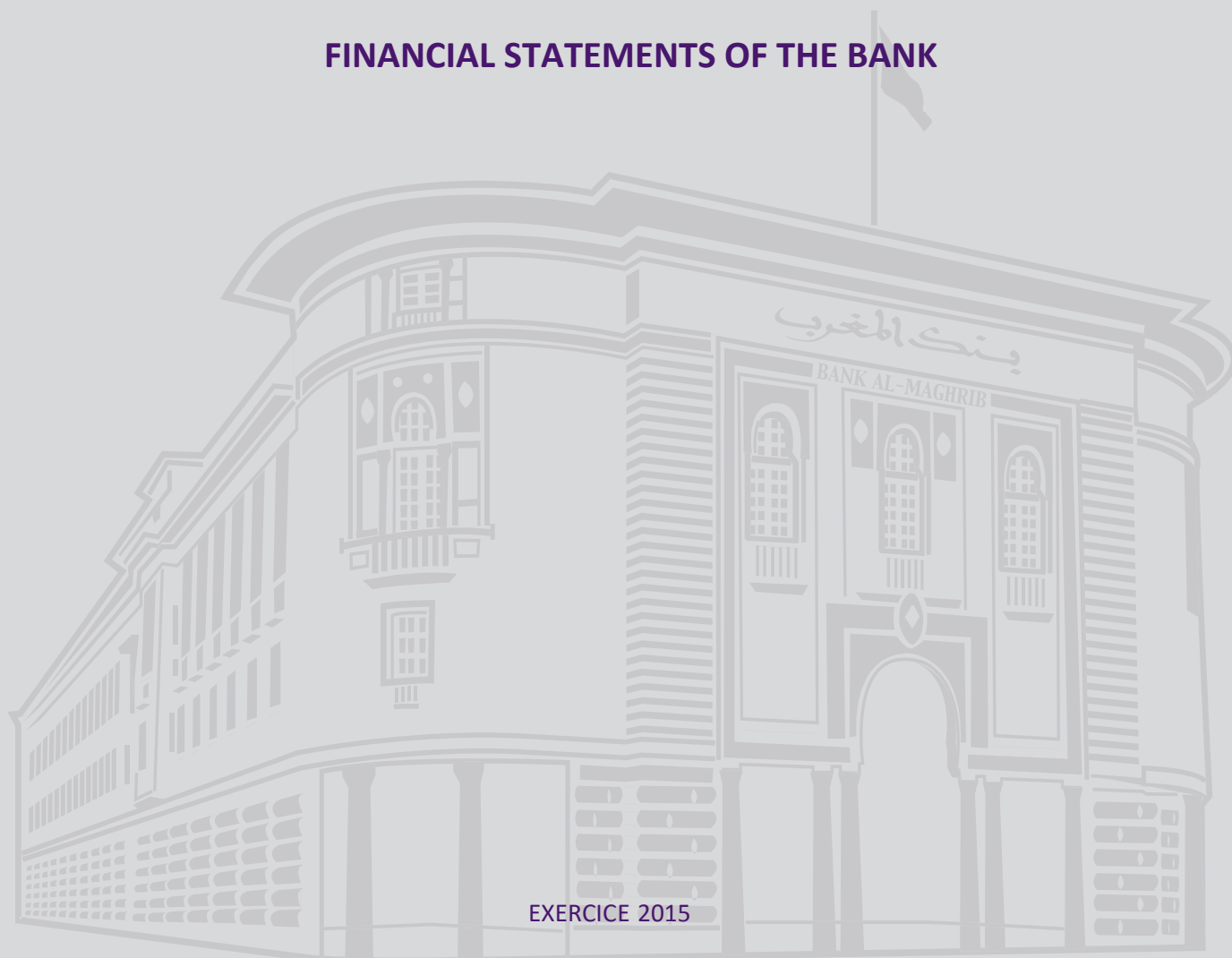




FINANCIAL STATEMENTS OF THE BANK



EXERCICE 2015

بنك المغرب

In this report, figures are rounded to the nearest thousand dirhams. Therefore, totals and sub-totals do not always correspond to the sum of the relevant rounded-off figures.

Macroeconomic data are taken from various economic, monetary and financial publications.

3-1 Overview of the financial position for the fiscal year 2015⁽¹⁾

Table 3-1-1 : Key figures

In thousands of dirahms	2015	2014	Change in %
Total balance sheet	259 700 786	238 270 950	9%
Use of capital ratio	57%	60%	-5%
Total revenues	4 141 195	3 989 547	4%
Total expenses (Including corporate tax)	3 590 715	3 177 645	13%
Net income	550 481	811 902	-32%
Average outstanding amount of BAM's interventions	35 164 514	55 622 784	-37%
Operating ratio	63%	55%	14%

HIGHLIGHTS OF THE YEAR

- Net foreign exchange reserves⁽²⁾ stood at 224.6 billion dirhams, up 23.5 percent compared to 2014, mainly due to a significant easing in the trade deficit and improvement in FDI.
- Bank liquidity deficit declined by nearly 24.1 billion dirhams on average, owing to an expansive effect of currency assets, causing the Bank to reduce the amount of its liquidity injections.
- Bank Al-Maghrib maintained its accommodative monetary policy.
- The dirham-trading basket weights were updated in April 2015, now composed of 60 percent as euros and 40 percent as dollars, as against 80 percent as euros and 20 percent as dollars previously, to better reflect the structure of foreign trade. The composition of the Bank's foreign currency assets was aligned with these new weights to eliminate the foreign currency exposure.
- Additional monetary policy easing measures were taken by the ECB, who launched an asset purchase program, spanning a period of two years, and the deposit facility rate was lowered to -0.30 percent, while keeping its key rate unchanged at 0.05 percent.
- The FED started to gradually normalize the monetary policy, by a first increase of 25 basis points in its target range for the federal funds rate in December 2015 to 0.25 percent to 0.50 percent.
- Investment conditions deteriorated in the euro zone, marked by negative yields on the compartment of less than 5 year.

3-1-1 Balance sheet

Table 3-1-2 : Balance sheet by transaction

In thousands of dirahms	2015	2014	Change %
Including			
Currency in circulation	205 884 204	191 457 660	8%
Transactions with foreign countries (Including)	-203 000 047	-163 714 498	24%
Holdings and investments in gold and foreign currencies	217 681 494	177 271 038	23%
SDR holdings	7 663 483	7 417 983	3%
Revaluation account of foreign exchange reserves	9 158 425	9 566 096	-4%
Transactions with the State (Including)	3 809 894	2 849 650	34%
Treasury account	3 276 541	2 117 412	55%
Net position of credit institutions	-9 685 821	-32 479 412	-70%
Claims on Moroccan credit institutions	23 261 213	42 232 212	-45%
Deposits and liabilities to Moroccan banks	13 575 392	9 752 800	39%
Assets-liabilities			

(1) The change in the balance sheet and profit and loss account items is addressed in more details in the comments section of the financial statements. For purposes of analysis, the balance sheet and profit and loss account items were adjusted in this part of the report.

(2) They represent official reserve assets excluding BAM's short-term liabilities towards non-residents.

At the end of 2015, **the total balance sheet reached 259,700,786 KDH**, up 9 percent from the previous fiscal year. In the assets side, this change was mainly due to the combined effect of higher holdings and investments in foreign currencies and lower loans granted to banks as part of monetary regulation. In the liabilities side, it is attributed to an increase in notes and coins in circulation and Moroccan banks' deposits.

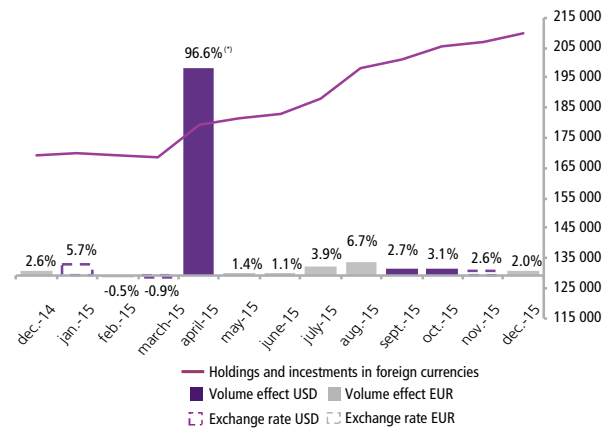
Currency in circulation, which remain the largest item in liabilities with a share of 79 percent at end-2015, closed the fiscal year under review with an increase of 8 percent, from 5 percent in 2014, rising to **205,884,204 KDH**. This acceleration reflected higher demand for notes in 2015, a year that recorded an economic growth of 4.5 percent from 2.4 percent in 2014.

