** | **829.4** | **833.6** | **846.6** | **843.1** | **854.1** | **875.7** | **871.9** | **866.7** | **875.6** | **877.5** | **873.4** | **890.2** | **5.1** | **3.4** | **3.7** |
| Claims of BAM | 0.9 | 0.9 | 0.9 | 1.0 | 0.9 | 0.8 | 0.9 | 0.8 | 0.8 | 0.9 | 1.0 | 1.0 | 0.8 | -23.4 | 10.6 | -9.8 |
| Claims of ODC | 857.6 | 828.5 | 832.7 | 845.6 | 842.2 | 853.3 | 874.8 | 871.0 | 865.8 | 874.8 | 876.5 | 872.4 | 889.4 | 5.1 | 3.4 | 3.7 |
| **Net claims on central government** | **149.3** | **149.4** | **146.6** | **148.1** | **151.7** | **147.9** | **138.6** | **127.8** | **138.3** | **134.1** | **139.2** | **143.8** | **143.4** | **22.8** | **19.0** | **-3.9** |
| Net claims of BAM | 0.8 | -0.6 | -1.4 | -6.2 | -1.4 | -1.2 | -1.3 | -0.7 | -1.0 | -0.8 | -1.1 | -0.3 | -0.4 | -79.4 | 76.8 | -151.8 |
| Net claims of ODC | 148.5 | 150.1 | 148.0 | 154.3 | 153.1 | 149.1 | 140.0 | 128.6 | 139.3 | 134.8 | 140.3 | 144.0 | 143.8 | 25.0 | 18.8 | -3.1 |
| **NIR** | **150.3** | **150.6** | **151.3** | **150.2** | **163.1** | **164.2** | **177.8** | **172.0** | **175.6** | **176.4** | **176.0** | **177.5** | **180.8** | **-16.7** | **3.8** | **20.3** |
| **Non-monetary liabilities** | **157.5** | **159.2** | **158.2** | **157.0** | **156.7** | **157.7** | **158.0** | **155.2** | **156.9** | **159.5** | **164.7** | **163.7** | **165.5** | **7.0** | **2.0** | **5.1** |
| **DC capital and reserves** | **120.8** | **121.9** | **121.2** | **120.9** | **119.5** | **119.5** | **119.0** | **118.8** | **119.9** | **121.5** | **124.8** | **122.8** | **124.0** | **9.8** | **5.6** | **2.7** |
| BAM | 16.3 | 16.8 | 16.5 | 15.3 | 15.5 | 15.5 | 16.0 | 16.1 | 16.3 | 16.3 | 16.3 | 16.4 | 15.9 | 4.5 | -11.7 | -2.3 |
| ODC | 104.5 | 105.2 | 104.8 | 105.6 | 104.0 | 104.0 | 102.9 | 102.7 | 103.6 | 105.3 | 108.5 | 106.4 | 108.1 | 10.9 | 8.9 | 3.5 |
| **DC non-monetary liabilities** | **36.7** | **37.2** | **37.0** | **36.1** | **37.3** | **38.2** | **39.0** | **36.4** | **37.0** | **38.0** | **39.9** | **40.8** | **41.4** | **-0.4** | **-8.2** | **12.9** |
| Deposits excluded from M3 | 7.1 | 7.3 | 7.7 | 8.2 | 8.6 | 8.6 | 8.6 | 6.9 | 7.0 | 6.2 | 7.6 | 7.9 | 7.6 | 8.1 | -5.1 | 7.0 |
| Loans | 8.3 | 8.3 | 7.3 | 7.2 | 7.4 | 7.3 | 7.1 | 7.4 | 7.1 | 7.3 | 7.6 | 7.4 | 9.3 | 2.0 | 7.1 | 11.8 |
| Securities other than equity exclud from M3 | 21.0 | 21.4 | 21.6 | 20.4 | 21.0 | 22.1 | 23.0 | 21.9 | 22.7 | 24.2 | 24.5 | 25.2 | 24.3 | -3.5 | -14.1 | 15.5 |
| Autres ressources | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 6.0 | -6.2 | 7.6 |
| **Others counterparts of M3** | **22.3** | **24.1** | **24.5** | **13.8** | **10.2** | **17.2** | **7.7** | **31.0** | **28.5** | **32.3** | **28.7** | **26.9** | **37.2** | **67.1** | **-52.0** | **67.0** |
| Counterparts of deposits with the Treasury | 42.6 | 44.5 | 44.4 | 42.9 | 45.2 | 45.6 | 44.5 | 46.6 | 47.8 | 52.2 | 54.4 | 51.2 | 49.8 | 8.4 | -12.8 | 16.9 |
| Others nets items | -12.0 | -11.6 | -8.4 | -13.4 | -15.2 | -12.9 | -16.1 | -3.2 | -9.2 | -10.2 | -16.2 | -15.0 | -5.6 | -115.6 | -743.2 | -53.2 |
| ODC net claims on nonresidents | -1.5 | -1.9 | -4.7 | -8.9 | -13.1 | -8.7 | -13.8 | -5.5 | -3.2 | -2.7 | -2.4 | -2.3 | 0.1 | 56.1 | -157.4 | -104.1 |
| SDR allocations and other liabilities | 7.1 | 7.2 | 7.1 | 7.1 | 7.1 | 7.2 | 7.2 | 7.2 | 7.2 | 7.3 | 7.4 | 7.3 | 7.4 | -1.5 | -3.4 | 4.4 |
| Other external assets BAM (2) | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | -7.7 | -0.6 | 11.9 |
| **Total counterparts3)** | **1 022.8** | **994.4** | **997.9** | **1 001.8** | **1 011.4** | **1 025.8** | **1 041.8** | **1 047.5** | **1 052.2** | **1 058.9** | **1 056.7** | **1 057.9** | **1 086.2** | **4.5** | **3.1** | **6.2** |

(1) Composed of consolidation adjustments and the net balance of various elements
(2) BAM's foreign assets and liabilities excluded from the NIR.
(3) Total of counterparts = Net international reserves + net claims on central government + claims on the economy - non-monetary resources + other M3 counterparts.

**Table A 8.5 net international reserves**

(In billions of dirhams)

| | 2013 | 2014 | | | | | | | | | | | | Annual change (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Janv. | Feb. | Mar | April | May | June | July | Aug | Sept. | Oct. | Nov. | Dec. | 2012 | 2013 | 2014 |
| **Net international reserves(1)** | **150.3** | **150.6** | **151.3** | **150.2** | **163.1** | **164.2** | **177.8** | **172.0** | **175.6** | **176.4** | **176.0** | **177.5** | **180.8** | **-16.7** | **3.8** | **20.3** |
| **Official reserve assets(2)** | **156.9** | **159.0** | **161.2** | **160.1** | **173.0** | **173.9** | **183.1** | **178.4** | **181.8** | **182.0** | **181.5** | **182.9** | **184.5** | **-16.5** | **6.1** | **17.6** |
| Monetary gold | 6.9 | 7.3 | 7.7 | 7.4 | 7.4 | 7.3 | 7.6 | 7.7 | 7.7 | 7.5 | 7.3 | 7.4 | 7.7 | 3.9 | -30.2 | 10.8 |
| Foreign curencies | 2.1 | 2.2 | 2.3 | 5.1 | 2.4 | 2.6 | 2.6 | 4.3 | 10.5 | 10.2 | 8.2 | 5.7 | 3.7 | 18.1 | -16.2 | 75.7 |
| Deposits and securities included in official(3) | 143.9 | 145.5 | 144.7 | 139.6 | 155.2 | 155.9 | 164.8 | 158.3 | 155.5 | 156.1 | 157.8 | 161.7 | 164.9 | -17.8 | 10.0 | 14.5 |
| Reserve position in the IMF | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | -1.6 | -3.2 | 4.4 |
| SDR holdings | 3.1 | 3.1 | 5.6 | 7.1 | 7.1 | 7.2 | 7.2 | 7.2 | 7.2 | 7.3 | 7.3 | 7.2 | 7.3 | -30.6 | -16.0 | 137.5 |
| **Short term foreign liabilities in foreign currencies(B)** | **6.7** | **8.5** | **9.8** | **9.9** | **9.9** | **9.7** | **5.3** | **6.4** | **6.2** | **5.6** | **5.5** | **5.5** | **3.7** | **-1.9** | **112.3** | **-44.5** |
| **Other foreign assets** | **0.3** | **0.3** | **0.3** | **0.3** | **0.3** | **0.3** | **0.3** | **0.3** | **0.3** | **0.3** | **0.3** | **0.3** | **0.3** | **-7.7** | **-0.6** | **11.9** |
| **Other external liabilities** | **7.1** | **7.2** | **7.1** | **7.1** | **7.1** | **7.2** | **7.2** | **7.2** | **7.2** | **7.3** | **7.4** | **7.3** | **7.4** | **-1.5** | **-3.4** | **4.4** |
| Allocations of SDRs | 7.0 | 7.1 | 7.1 | 7.1 | 7.1 | 7.1 | 7.1 | 7.2 | 7.2 | 7.3 | 7.3 | 7.3 | 7.4 | -1.6 | -3.2 | 4.4 |
| **Net claims of other depositary corporations on non residents** | **-1.5** | **-1.9** | **-4.7** | **-8.9** | **-13.1** | **-8.7** | **-13.8** | **-5.5** | **-3.2** | **-2.7** | **-2.4** | **-2.3** | **0.1** | **56.1** | **-157.4** | **-104.1** |
| **Claims on nonresidents** | **28.0** | **24.9** | **24.3** | **24.3** | **23.2** | **25.8** | **24.8** | **30.8** | **29.1** | **28.0** | **28.9** | **29.1** | **31.3** | **7.3** | **-0.1** | **11.6** |
| Assets in foreign currencies | 0.7 | 0.4 | 0.4 | 0.5 | 0.6 | 0.5 | 0.8 | 1.8 | 1.2 | 1.0 | 0.9 | 0.5 | 0.6 | 74.6 | 11.0 | -14.4 |
| Deposits | 9.1 | 6.8 | 8.3 | 7.4 | 4.6 | 6.9 | 5.5 | 9.3 | 8.3 | 7.6 | 8.3 | 7.7 | 9.4 | 41.2 | -5.2 | 3.5 |
| Loans | 4.0 | 3.4 | 1.2 | 1.9 | 3.4 | 3.7 | 4.0 | 4.9 | 4.8 | 4.6 | 5.0 | 6.1 | 6.0 | -48.7 | 43.7 | 48.8 |
| Securities other than equities | 0.5 | 0.5 | 0.5 | 0.5 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.3 | -3.4 | -80.7 | -38.8 |
| Shares and other equity | **13.6** | **13.8** | **13.9** | **13.9** | **14.0** | **14.2** | **14.0** | **14.3** | **14.3** | **14.3** | **14.3** | **14.3** | **14.9** | **16.6** | **9.3** | **9.5** |
| Autres créances | **0.1** | **0.1** | **0.1** | **0.1** | **0.1** | **0.1** | **0.1** | **0.1** | **0.1** | **0.1** | **0.1** | **0.1** | **0.1** | **-59.7** | **-5.3** | **-14.3** |
| **Liabilities to nonresidents** | **29.6** | **26.8** | **29.0** | **33.2** | **36.3** | **34.5** | **38.6** | **36.4** | **32.3** | **30.7** | **31.4** | **31.4** | **31.2** | **3.9** | **16.5** | **5.6** |
| Deposits | 23.5 | 20.7 | 23.0 | 27.2 | 30.3 | 28.4 | 32.6 | 30.3 | 26.1 | 24.5 | 25.2 | 25.3 | 23.4 | -5.3 | 9.6 | -0.4 |
| Loans (4) | 1.4 | 1.3 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 3.7 | -6.6 | 1.7 | 160.4 |
| Money market UCITS | 0.9 | 0.8 | 0.8 | 0.9 | 0.8 | 0.9 | 0.9 | 0.9 | 1.0 | 0.9 | 0.9 | 0.8 | 0.2 | 334.8 | -21.2 | -78.0 |
| Other liabilities | 3.8 | 4.0 | 3.8 | 3.8 | 3.8 | 3.7 | 3.7 | 3.8 | 3.8 | 3.9 | 3.9 | 3.9 | 3.9 | 2460.1 | 165.5 | 4.1 |

