Royaume du Maroc
Ministère de l'Economie et des Finances
Direction du Trésor et des Finances Extérieures

المملكة المغربية
وزارة الاقتصاد والمالية
مديرية الخزينة والمالية الخارجية

- DEBT REPORT 2013 -
DOCUMENTS ACCOMPANYING THE FINANCE BILL 2015

The debt report, which is prepared every year by the Department of Treasury and External Finance, describes the evolution of the national and international context in which the Treasury's financing progresses, analyses the evolution of the debt portfolio in terms of outstanding and debt services and also in terms of structure by instrument, by type of interest rate and by currency, and assesses cost and risk indicators followed in terms of debt management. Besides, this document makes an assessment of the active management of domestic and foreign debts, in addition to the active management of the public treasury conducted by the Department of Treasury and External Finance.

THE TREASURY'S FINANCINING CONTEXT

In continuation of the two last years 2011 and 2012, the Treasury's financing in 2013 progressed generally in a relatively difficult context both nationally and internationally.

At the national level, the Treasury's financing was done in difficult conditions because of the importance of the needs of the Treasury's financing combined with a wait-and-see behavior by the investors due to insufficient visibility regarding the evolution of the public finance in one hand, and the continuous widening in bank liquidity deficit.

At the international level, after a clear easement noticed towards the end of 2012, the risk premiums of emerging countries have started since the beginning of 2013 a mixed trend before registering a significant increase from the 3rd week of May 2013. This increase is mainly explained by the statements of the Chairman of the Fed regarding the Bank's monetary policy, namely a gradual orientation towards the end of its monetary easing policy.

MAIN LINES OF THE FINANCNG STRATEGYCONDUCTED BY THE DEPARMENT OF TREASURY AND EXTERNAL FINANCE

The main objective of the debt management is to ensure a stable and sustainable financing for the Treasury while reducing, over time, cost and risks relating to the said financing, by encouraging an arbitration between the domestic and foreign sources of financing and contributing in the development of the Treasury's securities market.

To achieve this objective, the financing strategy's management conducted in 2013 by the Department of Treasury and External Finance focused on the continuous observation of markets and was based on the following three main lines:

- A regular presence in the domestic market that continues to be the Treasury's main source of financing, by adopting an arbitration policy between the domestic and foreign sources of financing

in order to reduce the drain of domestic resources, avoid the crowding out of the private sector and strengthen the level of our exchange reserves;
- The fine management of the public Treasury;
- The continuation of domestic and foreign debt active management operations seeking to reduce financial risks related to the Treasury's debt portfolio.

This management resulted in the establishment of the following main actions in 2013:

• Readapting the Treasury's issuing policy taking into account market configuration and also objectives assigned to the debt management through a focus, during the 7 first months of 2013, of fund-raisings on maturities inferior or equal to 2 years mainly and a repositioning on medium and long maturities, during the last five months of 2013 so as to extend the average life of domestic debt;

• Issuing new securities on the MFI with the same characteristics as those issued under the international loan of December the 5th 2012 for a global volume of 750 million USD of which 500 million USD under the 10 years initial maturity group and 250 million USD under the 30 years initial maturity group;

• Optimizing the use of debt through the fulfillment of 22 borrowing actions on the interbank market for a global borrowed volume of 22.5 billion DH in order to cover the Treasury's specific needs;

• Carrying out buyback operations to smooth the debt's repayment schedule by reducing repayment peaks of January 2014; and

• Continuing public investments' debt conversion operations with Spain and Italy for a total amount of 60.4 million DH and signing a new public investments' debt conversion Agreement with Italy.

EVOLUTION OF DOMESTIC AND FOREIGN FINANCING

In conformity with this financing strategy, the Treasury financed in 2013 mostly in the domestic market and benefited from a positive window on the international financial market to raise funds in the best of conditions.

Therefore, in 2013, the Treasury's gross mobilizations amounted to 198.3 billion DH including 175.2 DH in the domestic market (88%) and 23.1 billion DH of external origin.

The Treasury's financing in the domestic market was made in difficult conditions with an improvement starting from August. These conditions were characterized by a focus of investors' demand on short maturities combined with constantly bullish expectations of interest rates required mainly during the seven first months of the year.

However, the actions made by the Government during the second half of 2013 relating namely to the reform of the compensation fund and the measures of expenditure management, mainly freezing 15 billion DH of investment loans and the advancement of the expenditures commitment deadline to October the 30th 2013, improved the investors' visibility which resulted in an easing of the Treasury's financing conditions.

