

Financial statements of the Bank

**2023**



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***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.***

# 1 Overview of the financial position for fiscal year 2023<sup>1</sup>

## 1.1 Balance sheet

At end-2023, the Bank's **total assets** showed an annual increase of 6 percent to 529,313,584 KDH. On the assets side, this change was mainly due to the consolidation of assets and investments in foreign currencies (+5 percent) and loans to banks (+13 percent). On the liabilities side, it reflects the combined effect of growth in banknotes in circulation (+11 percent) and the Bank's income (>100 percent), as well as the decline in both the foreign exchange reserve valuation account (-37 percent) and current accounts with Moroccan banks (-30 percent).

Chart 1.1: Balance sheet structure

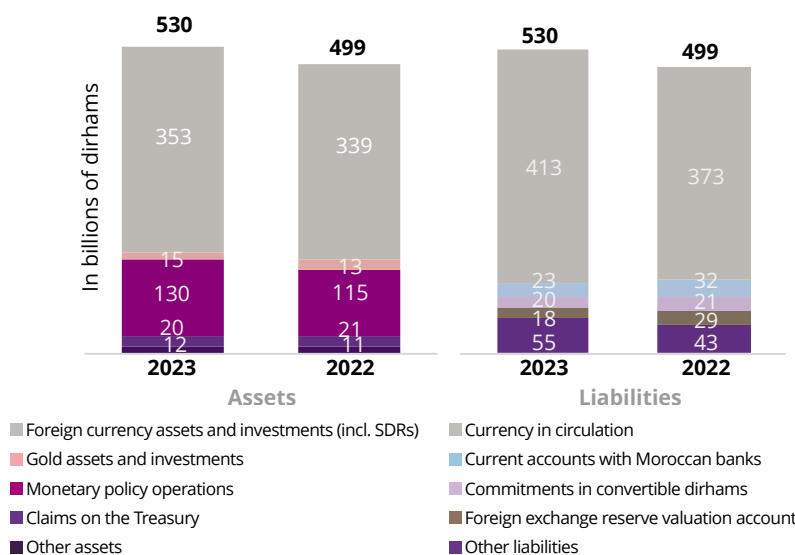


Table 1.1: Balance sheet by transaction type

In thousands of dirhams	2023	2022	Change (in percent)
(of which)			
Currency in circulation	412,752,041	372,786,283	11
Foreign operations	-306,984,216	-278,004,179	10
Transactions with the State	-8,960,079	-16,682,686	-46
Net position of credit institutions	-107,335,840	-82,219,314	-31
Patrimonial transactions	5,559,196 <sup>2</sup>	700,727	>100

<sup>1</sup> The changes in balance sheet and profit and loss items are discussed in more detail in the comments on the summary statements. For purposes of analysis, balance sheet and income statement items have been combined in this part of the report.

<sup>2</sup> Considering net income before appropriation.

**Currency in circulation** rose by 11 percent to 412,752,041 KDH, driven by strong growth in demand for cash.

**Foreign transactions** recorded an annual increase of 10 percent to -306,984,216 KDH, mainly due to the growth of foreign currency assets and investments, resulting from higher foreign exchange reserves and exchange rate trends.

Between 2022 and 2023, the balance of **transactions with the State** fell from -16,682,686 KDH to -8,960,079 KDH, mainly reflecting higher cash balances on the Treasury's current account (+6,791,599 KDH).

The **net position of credit institutions** rose from -82,219,314 KDH to -107,335,840 KDH, mirroring the Bank's increased intervention in the money market, alongside a tightening of bank cash balances.

The balance on **patrimonial transactions** rose sharply year-on-year, from 700,727 KDH to 5,559,196 KDH, mainly due to the +5,518,525 KDH increase in the Bank's net income to 5,105,675 KDH.

## 1.2 Income

At the end of the 2023 financial year, the Bank recorded a **profit** of 5,105,675 KDH, as opposed to a loss of 412,850 KDH a year earlier.

The +5,518,525 KDH year-on-year change in net income is primarily attributable to the sharp rise in income from foreign exchange reserve management operations (>100 percent) and monetary policy operations (+99 percent), mitigated by the decline in non-recurring income (<-100 percent) following the award of a 1-billion-dirham grant to the Special Fund for managing the effects of the El Haouz earthquake, and by the rise in income tax (>100 percent).





**Table 1.2: Net income of the financial year**

In thousands of dirhams	2023	2022	Change (in percent)
Net income from foreign exchange reserve management	7,472,579	-1,231,118	>100
Net income from monetary policy operations	3,107,026	1,561,971	99
Net income from other operations	1,283,422	1,337,652	-4
<b>Operating net income</b>	<b>11,863,028</b>	<b>1,668,505</b>	<b>&gt;100</b>
General operating expenses	-2,090,748	-2,010,592	4
<b>Gross operating income</b>	<b>9,772,280</b>	<b>-342,087</b>	<b>&gt;100</b>
Non-recurring income	-996,696	-43,751	<-100
Income tax	-3,669,909	-27,012	>100
<b>Net income</b>	<b>5,105,675</b>	<b>-412,850</b>	<b>&gt;100</b>

The rise in **income from foreign exchange reserve management operations** to 7,472,579 KDH (+8,703,696 KDH) is mainly due to the increase in net bond income (+6,904,785 KDH), primarily reflecting the rise in net reversals of provisions for impairment in value of investment securities (net reversal of 1,810,714 KDH in 2023 vs. net allocation of 2,882,174 KDH in 2022), and in interest generated by money-market and bond investments (+2,362,155 KDH), particularly reflecting improved yields on assets denominated in dollars and euros.

The higher **income from monetary policy operations**, reaching 3,107,026 KDH (1,545,055 KDH), is essentially attributable to increases in the key interest rate, and to the rise in the average outstanding amount of money-market loans to banks as a result of the worsening liquidity deficit.

The decline in **income from other operations** to 1,283,422 KDH (-54,229 KDH) mainly reflects the drop in net commissions from foreign exchange transactions to 982,160 KDH, associated with the lower volume of sales of foreign banknotes, and the increase in interest on customer accounts. This decline was partially offset by the 57,396 KDH contribution to on-site inspection costs<sup>1</sup>. Sales of secure documents remained virtually stable at 376,826 KDH.

<sup>1</sup> For institutions subject to the Bank's supervision, control and oversight, in accordance with regulatory provisions, in particular Article 73 of Law No. 40-17 establishing the statutes of Bank Al-Maghrib, instituted in 2019.

The growth in **general operating expenses** to 2,090,748 KDH (+80,156 KDH), reflects the combined effect of higher net depreciation, amortization and provisions for liabilities and charges (+140,183 KDH) and lower operating expenses (-60,027 KDH).

The decline in **non-recurring income**<sup>1</sup> to -996,696 KDH (-952,945 KDH), is linked to the granting by the Bank of 1 billion dirhams to the special fund for managing the effects of the earthquake.

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<sup>1</sup> Includes non-recurring income and income from prior years.



## 2 Summary Statements and Related Notes

### 2.1 Balance sheet (Assets)

Table 2.1: Assets as at December 31, 2023

In thousands of dirhams	Notes	2023	2022
<b>Assets and investments in gold</b>	<b>1</b>	<b>14,532,787</b>	<b>13,498,946</b>
<b>Assets and investments in foreign currency</b>	<b>2</b>	<b>333,341,042</b>	<b>318,867,128</b>
- Holdings and investments held in foreign banks		44,481,551	52,900,450
- Foreign Treasury bills and similar securities		279,618,315	257,366,426
- Other holdings in foreign currency		9,241,175	8,600,252
<b>Assets with international financial institutions</b>	<b>3</b>	<b>22,101,677</b>	<b>22,770,832</b>
- IMF subscription-Reserve tranche		2,146,416	2,248,490
- Special Drawings Rights holdings		19,553,046	20,100,998
- Subscription to the Arab Monetary Fund		402,216	421,344
<b>Lending to the Government</b>	<b>4</b>	<b>19,906,860</b>	<b>20,853,545</b>
<b>Claims on Moroccan credit institutions and similar bodies</b>	<b>5</b>	<b>129,943,781</b>	<b>114,602,736</b>
- Securities received under repurchase agreements		42,194,039	21,533,559
- Advances to banks		87,408,014	92,886,621
- Other facilities		341,728	182,557
<b>Treasury bills - Open market operations</b>		<b>-</b>	<b>-</b>
<b>Other assets</b>	<b>6</b>	<b>4,823,925</b>	<b>3,706,864</b>
<b>Fixed assets</b>	<b>7</b>	<b>4,663,512</b>	<b>4,678,426</b>
<b>Total assets</b>		<b>529,313,584</b>	<b>498,978,477</b>

## 2.2 Balance sheet (Liabilities)

Table 2.2: Liabilities as at December 31, 2023

In thousands of dirhams	Notes	2023	2022
<b>Banknotes and coins in circulation</b>	<b>8</b>	<b>412,752,041</b>	<b>372,786,283</b>
- Banknotes in circulation		408,599,194	368,820,223
- Coins in circulation		4,152,848	3,966,060
<b>Commitments in gold and foreign currency</b>	<b>9</b>	<b>5,524,282</b>	<b>6,742,577</b>
- Commitments in gold		-	-
- Commitments in foreign currency		5,524,282	6,742,577
<b>Commitments in convertible dirhams</b>	<b>10</b>	<b>20,222,140</b>	<b>21,230,274</b>
- Commitments to international financial institutions		20,201,079	21,212,432
- Other liabilities		21,060	17,842
<b>Deposits and commitments in dirhams</b>	<b>11</b>	<b>38,000,970</b>	<b>42,444,609</b>
- Current account of the Treasury		10,878,799	4,087,201
- Deposits and commitments in dirhams to Moroccan banks		22,607,941	32,383,423
- Current accounts		22,607,941	32,383,423
- Liquidity-withdrawal accounts		-	-
- Deposit facility accounts		-	-
- Deposits of general government and public institutions		1,252,740	1,331,794
- Other accounts		3,261,490	4,642,191
<b>Other liabilities</b>	<b>12</b>	<b>23,761,499</b>	<b>30,670,166</b>
<b>Special Drawing Rights allocations</b>	<b>3</b>	<b>18,829,944</b>	<b>19,725,415</b>
<b>Equity capital and the like</b>	<b>13</b>	<b>5,117,032</b>	<b>5,792,002</b>
- Capital		500,000	500,000
- Reserves		5,001,340	5,263,461
- Retained earnings		-384,308	28,542
- Other equity capital		-	-
<b>Net income of the fiscal year</b>		<b>5,105,675</b>	<b>-412,850</b>
<b>Total liabilities</b>		<b>529,313,584</b>	<b>498,978,477</b>

## 2.3 Off-balance sheet

Table 2.3: Off-balance sheet as at December 31, 2023

In thousands of dirhams	Notes	2023	2022
<b>Spot foreign exchange transactions</b>			
Spot delivery of currencies		-	-
Spot purchase of dirhams		-	-
<b>Forward foreign exchange transactions</b>			
	<b>14</b>		
Foreign currencies receivable		5,025,367	4,834,546
Foreign currencies deliverable		5,077,338	4,851,467
<b>Foreign exchange transactions-currency deposits</b>			
	<b>14</b>	<b>9,850,050</b>	<b>9,265,794</b>
<b>Foreign exchange transactions-arbitrage operations</b>			
	<b>14</b>		
Foreign currencies receivable		5,304	-
Foreign currencies deliverable		5,267	-
<b>Off-balance currency adjustment</b>			
		-	-
<b>Commitments on derivatives</b>			
		-	-
<b>Commitments on securities</b>			
	<b>15</b>		
Securities received on advances granted		107,969,056	95,487,149
Securities received on advances to be granted		12,298,400	11,492,600
Other guarantees received on advances granted		30,750,502	29,789,531
Advances to be granted		11,683,480	10,917,970
Foreign securities receivable		-	-
Foreign securities deliverable		-	-
<b>Other liabilities</b>			
	<b>16</b>		
Received market guarantees		130,505	100,424
Guarantees commitments received for staff loans		904,446	922,152
Financing commitments granted to the staff		9,400	13,188
Other granted commitments		1,000	1,000