(1) Official reserve assets excluding BAM's short term liabilities towards non-residents.
(2) Foreign assets made at BAM's immediate disposal and under its effective control.
(3) As of May 2012, BAM carried out foreign currency investments in resident banks; their amounts was excluded from the official reserve assets.
(4) Financial and subordinated loans.

**Table A 8.6 NET CLAIMS ON CENTRAL GOVERNMENT**

(In billions of dirhams)

| | 2013 | 2014 | | | | | | | | | | | | Annual change (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Janv. | Feb. | Mar | April | May | June | July | Aug | Sept. | Oct. | Nov. | Dec. | 2012 | 2013 | 2014 |
| **DC net claims on central government** | **149.3** | **149.4** | **146.6** | **148.1** | **151.7** | **147.9** | **138.6** | **127.8** | **138.3** | **134.1** | **139.2** | **143.8** | **143.4** | **22.8** | **19.0** | **-3.9** |
| **Net claims of BAM** | **0.8** | **-0.6** | **-1.4** | **-6.2** | **-1.4** | **-1.2** | **-1.3** | **-0.7** | **-1.0** | **-0.8** | **-1.1** | **-0.3** | **-0.4** | **-79.4** | **76.8** | **-151.8** |
| **Claims** | **5.4** | **5.4** | **4.6** | **4.2** | **4.2** | **4.2** | **4.4** | **4.4** | **4.4** | **4.6** | **4.6** | **4.6** | **4.2** | **-12.0** | **9.9** | **-21.8** |
| Loans | 4.4 | 4.4 | 4.4 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | -10.1 | -9.5 | -9.7 |
| Other (1) | 1.0 | 1.0 | 0.2 | 0.2 | 0.2 | 0.2 | 0.4 | 0.4 | 0.4 | 0.6 | 0.6 | 0.6 | 0.2 | -90.6 | - | -77.3 |
| **Liabilities** | **4.6** | **6.0** | **6.0** | **10.4** | **5.6** | **5.4** | **5.7** | **5.1** | **5.4** | **5.3** | **5.7** | **4.8** | **4.6** | **32.4** | **3.1** | **1.1** |
| Account of Hassan II Fund for Economic and Social Development | 0.3 | 0.9 | 1.1 | 1.8 | 1.4 | 1.0 | 0.8 | 0.5 | 0.6 | 0.2 | 0.4 | 2.1 | 0.6 | 9.2 | -56.6 | 134.3 |
| Treasury current account | 2.2 | 2.6 | 2.4 | 6.5 | 2.1 | 2.4 | 3.0 | 2.5 | 2.6 | 3.0 | 3.2 | 0.8 | 2.1 | 45.0 | -22.9 | -4.3 |
| **Net claims of ODC** | **148.5** | **150.1** | **148.0** | **154.3** | **153.1** | **149.1** | **140.0** | **128.6** | **139.3** | **134.8** | **140.3** | **144.0** | **143.8** | **25.0** | **18.8** | **-3.1** |
| **Claims** | **164.1** | **165.8** | **165.3** | **166.5** | **169.7** | **166.1** | **165.8** | **163.8** | **162.0** | **158.5** | **154.8** | **156.2** | **156.9** | **22.8** | **19.9** | **-4.4** |
| Loans | 25.4 | 25.3 | 25.3 | 25.4 | 25.7 | 25.3 | 24.9 | 24.7 | 24.7 | 23.5 | 23.3 | 23.1 | 22.4 | 10.8 | 2.1 | -11.8 |
| Portefeuille de bons de Trésor | 133.6 | 136.0 | 137.0 | 137.4 | 140.5 | 137.0 | 136.4 | 134.4 | 132.6 | 129.3 | 125.9 | 128.5 | 127.9 | 24.8 | 25.7 | -4.3 |
| Banques | 115.7 | 121.8 | 124.9 | 126.4 | 130.8 | 126.9 | 125.4 | 123.1 | 116.8 | 117.8 | 116.1 | 118.0 | 115.5 | 24.0 | 22.9 | -0.2 |
| Money market funds | 17.8 | 14.3 | 12.1 | 11.1 | 9.7 | 10.2 | 10.9 | 11.4 | 15.8 | 11.5 | 9.9 | 10.5 | 12.3 | 31.6 | 47.9 | -30.8 |
| Other (1) | 5.2 | 4.5 | 3.0 | 3.7 | 3.6 | 3.7 | 4.5 | 4.7 | 4.7 | 5.7 | 5.6 | 4.6 | 6.6 | 46.0 | -10.9 | 28.0 |
| **Liabilities (2)** | **15.6** | **15.8** | **17.3** | **12.2** | **16.6** | **16.9** | **25.8** | **35.2** | **22.7** | **23.6** | **14.6** | **12.2** | **13.1** | **3.0** | **30.9** | **-16.4** |
| **Conterparts of deposits with Treasury** | **42.6** | **44.5** | **44.4** | **42.9** | **45.2** | **45.6** | **44.5** | **46.6** | **47.8** | **52.2** | **54.4** | **51.2** | **49.8** | **8.4** | **-12.8** | **16.9** |

((1) Sums owed to the State. including down payments on income taxes and VAT recoverable
(2) Composed mainly of sums owed to the state as wellas pecial guarantee funds for guaranteeing loans granted.