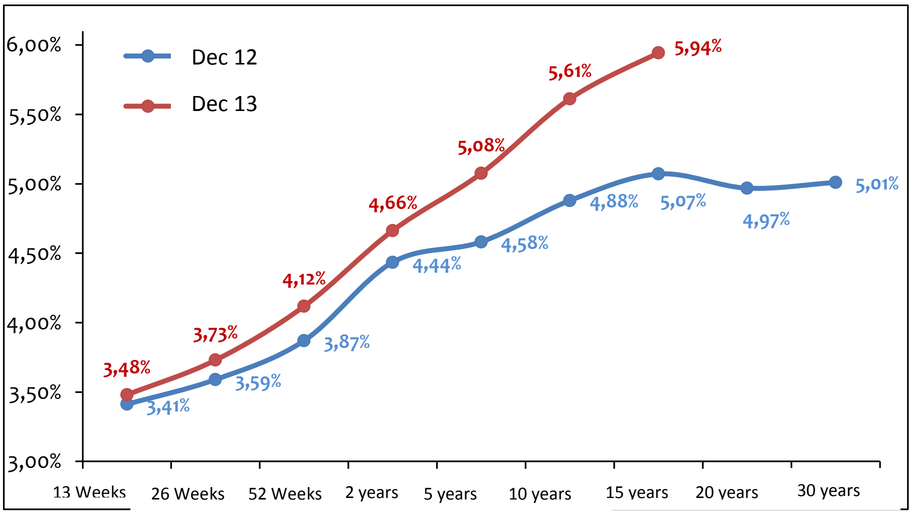
At the end of 2013, the Treasury's issues volume in the auction market reached 175.2 billion DH against 120.3 billion DH in 2012, namely an increase of 54.9 billion DH (or 46 %).

Just like last year, the Treasury's fund-raisings focused on maturities inferior or equal to 2 years (excluding very short-term maturities) with a part of 76% against 51% registered in 2012.

As for the interest rates levels deducted by the Treasury during 2013, they generally increased comparing with 2012 but with different extents depending on the maturity segment. The Treasury's Bills of maturities superior to 5 years witnessed an average increase of +70,0 bp while those of maturities inferior or equal to 2 years witnessed a less significant increase that reached 17,1 bp mainly due to the easing that they registered after entering the international financial market in May 22nd 2013 and an increased resort of the Treasury to medium and long maturities afterwards.

Generally, the WARs deducted in 2013 registered an average increase of +39,8 bp against +53,4 bp registered in 2012.

Reducted Weighted Average Rates



SUCCESSFUL ISSUANCE OF DOLLAR ON THE MFI

On the 22nd of May 2013, Morocco started to increase the volume of the securities of international loan mobilized in December 2012, through the issuance of new securities that have the same characteristics of the first ones. Through this reopening operation, the volumes of the two initial groups, of 10 years and 30 years, increased from 500 and 250 million USD respectively. The total amount of this loan was of 2.25 billion USD.

The Timing of this action was very appropriate to the extent that the conditions deteriorated afterwards following the Fed's intention to change the orientation of its monetary policy. Thus, like the spreads of the emerging countries, those of Morocco's loans were extended compared with level observed at the issuance launch date (22 May) to reach the highest levels at the end of August, namely spread increases of 156 bp and 121 bp respectively for the 10 years and 30 years groups.

Regarding the notation of this Tap, Standard & Poor's (S&P) and Fitch Ratings (Fitch) gave « BBB -» (« Investment grade » rate category), which strengthened our country's capacity to mobilize funds in the MFI in favorable conditions in an instable regional and international context.

This issuance, combined with more favorable interest rates conditions in the domestic market, enabled to consolidate foreign assets, to reduce the pressure on the liquidity of the monetary market and to encourage the easing of interest rates in the internal market.

Main characteristics of the issuance

Maturity	10 years(11/12/ 2022)	30 years (11/12/2042)
Amount	500 million USD	250 million USD
Coupon	4,25%	5,50%
Rate of Return	4,216	5,567
Spread / US Treasury	220 bp	237,5 bp
Launch price	100,26%	99,03%
Joint leaders	Barclays /BNP Paribas/Citi/ Natixis	