Transactions with foreign countries continued in 2015 their upward trend since 2013, to **203,000,047 KDH**, which is an annual increase of 24 percent. This change is largely attributed to a 24 percent rise to 210,208,009 KDH in holdings and investment in foreign currencies, the main component of this aggregate, owing to a consolidation of net foreign exchange reserves. This latter trend is due to the significant easing of 18.6 percent in the trade deficit, in conjunction with a decline in energy and food bills coupled with a sustained momentum of exports of phosphates and the automotive sector, in particular. It should be noted that the OCP bond issue on international markets in April 2015, amounting to one billion dollars, also contributed, albeit to a lesser extent, to the appreciation of the level of foreign currency assets. In addition, the net value of FDI rose to 31 billion dirhams, which is an annual increase of 3 percent.

However, holdings and investments in gold, another component of transactions with foreign countries, dropped in 2015, by 218,974 KDH or 3 percent, as against an increase of 11 percent in 2014, mainly due to the depreciation of 11 percent in the gold price per ounce, which fell to \$1,062.25, year on year.

At the end of 2015, **operations with the State** rose to **3,809,894 KDH**, up 34 percent compared to the previous year, given the increase of 1,159,129 KDH (+ 55 percent) in Treasury current account assets.

Chart 3-1-1 : Change in holdings and investments in foreign currencies in MDH (including FB)

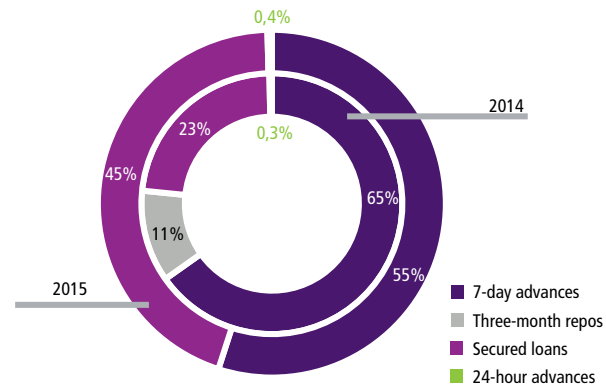


FB: Foreign banknotes

(*)The significant increase in the USD volume is explained by the implementation of the new weightings of the dirham quotation basket, in which the share of the dollar was increased against the euro, and the \$ 1 billion bond issuance by the OCP.

The consolidation of the foreign exchange reserves mattress was behind the continued easing of the bank liquidity deficit in 2015, which was limited to 16.5 billion dirhams, as against 40.6 billion dirhams a year earlier, on weekly average. At end-December 2015, the bank refinancing shrank by 45 percent, year on year, to 23,016,982 KDH.

Chart 3-1-2 : Average outstanding amount of claims on banks



Hence, net position of credit institutions declined by 70 percent to **9,685,821 KDH**, taking into account a 39 percent increase in banks' deposits to 13,575,392 KDH.

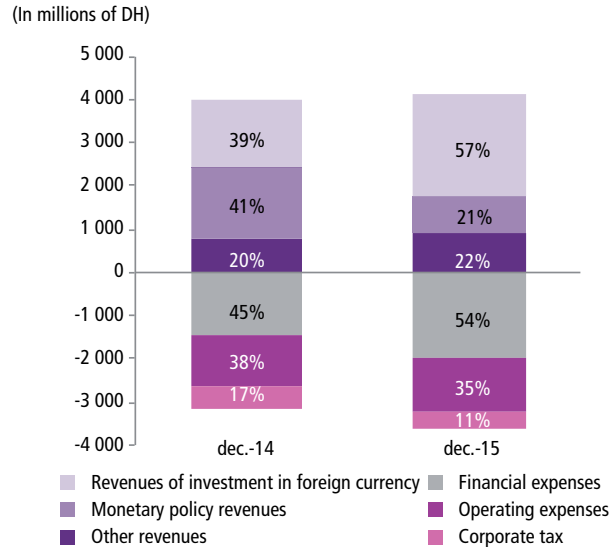
3-1-2 Income

Table 3-1-3 : Net income of the fiscal year

In thousands of dirahms	2015	2014	Change in %
Income of foreign exchange reserve management transactions	1 044 607	775 119	35%
Income of monetary policy transactions	880 414	1 633 494	-46%
Income of other transactions	691 814	558 311	24%
Income of activities	2 616 835	2 966 925	-12%
General operating income	-1 658 233	-1 642 263	1%
Gross operating income	958 601	1 324 662	-28%
Noncurrent income	-13 786	34 325	<-100%
Corporate taxes	-394 335	-547 085	-28%
Net income	550 481	811 902	-32%

In a context marked by higher foreign exchange reserves, persistently low, or even negative, bond yields in the euro area and further easing of liquidity deficit, the Bank's **net income** was down 32 percent to **550,481 KDH**. This trend was essentially attributable to a decrease in income of monetary policy conduct operations (-753,080 KDH), which was, however, offset by the concomitant increase in income of foreign exchange reserve management transactions (+269 488 KDH) and income of other operations (+133 503 KDH).

Chart 3-1-3 : Structure of revenues and expenses



Contrary to previous years in which income of **foreign exchange reserve management transactions** trended downward, this income reached **1,044,607 KDH** at the end of 2015, up 35 percent compared to 2014. Its contribution to the formation of the income of activities was thus tilted to the upside from 26 percent to 40 percent, year on year.

Two main factors are behind this performance. Firstly, bond investments progressed, mainly on the investment tranche, due to the strengthening of external assets in foreign currencies. Secondly, conditions of investments in dollars improved, which further benefited the Bank with an increase in assets denominated in this currency from 20 percent to 40 percent as of April 2015. Against this backdrop, revenue from foreign exchange reserves management operations progressed by more than half (+53 percent) to 2,369,724 KDH, of which 1,932,865 KDH for interest from the bond market (+58 percent). The average yields of foreign currency investments earned five basis points from 0.47 percent to 0.52 percent, year on year.

Expenses related to these transactions increased by 71 percent to 1,325,118 KDH, primarily in connection with a more significant deferral of premiums on investment securities in 2015 compared to 2014 (+426,758 KDH), due to the acquisition of stocks with high coupons during these two years.

The income of **monetary policy operations** corresponds exclusively to interests received on the Bank's interventions in the money market since December 2013, when a decision was taken not to pay interests on required reserves. In 2015, this income showed a further decline, which stood at 46 percent (-19 percent in 2014), standing at **880,414 KDH**. This change is due to the Bank's reduction of the average volume of its liquidity provision to banks, which fell from 55,622,784 KDH to 35,164,514 KDH in 2015, in a context of an easing in liquidity deficit.

Specifically, interests on 7-day advances declined by more than half to 483,306 KDH, in conjunction with a decline in their outstanding average to 19,332,232 KDH in 2015 from 36,266,079 KDH in 2014, largely owing to a deeper decline in this income between these two years.

Income from **other operations**, covering mainly the commissions received under services provided by the Bank to customers and sales of Dar As-Sikkah, reached **691,814 KDH**, up 24 percent. Sales of secured documents and export-oriented foreign banknotes increased by 14 percent and 18 percent, respectively, totaling revenues of nearly 208,480 KDH.

General operating expenses consist of personnel expenses, purchases of materials and supplies, overheads, and net depreciations and provisions. They stood at **1,658,233 KDH**, a contained increase of 1 percent.

Chart 3-1-4 : Operating ratio

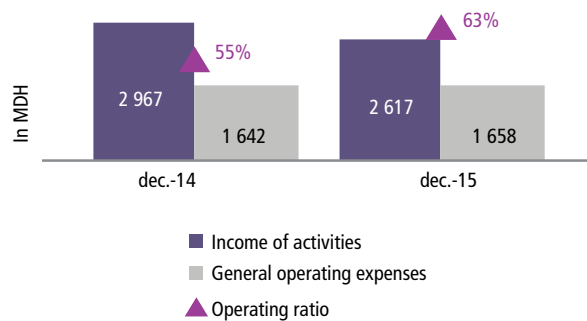
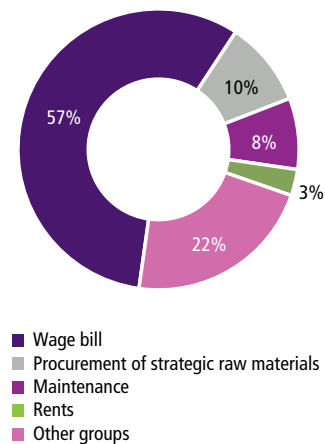


Chart 3-1-5 : Structure of budget implementation by group of means



3-2 Financial statements

3-2-1 Balance sheet (assets)