**Table A 8.7 CLAIMS ON THE ECONOMY**

(In billions of dirhams)

| | 2013 | 2014 | | | | | | | | | | | | Annual change (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Janv. | Feb. | Mar | April | May | June | July | Aug | Sept. | Oct. | Nov. | Dec. | 2012 | 2013 | 2014 |
| **Claims of DC** | **858.5** | **829.4** | **833.6** | **846.6** | **843.1** | **854.1** | **875.7** | **871.9** | **866.7** | **875.6** | **877.5** | **873.4** | **890.2** | **5.1** | **3.4** | **3.7** |
| **Claims of ODC** | **857.6** | **828.5** | **832.7** | **845.6** | **842.2** | **853.3** | **874.8** | **871.0** | **865.8** | **874.8** | **876.5** | **872.4** | **889.4** | **5.1** | **3.4** | **3.7** |
| **Loans of ODC** | **756.6** | **731.6** | **733.9** | **746.2** | **741.1** | **746.4** | **762.1** | **762.7** | **757.1** | **764.6** | **765.4** | **762.3** | **775.7** | **4.8** | **3.8** | **2.5** |
| **Bank loans** | **747.0** | **724.0** | **724.2** | **736.7** | **735.7** | **736.9** | **755.2** | **753.1** | **746.8** | **757.2** | **755.9** | **753.2** | **763.4** | **4.6** | **3.9** | **2.2** |
| **By economic purpose** | | | | | | | | | | | | | | | | |
| Cash advances (1) | 175.3 | 167.1 | 169.0 | 171.8 | 173.1 | 172.4 | 187.5 | 185.7 | 181.4 | 184.0 | 179.7 | 174.9 | 180.7 | 7.8 | -5.6 | 3.1 |
| Equipment loans | 139.4 | 137.6 | 137.4 | 136.3 | 138.9 | 140.1 | 140.7 | 140.7 | 139.8 | 139.9 | 145.2 | 145.4 | 144.5 | -2.0 | 1.5 | 3.7 |
| **Real-estate loans** | **230.5** | **230.7** | **231.5** | **232.2** | **232.0** | **233.0** | **234.8** | **233.7** | **234.3** | **235.4** | **235.7** | **236.5** | **236.8** | **6.1** | **4.8** | **2.7** |
| Home loans | 160.1 | 160.6 | 162.1 | 163.3 | 163.1 | 164.1 | 165.1 | 165.6 | 166.2 | 167.2 | 168.2 | 169.3 | 170.1 | 9.8 | 6.3 | 6.2 |
| Loans to real-estate developers | 68.6 | 67.6 | 66.9 | 66.5 | 66.5 | 66.8 | 66.8 | 65.0 | 64.1 | 64.5 | 64.3 | 63.8 | 64.7 | -0.3 | 0.6 | -5.6 |
| Consumer loans | **40.4** | **40.0** | **40.1** | **40.2** | **40.5** | **40.8** | **39.9** | **43.5** | **43.6** | **43.9** | **44.0** | **44.1** | **44.1** | **9.8** | **1.9** | **9.2** |
| Various claims on customers | **117.7** | **103.9** | **101.9** | **109.9** | **104.4** | **103.3** | **104.1** | **99.4** | **97.2** | **102.0** | **99.8** | **100.2** | **104.8** | **2.3** | **16.2** | **-11.0** |
| Nonperforming loans | **43.7** | **44.7** | **44.4** | **46.3** | **46.8** | **47.3** | **48.2** | **50.1** | **50.5** | **52.1** | **51.5** | **52.1** | **52.5** | **8.7** | **23.8** | **20.2** |
| **By economic sector** | | | | | | | | | | | | | | | | |
| Other financial corpotayions | 104.9 | 92.6 | 90.2 | 97.0 | 91.6 | 90.0 | 92.3 | 86.6 | 84.0 | 89.6 | 88.7 | 88.5 | 94.2 | -3.2 | 19.3 | -10.2 |
| **Public sector** | **44.3** | **41.8** | **41.0** | **41.4** | **44.0** | **44.5** | **45.2** | **42.5** | **44.4** | **45.9** | **45.8** | **46.6** | **48.4** | **24.4** | **7.6** | **9.2** |
| Local governments | 12.3 | 12.4 | 12.4 | 12.3 | 12.0 | 12.4 | 12.3 | 12.4 | 12.4 | 12.5 | 12.7 | 12.9 | 13.3 | 10.8 | 6.4 | 7.7 |
| Public nonfinancial corporation | 32.0 | 29.4 | 28.7 | 29.1 | 32.0 | 32.2 | 32.9 | 30.1 | 31.9 | 33.5 | 33.1 | 33.7 | 35.1 | 30.7 | 8.1 | 9.8 |
| **Private sector** | **597.8** | **589.6** | **593.0** | **598.3** | **600.1** | **602.4** | **617.8** | **624.0** | **618.4** | **621.7** | **621.4** | **618.1** | **620.8** | **4.7** | **1.3** | **3.8** |
| Private nonfinancial corporation | 334.1 | 329.3 | 330.3 | 333.7 | 334.7 | 335.9 | 348.9 | 351.0 | 345.1 | 347.5 | 347.3 | 342.6 | 344.6 | 3.6 | -3.5 | 3.1 |
| Other resident sectors | 263.7 | 260.3 | 262.6 | 264.6 | 265.4 | 266.5 | 268.9 | 273.0 | 273.3 | 274.2 | 274.1 | 275.5 | 276.2 | 6.4 | 8.1 | 4.7 |
| **Securities** | **78.5** | **74.9** | **77.1** | **77.0** | **79.2** | **84.6** | **89.6** | **85.2** | **86.2** | **86.6** | **88.0** | **86.9** | **88.9** | **1.1** | **-0.1** | **13.2** |
| Securities other than shares | 21.1 | 21.7 | 22.2 | 22.0 | 22.5 | 21.1 | 20.2 | 19.9 | 21.1 | 20.7 | 20.7 | 20.3 | 20.6 | 27.0 | -5.1 | -2.3 |
| Banks | 10.3 | 11.0 | 11.1 | 10.8 | 10.6 | 10.1 | 9.1 | 9.4 | 9.1 | 9.1 | 9.6 | 9.2 | 9.3 | 97.4 | -6.2 | -9.5 |
| Money UCITS | 10.8 | 10.7 | 11.1 | 11.2 | 11.9 | 11.0 | 11.2 | 10.5 | 12.0 | 11.6 | 11.1 | 11.1 | 11.3 | -5.7 | -4.1 | 4.5 |
| Shares and other equity | 57.4 | 53.1 | 55.0 | 55.0 | 56.7 | 63.5 | 69.3 | 65.3 | 65.1 | 65.9 | 67.3 | 66.6 | 68.3 | -6.5 | 2.0 | 19.0 |
| Banks | 57.2 | 53.0 | 54.8 | 54.8 | 56.5 | 63.3 | 69.3 | 65.3 | 64.8 | 65.7 | 67.0 | 66.4 | 68.0 | -5.0 | 1.8 | 18.9 |
| **Other (2)** | **22.5** | **22.1** | **21.7** | **22.5** | **21.9** | **22.2** | **23.2** | **23.1** | **22.6** | **23.5** | **23.1** | **23.2** | **24.8** | **38.5** | **3.9** | **10.4** |
| **Claims of BAM** | **0.9** | **0.9** | **0.9** | **1.0** | **0.9** | **0.8** | **0.9** | **0.8** | **0.8** | **0.9** | **1.0** | **1.0** | **0.8** | **-23.4** | **10.6** | **-9.8** |
| Loans | 0.7 | 0.7 | 0.6 | 0.6 | 0.6 | 0.6 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | -12.4 | 2.0 | 1.4 |

(1) Incliding debtor accounts
(2) Composed mainly by the counterparty of deposits with AL Barid-Bank

**TABLE A 8.8 CROSS CLASSIFICATION OF BANK LOANS BY ECONOMIC PURPOSE AND BY INSTITUTIONAL SECTOR** (1)

(In billions of dirhams)