EVOLUTION OF THE TREASURY'S DEBT

OUTSTANDING

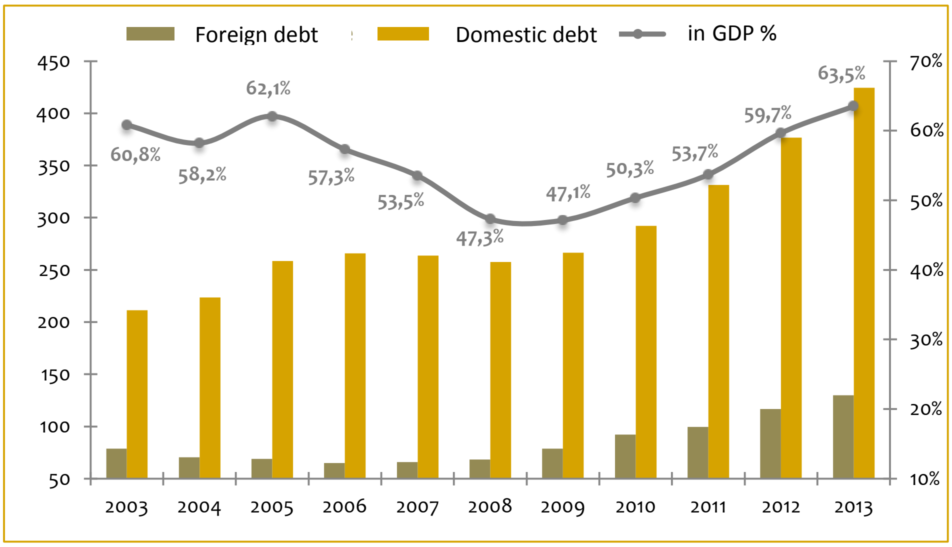
At the end of 2013, the outstanding of the Treasury's debt amounted to 554.3 billion DH against 493.7 billion DH at the end of 2012, an increase of 60.6 billion DH or 12%. Note that this increase is less significant than the one that was registered in 2012 and that reached 62.8 billion DH or 15% compared to 2011.

By type of debt, the domestic debt's outstanding reached 424.5 billion DH at the end of 2013, an increase of 47.7 billion DH or 12.6% compared to 2012. As a result, the domestic debt's share in the Treasury's debt portfolio was of 77% and that of the foreign debt was of 23 %, a structure that is very close to the objectives set for the portfolio benchmark (75%-70% of domestic debt and 30%-25% of foreign debt).

In terms of GDP, the outstanding of the Treasury's debt stood at 63.5% at the end of 2013 against 59.7% at the end of 2012. This ratio reached 48.6% in terms of domestic debt and 14.9% in terms of foreign debt against 45.5% and 14,1% at the end of 2012 respectively.

Therefore, and after the continuous improvement cycle registered during the period 2000-2009 (68,1% in 2000 to 47.1% in 2009), the Treasury's debt ratio in terms of GDP has started an upward trend since 4 years following the increase of the Treasury's financing needs as a result of the increase in budget deficits that occurred over the recent years.

Evolution of the Treasury's debt



STRUCTURE BY INSTRUMENT

The Treasury's debt is composed mainly of marketable debt with a share of 81% including 75% for the Treasury's bills issued in the auction market and 6% for Eurobonds issued in the MFI.

The non-negotiable debt represents 19% of the Treasury's debt portfolio and is composed mainly of the foreign debt owed to bilateral and multilateral sponsors.

STRUCTURE BY INITIAL MATURITY

The outstanding of the negotiable domestic debt is mainly (74%) composed of Treasury's Bills of maturities superior or equal to 5 years. The rest is divided into 18.6% of 2 years bills, 5.6% of 52 weeks bills and 2.0% of 26 weeks bills.

The Treasury's negotiable foreign debt exclusively constitutes of bond issues in the MFI having initial maturities of 10 years and 30 years.

STRUCTURE BY INTEREST RATES

At the end of 2013, the outstanding of the Treasury's debt of fixed rates represented 91.4% of the global outstanding, almost stable compared with 2012.

By interest rate range, the distribution of the 2013 Treasury's domestic debt shows that 68% of the outstanding is combined with included fixed interest rates of between 4% and 6% while 27% of this outstanding is combined with interest rates inferior to 4%. This situation is explained mainly by the improvement of the financing conditions of the Treasury that enabled the renewal of old debts that are combined with high rates, and that by issuing Treasury's bills at lower rates.

As for the foreign debt, the structure by type of interest rate at the end of 2013 appears as the following:

- 63.4% of the foreign debt is combined with the fixed interest rates of which 13.8% with interest rates inferior to 3.5% and 48.9% with rates ranging between 3.5 and 5.5% ;
- 36.6% of the foreign debt is combined with variable interest rates of which 34.2% indexed on the Euribor/Libor € at 6 months and 1.9% indexed on the Libor USD at 6 months.