## 2.4 Profit and loss account

Table 2.4: Profit and loss account as at December 31, 2023

In thousands of dirhams	Notes	2023	2022
<b>Revenues</b>		<b>13,863,998</b>	<b>6,876,041</b>
Interests earned on holdings and investments in gold and in foreign currency	17	6,109,045	3,340,653
Interests earned on claims on credit institutions and similar bodies	18	3,002,226	1,562,197
Other interests earned	19	9,689	9,758
Commissions earned	20	1,135,349	1,121,250
Other financial revenues	21	1,183,547	295,166
Sales of produced goods and Services	22	490,118	382,028
Miscellaneous revenues	23	32,712	47,049
Reversal of depreciation		-	-
Reversal of provisions	24	1,887,286	111,191
Noncurrent revenues	25	14,026	6,748
<b>Expenses</b>		<b>8,758,323</b>	<b>7,288,891</b>
Interests paid on commitments in gold and in foreign currency	26	726,952	282,269
Interests paid on deposits and commitments in dirhams	27	379,467	200,982
Commissions paid	28	33,985	30,810
Other financial expenses	29	767,408	1,673,613
Staff expenses	30	850,114	898,809
Purchases of materials and supplies	31	343,563	370,771
Other external expenses	32	416,771	370,044
Depreciation and provision endowments	33	561,965	3,323,110
Noncurrent expenses	34	1,008,188	111,468
Income tax	35	3,669,909	27,012
<b>Net income</b>		<b>5,105,675</b>	<b>-412,850</b>



## 2.5 Cash flow statement

Table 2.5: Cash flow as at December 31, 2023

In thousands of dirhams	2023	2022
<b>Cash and foreign currency deposits at the beginning of the year</b>	<b>36,713,644</b>	<b>58,108,674</b>
<b>Cash flow from operating activities</b>	<b>27,120,078</b>	<b>-40,289,051</b>
Interests received	8,439,261	3,721,084
Commissions on banking transactions received	1,135,349	1,121,250
Other products received	679,484	301,398
Interests and commissions paid	-1,137,947	-510,307
Staff expenses paid	-840,699	-754,750
Taxes paid	-143,735	-490,346
Other expenses paid	-1,674,907	-969,121
+/- Change in Treasury deposits in Dirhams	6,791,599	-1,170,833
+/- Change in deposits with Moroccan banks in Dirhams	-9,776,280	3,898,726
+/- Change in other customer deposits in Dirhams and in foreign currencies	-2,279,777	2,195,281
+/- Change in foreign-currency-denominated investment securities	18,951,289	940,432
+/- Change in foreign currency trading securities	-	-
+/- Change in advances to banks	-15,181,874	-23,196,076
+/- Change in other liabilities	22,781,453	-25,196,422
+/- Change in other assets	-623,138	-179,368
<b>Cash flow from investment activities</b>	<b>-49,623,163</b>	<b>-46,526,366</b>
+/- Change in foreign investment securities in foreign currencies	-48,998,387	-44,042,968
+/- Change in IMF subscription-Reserve branch	-	-
+/- Change in SDR holdings	-382,634	-2,337,566
+/- Change in gold assets and investments	-	-
+/- Change in deposits with the IMF	-	-
+/- Change in AMF subscription	-	-
+/- Change in SDR allocations	-	-
Acquisition of fixed assets	-255,967	-139,798
Proceeds from sale of fixed assets	13,825	-6,034
<b>Cash flows from financing activities</b>	<b>39,965,758</b>	<b>35,075,708</b>
+/- change in banknotes and currency in circulation	39,965,758	35,075,708
<b>Revaluation of cash and foreign currency deposits</b>	<b>-2,288,768</b>	<b>30,344,679</b>
<b>Cash and foreign currency deposits at end of year</b>	<b>51,887,549</b>	<b>36,713,644</b>

## 2.6 Table of changes in shareholders' equity

Table 2.6: Change in shareholders' equity at December 31, 2023

In thousands of dirhams	2023 Opening balance	Appropriation of 2022 income	Restitution reserve for exchange loss	2023 Income	Capital transactions (+incr. / -decr.)	2023 closing balance
Equity	500,000					500,000
Carry forward	28,542	-412,850				-384,308
Reserves	5,263,461		-262,120			5,001,340
Income for the year	-412,850	412,850		5,105,675		5,105,675
Income pending allocation						
<b>Total</b>	<b>5,379,152</b>	<b>0</b>	<b>-262,120</b>	<b>5,105,675</b>	<b>0</b>	<b>10,222,707</b>

## 2.7 Main accounting rules and evaluation methods

### 2.7.1 Legal framework

The financial statements are developed and presented in conformity with BAM's 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, particularly with regard to inventories and fixed assets' assessments.

The financial statements, as cited under Article 47 of Law No.40-17 bearing Statutes of Bank Al-Maghrib, include the balance sheet, the profit and loss account (PLA) and additional information statement (AIS).

Concurrently, the Bank prepares an annual off-balance sheet statement, the cash-flow statement and the statement of changes in shareholders' equity.

### 2.7.2 Evaluation methods

#### Assets and liabilities in gold and foreign currency

##### Foreign exchange transactions

Foreign exchange transactions include spot and forward purchases and sales of foreign currencies that entail:

- either a change in an asset or liability in a foreign currency and a change in a liability or asset in dirhams;
- or a change in an asset or liability in one currency and a change in an asset or liability in another currency.

These transactions are entered in the corresponding off-balance sheet accounts on the commitment date, then recorded in the balance sheet accounts on the value or delivery date.

##### Revaluation of gold and foreign currency assets

Assets and liabilities in gold, precious metals, and foreign currencies, including SDRs, are valued at the exchange rates prevailing on the last business day of the financial year.

**Table 2.7: Trends in exchange rates\***

En DH	2023	2022	Change (in percent)
XAU	20,439.00	18,985.00	7.7
USD	9.89	10.45	-5.3
EUR	10.94	11.16	-1.9
XDR	13.27	13.90	-4.5

\* Year-end reference course.

Profits and losses resulting from this operation are entered in the “foreign exchange reserve valuation account” on the liabilities of the Bank’s balance sheet, in accordance with the new agreement governing this account, concluded between Bank Al-Maghrib and the State on November 1<sup>st</sup>, 2022, superseding the provisions of the agreement signed on December 29<sup>th</sup>, 2006.

By virtue of this agreement, the “foreign exchange reserve valuation account” must be kept positive at 2.5 percent minimum of the Bank’s net foreign assets at the year-end. In case a currency loss causes the balance of this account to fall below this threshold, the difference shall be deducted from the Bank’s profit and loss account for the year in question, up to a limit of 10 percent of the net profit for that year, entered in a “foreign exchange loss reserve” account, and carried as a liability on the Bank’s balance sheet.

If the “foreign exchange reserve valuation account” indicates a negative balance, the latter is entered as an asset on the Bank’s balance sheet, and no provision is made for risks and charges.

If the “foreign exchange reserve valuation account” shows a debit balance not covered by the balance of the “foreign exchange loss reserve” account, the foreign exchange loss reserve will be replenished from the Bank’s net profit up to a limit of 20 percent.

## Securities

The securities acquired as part of the exchange reserves management are sorted on the basis of the purpose for which they are held, either in the portfolio of transaction, of securities held for sale, or of investment.

**Transaction portfolio** consists of securities purchased with the initial intention of reselling them in the short term. They are recorded at their purchase price, including costs and, if need be, accrued coupons. Gains and losses resulting from the daily evaluation of such securities at the market price are entered in the corresponding income accounts.

**Investment portfolio** consists of securities acquired with the intention of being held until maturity. They are entered according to the rules below:

- They are recorded at their purchase price, excluding costs and, where necessary, accrued coupons.
- Unrealized gains on these securities are not recorded.
- Unrealized losses on these securities are recorded only when the Bank judges that the security showing an unrealised loss is likely to be resold in the following year and where there is a probable risk of default by the issuer.
- The differences between securities' prices of purchase and redemption (discounts or premiums) are amortized using an actuarial method over the remaining life of the securities.

As of January 1<sup>st</sup>, 2020, in order to comply with international best practices, the Bank switched from the straight-line method to the actuarial method for spreading discounts/surcharges on investment securities. This method, just like the straight-line method, is accepted by the accounting plan of Bank Al-Maghrib as approved by the PLA.

As at December 31<sup>st</sup>, 2023, no provision has been recorded for this portfolio.

**Portfolio of securities held for sale** consists of securities other than those recorded as transaction or investment securities. Their recognition is governed by the following rules:

- Entries into the portfolio are recorded in the balance sheet at their purchase price, excluding costs and, if need be, accrued coupons.
- The differences between the securities' purchase price and redemption price (discounts or premiums) are not amortized over the duration for these securities' holding.
- Unrealized losses resulting from the difference between the book value and the market value of these securities are recorded as depreciation provisions on a daily basis. Conversely, unrealized gains are not included.

Discounted interest securities are entered at their redemption price. The discounted interests are spread over the life of the securities and recorded in the profit or loss accounts on the daily basis.

### 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 initially entered at their purchase price. The unrealized gains or losses are entered in the appropriate profit and loss accounts, based on the net asset values reported by the managing agent.

### Receivables from the Treasury

As part of the agreement signed between Bank Al -Maghrib and the State in November 2022, setting out the terms and conditions governing the use by the State of funds available under the IMF's Precautionary and Liquidity Line, this operation has been entered in the Bank's accounts as a receivable from the State, as recommended in the IMF manual.

This claim is periodically revalued at the exchange rate prevailing at the closing date.

In its balance sheet presentation of assets, Bank Al-Maghrib's accounting plan only includes the item "Financial assistance to the State" for its relations with the State. However, although this PLL retrocession operation is reported as a claim on the State, it cannot be considered as a financial assistance to the State, as the Bank is merely acting as an intermediary between the IMF and the State.

As a result, and in compliance with the principle of true and fair view, we have:

- changed the heading of "Financial assistance to the State" to "Receivables from the Treasury";
- inserted a dedicated item "Receivables related to the use of the PLL by the State";
- maintained the item "Financial assistance to the State".

### 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 probable useful life of the asset, by applying the current amortization rates.



Below are the amortization periods that have been adopted for each type of fixed assets:

**Table 2.8: Amortization periods of fixed assets**

Buildings	20 years
Fittings, fixtures, and installations	5 years
Dar As-Sikkah equipment	10 years
Office equipment, computer hardware and software, vehicles, and other equipment	5 years
Office furniture	10 years
Smartphones and tablets	3 years and 4 months

### Financial fixed assets

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

Non-fully paid-up securities are recorded as assets at their total value, including the remaining amount to be paid up. The share not yet paid up is recorded as a counterpart to a debt account on the liabilities side of the balance sheet.

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

### Inventories

Inventories are mainly composed of:

- Consumable materials and supplies.
- Raw materials needed for manufacturing banknotes, coins, and secured documents and identity cards (paper, inks, blanks, chips, cards, etc.).
- Finished goods and in-process inventory (secured documents, and miscellaneous);
- Commemorative coins.

Consumable materials and supplies are recorded in the balance sheet at their purchase price, minus any provision for their depreciation at the closing date.

Raw materials are recorded in the balance sheet at their purchase price plus the handling costs, and minus any provision for their depreciation.

Finished goods and in-process inventory are recorded in the balance sheet at their production cost, minus any provision for their depreciation.

### **Distributable income**

Distributable income comprises net income for the year, less the previous loss for 2022, plus retained earnings from preceding years.