Table 3-2-1 : Assets as at December 31, 2015

In thousands of dirahms	Notes	2015	2014
Holdings and investments in gold	1	7 473 485	7 692 458
Holdings and investments in foreign currency	2	210 208 009	169 578 580
- Holdings and investments held in foreign banks		13 386 160	11 979 318
- Foreign Treasury bills and similar securities		193 157 881	153 507 463
- Other holdings in foreign currency		3 663 968	4 091 798
Holdings in international financial institutions	3	9 168 578	8 821 380
- IMF subscription-Reserve tranche		1 168 843	1 107 835
- Special Drawings Rights holdings		7 663 483	7 417 983
- Subscription to the Arab Monetary Fund		336 252	295 561
Lending to the Government		-	-
- Conventional advances		-	-
- Overdraft facilities advances		-	-
- Other facilities		-	-
Claims on Moroccan credit institutions and similar bodies	4	23 261 213	42 232 212
- Securities received under repurchase agreements		-	-
- Advances to banks		23 016 982	41 852 088
- Other claims		244 231	380 124
Treasury bills - Open market operations		-	-
Other assets	5	6 453 419	6 653 282
Fixed assets	6	3 136 081	3 293 037
Total assets		259 700 786	238 270 950

3-2-2 Balance sheet (liabilities)

Table 3-2-2 : Liabilities as at December 31, 2015

In thousands of dirahms	Notes	2015	2014
Banknotes and coins in circulation	7	205 884 204	191 457 660
- Banknotes in circulation		202 940 760	188 703 752
- Coins in circulation		2 943 444	2 753 909
Liabilities in gold and in foreign currency	8	6 767 584	5 260 598
- Liabilities in gold		-	-
- Liabilities in foreign currency		6 767 584	5 260 598
Liabilities in convertible dirhams	9	217 586	196 194
- Liabilities to international financial institutions		208 220	190 971
- Other liabilities		9 366	5 222
Deposits and liabilities in dirhams	10	23 165 311	16 947 983
Current account of the Treasury		3 276 541	2 117 412
Deposits and liabilities in dirhams to Moroccan banks		13 575 392	9 752 800
- Current accounts		13 575 392	9 752 800
- Liquidity-withdrawal accounts		-	-
- Deposit facility accounts		-	-
Deposits of general government and public institutions		2 571 885	2 461 356
Other accounts		3 741 493	2 616 415
Other liabilities	11	9 876 385	10 707 436
Special Drawings Rights Allocations	3	7 706 430	7 355 033
Equity capital and the like (including)	12	5 532 805	5 534 143
- Equity capital		500 000	500 000
- Reserves		5 001 340	5 001 340
- Retained earnings		25 066	24 164
Net income of the fiscal year		550 481	811 902
Total liabilities		259 700 786	238 270 950

3-2-3 Off balance sheet (liabilities)

Table 3-2-3 : Off balance sheet as at December 31, 2015

In thousands of dirahms	Notes	2015	2014
Spot foreign exchange transactions			
Spot delivery of currencies		-	-
Spot purchase of dirhams		-	-
Forward foreign exchange transactions			
Foreign currencies receivable		-	-
Foreign currencies payable		-	-
Currency exchange-deposit transactions	13	5 820 953	1 971 243
Foreign exchange transaction-arbitrage operations			
Foreign currencies receivable		80 714	307 325
Foreign currencies payable		80 669	306 441
Off-balance currency adjustment		-	-
Liabilities on derivatives		-	-
Liabilities on securities			
	14		
Securities received on advances granted		17 604 798	22 546 127
Securities received on advances to be granted		15 425 600	11 225 200
Other guarantees received on advances granted		6 633 500	19 541 768
Advances to be granted		-	23 002 063
Foreign securities receivable		12 868 068	1 096 900
Securities deliverable		8 460 222	1 799 438
Other liabilities			
	15		
Received market guarantees		53 158	49 786
Liabilities of guarantees received for staff loans		736 090	835 443
Financing liabilities granted to the staff		39 673	63 665
Other granted liabilities		1 000	1 000

3-2-4 Profit and loss account

Table 3-2-4 : Profit and loss account as at December 31, 2015

In thousands of dirahms	Notes	2015	2014
Revenues		4 141 195	3 989 547
Interests earned on holdings and investments in gold and foreign currency	16	1 981 270	1 266 372
Interests earned on claims on credit institutions and similar bodies	17	880 708	1 633 494
Other interests earned	18	9 977	8 439
Commissions earned	19	613 598	481 431
Other financial revenues	20	115 263	70 025
Sales of produced goods and services	21	205 819	200 264
Miscellaneous revenues	22	37 326	40 422
Reversal of depreciation		-	-
Reversal of provisions	23	293 809	232 348
Noncurrent revenues	24	3 426	56 752
Expenses		3 590 715	3 177 645
Interests paid on liabilities in gold and foreign currency	25	5 316	7 380
Interests paid on deposits and liabilities in dirham	26	166 054	170 102
Commissions paid	27	17 104	13 115
Other financial expenses	28	958 008	475 480
Staff expenses	29	726 640	720 808
Purchase of materials and supplies	30	208 112	187 389
Other external expenses	31	307 245	301 768
Depreciation and provisions expenses	32	795 989	737 440
Noncurrent expenses	33	11 911	17 077
Corporate taxes	34	394 335	547 085
Net income		550 481	811 902

3-2-5 Main accounting rules and evaluation methods

3-2-5-1 Legal framework

The financial statements are developed and presented in conformity with the BAM Chart of Accounts, approved by the National Accounting Board in May 2007.

The Bank applies the accounting requirements specified in the General Accounting Standard for issues common to companies in terms of assessing the stock and its fixed and other assets, and applies particular assessments for all its specific operations.

The financial statements, as cited under Article 55 of Law No. 76-03 bearing the Statutes of Bank Al-Maghrib, include the balance sheet, off-balance sheet, profit and loss account (PLA) and additional information statement (AIS).

3-2-5-2 Evaluation methods

Foreign exchange operations

Foreign exchange operations include spot and forward purchases and sales of foreign currencies, whether for Bank Al-Maghrib's own account or as part of intermediation with banks. These transactions are entered in the corresponding off-balance sheet accounts on their commitment date. Then, they are recorded in the balance sheet accounts on the value date or on the date of liquidity delivery.

Assets and liabilities in gold and foreign currency

Assets and liabilities in gold and foreign currency are converted into dirhams based on the applied exchange rate of foreign currencies on the closing date of the fiscal year.

Profits and losses resulting from this operation are entered in the account of exchange reserves reassessment posted in the liabilities of the Bank's balance sheet, in accordance with the provisions of the agreement governing this account, concluded between Bank Al-Maghrib and the Government on December 29, 2006. This agreement sets the minimum threshold of 2.5 percent of BAM's net foreign assets, at which the balance of this account shall be maintained, and provides for a mechanism for allocation of provision to, or withdrawal from this account, in cases of deficit or surplus compared to the required minimum. This reassessment mechanism has no fiscal impact.

Revenues and expenses in foreign currencies are converted at the exchange rate on the date of the transaction.

Securities

The securities acquired as part of the exchange reserve management are classified by purpose : portfolio of transaction, portfolio of securities held for sale or investment portfolio.

Transaction portfolio : It consists of securities purchased with the intention, right from the start, to re-sell them within a deadline not exceeding six months. They are recorded at their purchase price, including costs and, if need be, accrued coupons. Gains and losses resulting from the monthly evaluation of such securities at the market price are entered in the corresponding profit and loss accounts.

At the end of 2015, Bank Al-Maghrib holds no transaction security in its portfolio.

Portfolio of securities held for sale consists of securities other than those classified under transaction or investment securities. They are purchased with the intention of holding them for more than six months, with no intention from the Bank to hold them to maturity. Their recording shall respect the following rules :

- Entries into the portfolio are recorded in the balance sheet at their purchase price, excluding costs and, if need be, excluding accrued coupons;
- The differences (discounts or premiums) between securities' purchase price and redemption price are not amortized over the duration of these securities holding;
- The unrealized losses resulting from the difference between the book value and the market value of these securities are subjected to depreciation provisioning on a weekly basis. However, unrealized gains are not entered in accounts.

It is worth reminding that as of October 2008, the Bank came up with a sub-category in its securities held for sale to include discount securities. These securities are recorded at their purchase price, including interests. Discount securities are spread over the life of the securities and entered in the revenue accounts at the end of each month.

Investment portfolio consists of securities acquired with the intention of being held until maturity. They are entered in accordance with the following rules :

- They are recorded at their purchase price, excluding costs and, when applicable, accrued coupons as well ;
- Gains on these securities are not recorded ;
- Losses on these securities are recorded only when the Bank believes that the security, which suffers a loss, will be probably sold in the following fiscal year and in the case where there is a probable risk of default of the issuer ;
- The differences (discounts or premiums) between securities' purchase price and redemption price are amortized on a straight-line basis over the remaining life of the securities.