STRUCTURE BY CURRENCY

The Treasury's debt portfolio is dominated by the debt denominated in Dirhams with a share that stood at 76% in 2013, namely the same share as the previous year's.

Regarding the Treasury's foreign debt portfolio, the evolution of its composition by currency has been characterized, since the 2000's, by the reinforcement of the debt's share denominated in Euro at the expense of that of the US Dollar and the Japanese Yen.

This evolution resulted in a significant approximation of the said portfolio's structure by currency towards that of the "Benchmark" portfolio (80% in Euro and 20% in US Dollar) which enables to ease the exposure to currency exchange rates variations and minimize their impact on the stock and the service of this debt.

Thus, at the end of 2013, the debt's share denominated in Euro in the Treasury's foreign debt portfolio stood at 77.2% against 36.9% in 2000.

As for the debts' shares denominated in US Dollar, related to currencies and Japanese Yen, it sharply decreased from 54.6% in 2000 to about 16.8% at the end of 2013.

The improvement of the composition of the Treasury's foreign debt portfolio by currency is the result of both the Treasury's foreign financing policy that favors the choice of Euro as a basic currency for the new loans especially from IBRD and ADB, and also the foreign debt active management strategy that has been followed for about two decades through the conversion of some loans from the IBRD into Euros and the swap in Euro of the bond debt mobilized on the international financial market in 2012 with an amount of 1 billion USD.

Structure of the outstanding of the Treasury's debt by currencies

	2012		2013	
In MDH	Volume	Share	Volume	Share
MAD	374 925	76%	422 338	76%
EUR	91 461	18%	102 365	18%
USD	15 487	3%	18 411	3%
KWD	3 627	1%	3 365	1%
JPY	3 737	1%	3 405	1%
Others	4 439	1%	4 379	1%
Total	**493 677**	**100%**	**554 262**	**100%**

TREASURY'S DEBT SERVICE

The Treasury's debt burden in amortization, interests and paid commissions during the year 2013 amounted to 151.6 billion DH, namely an increase of 44.4 billion DH or 41% compared to 2012 (107.2 Billion MDH)

Interests and commissions' burdens

The interests and commissions' burden of the Treasury's debt stood at 23.3 billion DH, an increase of 2.6 billion DH compared with 2012 (20.7 billion MDH). This increase is mainly explained by the increase of the burdens of the Treasury's debt stock in 2012.

The burdens' principal sum

The principal sum of the burdens of the Treasury's debt in 2013 stood at 128.3 billion DH against 86.5 billion DH in 2012, namely an increase of 41.8 billion DH or 48%.

COST INDICATORS

Average cost of the Treasury's debt

The average cost of the Treasury's debt (or apparent cost) was of 4.4% in 2013, a decrease of about 10 bp compared with the level it had registered in 2012.

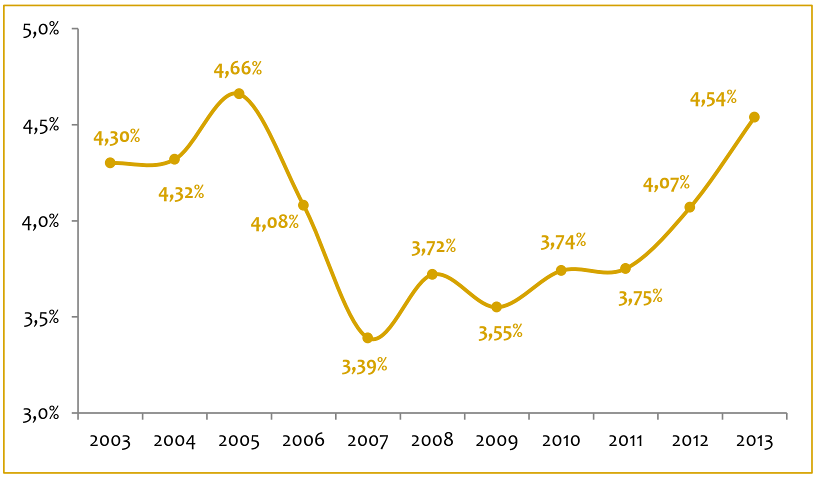
This decrease is due to the drop of the average cost of foreign and domestic debt. As for the domestic debt, and despite the interest rates increase registered in 2013, the average cost of domestic debt stood at 4.71%, a slight decrease of 7 bp compared with the previous year (4.78%) mainly due to the renewal of long-term debts combined with high interest rates and reaching the due date by new issuances of lower interest rates.