| | 2013 | 2014 | | | | | | | | | | | | Annual change (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Jan. | Feb. | Mar | April | May | June | July | Aug | Sept. | Oct. | Nov. | Dec. | 2012 | 2013 | 2014 |
| **Bank loans** | **747.0** | **724.0** | **724.2** | **736.7** | **735.7** | **736.9** | **755.2** | **753.1** | **746.8** | **757.2** | **755.9** | **753.2** | **763.4** | **4.6** | **3.9** | **2.2** |
| **Accounts receivable and cash advances** | **175.3** | **167.1** | **169.0** | **171.8** | **173.1** | **172.4** | **187.5** | **185.7** | **181.4** | **184.0** | **179.7** | **174.9** | **180.7** | **7.8** | **-5.6** | **3.1** |
| Other financial corporations | 3.9 | 3.7 | 3.4 | 3.6 | 3.5 | 3.0 | 5.2 | 4.1 | 3.3 | 4.0 | 4.2 | 2.7 | 3.1 | -23.0 | 122.7 | -22.5 |
| Public nonfinancial corporations | 7.8 | 7.0 | 6.2 | 6.6 | 5.9 | 5.8 | 6.5 | 5.1 | 6.0 | 7.0 | 5.6 | 5.9 | 7.6 | 35.3 | 4.3 | -3.6 |
| Private nonfinancial corporations | 142.6 | 137.6 | 140.8 | 142.6 | 144.6 | 144.6 | 156.3 | 157.3 | 153.3 | 154.0 | 151.3 | 147.5 | 150.5 | 7.5 | -10.7 | 5.5 |
| Households | 20.6 | 18.5 | 18.3 | 18.8 | 18.9 | 18.7 | 19.3 | 18.9 | 18.6 | 18.6 | 18.3 | 18.5 | 19.3 | 6.8 | 26.9 | -6.4 |
| **Equipmentloans** | **139.4** | **137.6** | **137.4** | **136.3** | **138.9** | **140.1** | **140.7** | **140.7** | **139.8** | **139.9** | **145.2** | **145.4** | **144.5** | **-2.0** | **1.5** | 3.7 |
| Local governments | 12.3 | 12.4 | 12.4 | 12.3 | 12.0 | 12.4 | 12.3 | 12.4 | 12.4 | 12.5 | 12.7 | 12.9 | 13.3 | 10.8 | 6.4 | 7.7 |
| Public nonfinancial corporations | 18.8 | 18.6 | 19.0 | 17.8 | 21.5 | 21.9 | 23.6 | 22.1 | 23.1 | 23.7 | 25.2 | 25.5 | 25.6 | 29.4 | 1.8 | 36.4 |
| Private nonfinancial corporations | 95.6 | 95.1 | 94.3 | 94.2 | 93.1 | 93.7 | 91.9 | 93.4 | 91.1 | 90.5 | 94.3 | 93.9 | 92.8 | -7.4 | -0.9 | -2.9 |
| **Real estate loans (2)** | **230.5** | **230.7** | **231.5** | **232.2** | **232.0** | **233.0** | **234.8** | **233.7** | **234.3** | **235.4** | **235.7** | **236.5** | **236.8** | **6.1** | **4.8** | **2.7** |
| Private nonfinancial corporations | 63.8 | 63.2 | 62.2 | 63.2 | 62.9 | 63.0 | 64.0 | 63.5 | 64.1 | 64.7 | 64.2 | 64.0 | 64.0 | 7.3 | 7.4 | 0.3 |
| Households | 166.7 | 167.5 | 169.3 | 168.9 | 169.0 | 170.0 | 170.6 | 170.2 | 170.2 | 170.6 | 171.4 | 172.5 | 172.8 | 5.7 | 3.7 | 3.7 |
| Housing loans | 142.9 | 143.3 | 144.7 | 145.7 | 145.4 | 146.2 | 147.1 | 147.4 | 147.9 | 148.6 | 149.4 | 150.6 | 151.5 | 7.0 | 5.1 | 6.0 |
| Loans to real estate developers | 23.0 | 22.8 | 22.7 | 22.3 | 22.8 | 22.9 | 22.6 | 22.0 | 21.4 | 21.1 | 21.1 | 21.0 | 20.4 | -0.9 | -3.2 | -11.2 |
| **Consumer loans** | **40.4** | **40.0** | **40.1** | **40.2** | **40.5** | **40.8** | **39.9** | **43.5** | **43.6** | **43.9** | **44.0** | **44.1** | **44.1** | **9.8** | **1.9** | **9.2** |
| **Sundry claims on customers** | **117.7** | **103.9** | **101.9** | **109.9** | **104.4** | **103.3** | **104.1** | **99.4** | **97.2** | **102.0** | **99.8** | **100.2** | **104.8** | **2.3** | **16.2** | **-11.0** |
| Other financial corporations | 100.5 | 88.3 | 86.4 | 93.0 | 87.6 | 86.5 | 86.5 | 81.9 | 80.1 | 84.9 | 83.9 | 85.2 | 90.5 | -2.5 | 17.2 | -9.9 |
| Public nonfinancial corporations | 5.5 | 4.0 | 3.6 | 4.8 | 4.5 | 4.4 | 2.5 | 2.9 | 2.9 | 2.9 | 2.5 | 2.5 | 2.1 | 25.4 | 38.3 | -61.4 |
| Private nonfinancial corporations | 8.0 | 8.0 | 8.2 | 8.6 | 8.7 | 8.6 | 10.2 | 9.5 | 9.1 | 9.3 | 8.6 | 7.7 | 7.4 | 24.4 | -15.5 | -7.6 |
| **Pending claims** | **43.7** | **44.7** | **44.4** | **46.3** | **46.8** | **47.3** | **48.2** | **50.1** | **50.5** | **52.1** | **51.5** | **52.1** | **52.5** | **8.7** | **23.8** | **20.2** |
| Other financial corporations | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | -28.6 | 18.4 | 41.5 |
| Private nonfinancial corporations | 23.4 | 24.9 | 24.3 | 24.4 | 24.8 | 25.4 | 25.8 | 26.7 | 27.0 | 28.3 | 28.3 | 28.9 | 29.3 | 14.5 | 14.8 | 25.1 |
| Households | 19.8 | 19.4 | 19.7 | 21.4 | 21.4 | 21.3 | 21.6 | 22.7 | 22.8 | 23.1 | 22.6 | 22.6 | 22.5 | 3.4 | 36.4 | 13.6 |

(1) Some gaps may be observed between the total of certain loan categories and their breakdown by institutional sector.These gaps are due to the lack of detailed-enough information on loans granted by banks to public nonfinancial corporations and to central governments bodies.
(2) Since 2007, the growth in real estate development loans has been partly amplified by the reclassifications carried out by banks,at the request of Bank Al-Maghrib,wherebyadvances granted to real estate developers were included in real estate development loans,after they were originally included in cash advances.

## Table A 8.9 POSITION OF OFCS TOWARDS CENTRAL GOVERNMENT

(In billions of dirhams)

| | 2011 | 2012 | | 2013 | | | | 2014 | | | | Annual change (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec. | June | Dec. | Mar | June | Sept. | Dec. | Mar | June | Sept. | Dec. | 2012 | 2013 | 2014 |
| **OFCs claims on central government** | **106.3** | **112.5** | **119.9** | **120.5** | **128.3** | **123.7** | **135.7** | **151.1** | **152.4** | **150.5** | **162.9** | **12.8** | **13.1** | **20.1** |
| **Securities issued by central government and held by OFCs** | **101.4** | **108.7** | **115.4** | **115.8** | **123.8** | **119.4** | **130.8** | **146.9** | **148.4** | **145.8** | **158.0** | **13.8** | **13.4** | **20.8** |
| Deposit and management fund | 25.4 | 25.6 | 26.9 | 28.3 | 28.5 | 28.6 | 30.9 | 31.6 | 30.5 | 29.7 | 29.6 | 5.9 | 14.8 | -4.1 |
| Non-monetary mutuals funds | 65.1 | 72.2 | 76.5 | 75.2 | 81.8 | 77.2 | 83.4 | 98.5 | 101.2 | 99.0 | 111.0 | 17.6 | 9.0 | 33.1 |
| Bond funds | 62.9 | 69.2 | 72.9 | 70.9 | 77.0 | 72.6 | 78.9 | 94.0 | 95.9 | 93.6 | 105.6 | 15.9 | 8.2 | 33.8 |
| Diversified funds | 1.9 | 2.2 | 2.2 | 2.5 | 2.5 | 2.8 | 3.1 | 3.1 | 4.1 | 4.0 | 4.2 | 14.8 | 43.3 | 34.1 |
| **Other claims(1)** | **5.0** | **3.8** | **4.6** | **4.7** | **4.5** | **4.4** | **4.9** | **4.2** | **4.0** | **4.7** | **5.0** | **-7.6** | **7.3** | **1.2** |
| **OFCs liabilities towards central government(2)** | **7.3** | **7.1** | **7.4** | **6.8** | **7.2** | **6.7** | **8.4** | **6.7** | **7.8** | **7.0** | **7.5** | **1.3** | **12.8** | **-10.4** |
| Deposits with the Deposit and management fund | 2.1 | 2.7 | 2.3 | 2.3 | 2.9 | 2.5 | 3.0 | 2.5 | 3.2 | 2.6 | 2.5 | 7.2 | 32.7 | -15.5 |

(1) Amounts due by the state as deposits for income taxes and recoverable value added

(2) Amounts due to the state and to the insurance solidarity fund.

**Table A 8.10 POSITION OF OTHER FINANCIAL CORPORATIONS TOWARDS HOUSEHOLDS**

(In billions of dirhams)