As at December 31, 2015, no provision is recorded for this portfolio.

Other foreign assets

The Bank holds a portfolio of securities denominated in US dollars. The management of this portfolio is delegated to the World Bank by virtue of delegation contracts.

These securities are recorded at their market value. In fact, they are initially recorded at their purchase price; the capital gains or losses incurred at the end of each month are entered in the appropriate profit and loss accounts, on the basis of the month-end market values, duly audited and reported by authorized agents.

Tangible and intangible fixed assets

Tangible and intangible fixed assets are recorded at their purchase cost. They are posted on the assets side of the balance sheet at a net value representing their acquisition cost minus accumulated depreciations.

Fixed assets, including incidental expenses, are amortized according to the straight-line method, depending on the estimated duration of use of the goods, and by applying the depreciation rate in force.

The depreciation periods adopted, according to the nature of each fixed asset, are as follows :

Table 3-2-5 : Fixed assets depreciation periods

Real properties	20 years
Fixtures, fittings and facilities	5 years
Dar As-Sikkah equipment	10 years
Office equipment, computing materials and software, vehicles and other materials	5 years
Office furniture	10 years

Financial fixed assets

Shareholdings in Moroccan and foreign financial institutions are entered in the assets side of the balance sheet for their net value representing their acquisition cost minus the provisions set up at the closing date. Regarding foreign holdings, their value is converted into dirhams at the historical rate of the currency.

The provisions for depreciation of these unlisted securities are evaluated at the end of the fiscal year following the net asset value method, based on the last financial statements available.

Inventories

Inventories are composed of :

- Consumable materials and supplies;
- Raw material for the manufacturing of banknotes and coins (paper, ink, and blanks);
- Finished goods and in-process inventory (secured documents and export-oriented notes);
- Commemorative coins.

Consumable materials and supplies are recorded in the balance sheet at their purchase price, minus the provisions for their depreciation, if need be, at the closing date.

Raw materials are recorded in the balance sheet at their purchase price plus the handling costs, and minus the provisions for their depreciation, if need be.

Finished goods and in-process inventory are recorded in the balance sheet at their production cost, minus the provisions for their depreciation, if need be.

3-2-5-3 Financial risk management system

Risk description

The financial risks to which the Bank is exposed while managing foreign exchange reserves are:

- The **credit risk**, defined as:
 - Firstly, the payment default risk (counterparty risk) which corresponds to a risk of economic loss due to the inability of a counterparty to fulfill its obligations;
 - Secondly, the credit rating reduction risk, relating to the risk of lowering credit rating by one or more rating agencies.
- The **market risk**, which is the risk of loss arising from adverse changes in market factors. It concerns, inter alia, risks related to movements in interest or foreign exchange rates.
- The **liquidity risk**, which represents the possibility of not being able to meet commitments, even by mobilizing assets or at least with a significant capital loss.

In this context, the investment policy general guidelines set out the framework for managing risks, to which the Bank is exposed, and define its rules. Thus, the objectives of the holding and managing of reserves, investment principles, allocation of foreign exchange reserves and foreign currency investments as well as investment universe are formalized in the reserves management directive. In addition, the risk management framework defines the eligibility criteria for issuers and counterparties, concentration rules, appropriate limits to comply with and authorized investment terms.

Governance framework

The implementation of the risk management governance system is based on a governance framework composed of three main committees:

- **The Monetary and Financial Committee (MFC)** approves the reserves management strategy, investment guidelines and the strategic allocation of assets. It also approves limits accorded to banking counterparts.
- **The Investment Committee** is mainly tasked with implementing the investment policy set by the Bank Board, proposing to the Bank MFC the management strategy and following up on its implementation.
- **The Risk Committee** is mandated to propose the strategic allocation of assets and benchmarks as well as investment guidelines, to approve the list of issuers and counterparties and relevant limits, and finally to examine the deviations from management rules and to propose measures and actions to be taken.

From an operational perspective, all Bank's foreign currency exposures are controlled and monitored on a daily basis, in order to comply with the investment directive provisions. Monitoring is conducted through the Bank's information systems, which centralize all positions and check their compliance with the rules in place.

In this context, analyses and reports are prepared and submitted to the parties concerned in order to give continuous account of the international financial market exposure of the Bank.

Any deviation from the rules should be notified to decide on actions to be taken. It is also recorded in the report addressed to the MFC.

The Bank monitors risks and controls through:

- **The monthly risk and performance report**, addressed to the MFC; it provides an overview of exposures in terms of market and credit risk;
- **The risk and performance report**, developed on a daily basis; it presents a summary of exposures by reserve tranches and issuer as well as risk and performance indicators (value at risk, duration and foreign exchange exposure) ;
- **The investment directive follow-up report**, which helps monitor on a daily basis compliance with the limits defined by the investment directive. It also includes the monitoring of compliance with the adopted strategic allocation and duration limits by reserve tranches;
- **The management mandate follow-up report**, produced on a weekly basis; it brings together the key risk and performance indicators and monitoring of the management rules, which authorized agents should comply with.
- **The credit-risk monitoring dashboard**, which tracks the credit risk of sovereign countries and banking counterparties of the Bank through certain indicators for better assessment of the quality of assets in portfolio and counterparties of the bank.

Financial risk management

Credit risk

The bank counterparty risk management is carried out based on the establishment of credit limits corresponding to a maximum exposure, reviewed on a biannual basis. Exposure follow-up and monitoring is conducted on a daily basis.

To ensure a better assessment of exposure to credit risk for a banking counterparty, an issuer or foreign exchange reserves, the operational framework provides a synthetic risk measurement indicator corresponding to the risk credit score. The approach consists in adopting the ratings used by the leading rating agencies (S&P, Moody's and Fitch), to which scores are assigned by a system of equivalence rating/score for each rating level. An average score is thus calculated making it possible to assess exposure in unitary or global manner.

Market risks

The Bank's exposure to the market risk is measured through a set of indicators in place, such as the effective duration of portfolios, sensitivity to the risk of changes in rates and management constraints in terms of exposure.

3-2-5-4 Comments on the balance sheet items

Note 1 : Assets and investments in gold

This item contains the equivalent value in gold assets deposited in Morocco and with foreign depositors, as well as investments in gold made with foreign counterparties. Since the end of 2006, these assets are evaluated at market prices.

Gains and losses resulting from this operation are allocated to the reevaluation account of foreign exchange reserves, in accordance with the agreement governing this account concluded between Bank Al-Maghrib and the State.

At the end of fiscal 2015, the equivalent value of holdings and investments gold was down 3 percent, reflecting an 11 percent depreciation in the gold price per ounce, which stood at \$1,062.25, whose impact was mitigated by a rise in the value of the dollar, which gained 10 percent to 9.91 dirhams.

Note 2 : Assets and investments in foreign currency

Under Article 8 of its Statute, Bank Al-Maghrib holds and manages the foreign exchange reserves, which consist of assets in gold, SDRs and foreign currencies. This item represents the equivalent in dirhams of assets in convertible foreign currencies, which are held mainly in the form of demand deposits, time deposits and foreign securities.

Table 3-2-6 : Assets and investments in gold

	2015	2014
Gold price per ounce in dirhams ⁽¹⁾	10 522	10 844
Quantity of gold ounces	710 250	709 368
Market value ⁽²⁾	7 473 485	7 692 458
Gold stock (in tonnes)	22	22

⁽¹⁾ Gold price USD/DH

⁽²⁾ In millions of dirhams

Table 3-2-7 : Breakdown by type of investment

In thousands of dirahms	2015	Part	2014	Part
Demand deposits	976 853	1%	1 456 732	1%
Time deposits	7 745 835	4%	7 891 395	5%
Securities held for sale ⁽¹⁾	72 760 557	34%	117 587 160	69%
Investment securities	120 397 324	57%	35 920 303	21%
Miscellaneous ⁽²⁾	8 327 440	4%	6 722 989	4%
Total	210 208 009	100%	169 578 580	100%

⁽¹⁾ Taking into account provisions for depreciation of securities

⁽²⁾ Including accrued interest and management authorizations

Remaining the largest item in assets whose share in the balance sheet strengthened to 81 percent as against 71 percent, the amount of holdings and investments in foreign currencies appreciated by 24 percent to 210,208,009 KDH, as against 169,578,580 KDH at the end of 2014, due to the consolidation of foreign exchange reserves.

Against this backdrop and taking into account the divergent monetary policies adopted by the ECB and the Fed, the foreign currency assets management strategy, approved by the Board in December 2014, gave priority to safety, liquidity and finally yields.