As for the foreign debt, its average cost stood at 3.3% against 3.4% in 2012, namely a decrease of 10 bp. This slight decrease is explained mainly by the easing observed in the floating interest rates in Euro charged in 2013 (34.2% of the Treasury's foreign debt portfolio). These rates registered an average decrease of 116 bp compared with their level in 2012.

The average weighed rates of issuances by auction

In 2013, the average weighted rate of issuances made in the auction market, excluding the very short-term issuances was of 4.54%, namely an increase of 47 bp compared with that registered at the end of 2012 (4.07%). This increase is mainly explained by the upward trend of primary rates observed during 2013.

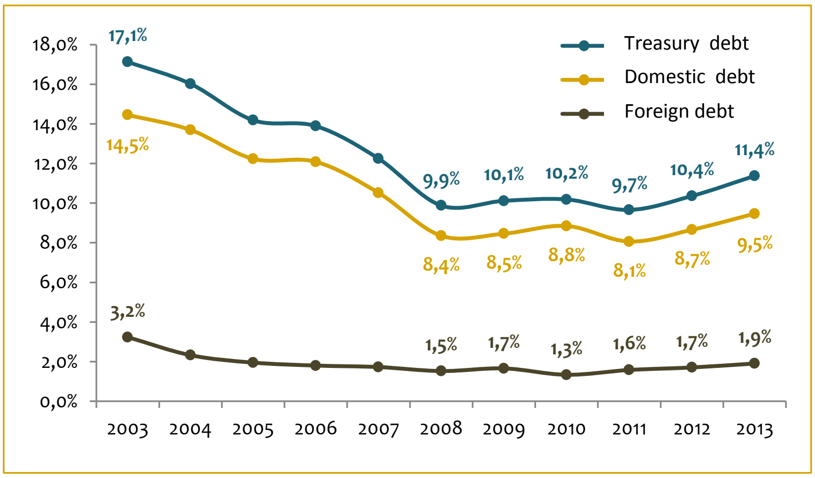
Evolution of the issuance WAR



Interest burdens of the Treasury's debt compared with ordinary incomes

At the end of 2013, the ratio of interest burdens of the Treasury's debt compared with ordinary incomes excluding VAT of local authorities, stood at 11.4% against 10.4% in 2012, namely an increase of 1 point.

Evolution of the ratio of interest burdens-/ordinary incomes



RISK INDICATORS

Short-term share

The short-term share in the Treasury's debt portfolio stood at 16.8%, an increase of 1.3 percentage points compared with the level registered in 2012.

This slight increase is explained mainly by the increase of the share of the Treasury's account in the domestic debt's portfolio that moved from 18% to 20% at the end of 2013 because of the focus of the Treasury's fund-raisings on maturities inferior or equal to 2 years during these two previous years.

As for the foreign debt, the share of repayments of less than a year under the principal remained at 6.2% of the total of outstanding of this debt.

Average life of the Treasury's debt

The average life of the Treasury's debt stood at 5 year and 6 months, a one month decrease compared to 2012.

By type of debt, the average life of the Treasury's domestic debt stood at 4 years and 5 months, a 3 months decrease compared to 2012. This decrease is mainly explained by the focus of the Treasury's fund-raisings on maturities inferior or equal to 2 years with a part of 76%.

Regarding the foreign debt and given the redeemable nature of loans taken from bilateral and multilateral sponsors (repayments spread over the loans term and not at the end of it), the remaining average repayment period amounted to 9 years at the end of 2013, an increase of around 7 months compared with 2012.

ACTIVE MANAGEMENT OF DOMESTIC DEBT

As part of the active management of domestic debt, the Treasury's Department resorts to buyback operations and exchange of Treasury's bills in order to, among other objectives, ease the refinancing risk through smoothing the domestic debt due time by reducing repayment peaks.

After the inaugural exchange operations made in 2011, the Treasury's Department could set up, at the end of 2013, the first Treasury's Bills buyback operations that were made in 26 and 27 December 2013 in consultation with Treasury Securities Intermediaries banks. The repurchased lines were related to 13 weeks to 2 years Treasury's Bills with a due time of 06/01/2014 and 26 weeks Treasury's Bills with a due time of 20/01/2014.

The two buyback operations, which payment was settled on 30/12/2013, enabled to reduce the Treasury's Current Account end-year balance by 2.7 billion DH, a balance that then stood at about 2.9 billion DH on 30/12/2013 instead of 5.6 billion DH.