| | 2011 | 2012 | | 2013 | | | | 2014 | | | | Annual change (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec | June | Dec | Mar | June | Sept. | Dec | Mar | June | Sept. | Dec | 2012 | 2013 | 2014 |
| **OFCs claims on households** | **54.8** | **57.1** | **56.9** | **56.7** | **58.0** | **57.4** | **57.9** | **58.4** | **59.6** | **55.7** | **55.8** | **3.9** | **1.6** | **-3.6** |
| **Loans granted by finance companies** | **46.7** | **48.5** | **48.6** | **48.1** | **48.8** | **48.3** | **48.8** | **48.7** | **49.5** | **45.6** | **45.7** | **4.2** | **0.4** | **-6.4** |
| Consumer loans | 32.2 | 32.1 | 30.6 | 30.7 | 30.9 | 30.8 | 30.8 | 30.4 | 30.7 | 26.9 | 26.6 | -5.0 | 0.5 | -13.7 |
| Leasing | 6.1 | 7.6 | 9.5 | 9.3 | 9.5 | 9.4 | 9.6 | 9.4 | 9.9 | 9.9 | 10.1 | 55.2 | 1.1 | 5.5 |
| **Loans granted by microcredits associations** | **4.6** | **4.6** | **4.6** | **4.7** | **4.9** | **5.0** | **4.9** | **5.3** | **5.3** | **5.5** | **5.5** | **0.6** | **6.0** | **11.1** |
| Loans to micro bisiness | 4.0 | 4.0 | 4.0 | 4.0 | 4.2 | 4.3 | 4.4 | 4.4 | 4.7 | 4.8 | 4.9 | 0.8 | 9.3 | 12.5 |
| Housing loans | 0.4 | 0.4 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | -23.5 | -7.1 | 7.7 |
| **OFCs liabilities to households** | **123.9** | **129.6** | **132.4** | **136.1** | **138.7** | **139.4** | **142.1** | **145.5** | **149.3** | **160.8** | **162.9** | **6.9** | **7.3** | **14.7** |
| **Insurance technical provisions** | **96.2** | **100.2** | **101.0** | **103.0** | **105.0** | **105.4** | **105.8** | **108.0** | **110.2** | **114.6** | **114.6** | **5.0** | **4.7** | **8.3** |
| Life insurance | 49.2 | 50.7 | 52.3 | 52.9 | 53.6 | 54.2 | 54.8 | 55.8 | 56.7 | 59.0 | 59.0 | 6.3 | 4.9 | 7.6 |
| Non-life insurance | 47.0 | 49.5 | 48.8 | 50.1 | 51.4 | 51.2 | 50.9 | 52.3 | 53.6 | 55.6 | 55.6 | 3.8 | 4.5 | 9.1 |
| **Securities issued by non-money market funds** | **15.0** | **15.5** | **15.9** | **15.1** | **15.8** | **15.8** | **17.4** | **18.6** | **20.0** | **21.8** | **21.6** | **5.5** | **9.7** | **24.2** |
| Bond funds | 11.5 | 12.1 | 12.9 | 12.2 | 12.8 | 12.8 | 13.9 | 15.1 | 16.2 | 17.8 | 15.9 | 12.1 | 7.5 | 14.6 |
| Equity funds | 2.3 | 1.9 | 1.9 | 1.8 | 1.9 | 1.8 | 2.4 | 2.4 | 2.4 | 2.6 | 3.5 | -19.6 | 28.1 | 45.1 |
| Diversified funds | 1.1 | 1.3 | 0.8 | 0.8 | 0.8 | 0.9 | 0.9 | 0.9 | 1.1 | 1.1 | 2.0 | -25.6 | 5.4 | 128.9 |
| Contractual funds | 0.1 | 0.1 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 200.3 | 3.3 | -5.6 |
| **Other liabilities** | **12.6** | **14.0** | **15.6** | **18.0** | **17.9** | **18.2** | **18.9** | **18.9** | **19.1** | **24.4** | **26.7** | **23.0** | **21.2** | **41.7** |
| Guarantee deposits with finance companies | 2.2 | 3.3 | 4.5 | 4.5 | 4.5 | 4.5 | 4.6 | 4.6 | 4.8 | 5.0 | 5.3 | 100.1 | 3.2 | 15.8 |
| Regulated deposits with the Deposit and management fund(1) | 8.7 | 8.9 | 9.6 | 11.7 | 11.6 | 11.7 | 12.5 | 12.3 | 12.4 | 17.3 | 19.5 | 10.7 | 29.9 | 56.1 |

(1) Composed mainly of third-party funds of notaries and bar associations as well as consignment deposits

## Table A 8.11 POSITION OF OTHER FINANCIAL CORPORATIONS TOWARDS NONFINANCIAL CORPORATIONS

(In billions of dirhams)

| | 2012 | 2013 | | | | 2014 | | | | Annual change (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec. | Mar | June | Sept. | Dec. | Mar | June | Sept. | Dec. | 2012 | 2013 | 2014 |
| **OFCs claims on private nonfinancial corporations** | **132.6** | **132.2** | **132.8** | **132.8** | **128.6** | **134.7** | **133.8** | **136.3** | **135.1** | **1.7** | **-3.0** | **5.1** |
| **Loans** | **65.1** | **65.1** | **66.2** | **64.7** | **65.9** | **65.6** | **67.8** | **66.5** | **67.9** | **2.7** | **1.2** | **3.1** |
| **Finance companies** | **48.2** | **48.2** | **47.8** | **46.6** | **48.4** | **49.4** | **49.0** | **49.5** | **50.5** | **7.3** | **0.3** | **4.3** |
| Factoring loans | 4.8 | 5.1 | 4.4 | 4.0 | 4.6 | 5.8 | 5.5 | 6.3 | 6.0 | 70.8 | -3.6 | 30.5 |
| Leasing | 40.4 | 39.9 | 40.0 | 39.3 | 40.5 | 39.9 | 39.6 | 39.2 | 40.7 | 2.0 | 0.4 | 0.3 |
| **Offshore banks** | **13.6** | **13.6** | **14.9** | **14.2** | **13.3** | **12.4** | **14.3** | **12.2** | **12.4** | **-11.6** | **-2.4** | **-6.5** |
| Cash advances | 7.9 | 7.8 | 9.3 | 8.6 | 8.1 | 7.7 | 10.0 | 7.9 | 8.7 | -34.7 | 3.3 | 6.8 |
| Equipment loans | 4.5 | 4.4 | 4.2 | 4.2 | 3.9 | 4.2 | 3.8 | 3.9 | 3.4 | 108.5 | -11.8 | -14.5 |
| **Caisse de Dépôts et de Gestion** | **3.2** | **3.3** | **3.6** | **3.8** | **4.2** | **3.8** | **4.5** | **4.8** | **5.0** | **6.0** | **30.0** | **20.0** |
| Cash advances | 2.2 | 2.3 | 2.5 | 2.6 | 2.7 | 2.2 | 2.3 | 2.4 | 2.6 | -3.9 | 21.4 | -3.5 |
| Equipment loans | 1.0 | 1.0 | 1.0 | 1.2 | 1.5 | 1.5 | 2.2 | 2.4 | 2.4 | 36.4 | 49.4 | 62.1 |
| **Securities held by OFCs** | **64.4** | **63.6** | **62.8** | **64.4** | **59.2** | **65.2** | **61.7** | **65.7** | **63.1** | **0.7** | **-8.1** | **6.5** |
| **Securities other than shares** | **24.3** | **24.4** | **24.3** | **24.6** | **22.8** | **25.1** | **22.1** | **23.4** | **22.4** | **16.6** | **-6.2** | **-1.9** |
| Non-money market UCITS | 13.8 | 13.4 | 13.0 | 13.0 | 13.7 | 16.1 | 13.3 | 14.2 | 13.1 | 21.3 | -0.4 | -4.6 |
| Bond funds | 12.7 | 12.3 | 11.9 | 12.1 | 12.9 | 15.2 | 12.2 | 13.1 | 11.9 | 26.6 | 2.0 | -7.9 |
| Insurance and reinsurance companies | 8.6 | 9.1 | 9.6 | 9.8 | 7.2 | 7.3 | 7.3 | 7.6 | 7.6 | 10.2 | -16.3 | 6.2 |
| Caisse de Dépôts et de Gestion | 1.7 | 1.7 | 1.7 | 1.7 | 1.8 | 1.7 | 1.5 | 1.6 | 1.6 | 12.4 | 0.8 | -7.3 |
| **Shares** | **40.2** | **39.2** | **38.5** | **39.8** | **36.5** | **40.1** | **39.6** | **42.3** | **40.8** | **-7.0** | **-9.2** | **11.8** |
| Insurance and reinsurance companies | 23.2 | 23.3 | 23.4 | 23.6 | 20.0 | 20.3 | 20.7 | 21.3 | 21.3 | 3.5 | -14.0 | 6.8 |
| Non-money market UCITS | 11.9 | 9.9 | 9.1 | 9.3 | 10.5 | 11.8 | 11.6 | 12.6 | 12.4 | -26.0 | -11.7 | 17.7 |
| Equity funds | 9.2 | 8.3 | 7.7 | 7.6 | 8.7 | 9.6 | 9.4 | 10.3 | 10.1 | -18.7 | -5.5 | 16.3 |
| Diversified funds | 1.5 | 1.2 | 0.9 | 1.2 | 1.4 | 1.6 | 1.6 | 1.7 | 1.7 | -32.6 | -11.8 | 28.9 |
| Caisse de Dépôts et de Gestion | 4.2 | 4.9 | 4.8 | 5.1 | 5.7 | 6.0 | 5.9 | 6.4 | 6.4 | 3.1 | 36.7 | 11.7 |
| **Other claims** | **3.1** | **3.5** | **3.9** | **3.7** | **3.5** | **3.9** | **4.3** | **4.1** | **4.1** | **3.0** | **13.0** | **17.8** |
| Inssurance companie's settlement accounts(1) | 3.1 | 3.5 | 3.9 | 3.7 | 3.5 | 3.9 | 4.3 | 4.1 | 4.1 | 3.0 | 13.0 | 17.8 |
| **Claims of OFCs on public nonfinancial corporations** | **12.5** | **12.9** | **13.2** | **12.5** | **14.4** | **16.0** | **17.3** | **16.6** | **16.6** | **-13.7** | **14.8** | **15.4** |
| **Securities other than shares** | **11.3** | **11.7** | **11.9** | **11.7** | **13.6** | **14.7** | **16.0** | **15.7** | **15.7** | **-15.1** | **20.4** | **15.5** |
| Non-money market UCITS | 7.7 | 7.9 | 7.8 | 7.4 | 7.8 | 8.9 | 10.1 | 9.7 | 9.7 | -26.1 | 1.6 | 23.5 |
| Bond funds | 6.9 | 7.2 | 7.1 | 6.7 | 7.2 | 8.3 | 9.4 | 9.0 | 9.1 | -28.7 | 4.3 | 25.4 |
| Insurance and reinsurance companies | 2.9 | 3.1 | 3.2 | 3.3 | 4.8 | 4.8 | 4.9 | 5.1 | 5.1 | 7.5 | 62.8 | 6.1 |
| **Liabilities of OFCs to private nonfinancial corporations** | **26.3** | **29.5** | **29.7** | **29.7** | **27.6** | **29.7** | **32.9** | **32.6** | **35.0** | **-7.7** | **5.0** | **26.8** |
| **Securities issued by non-money market funds** | **19.7** | **22.2** | **22.9** | **23.0** | **20.9** | **22.4** | **24.1** | **25.3** | **26.2** | **-12.8** | **6.1** | **25.5** |
| Bond funds | 18.8 | 21.3 | 22.0 | 22.1 | 20.0 | 21.6 | 23.2 | 24.4 | 24.8 | -12.1 | 6.4 | 23.9 |
| Equity UCITS | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.5 | -44.4 | -9.4 | 26.6 |
| Diversified UCITS | 0.3 | 0.3 | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.5 | -7.5 | -9.6 | 82.9 |
| Contractual UCITS | 0.2 | 0.3 | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.4 | 31.1 | 32.9 | 94.8 |
| **Insurance technical provisions** | **2.9** | **3.0** | **3.1** | **3.1** | **3.1** | **3.1** | **3.2** | **3.3** | **3.3** | **3.6** | **4.5** | **8.7** |
| Deposits | **3.7** | **4.3** | **3.6** | **3.6** | **3.6** | **4.1** | **5.6** | **3.9** | **5.4** | **18.8** | **-0.2** | **49.3** |
| Factoring accounts with finance companies | 0.9 | 1.0 | 1.1 | 0.7 | 0.9 | 1.5 | 1.2 | 1.1 | 1.2 | -15.1 | -6.0 | 38.1 |
| Guarantee deposits with finance companies | 0.3 | 0.1 | 0.1 | 0.2 | 0.4 | 0.3 | 0.3 | 0.3 | 0.4 | 78.3 | 24.6 | -11.3 |
| Foreign-currency-denomited with off-shore banks | 1.5 | 2.4 | 1.2 | 1.5 | 1.8 | 1.8 | 3.2 | 1.9 | 3.1 | 49.0 | 15.4 | 74.6 |
| **Liabilities of OFCs to public nonfinancial corporations** | **3.4** | **3.5** | **3.6** | **3.6** | **3.6** | **3.6** | **3.7** | **3.9** | **3.9** | **0.3** | **6.0** | **7.7** |
| Insurance technical provisions | 2.9 | 3.0 | 3.1 | 3.1 | 3.1 | 3.1 | 3.2 | 3.3 | 3.3 | 3.6 | 4.5 | 8.7 |