It called for increased investment portfolio, while extending the duration of investments and minimizing the impact of negative rates in the euro area. As a result, investment portfolio increased significantly to 120,397,324 KDH and the average outstanding monetary investments in euro decreased by nearly 75 percent.

Regarding their breakdown by currency, the alignment of the structure of assets and investments with the new weights of the dirham-trading basket, fixed in April 2015, resulted in the strengthening of the dollar position against the euro one.

Note 3 : Assets with international financial institutions

This item, reflecting positions with the IMF and AMF, increased by 4 percent to 9,168,578 KDH, primarily in conjunction with an increase in the equivalent of SDR holdings, due to the appreciation of the dollar (+10 percent).

Table 3-2-8 : Breakdown by remaining life (*)

	2015	2014
≤ 1year	23%	55%
> 1year	77%	45%
Total	100%	100%

^(*) Refined calculation of the indicator, row by row instead of an aggregation by country

Position with the IMF

This includes on the assets side :

- IMF subscription - Reserve tranche, which compose the fraction (14.5 percent) of Morocco's quota in the capital of the IMF, paid by Bank Al-Maghrib. It is composed of :

- **The available tranche** : 70.46 million SDR (967,216 KDH) paid by Bank Al-Maghrib in foreign currency. This tranche, which could be used by our country when needed, is included in the foreign exchange reserves of our Institute ;
- **The mobilized tranche** : 14.70 million SDR (201,626 KDH) equivalent to the subscription in national currency by Bank Al-Maghrib, deposited in the IMF "Account No.1" open in the books of our Institute.

Table 3-2-9 : Position with the IMF

In thousands of dirahms	2015	2014	Change in %
Assets			
IMF subscription - Reserve tranche	1 168 843	1 107 835	6%
SDR assets	7 663 483	7 417 983	3%
Total	8 832 326	8 525 819	4%
Liabilities			
SDR allocations	7 706 430	7 355 033	5%
Accounts No.1 and 2	201 747	184 833	9%
Total	7 908 177	7 539 866	5%

- SDR holdings : This account records the equivalent of Bank Al-Maghrib's assets with the IMF. It records, in the debit side, SDR purchase transactions by the Bank and the remunerations paid by the IMF, while in the credit side, it records payments of commissions on SDR allocations on a quarterly basis and reimbursement of Morocco's borrowings. These assets strengthened substantially in 2014, as the Bank purchased 320 million SDR to restore a neutral position vis-à-vis the IMF. At the end of 2015, the equivalent of SDR holdings posted a 3 percent increase, due to the appreciation of the dollar. Expressed in SDR, they decreased by 7,933,858 SDR to 558,293,300 SDR, mainly owing to the settlement in August 2015 of the commitment fee on the IMF Precautionary and Liquidity Line (PLL), amounting to 7,940,700 SDR (equivalent to 109,536 KDH).

The SDR allocations item is registered in the liabilities side. It corresponds to the value in dirhams of the amounts of SDR allocations granted by the IMF to Morocco as a member country. In 2009, this account was credited with 5.7 billion dirhams, representing Morocco's share in the general allocation and special allocation (475.8 million SDR) granted by the IMF to member countries. Quarterly commissions are paid by the Bank to the IMF on these allocations.

In late 2015, the latter remained unchanged from the previous year, or 561.42 million SDR. The increase in their value in dirhams is due to the appreciation of the dollar, as specified above.

AMF subscription

This account represents the fraction paid by the Bank for the paid-in subscription in the capital of the AMF.

Morocco's participation in this institution amounts to 37.19 million Arab dinars, divided between Bank Al-Maghrib and the Treasury as follows :

- 200,000 Arab dinars paid in national currency and deposited in the AMF account open in Bank Al-Maghrib books. The share paid by BAM amounts to 150,000 Arab dinars (5,895 KDH);
- 17.65 million Arab dinars subscribed in foreign currency, of which 8.17 million Arab dinars subscribed by the Bank (336,252 KDH).

It should be noted that Bank Al-Maghrib began in April 2015 to settle the first tranche (0.65 million Arab dinars) under its contribution to the AMF capital increase, whose release by member countries is scheduled over the five-year period 2014-2018;

- 19.44 million Arab dinars, of which 9.11 million attributable to Bank Al-Maghrib for the AMF capital increase by incorporation of reserves, which took place in 2005 (5.88 million Arab dinars) and in 2013 (3.23 million Arab dinars).

Note 4 : Claims on Moroccan credit institutions and similar bodies

This item comprises refinancing operations of credit institutions made as part of the monetary policy conduct, in conformity with Article 6 of the Bank's Statute.

In 2015, Bank Al-Maghrib reduced the amount of its interventions on the money market, due to the liquidity need, which was significantly down compared to 2014. The refinancing of banks moved down, at year-end, from 41,852,088 KDH to 23,016,982 KDH, including 59 percent under secured loans.

Table 3-2-10 : Structure of claims on banks

In thousands of dirahms	2015	2014	Change in %
Repurchase agreements	9 516 982	23 002 088	-59%
7-day advances	7 000 831	23 002 088	-70%
24-hour advances	2 516 151	-	-
Three-month repos	-	-	-
Secured loans	13 500 000	18 850 000	-28%
Total	23 016 982	41 852 088	-45%

More specifically, to cover the bank liquidity deficit, Bank Al-Maghrib intervened in the money market throughout 2015, through :

- Main operations through 7-day advances at auction at the key rate, the main instrument for implementing the monetary policy. At the end of the year, these advances stood at 7,000,831 KDH. The analysis of the infra-annual change in the average volume granted highlights the following trends:
 - An increase of 1,234,260 KDH in the first quarter 2015 compared to the level recorded in December 2014, due to the restrictive effect of treasury operations ;
 - A contraction of 4,298,920 KDH, between the first quarter and the second quarter 2015, which was marked by the OCP bond issue of one billion dollars on international markets;
 - A second decline of 3,435,848 KDH in the third quarter 2015, mainly due to the faster pace of banks' sales of foreign banknotes to Bank Al-Maghrib during summertime;
 - And finally a net reduction of 8,977,877 KDH between the last two quarters of the year, under the combined effect of low currency in circulation and high foreign currency assets.
- Secured loans whose amount stood at 13,500,000 KDH, corresponding to the partial renewal of four transactions initiated in 2014 and matured in 2015. These transactions are part of the program of supporting the financing of VSME, set up in December 2013 and renewed for a minimum period of two years, starting from December 2015. They are granted at the average key rate during the period under review ;
- On an ad hoc basis, 24-hour advances, which are accorded at a key rate plus one hundred basis points and whose amount stood at 2,516,151 KDH at year-end.

The Bank may also, under monetary regulation, use currency swap transactions, which are part of the long-term category, and intervene in the secondary market of Treasury securities.

Note 5 : Other assets

This item includes, inter alia, cash accounts and equalization accounts, which are mainly composed of expenses to be spread out over many fiscal years, expenses recognized in advance, and revenues due, and any other debtor amount pending equalization. At the end of 2015, this item posted a slight fall of 3 percent to 6,453,419 KDH.

Note 6 : Fixed assets

Table 3-2-11 : Fixed assets

In thousands of dirahms	2015	2014	Change in %
Fixed loans	712 422	660 152	8%
Equity securities	103 322	73 016	42%
Tangible and intangible fixed assets	6 181 211	6 063 447	2%
Gross fixed assets	6 996 955	6 796 615	3%
Depreciation and provisions	3 860 874	3 503 578	10%
Net fixed assets	3 136 081	3 293 037	-5%

At the end of the fiscal year under review, the Bank's net fixed assets stood at 3,136,081 KDH, or -5 percent from the previous year, following the recognition of depreciations for the fiscal year 2015, which amounted to 354,611 KDH.

Equity securities

In 2015, the Bank subscribed to the capital increase made by Casablanca Finance City Authority, which was approved by the extraordinary general meeting of March 18, 2015, amounting to 30,000 KDH, thus bringing the overall gross value of its contribution to the capital of this body to 50,000 KDH.

The Bank also paid during this year its share of 59 KDH in the capital of the Moroccan Bank Deposit Guarantee Funds Management Company (SGFG). This company was established in 2015, pursuant to Article 132 of the new Banking Law No. 103-12, which provides in Article 135 that the share capital of the management company shall be held by Bank Al-Maghrif and credit institutions members to funds managed by that company. Its mission is to manage bank deposit guarantee funds and contribute to remedy difficulties facing credit institutions.