These operations also enabled savings in terms of the domestic debt's interest burdens of January 2014 by nearly 2.5 million DH, as the Treasury paid off only the interest accrued between the payment date of the last coupon of the repurchased lines and the payment date of operations instead of paying off all interests.

These operations had a direct impact on the domestic debt's outstanding. Thus, under 2013, the debt's outstanding was reduced by 2.6 billion DH that stood at 424.5 billion DH while the domestic debt's ratio compared with the GDP was reduced by 0.3% to reach 48.6%.

ACTIVE MANAGEMENT OF FOREIGN DEBT

As part of continuing the foreign debt's active management actions that seek to reduce the cost of debt and the easing of financial risks related to the Treasury's foreign debt portfolio, the year 2013 was characterized by the treatment of an amount of 60.4 million DH, thus making the total amount that has been treated in this regard since 1996 stand at about 73 billion DH.

Therefore, the main actions taken during this year were mainly:

- The continuance of financing operation of projects that are part of the conversion Agreements signed with Spain and Italy; and

- The signing of a new Agreement of public investments' debt conversion with Italy, with a budget of 15 million €.

CONTINUANCE OF THE CARRYING OUT OF PROJECTS FINANCED THROUGH THE CONVERSION AGREEMENTS SIGNED WITH SPAIN AND ITALY

The projects financed in the framework of the Agreements of public investments' debt conversion signed with Spain (50 million €) and Italy (20 million €) enabled to convert, under the year 2013, 60.4 million DH of debt owed by Morocco to these creditors, in public investments. This amount is divided as the following:

- 54.7 million DH was converted as part of the debt conversion Program concluded with Spain through the financing of liquid sanitation projects carried out by the water Branch of the National Office of Electricity and Drinking Water at the cities of Chefchaouen and Saidia (21.3 million DH) and projects of acquisition and installation of electric equipments for the Office's electricity Branch (33.4 million DH) ;

- 5.8 million DH was converted as part of the Agreement signed with Italy of which 3.4 million DH for the reinforcement of Moroccan associations' capacities Program carried out by the Social Development Agency and 2.46 million DH as part of projects relating to the National Initiative for Human Development (INDH).

Therefore, at the end of 2013, the total amount, converted for all financial projects through the debt conversion Program concluded with Spain, reached 376.4 million DH, namely a use rate of 68%. As for the Agreement concluded with Italy, the converted total amount reached 199.5 million DH, namely a use rate of 89%.

THE SIGNING OF A NEW PUBLIC INVESTMENTS CONVERSION AGREEMENT WITH ITALY

Following the positive results of the 3 first Agreements concluded between Morocco and Italy in 2000, 2004 and 2009, the two countries concluded on the 9th of April 2013 a fourth Agreement of public investments' debt conversion with an amount of 15 million €.

The budget of this agreement was dedicated to the financing of:

- Projects relating to the second phase of INDH for an amount of 12 million €;

- Projects of archeological heritage for an amount of 2 million € ; and

- Trainings for the medical staff for an amount of 1 million €.

EVOLUTION OF THE PUBLIC FOREIGN DEBT

OUTSTANDING

In 2013, the public foreign debt was characterized by the continuance of its upward trend that has started since 2007; it registered an outstanding of 234.7 billion DH, namely an increase of 10.3% or 22 billion DH compared with 2012. This evolution is due to the resort to foreign resources, especially those that go with concessional and advantageous financial conditions, to meet the needs of the financing of both the Treasury and the public institutions and enterprises in a context marked by the budget deficits and the current account of the payments balance.

The increase of the public foreign debt's outstanding is explained mainly by:

- The positive balance of foreign financings' net flows, a balance that reached 26.2 billion DH ;
- The decrease of about 0.3 billion DH from the outstanding held by residents of Eurobonds € issued in 2007 and 2010, resulting in an equivalent increase of the public foreign debt's outstanding ;
- The 3.1 billion DH exchange gain mainly due to the appreciation of the Dirham against the Japanese Yen by 20.4% and the US Dollar and related currencies by about 3.4% ; and the decrease of 1.4 billion DH of the US Dollar Eurobonds' outstanding, following the drop of these Eurobonds prices in the MFI compared with the beginning of the year.

For its part, the public foreign debt's ratio compared with the GDP stood at 26.9%, a GDP increase of 1.2 point compared with its level in 2012 (25.7%).