(1) Composed primarily of receivable, unpaid or pre-doubtful premiums and returned receipts

**Table A 8.12 BALANCE SHEET OF OTHER FINANCIAL CORPORATIONS**

(In billions of dirhams)

| | 2012 | 2013 | | | | 2014 | | | | Annual change (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec | Mar | June | Sept. | Dec | Mar | June | Sept. | Dec | 2012 | 2013 | 2014 |
| **Finance companies** | | | | | | | | | | | | |
| **Assets** | **105.7** | **104.4** | **105.5** | **103.2** | **105.3** | **106.0** | **106.3** | **105.8** | **106.8** | **7.3** | **-0.4** | **1.5** |
| Claims on depository corporations | 2.2 | 1.9 | 2.0 | 1.1 | 1.8 | 1.8 | 1.7 | 1.4 | 1.3 | 119.1 | -19.3 | -24.4 |
| Loans | 97.5 | 97.0 | 97.3 | 95.7 | 97.6 | 98.6 | 98.8 | 97.9 | 99.3 | 5.7 | 0.0 | 1.8 |
| Securities | 0.8 | 0.6 | 1.0 | 1.4 | 0.7 | 0.6 | 0.7 | 1.2 | 0.8 | 93.8 | -4.5 | 3.8 |
| Claims on nonresidents | 0.2 | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 | 0.2 | 0.1 | 0.1 | 7.2 | 28.8 | -29.5 |
| Fixed assets | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 5.2 | -1.8 | -1.4 |
| Other assets | 3.6 | 3.3 | 3.6 | 3.5 | 3.6 | 3.5 | 3.5 | 3.8 | 3.8 | 11.0 | 0.2 | 7.2 |
| **Liabilities** | **105.7** | **104.4** | **105.5** | **103.2** | **105.3** | **106.0** | **106.3** | **105.8** | **106.8** | **7.3** | **-0.4** | **1.5** |
| Loans from depository corporations | 52.3 | 49.9 | 53.0 | 50.9 | 56.9 | 56.6 | 55.9 | 53.3 | 53.9 | 0.0 | 8.8 | -5.3 |
| Deposits | 6.5 | 6.5 | 7.0 | 6.7 | 6.5 | 6.9 | 7.2 | 7.0 | 7.5 | 54.7 | -1.0 | 16.4 |
| Securities other than shares | 22.9 | 21.8 | 20.9 | 19.1 | 17.5 | 16.2 | 15.7 | 15.6 | 16.8 | 24.3 | -23.8 | -4.1 |
| Liabilities to the central government (1) | 1.7 | 1.7 | 1.8 | 2.1 | 1.9 | 2.0 | 1.9 | 1.9 | 2.0 | 11.1 | 13.9 | 4.1 |
| Liabilities to nonresidents | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 | 0.4 | 0.3 | -14.2 | -44.8 | 390.3 |
| Shares and other equity securities | 10.1 | 10.5 | 10.1 | 10.4 | 10.7 | 11.0 | 10.5 | 10.8 | 11.0 | 2.7 | 6.0 | 2.8 |
| Other liabilities | 12.0 | 13.9 | 12.6 | 13.9 | 11.7 | 13.1 | 15.0 | 16.8 | 15.2 | 0.0 | -2.4 | 30.3 |
| **Microcredit associations** | | | | | | | | | | | | |
| **Assets** | **5.6** | **5.7** | **5.9** | **6.0** | **5.9** | **6.2** | **6.3** | **6.5** | **6.7** | **-7.2** | **5.3** | **12.3** |
| Cash and deposits | 0.6 | 0.5 | 0.7 | 0.7 | 0.7 | 0.6 | 0.6 | 0.6 | 0.8 | -50.5 | 17.8 | 28.0 |
| loans | 4.6 | 4.7 | 4.9 | 5.0 | 4.9 | 5.3 | 5.3 | 5.5 | 5.5 | 0.6 | 6.0 | 11.1 |
| Fixed assets | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 31.9 | 39.4 | -6.1 |
| Other assets | 0.3 | 0.4 | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 | 0.1 | 28.8 | -51.8 | 8.4 |
| **Liabilities** | **5.6** | **5.7** | **5.9** | **6.0** | **5.9** | **6.2** | **6.3** | **6.5** | **6.7** | **-7.2** | **5.3** | **12.3** |
| Loans from nonresidents | 0.5 | 0.6 | 0.4 | 0.4 | 0.5 | 0.5 | 0.4 | 0.5 | 0.7 | -13.6 | -6.4 | 63.4 |
| Loans from residents | 2.9 | 2.8 | 3.0 | 3.0 | 2.9 | 2.9 | 3.0 | 3.1 | 3.1 | -24.3 | 1.4 | 5.2 |
| Shares and other equity securities | 1.7 | 1.7 | 1.8 | 1.9 | 1.9 | 2.0 | 2.0 | 2.1 | 2.1 | 36.3 | 14.8 | 8.6 |
| Other liabilities | 0.6 | 0.6 | 0.7 | 0.7 | 0.7 | 1.0 | 0.8 | 0.8 | 0.8 | 23.6 | 6.7 | 18.9 |
| **Offshores banks** | | | | | | | | | | | | |
| **Assets** | **35.4** | **32.7** | **35.8** | **36.0** | **38.0** | **39.4** | **43.7** | **39.1** | **41.4** | **-3.2** | **7.2** | **9.1** |
| Claims on nonresidents | 4.7 | 5.7 | 4.6 | 4.4 | 7.2 | 6.7 | 7.0 | 7.3 | 9.1 | -29.1 | 53.7 | 27.6 |
| Claims on depository corporations | 16.0 | 12.2 | 13.8 | 15.4 | 15.0 | 16.1 | 18.4 | 16.1 | 16.6 | 17.1 | -6.6 | 10.6 |
| Loans | 13.6 | 13.6 | 15.5 | 14.5 | 14.3 | 13.2 | 14.8 | 13.1 | 13.4 | -11.6 | 4.9 | -6.5 |
| Securities | 0.9 | 1.0 | 1.7 | 1.6 | 1.3 | 3.2 | 3.4 | 2.4 | 2.0 | 41.8 | 53.4 | 53.1 |
| Other assets | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.1 | 0.3 | 0.3 | -22.3 | -5.0 | 59.8 |
| **Liabilities** | **35.4** | **32.7** | **35.8** | **36.0** | **38.0** | **39.4** | **43.7** | **39.1** | **41.4** | **-3.2** | **7.2** | **9.1** |
| Liabilities to nonresidents | 16.8 | 14.1 | 17.5 | 18.3 | 18.1 | 18.5 | 20.6 | 18.8 | 19.5 | -9.5 | 7.7 | 7.5 |
| Liabilities to depository corporations | 15.4 | 14.7 | 15.9 | 14.5 | 17.0 | 17.1 | 18.0 | 17.2 | 17.4 | -4.5 | 10.4 | 2.5 |
| Foreign-currency-denominated deposits by residents | 1.6 | 2.4 | 1.2 | 1.5 | 1.8 | 1.8 | 3.2 | 1.9 | 3.2 | 49.1 | 15.3 | 76.7 |
| Shares and other equity securities | 0.7 | 0.7 | 0.6 | 0.7 | 0.7 | 0.8 | 0.8 | 0.8 | 0.9 | 18.8 | 8.6 | 29.8 |
| Other liabilities | 1.0 | 0.8 | 0.5 | 1.0 | 0.4 | 1.2 | 1.1 | 0.3 | 0.4 | 256.0 | -64.0 | 26.3 |