## 2.8 Mechanism for managing the financial risks associated with foreign exchange reserve management

### Definition of financial risks

Financial risks facing the Bank in the management of foreign exchange reserves are:

- The **credit risk**, defined as:
  - First, the payment default risk (counterparty risk) which refers to the inability of a counterparty to fulfil its obligations.
  - Second, the risk of lowering the credit rating of a counterparty by one or more rating agencies.
- The **market risk**, referring to 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 refers the inability of meeting immediate commitments of the country, by mobilizing assets, without any significant impact on their price.

### Governance framework

As part of its mission relating to foreign exchange reserve management, the Bank has set up a financial risk management system, which allows for the identification, monitoring, and mitigation of the risks inherent in foreign exchange reserve management operations, namely credit, market and liquidity risks.

To achieve this goal, the risk management function at Bank Al-Maghrib is based on a clear and well-structured governance framework.

Each year, the **Bank Board** validates the foreign exchange reserve investment policy and risk tolerances. It also approves the investment sphere and the strategic asset allocation. The **Monetary and Financial Committee (MFC)** oversees the implementation of the strategic allocation and validates the management of foreign exchange reserves. It also examines trends in the financial risk indicators inherent in reserve management. Finally, the **Audit Committee** examines the annual trends in the Bank's financial and operational risks.

The purpose behind reserves holding and management, the investment principles, the limits by asset class, and the rules defining the issuer and counterparty eligibility and concentration are all set out in an investment directive, while portfolio benchmarks and management are defined under the strategic allocation approved by the Bank Board.

From an operational point of view, all the Bank's foreign currency exposures are controlled and monitored on a daily basis to ensure compliance with the investment directive and with the strategic allocation.

In this context, these exposures are the subject of in-depth analyses in reports drawn up on a regular basis and communicated to the Bank's various governance bodies, especially the Monetary and Financial Committee.

## Financial risks' management

### Credit risk

The Bank manages credit risk by setting eligibility criteria for both issuers and counterparties, while keeping investments in line with security and liquidity principles.

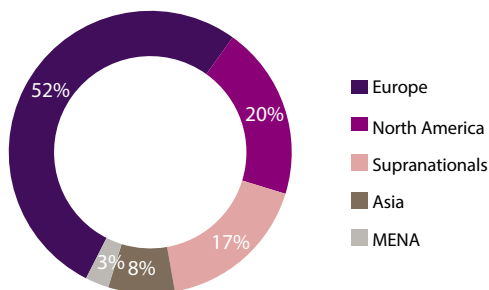
The minimum criteria are distinguished based on the credit risk incurred by the different instruments. These are higher for transactions with direct credit risk, such as unsecured deposits, than for transactions processed in a delivery-versus-payment system. At present, the minimum average credit rating is "A-" for money market investments with bank counterparties, and "BBB-" for bond investments.

In addition to the eligibility criteria, the Bank sets limits to avoid excessive risk-taking and concentration. These include limits on exposure by issuer, counterparty, asset class, country and credit rating.

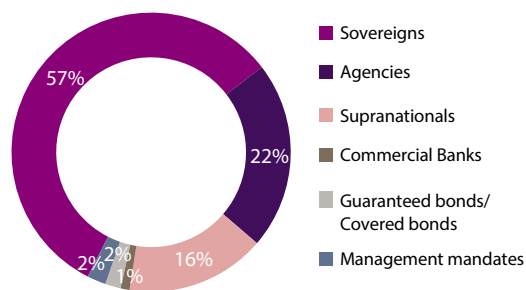
In order to ensure that the overall credit risk exposure is assessed, the Bank daily calculates and monitors the average credit rating of the portfolios under management as well as the 99 percent Credit VaR, which assesses the potential losses over a one-year horizon, associated with a credit event (a rating downgrade or a default).

At end-2023, the average credit rating of foreign exchange reserves improved by one notch from "AA-" to "AA", driven by increased exposure to very high credit quality assets.

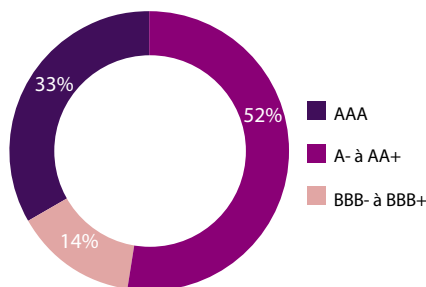
**Chart 2.1: Breakdown of portfolio exposures by region**



**Chart 2.2: Breakdown of portfolio exposure by asset class**



**Chart 2.3: Breakdown of bond portfolios by rating**



## Market risks

The market risk associated with foreign exchange reserves management mainly arises from interest rate risk and foreign exchange risk.

- **Interest rate risk**

The Bank manages interest rate risks through benchmark indices for all portfolios and duration spreads allowed within the strategic allocation against these indices.

Exposure to interest rate risk is measured through various indicators, namely maximum potential loss (VaR), duration and volatility of performance against the benchmark indices (Tracking Error).

At end-2023, the overall duration of the foreign exchange reserves stood on average at 1.9 years, as against 2.1 years at end-2022.

- **Foreign exchange risk**

The foreign exchange risk arises from the fluctuation of foreign exchange rates against the Moroccan dirham. This risk stems from the gap between the currency composition of foreign exchange reserves and the weighting of the dirham basket, which is 60 percent for the euro and 40 percent for the US dollar (defined through a maximum deviation limit of 5 percent set by the strategic allocation). The risk also arises from the variation in the gap between the reference rate and the central rate of the fluctuation band.

### Liquidity risk

The Bank manages the liquidity risk by building up liquid portfolios within the foreign exchange reserves:

- Precautionary reserves: made up of available and liquid assets that allow financing short-term needs of the Bank. As end-2023, precautionary reserves reached 57 billion dirhams.
- Excess reserve portfolios recorded at market value made up of liquid assets that can be mobilised in the event of exhaustion of the “precautionary reserves” tranche. The value of these portfolios reached 34 billion dirhams at end-2023.

Liquidity risk is also framed, with regard to the above-mentioned liquid portfolios, through minimum size and maximum leverage ratio rules for bond issues.



## 2.9 Comments on the balance sheet items

### Assets

By virtue of Article 12 of its Statutes, Bank Al-Maghrib holds and manages foreign exchange reserves, which consist of gold, foreign currency and SDRs.

#### Note 1: Assets and investments in gold

This item contains the dirham equivalent of 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 re-evaluation account of foreign exchange reserves, in accordance with the agreement governing this account signed on November 1<sup>st</sup>, 2022, between Bank Al-Maghrib and the of Ministry of Economy and Finance.

At the end of 2023, the equivalent value of gold assets stood at 14,532,787 KDH, up 8 percent (compared with 12 percent in 2022), under the combined effect of the rise in the price of gold (expressed in USD) and the dirham against the USD.

The quantity of gold ounces remained stable, from one year to the next, at 711,032 ounces (equal to 22 tons).

**Table 2.9: Assets and investments in gold**

	2023	2022
Quantity of gold ounces <sup>1</sup>	20,439	18,985
Quantity of gold ounces	711,032	711,032
Morocco	4,855	4,855
Abroad	706,177	706,177
<b>Market value<sup>2</sup></b>	<b>14,532,787</b>	<b>13,498,946</b>
<b>Gold stock (in tons)</b>	<b>22.12</b>	<b>22.12</b>

<sup>1</sup> Price of Gold/MAD.

<sup>2</sup> In thousand of dirhams.

#### Note 2: Assets and investments in foreign currency

This item includes the equivalent in dirhams of assets in convertible foreign currencies, held in the form of money deposits (time and demand deposits) and foreign bond securities.

Foreign currency assets and investments stood at 333,341,042 KDH at the end of 2023, up 5 percent attributable to higher foreign exchange reserves and exchange rate trends. The upward trend has been observed since the beginning of this year, following the Treasury's issuance in March of a \$2.5 billion bond on the international financial market.

**Table 2.10: Breakdown by type of investment**

In thousands of dirhams	2023	Part	2022	Part
Current accounts	32,038,072	10%	14,950,449	5%
Term accounts	3,701,951	1%	20,036,244	6%
Securities held for sale <sup>1</sup>	48,301,534	14%	68,150,160	21%
Investment securities <sup>2</sup>	231,316,781	69%	189,216,267	59%
Transaction securities	-	-	-	-
Others <sup>3</sup>	17,982,704	5%	26,514,010	8%
<b>Total</b>	<b>333,341,042</b>	<b>100%</b>	<b>318,867,128</b>	<b>100%</b>

<sup>1</sup> Taking into account provisions for depreciation. The market price valuation of securities held for sale at December 31<sup>st</sup>, 2023 amounted to 48,354,688 KDH.

<sup>2</sup> In line with accounting rules, no provision has been recorded for this portfolio.

<sup>3</sup> Including accrued interests, management mandates and foreign banknotes.

Foreign currencies represent 63 percent of the Bank's assets, instead of 64 percent in 2022, and are invested for 84 percent in bonds (+9 percent). Within this category, the portfolio of investment securities rose by 22 percent to 231,316,781 KDH, following this year's increase in the size of HTM portfolios, mainly in EUR. By contrast, the investment securities portfolio fell by 29 percent to 48,301,534 KDH.

Monetary deposits and investments, which account for 11 percent of foreign currency assets and investments, rose by 2 percent to 35,740,023 KDH, reflecting higher deposits, notably with central banks.

**Table 2.11: Breakdown by currency**

In thousands of dirhams	2023	2022	Change (%)
EUR	194,438,287	180,047,841	8
USD	135,824,332	136,424,149	-0.4
Other currencies	3,078,422	2,395,138	29
<b>Total</b>	<b>333,341,042</b>	<b>318,867,128</b>	<b>5</b>

**Table 2.12: Breakdown by residual maturity\***

	2023	2022
≤1 year	24%	23%
> 1 year	76%	77%
<b>Total</b>	<b>100%</b>	<b>100%</b>

(\* Securities held in internally-managed portfolios, including certificates of deposit.

### Note 3: Assets with international financial institutions

This item, which includes positions with the IMF and the AMF, fell by 3 percent to 22,101,677 KDH, largely due to the drop in the SDR assets driven by the fall in the SDR exchange rate (-5 percent).

## Position with the IMF

### On the assets side:

- IMF subscription - Reserve tranche, which composes the fraction (18.4 percent) covered by Bank Al-Maghrib as Morocco's quota subscription in the IMF. It is composed of:

- **The available tranche:** 150.08 million SDRs (1,992,079 KDH), representing Bank Al-Maghrib's contribution to the IMF in foreign currency, of which the Bank's last subscription amounted to 76.55 million SDRs.

- **The mobilized tranche:** 14.36 million SDR (154,337 KDH) corresponding to Morocco's quota at the IMF, subscribed by Bank Al-Maghrib in national currency and registered in "Account n°1" opened on its books.

**Table 2.13: Position with the IMF**

In thousands of dirhams	2023	2022	Change (%)
<b>ASSETS</b>			
IMF subscription - Reserve tranche	2,146,416	2,248,490	-5
SDR holdings	19,553,046	20,100,998	-3
<b>Total</b>	<b>21,699,461</b>	<b>22,349,488</b>	<b>-3</b>
<b>LIABILITIES</b>			
SDR allocations	18,829,944	19,725,415	-5
Comptes n°1 et 2 (*)	20,183,015	21,169,525	-5
<b>Total</b>	<b>39,012,959</b>	<b>40,894,940</b>	<b>-5</b>

(\*) Taking into account the revaluation of dirham-denominated assets at the SDR exchange rate on the last business day of the year.

At the end of December 2023, revaluation of the mobilized reserve tranche resulted in an adjustment of -3,498 KDH, compared with +15,784 KDH a year earlier.

This year's transfer to IMF accounts 1 and 2 led to an adjustment of the reserve tranche of 2.7 million SDRs, equivalent to 37,096 KDH.