Expressed in US Dollar and Euro, the public foreign debt's stock amounted, at the end of 2013, to 28.8 billion US Dollars and to 20.9 billion Euros respectively.

STRUCTURE BY CREDITORS

The international institutions of development constitute the first group of creditors with an outstanding of 119.8 billion DH, namely a share of 51% from the public foreign debt, followed by bilateral creditors with 77 billion DH or 32.8% of the total of debt and private creditors (MFI and commercial banks) with 37.9 billion DH or 16.2% from the total.

The main multilateral creditors are as follows :

- The World Bank ranks first with an outstanding of 34.7 billion DH, namely 28.9% of the total of multilateral debt ;
- The African Development Bank (ADB) contributes by 27.5% of the total of multilateral debt, namely an outstanding of 32.9 billion DH ;
- The EIB has 24.1 billion DH, namely 20.1% of the total of multilateral debt.

The main bilateral creditors are as follows :

- France, the first bilateral creditor, contributes by 35 billion DH, namely 45.4% of the total of bilateral debt ;
- Japan has 9.5 billion DH, namely 12.4% of the total of bilateral debt.

At the end of 2013 and apart from the MFI, five sponsors had more than two thirds of the total of the public foreign debt's outstanding, namely:

Creditors	Share (%)
France	17,8%
IBRD	17,6%
ADB	16,7%
EIB	12,2%
AFESD	6,5%

STRUCTURE BY BORROWER

By debtors, the Treasury's remains the main borrower with an outstanding, at the end of 2013, of 129.8 billion DH, namely a share of 55.3% of total of the public foreign debt.

The upward trend, which has marked the evolution of the stock of the Treasury's foreign debt since 2008 with an average annual increase of 12%, continued in 2013. This is due mainly to the arbitration policy between domestic and foreign financing adopted by the Treasury through the recent years and that seeks to ease the pressure made by the domestic resources and avoid the crowding out effect of the private sector by contributing in the reconstruction of a comfortable level of exchange reserves.

However, despite the increase of the stock of the Treasury's foreign debt registered during the recent years, the resort to foreign financing remains controlled and conformed to selectivity criteria that give the priority to financings that go with better financial conditions (interest rate, maturity and grace periods) like those contracted from multilateral creditors. The balance of the financing needs is done on the international financial market with an adequate timing in order to optimize the financial conditions.

For its part, the debt of public institutions and enterprises (EEPs) constitutes 44.7% of the public foreign debt with an outstanding of 104.9 billion DH. The outstanding of the EEPs' foreign debt also witnessed an upward trend that has started since 2007 with an average annual increase of 11%, and that is due to the EPPs' greater resort to these financial supports to cover the growing financing needs of their investment programs.

DRAWINGS ON FOREIGN BORROWINGS

The drawings on foreign borrowings mobilized by the public sector during the year 2013 reached an amount of 41.2 billion DH against 37.5 billion DH in 2012, namely an increase of 9.9%.

The drawings of multilateral or regional origin represent 57% from the total of drawings, namely 23.6 billion DH against 10.4 billion DH for those of bilateral origin.

The amount of the drawings mobilized by the Treasury in 2013 was of 23.1 billion DH of which 14.7 billion DH as a support to structural and sectorial reform programs and 1.9 billion DH for the financing of the Budget projects. The balance that consists of loan revenues in the MFI (6.4 billion DH) was used to finance a part of the budget deficit.

PUBLIC FOREIGN DEBT SERVICE

The burdens of the public foreign debt in amortizations, interests and fees paid during 2013 amounted to 21.8 billion DH against 20.0 billion DH in 2012, namely an increase of 1.8 billion DH.

Added to current revenue of the payments balance, the debt service represented in 2013 5.8% against 5.4 % in 2012 and 16.5% in 2003.

ACTIVE MANAGEMENT OF THE PUBLIC TREASURY

In 2013, the resort of the Department of Treasury and External Finance to the active management operations of the Treasury was done in a context that was characterized, in one hand, by the further rise of bank liquidity deficit that was regularly reduced by Bank Al-Maghrib's injections and, on the other hand, by the improvement of the Treasury's Current Account availabilities that increased from a daily average estimated balance of 6.8 billion DH in 2012 to 7.4 billion DH in 2013 (excluding investment operations).

OPERATIONS CARRIED OUT IN 2013

The Treasury's Department carried out 266 investment operations and 22 unsecured lending operations during 2013.

Investment operations of The Treasury's Current Account surpluses

The global volume invested by the Department of Treasury and External Finance in the monetary market reached 539.3 billion DH against 411.6 billion DH registered in 2012, namely an increase of 31%.