Table 3-2-12 : Equity securities

In thousands of dirahms	2015	2014	Change in %
Securities held in Moroccan institutions (including)	56 824	26 765	>100%
Dar Ad-Damane	1 265	1 265	-
Maroclear	4 000	4 000	-
Casablanca Finance City Authority	50 000	20 000	>100%
Société marocaine de gestion des fonds de garantie des dépôts bancaires (Moroccan Company for the Management of Deposit Insurance Funds)	59	-	-
Securities held in foreign financial institutions	46 499	46 252	1%
Ubac Curaçao	23 228	23 228	-
Swift	519	519	-
Arab Monetary Fund	5 895	5 648	4%
Arab Trade Financing Program	16 856	16 856	-
Gross total of equity securities	103 322	73 016	42%

Tangible and intangible fixed assets

Table 3-2-13 : Tangible and intangible fixed assets

In thousands of dirahms	Gross amount 2014	Increase	Decrease	Gross amount 2015
Real properties	2 305 538	143 440	-	2 448 978
Land	232 601	-	-	232 601
Construction and works in progress	144 773	8 190	136 755	16 208
Fixtures, fittings and facilities	222 497	12 123	12	234 608
Furniture, materials, vehicles and equipment of social character	2 360 230	57 229	11 195	2 406 264
Intangible fixed assets	551 979	87 454	46 426	593 006
Others	245 829	4 356	639	249 546
Total	6 063 447	312 792	195 028	6 181 211

At the end of 2015, the gross outstanding amount of the Bank's investments in tangible and intangible fixed assets stood at 6,181,211 KDH, up 117,764 KDH compared to 2014. Investments amounted to 129,610 KDH and are broken down as follows, in particular :

- 34 percent corresponding to investments as part of the infrastructure and information system project and concern mainly the consolidated storage solution, the overhaul of the “front to back” percent trading room solution and the purchase of servers and licenses;
- 21 percent corresponding to investment related to operating and non-operating projects and concern basically the equipment of Agadir holiday center, development of the headquarters and extension of Dar As-Sikkah print room;
- 19 percent corresponding to recurring works and equipment, including the acquisition of computer equipment;

8 percent mainly for reinforcing the information security arrangements.

Note 7 : Banknotes and coins in circulation

In accordance with Article 5 of its Statute, Bank Al-Maghrib shall issue banknotes and coins. The amount of this item covers the difference between banknotes and coins issued by the Bank and those deposited with the Bank.

At the end of 2015, currency in circulation grew by 8 percent to 205,884 204 KDH, reflecting higher demand for banknotes during this year. Month on month, it recorded, in accordance with its seasonal pattern, peaks especially in the third and fourth quarters of the year following summertime, the month of Ramadan and the celebration of religious festivities.

Note 8 : Liabilities in gold and foreign currency

These liabilities mainly comprise currency deposits of foreign banks. They grew by 29 percent to 6,767,584 KDH, due to an increase in Bank’s liabilities in foreign currencies.

Note 9 : Liabilities in convertible dirhams

This item includes the Bank's liabilities in convertible dirhams towards foreign banks, international financial institutions (IMF, IBRD) and nonresidents.

The IMF "Account No.1" constitutes the major component of this entry. The assets of this account as well as those of "Account No.2" of the IMF, which are readjusted annually to take into consideration the parity of the dirham against SDR, amounted at end-2015 to 201,747 KDH.

Table 3-2-14 : Liabilities in convertible dirhams

In thousands of dirahms	2015	2014	Change in %
Liabilities to international financial institutions	208 220	190 971	9%
Liabilities to foreign banks	2 723	5 242	-48%
Ordinary accounts of international financial institutions	205 497	185 730	11%
Other liabilities	9 366	5 222	79%
Total	217 586	196 194	11%

Note 10 : Deposits and liabilities in dirhams

This item mainly includes:

- The current account of the Treasury, held by Bank Al-Maghrib by virtue of Article of its Statute. It is remunerated according to the requirements below, in accordance with the agreement signed between the Ministry of Economy and Finance and Bank Al-Maghrib on July 28, 2009:
 - The tranche lower or equal to 2 billion dirhams is remunerated at the rate of 7-day advances minus fifty basis points ;
 - The tranche above 2 billion dirhams and up to 3 billion dirhams is remunerated at the rate of 7-day advances minus one-hundred basis points;
 - The tranche higher than 3 billion dirhams is not remunerated.
- Current accounts of Moroccan banks, held mainly to honor their commitments regarding the required reserve, established by virtue of Article 25 of the abovementioned Statute, with a minimum amount of 2 percent of their liabilities must be respected on average over the period of observation.

Table 3-2-15 : Deposits and liabilities in dirhams

In thousands of dirahms	2015	2014	Change in %
Current account of the Treasury	3 276 541	2 117 412	55%
Current account of Moroccan banks	13 575 392	9 752 800	39%
Liquidity withdrawals	-	-	-
Deposit facilities	-	-	-
Deposits of general government and public institutions	2 571 885	2 461 356	4%
Other accounts	3 741 493	2 616 415	43%
Total	23 165 311	16 947 983	37%

- Deposits of general government and public institutions, including the account of Hassan II Fund for Economic and Social Development, remunerated at the rate of 7-day advances, minus 50 basis points.

This item can also accommodate, in a context of excess liquidity:

- 7-day liquidity withdrawals as unsecured deposits by tenders, remunerated at the key rate minus fifty basis points;
- 24-hour deposit facilities allowing banks to place, on their own initiative, a cash surplus. The remuneration applied to these deposits is the key rate minus one hundred basis points.

The 37 percent increase in this item to 23,165,311 KDH is mainly attributed the growth of 55 percent in the Treasury account balance, which rose to 3,276,541 KDH and 39 percent in Moroccan banks' assets, which stood at 13,575,392 KDH.

Note 11 : Other liabilities

This entry includes, mainly:

- Miscellaneous creditors, primarily consisting of tax and fiscal withholdings, other sums payable to the State, and third parties, and contributions to provident funds and institutions for social security pending settlement. They dropped by 54 percent, mainly due to the Bank's settlement of its employer special contribution for mutual funds, amounting to 333,608 KDH, constituted by annual payment of 83,402 KDH over the period 2008-2011.

Table 3-2-16 : Other liabilities

In thousands of dirahms	2015	2014	Change in %
Other securities transactions	1 086	1 086	-
Miscellaneous creditors	384 904	845 256	-54%
Equalization accounts	178 917	202 326	-12%
Amounts claimable after receipt of payment	19 128	7 157	>100%
Provisions for risks and expenses	133 926	85 516	57%
Foreign exchange reevaluation account	9 158 425	9 566 096	-4%
Total	9 876 385	10 707 436	-8%

- The equalization accounts, mainly composed of transactions between branches, expenses to be paid and revenues recognized in advance and any other debtor amount pending settlement;
- Amounts claimable after receipt of payment, including accounts making up the counterpart of securities presented for payment;
- Provisions for risks and expenses allowing to note the existing losses and expenses related to operations executed during the fiscal year and that are most likely realized. In 2015, these provisions were brought to 133,926 KDH through the additional provision of 50,000 KDH made by the Bank to cover liabilities of social funds, thus continuing its gradual provisioning approach of the uncovered fraction of the pension liability, which rose from 136 million dirhams to 166 million dirhams in 2015.

- Foreign exchange reevaluation account, which includes the exchange variations resulting from the assessment of assets and liabilities in gold and in foreign currency, based on the year-end average exchange rates, in accordance with the provisions of the agreement signed between Bank Al-Maghrib and the Ministry of Economy and Finance. This agreement sets the rules for implementing Article 24 of the Bank's Statute relating to the periodic evaluation of assets in gold and foreign currencies. This agreement also stipulates that in case of an insufficiency vis-à-vis the required minimum, a reserve for foreign exchange losses deducted from the net profit is constituted. The credit balance of this account can neither be posted in the revenues of the fiscal year, nor distributed or allocated to any other usage.

Note 12 : Equity capital and the like

Under Article 2 of the Bank's Statute, the capital is set at 500,000 KDH. It is wholly held by the State. It can be increased by decision of the Bank Board, after having heard the government representative and subject to approval by regulation.

The general reserve fund was established in accordance with Article 56 of the Statute of Bank Al-Maghrib, by deducing 10 percent from net profit until it reaches the amount of the capital.

Table 3-2-17 : Equity capital

In thousands of dirahms	2015	2014
Capital	500 000	500 000
Reserves	5 001 340	5 001 340
General reserve funds	500 000	500 000
Special reserve funds	4 501 340	4 501 340
Other equity capital	6 398	8 639
Retained earnings	25 066	24 164
Total	5 532 805	5 534 143

3-2-5-5 Comments on off-balance sheet items

The Bank keeps record of off-balance sheet liabilities, detailing both given and received commitments. Off-balance sheet accounts are registered to debit when the liabilities materialize on maturity or in case of realization by a debit on the balance sheet, and to credit side in the opposite case.