- SDR holdings: represent the equivalent of Bank Al-Maghrib's assets with the IMF. This account records, in the debit side, SDRs purchased by the Bank and the remunerations paid by the IMF, while in the credit side, it records quarterly payments of commissions on SDR allocations as well as loans reimbursements by Morocco. These assets were strengthened in 2021, after the IMF issued a general SDR allocation to member countries worth SDR 456 billion, of which 857.2 million SDRs (equivalent to 10.9 billion dirhams<sup>1</sup>) represented Morocco's share of this allocation.

At the end of 2023, their equivalent value in dirhams fell back to 19,553,046 KDH, down 3 percent on 2022, as a result of the decline in the SDR exchange rate against the dirham (-5 percent) and the deduction from SDR holdings of financial charges under the precautionary and liquidity line amounting to 68.8 million SDRs (925,766 KDH) and the commission on the flexible credit line<sup>2</sup> of 9.6 million SDRs (132,607 KDH). This decrease was, however, mitigated by the acquisition by the Bank in 2023 of 100 million SDRs (1,361,809 KDH).

<sup>1</sup> Impacting SDR holdings on the assets side and SDR allocations on the liabilities side.

<sup>2</sup> On April 3, 2023, the Executive Board of the IMF approved a two-year arrangement for Morocco under the Flexible Credit Line, in an amount equivalent to 3.73 billion SDRs.

## On the liabilities side:

**The liabilities side** include the “Special Drawing Rights Allocations”, which corresponds to the value, in dirhams, of SDR allocations granted by the IMF to Morocco as a member country. In 2009, this account was credited with 5.7 billion dirhams in 2009, representing Morocco’s share of the general and special allocations (475.8 million SDRs)<sup>1</sup> granted by the IMF to member countries, and with 10.9 billion dirhams in 2021 covering Morocco’s share of the general allocation (857.2 million SDRs) made by the IMF in August of this year.

At the end of 2023, this item fell by 5 percent (-895,471 KDH) to 18,829,944 KDH, mainly due to the depreciation of the SDR exchange rate against the dirham (-5 percent).

### AMF subscription

This account represents the share paid by the Bank for the paid-in subscription in the capital of the AMF. Morocco’s participation in this institution amounts to 41.33 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 (6,257 KDH).
- 21.69 million Arab dinars, subscribed in foreign currency, of which 10.10 million Arab dinars subscribed by the Bank (402,216 KDH) remained unchanged since the last capital increase in 2018.
- 19.44 million Arab dinars, of which 9.10 million were paid by Bank Al-Maghrib under 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 the Treasury

This item includes the receivable linked to the use by the Treasury in 2022 of the equivalent value in dirhams of the availabilities arising from the drawdown on the PLL in April 2020, amounting to 1,499.8 million SDRs, in accordance with the provisions of the agreement concluded in this respect in November 2022 between Bank Al-Maghrib and the MEF.

At the end of December 2023, this item declined by 946,684 KDH to 19,906,860 KDH, due to the change in the SDR exchange rate following the revaluation of this claim against the State.

<sup>1</sup> Of which 436 million SDRs under the general allocation corresponding to 74.13 percent of Morocco’s quota in 2009 (588.2 million SDRs) and 39.7 million SDRs relating to the special allocation granted in accordance with the IMF’s fourth amendment.

## Note 5: Claims on Moroccan credit institutions and similar entities

This item covers refinancing operations of credit institutions made as part of the monetary policy conduct, in conformity with Article 7 of the Bank's Statutes.

In 2023, Bank Al-Maghrib has pursued a tight monetary policy to ensure that inflation returns to levels in line with the objective of price stability. In March, it raised its key rate by 50 bps to 3.00 percent, following two hikes in 2022 (50 bps in September and 50 bps in December).

Against the backdrop of a widening liquidity deficit, the Bank raised the volume of its interventions on the banking market to a weekly average of 98 billion dirhams, from 93.5 billion dirhams in 2022.

At December 31, 2023, loans to banks totalled 129,602,053 KDH, of which:

- 60,054,014 KDH through 7-day advances following a call for tenders, granted at the key rate.
- 42,194,039 KDH corresponding to repurchase agreements (1 and 3 months), granted at the key rate.
- 27,354,000 KDH corresponding to guaranteed loan operations, including 7,809,000 KDH at 1 and 3 months, and 19,525,000 KDH under programs designed to support the financing of the economy<sup>1</sup> (VSMEs, the Integrated Program of Business Support and Financing (IPSF), participatory banks, and microcredit associations).

Furthermore, in January and February 2023, the Bank activated structural Open Market operations, resulting in an injection of 16.8 billion dirhams (see Box 2.1 below).

**Table 2.14: Structure of loans to banks by instrument**

In thousands of dirhams	2023	2022	Change (%)
<b>Repo type operations</b>	<b>102,248,053</b>	<b>90,618,180</b>	<b>13</b>
7-day advances	60,054,014	69,084,621	-13
Repurchase agreements	42,194,039	21,533,559	96
<b>Secured loans<sup>(*)</sup></b>	<b>27,354,000</b>	<b>23,802,000</b>	<b>15</b>
<b>Total</b>	<b>129,602,053</b>	<b>114,420,180</b>	<b>13</b>

<sup>(\*)</sup> 1 month, 3 months and 1 year.

**Table 2.15: Breakdown of loans to banks by maturity<sup>(\*)</sup>**

In thousands of dirhams	2023	2022	Change (%)
7 days	60,054,014	69,084,621	-13
1 month	20,001,328	10,001,938	100
3 month	30,001,712	20,001,621	50
6 month	-	679,000	-
1 year	19,545,000	14,653,000	33
<b>Total</b>	<b>129,602,053</b>	<b>114,420,180</b>	<b>-13</b>

<sup>(\*)</sup> Initial maturity.

<sup>1</sup> 16,229,000 KDH for 'VSMEs', 1,686,000 KDH at a 1.25 percent rate for 'IPSF' and 1,630,000 KDH for the program of 'Participatory banks'.

### Box 2.1: Open Market transactions

In 2023, the Bank carried out five structural transactions to purchase Treasury bills on the secondary market from Moroccan banks. The T-bills purchased totalled MAD 16.8 billion, with an average maturity of 4.5 months. Details of these transactions are shown in the table below:

Tender date	Amount	Average maturity of T-bills (in months)	Average yield
09/01/2023	15,000,000,000	6.5	3.34%
16/01/2023	1,400,000,000	3	3.16%
23/01/2023	200,000,000	6	3.27%
30/01/2023	228,000,000	4	3.06%
06/02/2023	200,000,000	3	3.12%

These transactions have been recorded on the assets' item of the Bank, maturing in November 2023. They generated a net income of 288.509 KDH (see notes 18, 21 and 29 of the PLA).

### Note 6: 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, prepaid expenses, and accrued revenues, and any other debit amount pending equalization.

Other assets rose from 3,706,864 KDH to 4,823,925 KDH, up 30 percent year-on-year. This change is mainly due to the recognition in deferred charges of 4/5 of the Bank's contribution to the fund dedicated to managing the effects of the earthquake, amounting to 800,000 KDH<sup>1</sup>.

<sup>1</sup> To comply with the provisions of article 247 bis of the General Tax Code concerning the 5-year tax deferral of all gifts and bequests on behalf of the State.

## Note 7: Net fixed assets

Table 2.16: Net fixed assets

In thousands of dirhams	2023	2022	Change (%)
(of which)			
Fixed loans	749,198	777,326	-4
Equity securities and the like	1,960,319	1,942,407	1
Tangible and intangible fixed assets	8,087,827	7,885,307	3
<b>Gross fixed assets</b>	<b>10,797,647</b>	<b>10,605,343</b>	<b>2</b>
Depreciation and provision endowments	-6,134,136	-5,926,917	3
<b>Net fixed assets</b>	<b>4,663,512</b>	<b>4,678,426</b>	<b>-0.3</b>

The Bank's net fixed assets fell slightly by 14,914 KDH to 4,663,512 KDH, due to a greater increase in depreciation (+207,218 KDH) than in investments (+202,520 KDH).

### Equity securities and the like

The gross value of Bank Al-Maghrib's equity portfolio rose from 1,942,407 KDH at the end of 2022 to 1,960,319 KDH at the end of 2023, following the payment this year by the Bank to CFCA of a shareholder current account advance of 17,500 KDH, pursuant to a decision by the Board and in application of the regulatory provisions governing this operation.

**Table 2.17: Equity securities and the like<sup>1</sup>**

In thousands of dirhams	2023						2022 Gross book value	change (%) <sup>(3)</sup>
	Type of activity	Net book value	Gross book value <sup>(1)</sup>	Accounting net situation <sup>(2)</sup>	Number of shares held	Quote-part (%)		
<b>Securities held in Moroccan institutions and the like (including)</b>		<b>74,324</b>	<b>71,239</b>				<b>56,824</b>	<b>31</b>
Dar Ad-Damane <sup>4</sup>	Financier	1,265	0		5,058	1.69	1,265	-
Maroclear	Financier	4,000	4,000	321,348	4,000	20.00	4,000	-
Casablanca Finance City Authority	Financier	50,000	49,680	496,800	500,000	10.00	50,000	-
The Moroccan Deposit Insurance corporation	Financier	59	59	10,212	2,008	4.59	59	-
Receivables attached to equity <sup>(5)</sup>		17,500	17,500				-	-
<b>Securities held in foreign financial institutions</b>		<b>1,885,995</b>	<b>1,872,258</b>				<b>1,885,583</b>	<b>0.02</b>
Ubac Curaçao	Financier	23,228	23,228	82,614 USD	353,913	6.85	23,228	-
Swift	Financier	519	519	664,092 EUR	21	0.02	519	-
Arab Monetary Fund	Financier	6,257	6,257	1,400,733 DA <sup>6</sup>	3	0.02	5,845	7
Arab Trade Financing Program	Financier	16,856	16,856	1,166,315 USD	546	0.28	16,856	-
Africa50-Project Finance	Financier	175,142	175,142	437,672 USD	18,000	4.31 <sup>(7)</sup>	175,142	-
Africa50-Project Development	Financier	19,460	5,722	13,335 USD	2,000	4.34 <sup>(7)</sup>	19,460	-
Bank for International Settlements	Financier	1,644,533	1,644,533	25,103,200 SDR <sup>8</sup>	3,000	0.50	1,644,533	-
<b>Gross total of equity securities and the like</b>		<b>1,960,319</b>	<b>1,943,497</b>				<b>1,942,407</b>	<b>1</b>

<sup>1</sup> Net of provisions for depreciation of the Bank's investments.

<sup>2</sup> Net position of bodies in which the Bank holds equity interests (in thousands), calculated using the net book value method on the basis of the 2022 financial statements.

<sup>3</sup> Change in gross accounting value between 2022 and 2023.

<sup>4</sup> Company in liquidation.

<sup>5</sup> Advance on shareholder's current account in favour of CFCA.

<sup>6</sup> Arab dinars.

<sup>7</sup> Share capital increase through contributions from 8 African countries for a total amount of 15.3 million US dollars. As a result, Bank Al-Maghrib's share has been reduced to 4.31 percent for Africa50 - Project financing (AFP) and 4.34 percent for Africa50 - Project development (ADP), compared with 4.46 percent and 4.49 percent respectively in 2022.

<sup>8</sup> SDR: Special Drawing Rights.

<sup>1</sup> The figures provided in this table are listed in thousands of dirhams, with the exception of the net position of foreign holdings, which is presented in foreign currencies.