By type of operation, the volume invested as part of repo stood at 501.4 billion DH against 315.8 billion DH in 2012, namely an increase of 59%. The share of the repo operations in the total of the Treasury's investment operations thus increased from 77% in 2012 to 93% in 2013.

The average daily outstanding of these operations stood at 2.5 billion DH against 1.9 billion DH in 2012.

As for the unsecured deposits, their volume reached 37.9 billion DH, a decrease of about 60% compared with the volume registered in 2012.

Unsecured lending operations

In 2013, the Department of Treasury and External Finance had 22 unsecured lending operations (in 1 day) of a global volume of 22.4 billion DH against 50.9 billion DH in 2012. The average rate of the said operations stood at 3.2% while the average volume by operation stood at 1.02 billion DH.

The resort to these loans was done on a basis of a need that was identified since the beginning of the day and not due to an unexpected degradation of the Treasury's current account balance. Note that the month of January witnessed the carrying out of 6 lending operations of an amount of 5.4 billion DH, namely about 27% of the operations carried out during this year and that is due to an acceleration of expenditures pace during this month.

COLLECTED REVENUES AS PART OF THE TREASURY'S ACTIVE MANAGEMENT

The active management of the Treasury (investment of the Treasury's surpluses and remuneration of the Treasury's Current Account Balance) enabled the Department of Treasury and External Finance to gain, during 2013, revenues that reached 114 million DH (taxes' net) of which 61.4 million DH (54% of the total revenues) for investment operations.

Start of the Trasury's Bills automated quotation through the Bloomberg E-Bond Platform

The automated quotation of the Treasury's bills by the Treasury's Securities Intermediaries started on October the 7th 2013, thus marking the launch of an additional phase of the construction of transparent and efficient public debt market to carry out a less costing management of the debt.

The achievement of this project is a result of a series of meetings and discussions since 2010 with representatives from the Treasury's Securities Intermediaries, the Moroccan Companies and Investment Funds Association (ASFIM) and the Central Bank. After these meetings, several actions were taken, namely:

- The definition of a market model that takes into account the specificities of the Moroccan context that is based on the combination of two models: the B2B (Business to Business) and the B2C (Business to Customers) in the same hybrid system that consists of two compartments and ensures the infrastructure of a unique market.
- The drawing up of the quotation platform's PRS (Particular Requirements Specification) that describes the main functions of the targeted system basing of the chosen model.
- The drawing up of a new Treasury's Securities Intermediaries convention.
- The drawing up of the market's regulation.
- The drawing up of the legal and operational framework of the Repo Facility.
- The selection and the deployment of the quotation system after consulting with several quotation and trading platforms providers. The choice fell on the Bloomberg E-Bond mainly due to:
- Its dealing with the market project adopted by place , namely the hybrid system that consists of the two compartments: B2B and B2C;
- Its large coverage of users' needs in terms of functional specifications;
- The absence of a marginal cost since no additional charges will be imposed on users having already a Bloomberg position;
- The reputation of the Bloomberg platform that imposed itself as one of the main electronic trading tools in the world, which makes this system the most appropriate means for a large dissemination of information in the Moroccan market of the Treasury's Bills.

After the selection of the system, the works of its deployment were carried out in the three following phases:

- The phase of installation and configuration of the B2B module: which consisted of the adaptation and the configuration of the system according to the chosen market model by place and according to the functional specification of the PRS especially in terms of quotation commitments determined by the Treasury in consultation with the Treasury's Securities Intermediaries;
- A training phase including:
    - An initial training organized by the Department of Treasury for all potential users of the system (Department of Treasury and External Finance, Treasury's Securities Intermediaries, UCITS, Bank Al-Maghrib and Maroclear) ;
    - A more extensive training through the organization of individual sessions for every Treasury's Securities Intermediary.
- A phase to put the B2B module into production, a phase that consisted of displaying and negotiating firm prices for the purchase and sale of the Treasury's Bills for a panel of lines defined by the Treasury in consultation with the Treasury's Securities Intermediaries and according to regulations specified for the mandatory quotation. During this phase, a number of adjustments and rectifications were made to make this B2B module reliable.

After the operationalization of the B2B compartment, the next phase consists of putting the B2C module into production in order to allow clients, mainly the UCITS and the non-Treasury's Securities Intermediaries banks, to intervene on the Bloomberg E-Bond platform by requesting quotation from Market Makers that are the Treasury's Securities Intermediaries.