The off-balance sheet liabilities include liabilities in foreign currency, liabilities on securities and other liabilities.

Note 13 : Foreign exchange transactions

Table 3-2-18 : Foreign exchange transactions

In thousands of dirahms	2015	2014
Foreign exchange transactions- currency deposits	5 820 953	1 971 243
Foreign exchange transactions-arbitrage operations		
Foreign currencies receivable	80 714	307 325
Foreign currencies payable	80 669	306 441

Note 14 : Liabilities on securities

This heading records mainly securities pledged to Bank Al-Maghrib to secure various advances to banks (debt securities issued or guaranteed by the State, negotiable debt securities, private claims, etc.).

Table 3-2-19 : Liabilities on securities

In thousands of dirahms	2015	2014
Securities received on advances granted	17 604 798	22 546 127
Securities received on advances to be granted	15 425 600	11 225 200
Other guarantees received on advances granted	6 633 500	19 541 768
Advances to be granted	-	23 002 063
Foreign securities receivable	12 868 068	1 096 900
Foreign securities deliverable	8 460 222	1 799 438

Note 15 : Other liabilities

Table 3-2-20 : Other liabilities

In thousands of dirahms	2015	2014
Received market guarantees	53 158	49 786
Guarantees liabilities received for staff loans	736 090	835 443
Financing liabilities granted to the staff	39 673	63 665
Other granted liabilities	1 000	1 000

3-2-5-6 Comments on profit and loss account items

Note 16 : Interests earned on investments in gold and in foreign currency

This item is strongly correlated with levels of foreign exchange reserves and interest rates. It includes interests from the following transactions of investments in gold, SDR and foreign currency, made by the Bank as part of its mission of foreign exchange reserves management, entrusted under its Statute :

- Bond market investments (investment portfolio and portfolio of securities held for sale);
- International money market investments (Treasury portfolio);
- SDR holdings reserve tranche available with the IMF;
- Foreign securities lending;
- Gold loans.

Table 3-2-21 : Interests earned on holdings in gold and in foreign currency

In thousands of dirahms	2015	2014	Change in %
Interest received			
Investments in gold	23 560	12 931	82%
Foreign Treasury bills and similar securities	1 932 865	1 224 427	58%
Holdings and investments in foreign banks ^(*)	14 657	16 506	-11%
Claims on the IMF	4 079	6 434	-37%
Other interests	6 109	6 074	1%
Total	1 981 270	1 266 372	56%

^(*) Includes interests on money market investments amounting to 16,138KDH and that earned on current accounts with foreign banks amounting to 368 KDH

Interest on investments of foreign exchange reserves closed the year 2015 with strong growth of 56 percent to 1,981,270 KDH, breaking up with the downward trend observed since several years. This change is largely driven by higher revenues in the bond segment, which totaled 1,932,865 KDH (+58 percent), thanks to the growth in outstanding investments and favorable conditions in the dollar exchange rate compartment. These conditions benefited further the Bank with the increase in the dollar's share in foreign currency assets.

The analytical breakdown of bond yields by portfolio shows :

- a significant increase in interest on the "investment" portfolio, which more than doubled (+107 percent) to 1,142,886 KDH, in connection with further strengthening of the size of this portfolio in 2015, as provided for by the foreign exchange reserves management strategy;

- an 18 percent increase in interest generated by the portfolio of securities held for sale to 789,978 KDH, mainly reflecting an increase in its average interest income.

On the monetary segment, interests generated from investment transactions was down 9 percent, as the Bank reduced their average outstanding amount to minimize the impact of negative rates in the euro area.

The Bank continued in 2015 to strengthen its gold deposits, given the attractiveness of remuneration rates, which resulted in growth of 82 percent in related interests to 23,560 KDH.

Note 17 : Interests received on claims on Moroccan credit institutions and similar bodies

These are interests received by the Bank on various advances to credit institutions as part of the monetary policy conduct (for remuneration conditions, see Note 4 of the balance sheet).

These interests dropped for the second consecutive year by 46 percent (-23 percent in 2014), to 880,708 KDH, as the Bank reduced the average volume of its liquidity injections, which moved down, year on year, from 55,622,784 KDH to 35,164,514 KDH, in view of an improvement in banks' liquidity.

Table 3-2-22 : Interests received on claims on Moroccan credit institutions and similar bodies

In thousands of dirahms	2015	2014	Change in %
Interest received			
7-day advances	483 306	1 066 828	-55%
Repurchase agreements	-	189 039	-100%
24-hour advances	5 072	6 588	-23%
Secured loans	392 036	371 040	6%
Total	880 708	1 633 494	-46%

By main instrument, these interests registered :

- a decline of 583,522 KDH (-55 percent) under 7-day advances, following a 47 percent decrease in their average outstanding amount (19,332,232 KDH in 2015, as against 36,266,079 in 2014 KDH);
- a slight increase of 20,996 KDH under the secured loan operations whose average outstanding amount was higher in 2015, or 15,687,361 KDH, as against 12,848,056 KDH a year earlier;
- a decline of 189,039 KDH (-100 percent) under repo transactions, an instrument which the Bank did not use in 2015, as part of the monetary policy conduct.

Note 18 : Other interests earned

This item covers mainly interests due to the Bank under loans granted to its staff. This interest amounted at the closing date to 9,977 KDH, up 18 percent compared to their level in 2014.

Note 19 : Commissions earned

Commissions are deducted by the Bank in payment of banking transactions for customers, which cover, mainly, foreign exchange operations and the centralization of the Treasury's auction operations.

In 2015, the amount of these commissions grew by 27 percent, owing to an increase of 25 percent in commissions on foreign exchange operations and 30 percent on commissions deducted by the Bank on the centralization of the Treasury's auction operations, due to the Treasury's significant resort to the primary market to finance its deficit during this year.

The gross amounts raised by the Treasury reached 126.1 billion dirhams, up 60 percent from 2014 when they did not exceed 80 billion.

Table 3-2-23 : Commissions earned

In thousands of dirahms	2015	2014	Change in %
Foreign exchange commission	523 655	418 501	25%
Management of Treasury bills	70 386	53 954	30%
Other commissions	19 558	8 975	>100%
Total	613 598	481 431	27%

Note 20 : Other financial revenues

Other financial revenues, which mainly cover gains generated from foreign currency transactions, rose by 65 percent, to 115,263 KDH, in conjunction with :

- an increase of 19,908 KDH in gains from investment securities sales, which were made in 2015, mainly on securities in euro as part of implementing the new weights of the dirham-trading basket;
- and an increase of 22,065 KDH in deferral of discounts, taking into account the nature of investment securities comprising the portfolio.

Table 3-2-24 : Other financial revenues

In thousands of dirahms	2015	2014	Change in %
Gains from investment securities sales	43 709	23 801	84%
Deferral of discounts on foreign securities	33 918	11 854	>100%
Gains in management authorizations	31 219	27 465	14%
Other revenues	6 417	6 906	-7%
Total	115 263	70 025	65%

Note 21 : Sales of produced goods and services

This item includes revenues from sales of various goods produced by the Bank, which cover mainly secured documents, including the biometric passport. The selling price of these documents is fixed on the basis of data from the analytical system established by the Bank. This item also consists of changes in inventories of finished products, in-process production and commemorative coins.

At the end of 2015, this item displays a balance of 205,819 KDH, which is a slight increase of 5,555 KDH (+3 percent). Sales of secured documents (90 percent of which are related to biometric passports) and export-oriented banknotes reached respectively 161,721 KDH (+14 percent) and 46,758 KDH (+18 percent). However, inventories of finished goods and in-process production declined overall by 11,185 KDH, as against an increase of 9,416 KDH in 2014.

Note 22 : Miscellaneous revenues

Miscellaneous revenues include, inter alia, the contribution of banks to the Moroccan Gross Settlement Systems. This item showed a slight decrease of 3,095 KDH in 2015, to 37,326 KDH.

Note 23 : Reversals of provisions

Reversals of provisions in 2015 amounted to 293,809 KDH and cover mainly those constituted under the depreciation of foreign investment securities (see Table 3-2-30 of Note 32 of the PLA).

Note 24 : Noncurrent revenues

This item includes exceptional noncurrent revenues, with a significant impact both in absolute and relative figures.

In 2015, noncurrent revenues amounted to only 3,426 KDH, as against 56,752 KDH in 2014, a year with an exceptional income of 53,341 KDH corresponding to the balance of a commitment account in foreign currency prescribed.

Note 25 : Interests paid on liabilities in gold and in foreign currency

These interests were down 28 percent to 5,316 KDH, essentially due to lower commissions paid quarterly by the Bank on SDR allocations accorded by the IMF to Morocco as a member country (see Note 3 of the balance sheet), following a decrease in SDR interest rates.