## Tangible and intangible fixed assets

**Table 2.18: Tangible and intangible fixed assets**

In thousands of dirhams	Montant brut 2022	Augmentation	Diminution	Montant brut 2023
Operating real estate properties	2,316,104	15,476		2,331,580
Operating furniture and equipment	2,893,255	146,651	53,771	2,986,135
Other operating tangible fixed assets	1,102,275	41,769	4,080	1,139,965
Non-operating tangible fixed assets	771,255	4,305	-	775,560
Intangible fixed assets	802,417	52,171	-	854,588
<b>Total</b>	<b>7,885,307</b>	<b>260,372</b>	<b>57,851</b>	<b>8,087,827</b>

At end-2023, the gross value of tangible and intangible fixed assets posted an annual growth of 202,520 KDH to reach 8,087,827 KDH. The main investments made this year are broken down as follows:

- 58 percent corresponding in particular to the modernization and reinforcement of the IT infrastructure, the upgrading of Dar As-Sikkah's production equipment, the renewal of various items of equipment (furniture and equipment, handling, maintenance and upkeep, kitchens and canteens), and the upgrading of equipment at social sites.
- 22 percent for upgrading electrical and security installations, renewing fittings and fixtures, and reinforcing security systems at the bank's sites.
- 20 percent for upgrading and enhancing some information systems, and for the acquisition of computer licenses.

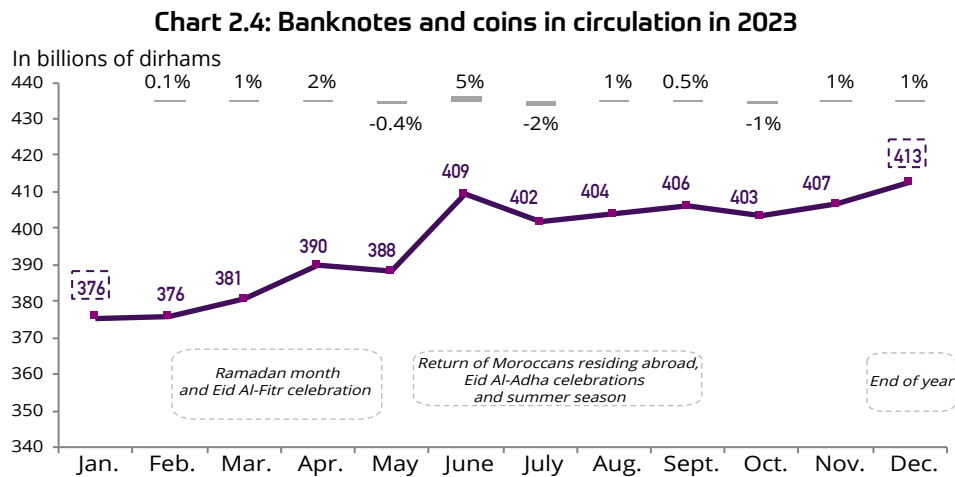
Disposals mainly concern the acquisition of a banknote quality control machine and a packaging module, as part of the project to renew and upgrade the banknote manufacturing equipment at Dar As-Sikkah, the sale of the Bank's scrap equipment and furniture, and the sale of a plot of bare land owned by the Bank.

## Liabilities

### Note 8: Banknotes and coins in circulation

In accordance with Article 5 of its Statutes, Bank Al-Maghrib shall issue banknotes and coins. The amount of this item corresponds to the difference between the banknotes and coins issued and those held in the Bank's vaults.

Representing the Bank's largest liability item (78 percent), currency in circulation continued its upward trend, rising from 372,786,283 KDH to 412,752,041 KDH from one year-end to the next, up 11 percent (versus +10 percent a year earlier). In line with its seasonal profile, sales peaked during the June-September period, which saw a concentration of events with high cash demand (summer period, Eid Al-Adha celebrations and the new school year) and at the end of the year.



### Note 9: Commitments in gold and in foreign currency

These liabilities consist mainly of foreign currency deposits from foreign banks and non-residents. They amounted to 5,524,282 KDH, down 18 percent on the previous year, following the drop exclusively posted in the Bank's commitments in foreign currencies.

It should be noted that these commitments include the unpaid portion of the Bank's subscription to the capital of the BIS, amounting to 11.3 million SDRs (equivalent to 149,321 KDH).

## Note 10: Commitments in convertible dirhams

This item includes the Bank's commitments in convertible dirhams towards foreign banks, international financial institutions (IMF, IBRD) and non-residents.

**Table 2.19: Commitments in convertible dirhams**

In thousands of dirhams	2023	2022	Change (%)
<b>Commitments to international financial institutions</b>	<b>20,201,079</b>	<b>21,212,432</b>	<b>-5</b>
Commitments to foreign banks	6,437	42,684	-85
Current accounts of international financial institutions	20,194,642	21,169,747	-5
<b>Other commitments</b>	<b>21,060</b>	<b>17,842</b>	<b>18</b>
<b>Total</b>	<b>20,222,140</b>	<b>21,230,274</b>	<b>-5</b>

Account No.1 of the IMF represents the major component of this item. Its assets, as well as those of "Account No.2" of the IMF, are readjusted each year<sup>1</sup> to take into consideration the parity of the dirham against SDRs. At end-2023, they showed a 5 percent decrease to 20,183,015 KDH (21,169,525 KDH in 2022), following the revaluation of the IMF's holdings of dirhams for the year ending April 30, 2023 by 212,614 KDH, compared with 957,719 KDH in 2022. This amount was adjusted at the end of December 2023 by -457,398 KDH (715,672 KDH in 2022) at the exchange rate prevailing on the last business day of the year.

The year-on-year change in the Bank's liabilities in convertible dirhams of -1,008,134 KDH is primarily attributable to liabilities to international financial institutions (-975,105 KDH).

## Note 11: Deposits and liabilities in dirhams

This item mainly includes:

- The current account of the Treasury, held by Bank Al-Maghrib by virtue of Article 16 of its Statutes. 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<sup>th</sup>, 2009:
  - The tranche lower than 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 up to 3 billion dirhams is remunerated at the rate of 7-day advances minus one-hundred basis points;
  - The tranche exceeding 3 billion dirhams is not remunerated.

<sup>1</sup> Yearly revaluation introduced in 2022 to neutralize the impact of the claim revaluation related to the Treasury's use of PLL cash balances.

- Accounts of Moroccan banks, held mainly to meet their commitments regarding the reserve requirement, established by virtue of Article 25 and 66 of the above-mentioned Statutes, were totally released to the banks by decision of the Bank Board on June 16<sup>th</sup>, 2020;
- Deposits of public administrations and institutions, including the account of Hassan II Fund for Economic and Social Development.

This item can also includes, 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 equals the key rate minus one-hundred basis points.

**Table 2.20: Deposits and liabilities in dirhams**

In thousands of dirhams	2023	2022	Change (%)
Public Treasury current account	10,878,799	4,087,201	>100
Moroccan banks' current account	22,607,941	32,383,423	-30
Liquidity withdrawals	-	-	-
Deposit facilities	-	-	-
Deposits of general government and public institutions	1,252,740	1,331,794	-6
Other accounts	3,261,490	4,642,191	-30
<b>Total</b>	<b>38,000,970</b>	<b>42,444,609</b>	<b>-10</b>

At end-2023, deposits and commitments in dirhams fell to 38,000,970 KDH, or 4,443,639 KDH below 2022 levels, due in particular to the combined effect of the decline in Moroccan banks' assets (-9,775,481 KDH) and the increase in cash on the Treasury's current account (+6,791,599 KDH).

## Note 12: Other liabilities

**Table 2.21: Other liabilities**

In thousands of dirhams	2023	2022	Change (%)
Other securities transactions	361	361	-
Miscellaneous creditors	3,610,944	583,006	>100
Equalization accounts	277,336	233,179	19
Amounts claimable after receipt of payment	198,947	173,226	15
Provisions for risks and expenses	1,258,986	245,934	>100
Revaluation account of foreign exchange reserves	18,414,925	29,434,461	-37
<b>Total</b>	<b>23,761,499</b>	<b>30,670,166</b>	<b>-23</b>

Other liabilities particularly include:

- Miscellaneous creditors, consisting mainly of withholding taxes, including corporate income tax payable of 2,908,792 KDH, other amounts due to the State and third parties, and contributions to social security bodies and funds pending settlement.

At the end of 2023, they amounted to 3,610,944 KDH, of which 585,427 KDH corresponded to payables to suppliers. At December 31<sup>st</sup>, 2023, breakdown of these debts by due date comes as follows:

**Table 2.22: Breakdown of trade payables by due date**

In thousands of dirhams	Amount of suppliers' debt at the end of the fiscal year	Amount of unmatured debts	Amount of debts due			
			Less than 30 days	Between 31 and 60 days	Between 61 and 90 days	More than 90 days
<b>Closing dates</b>						
Fiscal Year 2022	431,768	431,704	-	-	-	64
Fiscal Year 2023	585,427	585,374	-	-	-	53

- The equalization accounts, mainly composed of intersystem transactions, accruals, deferred income and any other debtor amount pending settlement, rose from 233,179 KDH to 277,336 KDH between 2022 and 2023.
- Amounts claimable after receipt of payment, whose accounts make up the counterpart of securities presented for payment, rose to 198,947 KDH at the end of 2023 compared to 173,226 KDH a year earlier.
- Provisions for risks and charges, which are intended to cover a risk or a charge that will generate a probable outflow of resources to a third party, without at least equivalent consideration, and whose occurrence is made plausible by an event that has happened or is ongoing, amounted to 1,258,986 KDH at the end of 2023, compared with 245,934 KDH a year earlier. This includes the provisions set aside for the donation to the Earthquake Relief Fund and the provision of 240,000 KDH for social fund commitments (see table 2.39 in note 33 of the PLA).
- The foreign exchange reserves valuation account, which reflects changes in exchange values resulting from the valuation of assets and liabilities in gold, precious metals and foreign currencies, including SDRs, on the basis of the exchange rates prevailing on the last business day of the year, in compliance with the agreement between Bank Al-Maghrib and the MEF<sup>1</sup> pertaining to this account.

<sup>1</sup> See section on the main accounting policies and valuation methods.

In 2023, after peaking at 27,204,373 KDH at the end of February, the foreign exchange reserve valuation account followed a downward trend, with the dirham appreciating against foreign currencies to 13,357,372 KDH at the end of July and ending the year with a credit balance of 18,414,925 KDH, down (-11,019,537 KDH) on 2022. This trend can particularly be explained by the

**Table 2.23: Change in foreign exchange valuation account**

In thousands of dirhams	2023	2022
(of which)		
Gold	1,033,841	1,490,323
USD	-7,803,370	15,164,109
EUR	-3,582,652	9,836,450

depreciation of the US dollar (-5 percent) and the euro (-2 percent), and by the appreciation of the ounce of gold (+8 percent).

At the end of December 2023, this balance amounted to 5.7 percent of the Bank’s net foreign assets (321.9 billion dirhams), compared with 9.9 percent a year earlier.

**Note 13: Equity capital and the like**

Under Article 2 of the Bank’s Statutes, the capital is set at 500,000 KDH, fully paid-up and held by the State. The capital may be increased by incorporation of reserves by decision of the Bank board, after consulting the government commissioner, up to a maximum of fifty percent of the capital.

The general reserve fund was established in accordance with Article 48 of the above-mentioned Statutes, by deducting 10 percent from the net profit until it reaches the amount of the capital.

The special reserve funds were built up, pursuant to Article 48 above, by allocating part of the profits. They have amounted to 4,501,340 KDH since 2006.



In 2023, in accordance with the provisions of the agreement signed between Bank Al-Maghrib and the Ministry of the Economy and Finance relating to the foreign exchange reserve valuation account, the foreign exchange loss reserve of 262,120 KDH was repaid in full to the Treasury. This reserve was set aside in 2021 and 2022 by allocating 10 percent of net profit for the years 2020 and 2021, in accordance with the provisions of the company's articles of association and the agreement governing the operating arrangements of the foreign exchange reserve valuation account.