**Table A 8.13 CHANGE IN THE INTERBANK MARKET**

(In millions of dirhams)

| | 2013 | 2014 | | | | | | | | | | | | Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Average | Jan. | Feb. | March | April | May | June | July | Aug | Sept. | Oct. | Nov. | Dec | |
| Averge outstanding amounts | 6 408 | 5 152 | 4 844 | 5 730 | 2 929 | 4 618 | 4 749 | 6 260 | 7 538 | 10 151 | 11 126 | 10 728 | 10 299 | 7 010 |
| Average exchanged volume | 2 688 | 1 944 | 2 400 | 2 570 | 2 078 | 2 363 | 2 745 | 3 459 | 3 744 | 4 802 | 4 640 | 5 247 | 5 590 | 3 465 |

**Table A 8.14 SUBSCRIPTIONS TO TREASURY BILLS BY TENDER**

| Maturités | TOTAL 2013 | 2014 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Jan. | Feb. | March | April | May | June | July | Aug | Sept. | Oct. | Nov. | Dec | TOTAL |
| **Total subscriptions** | **175 165.8** | **9 017.9** | **16 114.8** | **24 521.6** | **6 300.0** | **6 778.4** | **6 614.2** | **2 060.0** | **4 342.4** | **9 919.4** | **4 000.0** | **10 000.0** | **10 500.0** | **110 168.7** |
| **Short-term** | **83 851.1** | **650.0** | **900.0** | **1 050.0** | **900.0** | **900.0** | **450.0** | **900.0** | **200.0** | **1 550.0** | **1 350.0** | **2 650.0** | **2 500.0** | **14 000.0** |
| 35 Days | 4 958.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 13 Weeks | 18 494.0 | 100.0 | 100.0 | 100.0 | 150.0 | 300.0 | 100.0 | 200.0 | 200.0 | 100.0 | 100.0 | 100.0 | 250.0 | 1 800.0 |
| 26 Weeks | 35 528.5 | 100.0 | 100.0 | 100.0 | 550.0 | 300.0 | 100.0 | 0.0 | 0.0 | 0.0 | 200.0 | 500.0 | 1 000.0 | 2 950.0 |
| 52 Weeks | 24 870.6 | 450.0 | 700.0 | 850.0 | 200.0 | 300.0 | 250.0 | 700.0 | 0.0 | 1 450.0 | 1 050.0 | 2 050.0 | 1 250.0 | 9 250.0 |
| **Moyen term** | **66 652.7** | **6 527.9** | **6 600.0** | **2 482.3** | **4 450.0** | **1 100.0** | **200.0** | **1 160.0** | **100.0** | **1 384.0** | **1 300.0** | **3 850.0** | **6 900.0** | **36 054.2** |
| 2 Years | 50 404.2 | 1 350.0 | 2 600.0 | 1 450.0 | 400.0 | 500.0 | 0.0 | 0.0 | 0.0 | 0.0 | 500.0 | 3 310.0 | 4 900.0 | 15 010.0 |
| 5 Years | 16 248.5 | 5 177.9 | 4 000.0 | 1 032.3 | 4 050.0 | 600.0 | 200.0 | 1 160.0 | 100.0 | 1 384.0 | 800.0 | 540.0 | 2 000.0 | 21 044.2 |
| **Long term** | **24 662.0** | **1 840.0** | **8 614.8** | **20 989.3** | **950.0** | **4 778.4** | **5 964.2** | **0.0** | **4 042.4** | **6 985.4** | **1 350.0** | **3 500.0** | **1 100.0** | **60 114.5** |
| 10 Years | 14 137.0 | 1 000.0 | 3 459.8 | 8 300.3 | 0.0 | 551.2 | 1 000.0 | 0.0 | 0.0 | 0.0 | 0.0 | 2 100.0 | 500.0 | 16 911.3 |
| 15 Years | 10 525.0 | 840.0 | 5 155.0 | 8 923.7 | 950.0 | 1 800.0 | 0.0 | 0.0 | 0.0 | 0.0 | 850.0 | 500.0 | 600.0 | 19 618.7 |
| 20 Years | 0.0 | 0.0 | 0.0 | 3 765.3 | 0.0 | 2 427.2 | 4 964.2 | 0.0 | 4 042.4 | 6 985.4 | 0.0 | 900.0 | 0.0 | 23 084.5 |
| 30 Years | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 500.0 | 0.0 | 0.0 | 500.0 |

**Table A9.1 OUTSTANDING TO TREASURY BILLS BY TENDER**

((In millions of dirhams)

| Maturity | 2013 | | | | | | 2014 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Banks | C.D.G.(1) | Insurance companies and pension institutions | UCITS | Other | TOTAL | Banks | C.D.G.(1) | Insurance companies and pension institutions | UCITS | Other | TOTAL |
| **Total** | **124 700** | **27 587** | **84 264** | **105 232** | **71 188** | **412 971** | **97 433** | **29 158** | **124 527** | **116 215** | **58 724** | **426 057** |
| **Short-term** | **18 133** | **166** | **2 025** | **8 613** | **4 917** | **33 854** | **7 555** | **0** | **2 046** | **4 862** | **408** | **14 871** |
| 45 days | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13 weeks | 0 | 0 | 0 | 60 | 0 | 60 | 6 | 0 | 82 | 358 | 4 | 450 |
| 26 weeks | 4 312 | 0 | 1 293 | 2 972 | 326 | 8 903 | 899 | 0 | 403 | 344 | 54 | 1 700 |
| 52 weeks | 13 821 | 166 | 733 | 5 581 | 4 592 | 24 891 | 6 650 | 0 | 1 561 | 4 160 | 350 | 12 721 |
| **Moyen term** | **68 780** | **1 584** | **36 169** | **40 810** | **30 207** | **177 550** | **55 657** | **1 773** | **35 543** | **51 417** | **20 624** | **165 013** |
| 2 years | 38 934 | 312 | 9 871 | 20 538 | 13 567 | 83 222 | 33 140 | 592 | 11 474 | 16 632 | 7 953 | 69 791 |
| 5 years | 29 847 | 1 272 | 26 298 | 20 272 | 16 639 | 94 328 | 22 517 | 1 181 | 24 069 | 34 784 | 12 671 | 95 222 |
| **Long-term** | **37 787** | **25 838** | **46 070** | **55 809** | **36 064** | **201 567** | **34 221** | **27 385** | **86 938** | **59 937** | **37 692** | **246 173** |
| 10 years | 13 311 | 5 647 | 16 455 | 31 520 | 23 759 | 90 692 | 12 619 | 4 931 | 29 216 | 28 616 | 21 040 | 96 422 |
| 15 years | 16 667 | 18 821 | 23 817 | 18 442 | 8 894 | 86 640 | 13 439 | 21 085 | 35 559 | 22 314 | 9 534 | 101 931 |
| 20 years | 6 618 | 1 330 | 5 721 | 4 583 | 3 209 | 21 461 | 7 003 | 1 330 | 20 752 | 8 563 | 6 898 | 44 545 |
| 30 years | 1 191 | 40 | 78 | 1 265 | 202 | 2 775 | 1 161 | 40 | 1 411 | 443 | 220 | 3 275 |

(1) Excluding the outstanding amount of provident funds treasury bills by the C.D.G.

**Table A9.2 OUTSTANDING AMOUNTS OF NEGOTIABLE DEBT SECURITIES**

(by category of initial subcriptions)

| Securities types | 2013 | | | | | 2014 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Credit institutions and CDG | Insurance companies and pension institutions | UCITS | Other | Total | Credit institutions and CDG | Insurance companies and pension institutions | UCITS | Other | Total |
| **Total** | **15 073** | **5 413** | **48 238** | **6 440** | **75 164** | **14 080** | **2 786** | **51 194** | **5 351** | **73 410** |
| Certificates of deposit | 9 465 | 4 828 | 37 895 | 6 386 | 58 574 | 9 763 | 1 973 | 38 117 | 5 236 | 55 088 |
| Bills of financing companies | 4 810 | 417 | 7 941 | - | 13 168 | 3 584 | 712 | 9 190 | - | 13 486 |
| Commercial paper | 798 | 168 | 2 402 | 54 | 3 422 | 734 | 100 | 3 888 | 115 | 4 836 |
| **Total** | **8 796** | **11 860** | **36 001** | **3 935** | **60 592** | **11 781** | **738** | **48 835** | **4 968** | **66 322** |
| Certificates of deposit | 6 755 | 11 475 | 28 742 | 3 881 | 50 853 | 9 005 | 170 | 33 470 | 4 853 | 47 498 |
| Bills of financing companies | - | 20 | 20 | - | 40 | 1 172 | 448 | 5 882 | - | 7 502 |
| Commercial paper | 2 041 | 365 | 7 239 | 54 | 9 700 | 1 604 | 120 | 9 484 | 115 | 11 322 |