Note 26 : Interests paid on deposits and liabilities in dirhams

This item covers particularly interests paid by the Bank, mainly on deposits at the account of Hassan II Fund for Economic and Social Development and the Treasury current account (for payment conditions, see Note 10 of the balance sheet).

It included the remuneration of the required reserve, which was eliminated as of December 19, 2013.

It can also include, in a context of excess liquidity, interests paid by the Bank under liquidity withdrawals, deposits facilities and swap of dirhams against currencies.

With a virtually unchanged remunerated outstanding average (-1 percent) from one year to another, the interest paid to the Treasury fell to 52,003 KDH (-23 percent), reflecting two key rate cuts in 2014.

Table 3-2-25 : Purchases of materials and supplies

In thousands of dirahms	2015	2014	Change in %
Interest paid			
Required reserve account	-	-	-
Other accounts (including)	151 625	145 607	4%
Treasury account	52 003	67 119	-23%
Total	166 054	170 102	-2%

Note 27 : Commissions paid

These are commissions paid in exchange for financial services provided to the Bank. They amounted in 2015 to 17,104 KDH and include, inter alia, custody fees for management authorizations (3,311 KDH), custody fees for Moroccan securities (2,907 KDH) as well as foreign securities (9,922 KDH), which increased by 67 percent, following higher investments in bond securities.

Note 28 : Other financial expenses

This item covers losses on foreign currency transactions including, losses on investment securities sales (taking into account the nature of securities comprising the portfolio and deferral of premiums on investment securities.

These expenses stood at 958,008 KDH (+101 percent), due to higher deferral of premium, resulting from the acquisition in 2014 and 2015, of securities offering higher nominal yields to the market.

Table 3-2-26 : Purchases of materials and supplies

In thousands of dirahms	2015	2014	Change in %
Losses in investment securities sales	381 256	339 465	12%
Deferral of premiums on foreign securities	546 955	120 197	>100%
Capital losses in management mandates	18 186	11 145	63%
Other expenses	11 612	4 674	>100%
Total	958 008	475 480	>100%

Note 29 : Staff expenses

This item includes mainly the salaries and wages, allowances and bonuses paid to the Bank staff, employer basic and supplementary contributions to Bank Al-Maghrib Staff Pension Fund and contributions to the Mutual Fund, various staff insurance premiums and vocational training expenses.

Personnel expenses stood at 726,640 KDH, up only 1 percent compared to 2014. This change is mainly attributed to the controlled increase in payroll, in line with the objective set by the Bank five years ago to limit the increase in this item to around 3 percent.

Table 3-2-27 : Staff expenses

In thousands of dirahms	2015	2014	Change in %
Staff salaries and social security contributions	705 680	699 217	1%
Training expenses	6 046	6 934	-13%
Other expenses	14 914	14 657	2%
Total	726 640	720 808	1%

Note 30 : Purchases of materials and supplies

Raw materials (paper, ink, coin blanks, electronic chips and precious metals) are used in the manufacturing of coins and banknotes, secured documents and commemorative coins. This item also includes changes in inventories of raw materials and supplies as well as rebates, discounts and payment deductions obtained on purchases, and granted to the Bank by its suppliers.

The 11 percent decrease in this item to 208,112 KDH results from the combined effect of :

- an increase in the change in inventories of materials and supplies to 34,781 KDH, as against a decrease of 56,161 KDH a year earlier, in connection with a decline in the level of these inventories in 2015;
- and a 29 percent decline in costs of purchases of materials and supplies, which is notably due to the delay of the completion of contracts relating to raw materials for fiduciary production and secured documents to 2016.

Table 3-2-28 : Purchases of materials and supplies

In thousands of dirahms	2015	2014	Change in %
Purchase of raw materials	157 924	146 306	8%
Purchase of consumable materials and supplies	26 684	22 397	19%
Other purchases	23 503	18 685	26%
Total	208 112	187 389	11%

Note 31 : Other external expenses

They include Bank overheads and current expenditure covering, inter alia, computer maintenance, building upkeep, rental, water and electricity consumption, donations and grants as well as various taxes.

These expenses rose by 2 percent to 307 245 KDH, mainly due to an increase in computer maintenance costs and generalization of outsourcing contracts for building maintenance at all the Bank's sites.

Note 32 : Depreciations and provisions

Depreciations

Table 3-2-29 : Depreciations

In thousands of dirahms	2015	2014
Depreciations of tangible and intangible fixed assets	354 611	369 766
Real properties (*)	115 255	116 859
Furniture and equipment	173 630	174 581
Other tangible fixed assets	48	43
Intangible fixed assets	65 678	78 283
Amortization expenses of other costs to be spread out over many fiscal years	5 490	5 905
Amortization expenses of previous fiscal years	10 844	8 550
Total	370 944	384 220

(*) Including fixtures, fittings and facilities

Provisions

Table 3-2-30 : Provisions

In thousands of dirahms	Outstanding amount 31/12/2014	Expenses	Reversals	Other changes	Outstanding amount 31/12/2015
Provisions for depreciation					
Foreign Treasury bills and similar securities	344 418	353 903	276 563	-46	421 711
Miscellaneous stocks and values	6 509	8 915	6 509		8 915
Moroccan equity securities	6 000	3 300			9 300
Foreign equity securities					
Other provisions	3 458	295	515		3 238
Provisions for risks and expenses posted under liabilities					
Provisions for risks and expenses	85 128	58 632	10 222		133 538
Other provisions	389				389
Total		425 044	293 809		

For the terms of the constitution and reversal of provisions, see Section on "Assessment Methods" and Note 11 of the balance sheet.

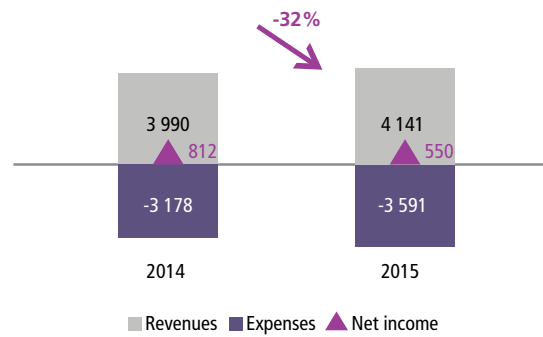
Note 33 : Noncurrent expenses

Noncurrent expenses, totaling 11,911 KDH, mainly include the amount of the solidarity social contribution on profits, calculated based on 2 percent of the Bank's net income in 2015 (11,234 KDH).

Note 34 : Corporate tax

The tax rate is fixed at 37 percent under Article 19 of the General Tax Code, which is the taxation level applied to credit institutions under common law.

Chart 3-2-1 : Change in revenues, expenses and net income (in millions of dirhams)



3-3 Statutory Audit Report

(This is a free translation into English of our Audit report issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, Moroccan law and professional auditing standards applicable in Morocco).

**BANK AL-MAGHRIB
STATUTORY AUDITOR'S REPORT
FISCAL YEAR ENDED DECEMBER 31st, 2015**

In accordance with our engagement as statutory auditors by the Bank's Board, we have audited the accompanying financial statements of Bank Al-Maghrib, for the year ended December 31st, 2015. Which include the balance sheet, the profit and loss account, and the attached disclosures. These statements present a net equity amounting to 5 532 805 thousands of Moroccan Dirhams, and a net profit of 550 481 thousands of Moroccan Dirhams.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements, in accordance with generally accepted accounting principles and standards in Morocco. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of the financial statements that are free from material misstatements, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the professional standards applicable in Morocco. These standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment as well as the assessment of the risk that financial statements may include material misstatements. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the financial statements

We certify that the financial statements mentioned in the first paragraph show, in all material respects, a fair view of the results of the operations for the year ended as well as of the financial situation and assets of Bank Al-Maghrib on December 31st, 2015 in accordance with generally accepted accounting principles in Morocco.

Without disputing the above opinion, we would note that assets and liabilities in gold and currencies have been assessed according to the principles provided in the statement A1 of the attached disclosures.

Specific Procedures and Disclosures

We have notably ensured the correspondence of the information provided in the management report with the bank's financial statements.

Casablanca, March 22nd, 2016

Mazars Audit et Conseil


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Kamal MOKDAD
Managing Partner

3-4 Approval by the Bank Board

In compliance with Article 55 of Law No 76-03 bearing Statutes of Bank Al-Maghrib, the financial statements are hereby submitted by the Governor for approval by the Board.

At its meeting on March 22, 2016, after having taken cognizance of the statutory auditor's opinion on the sincerity of the financial statements and their conformity with the information given in the Bank's management report, the Board approved the 2015 financial statements and net income distribution.

Bank Al-Maghrib
Finance and Strategy Department