**Table 2.24: Equity capital and the like**

In thousands of dirhams	2023	2022	Change (%)
<b>Equity</b>	<b>500,000</b>	<b>500,000</b>	-
<b>Reserves</b>	<b>5,001,340</b>	<b>5,263,461</b>	<b>-5</b>
General reserve funds	500,000	500,000	-
Special reserve funds	4,501,340	4,501,340	-
Foreign exchange loss reserve	0	262,120	-100
<b>Retained earnings</b>	<b>-384,308</b>	<b>28,542</b>	<b>&lt;-100</b>
<b>Total</b>	<b>5,117,032</b>	<b>5,792,002</b>	<b>-12</b>

## 2.10 Comments on off-balance sheet items

Off-balance sheet items reflect commitments given and received, which cannot be accounted for in the balance sheet accounts:

- Purchases and sales of securities and currencies made between the trade date (commitment date) and the delivery and/or settlement date (value date);
- Currency swap transactions carried out between the trade date (commitment date) and the maturity date (maturity date).
- Guarantees received by the Bank as part of its monetary policy conduct and lending facilities.
- Bank refinancing commitments.
- Guarantees given or received by the Bank (contracts).

### Note 14: Foreign exchange operations

This item records foreign exchange swap transactions in foreign currencies carried out, in particular, in the context of monetary regulation, as well as of currency transitional arbitrage operations.

Table 2.25: Foreign exchange operations

In thousands of dirhams	2023	2022
<b>Forward foreign exchange transactions</b>		
Forward currencies receivable	5,025,367	4,834,546
Forward currencies to be delivered	5,077,338	4,851,467
<b>Foreign exchange transactions- currency deposits</b>	<b>9,850,050</b>	<b>9,265,794</b>
<b>Foreign exchange transactions-arbitrage operations</b>		
Foreign currencies receivable	5,304	-
Foreign currencies deliverable	5,267	-

### Note 15: Commitments on securities

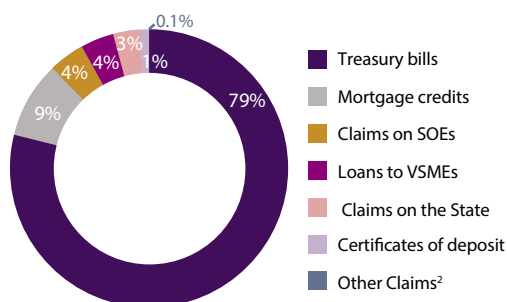
This heading mainly covers securities pledged to Bank Al-Maghrib to secure various refinancing operations to banks as well as advances to the participants in the Moroccan Gross Settlement System -SRBM (advance options). As part of the easing measures introduced in 2020 in response to the Covid-19 crisis, the Bank expanded the list of assets eligible as collateral to include banks' refinancing operations.



**Table 2.26: Commitments on securities**

In thousands of dirhams	2023	2022
Securities received on advances granted	107,969,056	95,487,149
Securities received on advances to be granted	12,298,400	11,492,600
Other guarantees received on advances granted	30,750,502	29,789,531
Advances to be granted	11,683,480	10,917,970
Foreign securities receivable	-	-
Foreign securities deliverable	-	-

**Chart 2.5: Structure of commitments on securities<sup>1</sup>**



<sup>1</sup> Collateral received on the advances granted by the Bank as part of the monetary policy implementation.

<sup>2</sup> Wakala Bil Istitmar.

## Note 16: Other commitments

**Table 2.27: Other commitments**

In thousands of dirhams	2023	2022
Received market guarantees	130,505	100,424
Guarantees liabilities received for staff loans	904,446	922,152
Financing liabilities granted to the staff	9,400	13,188
Other granted liabilities	1,000	1,000

## 2.11 Comments on profit and loss account items

### Note 17: Interests earned on holdings and investments in gold and in foreign currency

This item is highly correlated with levels of foreign exchange reserves and interest rates. It includes interest earned on investment operations in gold, SDR and foreign currency, as shown below:

- Bond market investments (portfolios of investment, transaction and of securities held for sale);
- Investments in the international money market and in other Moroccan commercial banks (Treasury portfolio);
- SDR holdings and the reserve tranche available with the IMF;
- Foreign securities lending;
- Gold loans.

**Table 2.28: Interests earned on holdings and investments in gold and in foreign currency**

In thousands of dirhams	2023	2022	Change (%)
Investments in gold	14,730	4,208	>100
Bond investments	4,218,851	2,702,879	56
Money market investments	1,000,737	326,676	>100
Claims on the IMF	813,571	262,239	>100
Other interests (*)	61,157	44,650	37
<b>Total</b>	<b>6,109,045</b>	<b>3,340,653</b>	<b>83</b>

(\*) Mainly include interests on foreign securities loans.

Interests from foreign currency investment operations rose by 83 percent to 6,109,045 KDH over 2022, mainly reflecting improved rates of return.

Interests on bond investments, which accounted for 69 percent, rose by more than half (+56 percent) to 4,218,851 KDH, broken down as follows:

- 3,381,449 KDH generated by the investment portfolio (+54 percent or +1,178,927 KDH), as a result of the increased size of HTM portfolios acquired at higher rates;

- 837,402 KDH from the investment portfolio (+67 percent or +337,045 KDH), mainly driven by the euro liquidity portfolio, which benefited from higher yields.

Money-market investments generated revenues of 1,000,737 KDH, up 674,061 KDH on 2022, in line with the improved deposit rates and the growth in outstanding investments, mainly in dollars.

Interests on SDR-denominated assets amounted to 813,571 KDH, up +551,331 KDH, mainly reflecting the 262 basis points rise in the average SDR rate to 3.81 percent (versus 1.19 percent in 2022, 0.05 percent in 2021 and 0.20 percent in 2020).

Interests on gold investments amounted to 14,730 KDH at end-2023, up from 4,208 KDH a year earlier, due to improved interest rates.

### Note 18: Interests earned on claims on credit institutions and similar bodies

This item records interests received on various advances to credit institutions as part of the monetary policy conduct (for payment conditions, see Note 5 of the balance sheet for remuneration conditions).

Interests amounted to 3,002,226 KDH, marking a further increase of 1,440,029 KDH, mainly as a result of the Bank's interest rate hikes. They are composed of:

- 1,201,341 KDH from 7-day advances, which improved by 69 percent to an average outstanding of 41,527,276 KDH;
- 961,447 KDH from 1 and 3-month repurchase agreements, which more than doubled (+105 percent), to an average outstanding amount of 32,912,315 KDH;
- 653,394 KDH relating to secured loan transactions (1 month, 3 months and 1 year), which increased by 71 percent to an average outstanding amount of 23,666,697 KDH;
- 183,231 KDH corresponding to structural transactions to purchase T-Bills (Open Market) on the secondary market.

**Table 2.29: Interests received on loans to credit institutions**

In thousands of dirhams	2023	2022	Change (%)
(of which)			
7-day advances	1,201,341	710,172	69
24-hour advances	2,300	46	>100
Repurchase agreements	961,447	470,036	>100
Secured loans	653,394	381,692	71
Open Market	183,231	-	-
<b>Total</b>	<b>3,002,226</b>	<b>1,562,197</b>	<b>92</b>

### Note 19: Other interests earned

This item mainly covers interests due to the Bank under loans granted to its staff for housing purchase and/or construction. These interests totalled 9,689 KDH at the end of 2023, as against 9,758 KDH one year earlier.

### Note 20: Commissions earned

Commissions are charged on banking operations carried out on behalf of customers, and which mostly cover foreign exchange operations and the centralization of the Treasury's auction operations.

**Table 2.30: Commissions earned**

In thousands of dirhams	2023	2022	Change (%)
Foreign exchange commissions	994,646	1,051,880	-5
Intermediation margin	169	3,527	-95
Management of Treasury bonds	115,609	49,433	>100
Treasury bill investments	13,284	3,035	>100
Other commissions	11,641	13,375	-13
<b>Total</b>	<b>1,135,349</b>	<b>1,121,250</b>	<b>1</b>

Commissions received increased by 1 percent at the end of 2023. Commissions on foreign exchange transactions, notably on foreign banknotes, fell by 5 percent to 994,646 KDH, reflecting the decline in sales of foreign banknotes.

Fees charged by the Bank for centralizing Treasury bill auctions rose by +66,176 KDH to 115,609 KDH, on the back of a sharp increase in Treasury issues (255 billion dirhams in 2023 versus 129 billion in 2022).

Similarly, commissions received on investments in T-bills rose sharply in 2023, to 13,284 KDH against 3,035 KDH at end 2022, linked to the increase in the Treasury's outstanding money market investments (27 billion dirhams, on a daily average, in 2023 against 6 billion in 2022).

### Note 21: Other financial revenues

The other financial revenues item mainly covers gains generated from foreign currency transactions, deferral of discounts on investment securities and profits from foreign currency swaps.

**Table 2.31: Other financial revenues**

In thousands of dirhams	2023	2022	Change in %
Capital gains on sales of marketable securities	14,717	85,966	-83
Spreading of discounts on foreign securities	642,097	175,642	>100
Capital gains on management mandates	353,114	-	-
Capital gains on Open Market transactions	109,042	-	-
Gains on foreign exchange swap transactions (monetary policy)	35	162	-78
Gains on foreign exchange swap transactions (premium/ discount)	48,144	15,705	>100
Dividends on equity securities	11,827	11,471	3
Other revenues	4,569	6,221	-27
<b>Total</b>	<b>1,183,547</b>	<b>295,166</b>	<b>&gt;100</b>

At the end of 2023, this income rose substantially by +888,380 KDH to reach 1,183,547 KDH, mainly due to the sharp increase in the write-downs on investment securities (+466,455 KDH) and capital gains on management mandates (+353,114 KDH) as opposed to the capital losses recorded in 2022 (-627,014 KDH), as well as to capital gains realized on Open Market operations for 109,042 KDH.

Capital gains on marketable securities in 2023 amounted to 14,717 KDH, versus 85,966 KDH in 2022. Gains on foreign exchange swap transactions with foreign counterparties rose year-on-year from 15,705 KDH to 48,144 KDH, reflecting higher yields.

The dividends received by the Bank in 2023 on its equity interest in certain foreign entities amount to 11,827 KDH. The dividend paid by BIS was 11,288 KDH compared with 11,194 KDH in 2022, assuming a unit dividend of 285 SDRs decided by its Board of Directors on June 25<sup>th</sup>, 2023, and the dividend received by ATFP in 2023 was 539 KDH compared with 277 KDH in 2022, as decided by its Board of Directors on April 06<sup>th</sup>, 2023.

### **Note 22: Sales of Services and produced goods**

This item mainly comprises (i) sales of goods produced by the Bank covering secure documents, which include the biometric passport and secure identity cards, for which the selling price is set, in particular, on the basis of the cost price derived from the Bank's cost accounting system, (ii) the contribution to on-site inspection costs incurred by establishments subject to the Bank's supervision, and (iii) changes in inventories of finished goods, work-in-progress and commemorative coins.

Sales of goods and Services amounted to 490,118 KDH, up 108,090 KDH on 2022. This change results from the contribution made this year of 57,396 KDH for on-site inspection costs, and the increase in inventories of finished and semi-finished products (+49,761 KDH). Sales of secure documents remained virtually stable at 376,826 KDH, including 228,624 KDH for biometric passports and 125,184 KDH for secure identity cards<sup>1</sup>.

### **Note 23: Miscellaneous revenues**

Miscellaneous revenues essentially comprise bank participation in the SRBM billing system. Between end-2022 and end-2023, these revenues fell from 47,049 KDH to 32,712 KDH, of which 18,866 KDH concerned revenues from the SRBM billing system.