**Table A9.3 BOND MARKET**

| | 2013 | 2014 | | | | 2014 |
|---|---|---|---|---|---|---|
| | | Q1 | Q2 | Q3 | Q4 | |
| **Outstanding** | **91 091** | **87 464** | **87 567** | **91 047** | **95 762** | **95 762** |
| Public sector | 29 428 | 30 343 | 30 104 | 30 854 | 32 744 | 32 744 |
| Private sector | 61 662 | 57 121 | 57 464 | 60 193 | 63 018 | 63 018 |
| Financial corporations | 26 074 | 24 452 | 24 441 | 25 399 | 28 799 | 28 799 |
| Non-financial corporations | 65 017 | 63 011 | 63 127 | 65 649 | 66 964 | 66 964 |
| **Bonds issued** | **4 500** | **4 072** | **600** | **6 637** | **5 375** | **16 684** |
| Public sector | 1 200 | 1 200 | 0 | 1 500 | 2 000 | 4 700 |
| Private sector | 3 300 | 2 872 | 600 | 5 137 | 3 375 | 11 984 |
| Financial corporations | 2 250 | 60 | 200 | 1 000 | 3 400 | 4 660 |
| Non-financial corporations | 2 250 | 4 012 | 400 | 5 637 | 1 975 | 12 024 |

**Table A9.4 STOCK EXCHANGES INDICATORS** (1)

| Period | | Turnover | Market capitalisation | MASI (*) | MADEX (**) |
|---|---|---|---|---|---|
| 2003 December | | 11 388.8 | 115 507 | 3 943.51 | 3 174.56 |
| 2004 December | | 30 004.4 | 206 517 | 4 521.98 | 3 522.38 |
| 2005 December | | 48 041.3 | 252 326 | 5 539.13 | 4 358.87 |
| 2006 December | | 36 528.1 | 417 092 | 9 479.61 | 7 743.81 |
| 2007 December | | 137 479.4 | 586 328 | 12 694.97 | 10 464.34 |
| 2008 December | | 59 360.1 | 531 750 | 10 984.29 | 9 061.02 |
| 2009 December | | 36 791.2 | 508 893 | 10 443.81 | 8 464.47 |
| 2010 December | | 29 615.7 | 579 020 | 12 655.20 | 10 335.25 |
| 2011 December | | 18 885.8 | 516 222 | 11 027.65 | 9 011.57 |
| 2012 Decembers | | 16 213.8 | 445 268 | 9 359.19 | 7 614.04 |
| **2013** | January | 3 151.9 | 429 387 | 8 996.43 | 7 329.32 |
| | February | 9 117.1 | 426 378 | 8 932.82 | 7 273.49 |
| | March | 2 612.0 | 431 644 | 9 040.96 | 7 364.14 |
| | April | 5 174.3 | 438 988 | 9 145.51 | 7 450.16 |
| | May | 2 902.4 | 429 591 | 8 906.65 | 7 236.57 |
| | June | 7 663.5 | 425 075 | 8 792.15 | 7 139.93 |
| | July | 1 887.0 | 414 426 | 8 577.59 | 6 963.68 |
| | August | 1 158.9 | 406 803 | 8 413.72 | 6 831.20 |
| | September | 1 663.6 | 419 727 | 8 673.49 | 7 046.32 |
| | October | 2 788.3 | 450 576 | 9 385.49 | 7 646.72 |
| | November | 5 744.3 | 446 288 | 9 262.49 | 7 541.46 |
| | December | 18 278.6 | 451 113 | 9 114.14 | 7 418.05 |
| **2014** | January | 3 168.4 | 450 964 | 9 121.28 | 7 413.90 |
| | February | 2 312.8 | 467 145 | 9 442.36 | 7 686.07 |
| | March | 2 906.7 | 469 184 | 9 519.21 | 7 758.36 |
| | April | 5 244.7 | 468 033 | 9 471.64 | 7 736.46 |
| | May | 2 844.0 | 469 350 | 9 494.79 | 7 750.76 |
| | June | 3 082.2 | 456 461 | 9 226.63 | 7 511.99 |
| | July | 2 667.7 | 459 827 | 9 331.09 | 7 624.15 |
| | August | 3 538.5 | 469 544 | 9 544.69 | 7 802.72 |
| | September | 2 340.8 | 497 008 | 10 080.80 | 8 253.63 |
| | October | 2 726.6 | 510 073 | 10 352.05 | 8 485.24 |
| | November | 5 549.3 | 493 898 | 9 975.71 | 8 158.63 |
| | December | 13 429.6 | 484 448 | 9 620.11 | 7 842.76 |

(1) As of January 3, 2011, and to comply with the international standards, the Casablanca Stock Exchange has modified the transaction volumes disclosure. The latter are communicated based on only one side of the transaction (buying) instead of two-way (buying and selling)
Source : Casablanca Stock Exchange.

**Table A9 5 INDEX OF REAL ESTATE ASSETS PRICES**

| | Index of real estate assets prices | | | Number of transactions | | |
|---|---|---|---|---|---|---|
| | 2013 | 2014 | Changes (%) 2014/2013 | 2013 | 2014 | Changes (%) 2014/2013 |
| **Overall** | **113.4** | **112.5** | **-0.8** | **100 869** | **112 906** | **11.9** |
| **Residential** | **111.5** | **110.9** | **-0.6** | **72 809** | **83 597** | **14.8** |
| Apartments | 106.6 | 106.1 | -0.5 | 65 543 | 76 654 | 17.0 |
| Houses | 133.7 | 132.5 | -0.9 | 5 527 | 4 990 | -9.7 |
| Villas | 130.8 | 128.6 | -1.7 | 1 739 | 1 953 | 12.3 |
| **Urban Land** | **119.3** | **117.6** | **-1.4** | **20 702** | **20 933** | **1.1** |
| **Commercial property** | **117.4** | **120.4** | **2.5** | **7 358** | **8 376** | **13.8** |
| Offices | 110.8 | 113.9 | 2.8 | 940.0 | 1 087 | 15.6 |
| Business premisesDAH | 118.7 | 121.8 | 2.6 | 6 418 | 7 289 | 13.6 |

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# LIST OF ABBREVIATIONS

ANRT : Agence Nationale de Réglementation des Télécommunications (National Telecommunication Regulatory Agency)

BAM : Bank Al-Maghrib

BEAC : Banque des Etats de l’Afrique Centrale (Bank of Central African States)

BMCI : Banque Marocaine pour le Commerce et l'Industrie

CDG : Caisse de Dépôt et de Gestion (Deposit and Management Fund)

| | |
|---|---|
| CNSS | : Caisse Nationale de Sécurité Sociale (National Social Security Fund) |
| CPI | : Consumer Price Index |
| DH | : Moroccan dirham |
| DTEF | : Direction du Trésor et des Finances Extérieures (Department of Treasury and External Finance) |
| ECB | : European Central Bank |
| Euribor | : Euro Interbank Offered Rate |
| FDI | : Foreign direct investment |
| FED | : U.S. Federal Reserve |
| FTSE | : Financial Times Stock Exchanges |
| GCC | : Golf Cooperation Council |
| GDP | : Gross domestic product |
| HCP | : Haut commissariat au plan (High Commission for Planning) |
| HP | : Hodrick Prescott |
| IAM | : Itissalat Al-Maghrib |
| IFS | : International Financial Statistics |
| IMF | : International Monetary Fund |
| ISO | : International Organization for Standardization |
| JLEC | : Jorf Lasfar Energy Compagny |
| LI | : Liquid investments |
| Libor | : London Interbank Offered Rate |
| MASI | : Moroccan All Shares Index |
| Mb/d | : Million barrels per day |
| MSCI | : Morgan Stanley Capital International |
| MSCI ACWI | : Morgan Stanley Capital International, All Country World Index |
| MSCI EAFE | : Morgan Stanley Capital International, Europe, Australasia and the Far East. |
| MSCI EM | : Morgan Stanley Capital International, Emerging Markets |
| MSCI FM | : Morgan Stanley Capital International, Frontier Markets |
| NIR | : Net international reserves |
| OCP | : Office chérifien des phosphates (National Phosphates Office) |
| OHSAS | : Occupational Health and Safety Advisory Services |
| ONEE | : Office National de l'Electricité et de l'Eau Potable (National Office for Electricity and Drinking Water) |
| OPEC | : Organization of the Petroleum Exporting Countries |
| PER | : Price Earnings Ratio |
| REPI | : Real Estate Price Index |
| QE | : Quantitative easing |

| | |
|---|---|
| QSE | : Quality, Security, Environment |
| SAMIR | : Société Anonyme Marocaine de l'Industrie du Raffinage |
| SDR | : Special drawing rights |
| SPBL | : Structural position of banking liquidity |
| SRBM | : Système des Règlements Bruts du Maroc (Moroccan Real-Time Gross Settlement System) |
| VAT | : Value added tax |
| VSMEs | : Very small, small and medium-sized enterprises |
| UE | : European Union |
| UNCTAD | : United Nations Conference on Trade and Development |
| VECM | : Vector Error Correction Model |
| WDI | : World Development Indicators |

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