### **Note 24: Reversal of provisions**

At the end of 2023, this item posted a balance of 1,887,286 KDH, essentially covering reversals of provisions for impairment in value of foreign investment securities set aside in 2022 amounting to 1,830,052 KDH as against 58,023 KDH a year earlier, and reversals of provisions for liabilities and charges amounting to 39,818 KDH (see Table 2.39 in note 33 of the PLA).

### **Notes 25: Noncurrent revenues**

This item, which includes exceptional and non-recurring revenues, rose from 6,748 KDH to 14,026 KDH between 2022 and 2023, reflecting this year's proceeds from the sale of a plot of land owned by the Bank (11,220 KDH).

### **Note 26: Interests paid on commitments in gold and in foreign currency**

This interest rose by +444,682 KDH to 726,952 KDH, attributable to the higher commissions paid on SDR allocations (+489,230 KDH) following the sharp rise in the average SDR interest rate (3.81 percent in 2023 as against 1.19 percent in 2022), offset by the lower interest on money-market investments (-44,548 KDH), mainly due to changes in interest rates.

### **Note 27: Interests paid on deposits and commitments in dirhams**

This item includes interests paid by the Bank, mainly for cash in the Treasury's current account and for remuneration of the monetary reserve (for conditions of remuneration of the above-mentioned accounts, see Note 11 of the balance sheet). It can also include, in a context of liquidity excess, interests paid by the Bank under 7-day liquidity withdrawals, overnight deposits facilities and swap of dirhams against currencies.

<sup>1</sup> This includes the driver's license and the electronic registration certificate.

In 2023, this interest rose by 89 percent to 379,467 KDH, due to the higher remuneration of customers' accounts of Bank Al-Maghrib.

**Table 2.32: Interests paid on commitments in dirhams**

In thousands of dirhams	2023	2022	Change (%)
(of which)			
Monetary reserve accounts	-	-	-
Other accounts (including)	301,357	199,328	51
Treasury account	66,001	28,689	>100
<b>Total</b>	<b>379,467</b>	<b>200,982</b>	<b>89</b>

### Note 28: Commissions paid

This item includes commissions paid in exchange for financial Services provided to the Bank as well as the negative intermediation margin<sup>1</sup> on foreign exchange transactions carried out with authorised intermediaries.

**Table 2.33: Commissions paid**

In thousands of dirhams	2023	2022	Change (%)
Commissions de change	5,520	4,219	31
Marge d'intermédiation	7,135	4,385	63
Garde de titres à l'étranger	18,271	19,631	-7
Autres commissions	3,059	2,576	19
<b>Total</b>	<b>33,985</b>	<b>30,810</b>	<b>10</b>

At the end of 2023, these commissions amounted to 33,985 KDH, up 10 percent on the previous year (30,810 KDH). This increase was mainly due to a higher negative intermediation margin on foreign exchange transactions with authorized intermediaries (+2,751 KDH). As a result, the net intermediation margin stood at -6,966 KDH at the end of 2023, as opposed to -858 KDH at the end of 2022.

### Note 29: Other financial expenses

This item covers losses on foreign currency transactions, mainly losses on the sales of investment securities and deferral of premiums on investment securities.

<sup>1</sup> The negative intermediation margin is calculated as the negative difference between the negotiated exchange rate and the reference rate for foreign exchange transfer transactions with Moroccan banks, used for asset valuation.

**Table 2.34: Other financial expenses**

In thousands of dirhams	2023	2022	Change (%)
Losses in investment securities held for sale <sup>(*)</sup>	146,774	152,785	-4
Deferral of premiums on foreign securities	602,493	769,626	-22
Negative interest rates paid on investment securities	3,099	114,166	-97
Losses on foreign exchange swap transactions	-	627,014	-100
Capital gains on Open Market operations	3,764	-	-
Losses on foreign exchange swap transactions (premium/ discount)	7,459	1,066	>100
Other expenses	3,820	8,957	-57
<b>Total</b>	<b>767,408</b>	<b>1,673,613</b>	<b>-54</b>

<sup>(\*)</sup> The difference between the book value and the sale price.

These expenses dropped by half (-54 percent) to KDH 767,408, mainly as a result of capital gains on management mandates realized in 2023 (against a capital loss of 627,014 KDH a year earlier). They also reflect the decline in both premiums on investment securities (-167,133 KDH) and negative interest on investment securities (-111,066 KDH), in line with the trend in bond yields.

Capital losses on marketable securities fell from 152,785 KDH to 146,774 KDH from one year-end to the next.

### Note 30: Staff expenses

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

Personnel costs came to 850,114 KDH, down 5 percent year-on-year. This trend is attributable to the recognition in 2022 of the last instalment of the special employer's contribution paid by the Bank to the CRP, following the expiry during the year of the financing plan for the gradual transition to the TV 88-90 mortality table.

**Table 2.35: Staff expenses**

In thousands of dirhams	2023	2022	Change (%)
Staff salaries	676,206	679,773	-1
Social expenses	141,248	196,913	-28
Training expenses	12,650	5,480	>100
Other expenses	20,010	16,643	20
<b>Total</b>	<b>850,114</b>	<b>898,809</b>	<b>-5</b>



### Note 31: Purchase of materials and supplies

This entry includes fees of raw materials (paper, inks, coin blanks, electronic chips, and precious metals) used in the manufacturing of coins and banknotes, secured documents and commemorative coins. It 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.

This item fell by 7 percent to 343,563 KDH, driven by the rise in purchases of materials and supplies for the manufacture of secure identity cards, biometric passports and commemorative coins, reflecting the production program and increased demand, mitigated by the higher inventories of raw materials and supplies, leading to variations of -94,343 KDH at the end of 2023 against -27,910 KDH at the end of 2022.

**Table 2.36: Purchase of materials and supplies**

In thousands of dirhams	2023	2022	Change (%)
Purchase of raw materials	215,511	178,513	21
Purchase of consumable materials and supplies	70,977	140,674	-50
Other purchases	57,076	51,585	11
<b>Total</b>	<b>343,563</b>	<b>370,771</b>	<b>-7</b>

### Note 32: Other external expenses

This item includes 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 and duties.

Other external expenses increased by 46,727 KDH, rising from 370,044 KDH to 416,771 KDH.

This change is mainly due to the new maintenance contracts for software and IT and production equipment, as well as to higher travel expenses and software rental costs following the renewal of certain contracts and the switch to subscription mode for other existing contracts.

**Table 2.37: Other external expenses**

In thousands of dirhams	2023	2022	Change (%)
Maintenance and repair of fixed assets	134,491	127,444	6
Rents	45,362	43,454	4
Water, electricity and fuel costs	30,811	29,845	3
Transportation, travel, mission and reception expenses	24,033	21,700	11
Postal and telecommunication costs	51,253	49,928	3
Taxes and duties	21,086	21,333	-1
Other expenses	109,735	76,340	44
<b>Total</b>	<b>416,771</b>	<b>370,044</b>	<b>13</b>

## Note 33: Depreciations and provisions

### Depreciations

**Table 2.38: Depreciations**

In thousands of dirhams	2023	2022	Change (%)
(of which)			
<b>Depreciations of tangible and intangible fixed assets</b>	<b>247,986</b>	<b>265,228</b>	<b>-7</b>
Properties <sup>(1)</sup>	124,653	121,457	3
Furniture and equipment	97,054	114,431	-15
Other tangible fixed assets	-	-	-
Intangible fixed assets	26,279	29,340	-10
<b>Depreciations of other costs to be spread out over many fiscal years</b>	<b>9,681</b>	<b>10,080</b>	<b>-4</b>
<b>Total</b>	<b>272,675</b>	<b>283,535</b>	<b>-4</b>

<sup>1</sup> Including fixtures, fittings and facilities.

### Provisions

Provisions for impairment in value of marketable securities ended the year 2023 at 19,338 KDH against 2,940,197 KDH in 2022, mirroring the higher value of this portfolio in view of the improved yields on US and euro area bonds.

**Table 2.39: Provisions**

In thousands of dirhams	Outstanding amount 31/12/2022	Allocations	Reversals	Other variations	Outstanding amount 31/12/2023
<b>Provisions for depreciation</b>					
Foreign treasury bonds and similar securities	3,412,971	19,338	1,830,052	-11	1,602,247
Miscellaneous stocks and values	12,180	11,888	12,180		11,888
Moroccan equity securities	3,075	10			3,085
Foreign equity securities	11,790	1,948			13,738
Other provisions <sup>2</sup>	11,345	3,235	5,236		9,344
<b>Provisions for risks and expenses posted under liabilities</b> (of which)	<b>245,546</b>	<b>1,052,871</b>	<b>39,818</b>		<b>1,258,598</b>
Pension liability	180,000	240,000			420,000
Provisions for risks and charges <sup>3</sup>	56,088	801,608	30,360		827,335
Late payment penalty	36		36		
Other provisions	389				389
<b>Total</b>		<b>1,089,290</b>	<b>1,887,286<sup>4</sup></b>		

<sup>2</sup> Includes, in particular, provisions for receivables from customers presenting a default risk.

<sup>3</sup> Includes the amount of the provision set aside for the donation to "The fund for the management of the effects of the earthquake", in order to comply with the provisions of article 247 bis of the General Tax Code concerning the 5-year tax deferral of any donation or bequest on behalf of the State.

<sup>4</sup> Corresponds to the amount posted under "Reversal of provisions" in the profit and loss account (PLA).

**Note 34: Non-current expenses**

Non-current expenses totalled 1,008,188 KDH at the end of 2023, versus 111,468 KDH at the end of 2022, up 896,720 KDH following the Bank’s grant in 2023 of 1 billion dirhams to the “Special fund for managing the effects of the earthquake”.

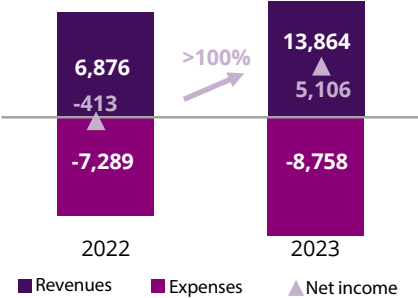
It should be noted that the social solidarity contribution on profits was not set up in 2023 in view of the loss incurred in 2022, when a contribution of 96,463 KDH was calculated at a rate of 3.5 percent on the net income for 2021, in accordance with regulatory provisions.

**Note 35: Income tax**

Pursuant to the provisions of the General Tax Code, the tax rate applied to Bank Al-Maghrib for the 2023 financial year was set at 37.75 percent<sup>1</sup>.

Income tax at the end of 2023 therefore amounted to 3,669,909 KDH, as opposed to a minimum contribution of 27,012 KDH at the end of 2022, applied to negative income at a rate of 0.40 percent.

**Chart 2.6: Evolution of revenues, expenses and net income (in MDH)**



<sup>1</sup> The corporate income tax rate provided for in the General Tax Code is 40 percent, based on a progressive approach over a four-year period. The difference between the initial rate of 37 percent and the target rate of 40 percent is progressively spread over the period from January 1<sup>st</sup>, 2023 to December 31<sup>st</sup>, 2026.

## 3 Five-year evolution in financial statements

### 3.1 Assets

Table 3.1: Change in assets

In thousands of dirhams	2023	2022	2021	2020	2019
<b>Assets and investments in gold</b>	<b>14,532,787</b>	<b>13,498,946</b>	<b>12,008,623</b>	<b>11,989,425</b>	<b>10,386,758</b>
<b>Assets and investments in foreign currency</b>	<b>333,341,042</b>	<b>318,867,128</b>	<b>298,416,554</b>	<b>297,853,278</b>	<b>233,532,384</b>
- Holdings and investments held in foreign banks	44,481,551	52,900,450	50,752,727	88,485,179	38,555,629
- Foreign Treasury bills and similar securities	279,618,315	257,366,426	239,508,275	205,947,284	191,386,500
- Other holdings in foreign currency	9,241,175	8,600,252	8,155,552	3,420,815	3,590,255
<b>Assets with international financial institutions</b>	<b>22,101,677</b>	<b>22,770,832</b>	<b>21,596,724</b>	<b>9,188,280</b>	<b>9,785,191</b>
- IMF subscription-Reserve tranche	2,146,416	2,248,490	2,097,811	2,084,098	2,146,798
- Special Drawings Rights holdings	19,553,046	20,100,998	19,105,311	6,715,532	7,236,397
- Subscription to the Arab Monetary Fund	402,216	421,344	393,602	388,650	401,997
<b>Lending to the Government</b>	<b>19,906,860</b>	<b>20,853,545</b>	<b>-</b>	<b>243,839</b>	<b>-</b>
<b>Claims on Moroccan credit institutions and similar bodies</b>	<b>129,943,781</b>	<b>114,602,736</b>	<b>91,359,926</b>	<b>84,356,146</b>	<b>67,383,292</b>
- Securities received under repurchase agreements	42,194,039	21,533,559	22,749,736	15,280,279	-
- Advances to banks	87,408,014	92,886,621	68,474,368	68,955,288	67,303,319
- Other facilities	341,728	182,557	135,822	120,579	79,973
<b>Treasury bills - Open market operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other assets</b>	<b>4,823,925</b>	<b>3,706,864</b>	<b>3,988,298</b>	<b>4,329,415</b>	<b>6,976,082</b>
<b>Fixed assets</b>	<b>4,663,512</b>	<b>4,678,426</b>	<b>4,773,927</b>	<b>4,840,082</b>	<b>3,123,873</b>
<b>Total assets</b>	<b>529,313,584</b>	<b>498,978,477</b>	<b>432,144,052</b>	<b>412,800,465</b>	<b>331,187,580</b>

## 3.2 Liabilities

Table 3.2: Change in liabilities

In thousands of dirhams	2023	2022	2021	2020	2019
<b>Banknotes and coins in circulation</b>	<b>412,752,041</b>	<b>372,786,283</b>	<b>337,710,576</b>	<b>319,282,169</b>	<b>266,771,075</b>
- Banknotes in circulation	408,599,194	368,820,223	333,902,150	315,640,803	263,254,622
- Coins in circulation	4,152,848	3,966,060	3,808,426	3,641,365	3,516,453
<b>Commitments in gold and foreign currency</b>	<b>5,524,282</b>	<b>6,742,577</b>	<b>5,102,421</b>	<b>8,387,871</b>	<b>9,340,911</b>
- Commitments in gold	-	-	-	-	-
- Commitments in foreign currency	5,524,282	6,742,577	5,102,421	8,387,871	9,340,911
<b>Commitments in convertible dirhams</b>	<b>20,222,140</b>	<b>21,230,274</b>	<b>19,566,060</b>	<b>29,434,460</b>	<b>210,500</b>
- Commitments to international financial institutions	20,201,079	21,212,432	19,554,414	29,421,299	201,537
- Other liabilities	21,060	17,842	11,646	13,161	8,963
<b>Deposits and commitments in dirhams</b>	<b>38,000,970</b>	<b>42,444,609</b>	<b>38,967,531</b>	<b>35,974,495</b>	<b>29,789,757</b>
Current account of the Treasury	10,878,799	4,087,201	5,258,034	6,242,051	2,057,416
Deposits and commitments in dirhams to Moroccan banks	22,607,941	32,383,423	28,484,675	24,819,013	21,716,369
- Current accounts	22,607,941	32,383,423	28,484,675	24,819,013	21,716,369
- Liquidity-withdrawal accounts	-	-	-	-	-
- Deposit facility accounts	-	-	-	-	-
Deposits of general government and public institutions	1,252,740	1,331,794	1,176,044	973,357	1,159,281
Other accounts	3,261,490	4,642,191	4,048,778	3,940,073	4,856,691
<b>Other liabilities</b>	<b>23,761,499</b>	<b>30,670,166</b>	<b>5,735,780</b>	<b>5,308,085</b>	<b>10,430,843</b>
<b>Special Drawing Rights allocations</b>	<b>18,829,944</b>	<b>19,725,415</b>	<b>18,426,682</b>	<b>7,200,415</b>	<b>7,447,693</b>
<b>Equity capital and the like</b>	<b>5,117,032</b>	<b>5,792,002</b>	<b>5,697,969</b>	<b>5,528,801</b>	<b>5,528,673</b>
- Capital	500,000	500,000	500,000	500,000	500,000
- Reserves*	5,001,340	5,263,461	5,169,757	5,001,340	5,001,340
- Retained earnings	-384,308	28,542	28,212	27,460	27,333
- Other equity capital	-	-	-	-	-
<b>Net income of the fiscal year</b>	<b>5,105,675</b>	<b>-412,850</b>	<b>937,033</b>	<b>1,684,169</b>	<b>1,668,127</b>
<b>Total liabilities</b>	<b>529,313,584</b>	<b>498,978,477</b>	<b>432,144,052</b>	<b>412,800,465</b>	<b>331,187,580</b>

\* Including the foreign exchange loss reserve set aside in 2021 and 2022.

### 3.3 Profit and loss account

**Table 3.3: Change in the PLA**

In thousands of dirhams	2023	2022	2021	2020	2019
<b>Revenues</b>	<b>13,863,998</b>	<b>6,876,041</b>	<b>5,282,811</b>	<b>5,961,582</b>	<b>6,138,883</b>
Interests earned on holdings and investments in gold and in foreign currency	6,109,045	3,340,653	2,418,155	2,623,873	2,785,084
Interests earned on claims on credit institutions and similar bodies	3,002,226	1,562,197	1,244,143	1,627,045	1,744,558
Other interests earned	9,689	9,758	12,610	13,384	12,591
Commissions earned	1,135,349	1,121,250	651,047	611,277	664,105
Other financial revenues	1,183,547	295,166	569,062	813,906	535,274
Sales of produced goods and Services	490,118	382,028	310,627	204,829	131,409
Miscellaneous revenues	32,712	47,049	16,011	15,786	19,045
Reversal of depreciation	-	-	-	-	-
Reversal of provisions	1,887,286	111,191	60,699	50,359	243,576
Noncurrent revenues	14,026	6,748	458	1,123	3,243
<b>Expenses</b>	<b>8,758,323</b>	<b>7,288,891</b>	<b>4,345,777</b>	<b>4,277,414</b>	<b>4,470,756</b>
Interests paid on commitments in gold and in foreign currency	726,952	282,269	108,708	132,119	179,768
Interests paid on deposits and commitments in dirhams	379,467	200,982	153,540	174,404	340,159
Commissions paid	33,985	30,810	28,856	15,667	16,386
Other financial expenses	767,408	1,673,613	769,534	754,764	986,330
Staff expenses	850,114	898,809	880,452	878,935	863,391
Purchases of materials and supplies	343,563	370,771	313,924	285,073	236,625
Other external expenses	416,771	370,044	357,299	354,619	356,045
Depreciation and provision endowments	561,965	3,323,110	896,435	474,870	364,132
Noncurrent expenses	1,008,188	111,468	123,205	76,461	41,941
Income tax	3,669,909	27,012	713,824	1,130,502	1,085,978
<b>Net income</b>	<b>5,105,675</b>	<b>-412,850</b>	<b>937,033</b>	<b>1,684,169</b>	<b>1,668,127</b>

## 4 Commitments to social funds

The Bank's staff is covered by two internal pension and medical insurance schemes called, respectively, "Caisse de Retraite du Personnel de Bank Al-Maghrib- CRP-BAM (Bank Al-Maghrib's staff pension fund)" and the "Fonds Mutuel-FM (Mutual Fund)".

The CRP-BAM provides the Bank's staff members or their dependants with a retirement pension, an invalidity pension, a dependants' pension and a mixed capital-pension allowance. Meanwhile, the FM ensures reimbursement of medical and prescription expenses for the Bank staff and eligible family members.

In line with the provisions of Article 78 of the Bank's Statutes, the activities and operations of the above-mentioned Funds are subject to separate accounting.

The governing bodies of these schemes are regulated by law 40-17 establishing the statutes of Bank Al-Maghrib, and by Instruction of the Governor No. 3/W/2023 on the charter for the management of pension and social security schemes. This legal framework has allowed us to set up a governance system based on the following bodies:

- The Bank Board, which oversees the implementation of all instruments designed to ensure compliance with the founding principles and balance of the schemes.
- The Governor, who decides on all proposals from the Social Funds Steering Committee before they are approved by the Bank Board of Directors.
- The Social Funds Steering Committee, set up by a decision of the Bank's Board of Directors on March 25, 2008 and chaired by a member of the Board, which meets once a year and whenever necessary to monitor the technical and financial management of the two schemes.

**Table 4.1: Commitment and financing of social funds**

In thousands of dirhams	Pension Fund of BAM staff		Mutual Fund	
	2023	2022	2023	2022
Gross commitment	4,000,753	3,933,697	667,598	645,752
hedging assests	3,358,711	3,321,428	470,138	453,433
Net commitement (*)	-642,042	-612,269	-197,460	-192,319

(\*) Net liability of social funds partially provisioned at end 2023 for an amount of 420,000 KDH (see Note 12 of the balance sheet).

Commitments for pensions and health care are calculated in accordance with actuarial standards, using the projected unit credit method which takes into account salary trends, pension revaluations and the probability of receiving the benefit<sup>1</sup>.

<sup>1</sup> Linked to the probability of presence at the retirement date, mainly taking into account the risks of resignation and death.

The data and assumptions used in actuarial valuations, as well as retirement and health commitments, are validated by an independent actuary.

Social security fund assets are managed within the framework of a strategic asset allocation policy, which specifies an optimal distribution by asset class, considering the objectives of the pension and health insurance plans, in terms of return and risk.

In accordance with the provisions of the Instruction on the Steering Charter for the pension and health insurance schemes, an annual report is drawn up outlining, on the one hand, the conclusions of the actuarial assessment carried out internally, duly validated and certified by the independent actuary and, on the other hand, the achievements of the financial management of the plan assets. This report is forwarded to the Social Funds Steering Committee for review and validation, before the resulting decisions are submitted to the Bank's Board of Directors for approval.





## 5 Statutory Audit Report

### STATUTORY AUDITOR'S REPORT YEAR ENDED DECEMBER 31, 2023 AUDIT OF STATUTORY FINANCIAL STATEMENTS

#### Opinion

In accordance with the terms of our appointment by the Bank's Board, we have audited the accompanying financial statements of BANK AL MAGHRIB including the balance sheet as of December 31<sup>st</sup>, 2023, the profit and loss statement and the additional disclosures (ETIC). These financial statements show a net equity of 10 222 707 KMAD including a net profit of 5 105 675 KMAD.

We certify that the financial statements referred to in the first paragraph above are regular, sincere and give, in all material aspects, a true and fair view of the result of operations of the past fiscal year as well as the financial situation and the assets of BANK AL MAGHRIB on December 31<sup>st</sup>, 2023, in accordance with the accounting principles generally accepted in Morocco.

#### Basis for opinion

We conducted our audit in accordance with Moroccan auditing standards. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Morocco, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Moroccan accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Moroccan auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Moroccan auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Specific verifications**

We ensured that the information contained in the Management board's report is consistent with the Bank's financial statements.

Casablanca, March 20, 2024

### **The Statutory Auditor**

**Deloitte Audit**

**Sakina Bensouda Korachi**  
**Partner**

## 6 Approval by the Bank Board

Pursuant to Article 47 of Law No. 40-17, bearing Statutes of Bank Al-Maghrib, the Governor of the Bank submits the financial statements to the Bank Board for approval.

At its March 19<sup>th</sup>, 2024 meeting, the Board approved the financial statements, after reviewing the auditor's opinion on their sincerity and on their consistency with the information given in the Bank's management report, as well as the net income allocation for the fiscal year 2023.

