



## Casablanca Finance City Your Gateway to Africa

April 2013

### Editorial

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Mr. Nazem Al Kudsi, CEO of Invest AD

Welcome to the first issue of the Casablanca Finance City newsletter. This publication aims at keeping you up-to-date with the latest news and developments surrounding Casablanca Finance City (CFC), and the Greater North West Africa (GNWA) region.

At Casablanca Finance City we want to begin a conversation with businesses and investors keen to benefit from Africa's economic rise.

We all know Africa is the next great growth story. A decade ago, His Majesty King Mohammed VI was among the first to realise the potential for cross-border investment and trade in Francophone Africa. He set in motion a development programme that has culminated in Casablanca Finance City – the financial hub city for the region also aiming to spur GNWA countries to work together and to aggregate the GNWA opportunities in a single platform.



#### About CFC Authority

CFCA, formerly Moroccan Financial Board, is a public-private partnership dedicated to positioning Casablanca as a regional financial center and a premier gateway into African markets for multinationals, financial institutions and professional services firms. CFCA is empowered by law with the overall management and promotion of Casablanca Finance City.

In this issue, we have chosen Morocco in our 'Under the Radar' country-focus, in order to further highlight the significance of Casablanca as a hub and gateway for capital and investment to GNWA. Indeed, Morocco's solid macro fundamentals in the face of the global crisis, combined with a positive economic outlook, are strong arguments poised to ensuring the success of an initiative such as CFC.

Then, our news section summarises some of the initiatives we have taken over the recent past to emphasize the strategic importance of the African continent to the international investor community. As you will see, we will be even more active in 2013 by organising events around key themes such as Private Equity, Taxation, or Private debt, bringing together local and international participants.

Last but not least, we are honoured to interview in this first edition Mr. Nazem Al Kudsi, dear friend of Morocco and CEO of Invest AD, one of the first companies to gain the CFC Status.

I am wishing you a great read and I am inviting you to share your views about how you would like Casablanca Finance City to support you as a platform to invest in GNWA. To get in touch, please contact us through the information presented on the left.

Best wishes,

**Said Ibrahimi,**  
Chief Executive Officer of CFCA

#### Contact

For general inquiries call :  
+212 (0) 5 20 30 03 80/81  
Email: [contact@mfbboard.com](mailto:contact@mfbboard.com)



**Attijariwafa Bank won takeover bid on Banque Internationale pour l'Afrique (BIA) in Togo**

The Moroccan banking group beat a rival bid from the pan-African Ecobank for the takeover of the Togoese government share in BIA. The deal ranged between EUR 15 million and EUR 23 million, with a guarantee on bank liabilities.

*Source: Jeune Afrique*

**EcoFin launched jointly with Cofisem the first financial information platform to cover all African listed companies**

The platform currently covers 750 listed companies focusing on Maghreb, Central and Western Africa, and is planning to extend coverage on Africa by June. The platform also provides information on 550 non-African listed companies generating a significant part of their turnover in Africa.

*Source: EcoFin Agency*

**The African Development Bank (AfDB) approved a USD300mn loan to Nigeria**

The loan aims to support the government in accelerating reforms' implementation in the areas of transport, sector governance and public expenditure management for 2013-2017. Reform measures include the establishment of a Federal Road Authority and a National Road Maintenance Fund, amongst others.

*Source: Reuters*

**AfDB to reinforce Ecobank's trade finance capacities with a \$USD 200mn facility**

The first USD 100mn facility is a three-year trade facilitation loan to provide, through Ecobank's subsidiaries, a trade finance support to SMEs in Africa. The second USD 100mn facility is a three-year unfunded risk participation where the AfDB will share default risk on a portfolio of qualifying trade transactions organised by issuing banks.

*Source: AllAfrica*

**Tunisian stock broker MAC SA to launch, jointly with Emerging Capital Partners, a new equity fund called "Jasmine"**

"Jasmine Fund" is worth TND 100mn (EUR 48mn). It aims to support Tunisian SMEs in their expansion strategies.

*Source: Jeune Afrique*

**The Arab Maghreb Union launched the Maghreb bank with a USD 100mn equity**

The Maghreb Bank for Investment and Foreign Trade will finance projects in Algeria, Libya, Mauritania, Morocco and Tunisia. The first projects will include highway construction, the promotion of new technologies, and investment in infrastructure in the energy sector.

*Source: rFi*

**Etisalat, the UAE's main operator, hired two banks for the Maroc Telecom deal**

Etisalat picked BNP Paribas and Attijariwafa Bank as financial advisors in the Vivendi's 53% stake takeover in Maroc Telecom. Other bidders for the stake include Qatar Telecom (Qtel) and South Korean telecoms company KT Corporation.

*Source: Reuters*

**Moroccan King tours Africa to give new impetus to South-South cooperation**

King Mohamed VI began an African tour to strengthen political and economic cooperation with Senegal, Ivory Coast and Gabon. During the first leg of this tour, Morocco and Senegal signed two agreements for bilateral cooperation on transport, minerals and energy.

*Source: Middle East Online*

- 28 countries
- 530 million people in 2012
- More than 16 million sq km of land
- A combined 2012 GDP of USD 865bn





### Overview

The democratic process Morocco has initiated over the last decade reinforced the country's political stability and boosted investor confidence. Average annual GDP growth rate over the (2004- 2011) period climbed to 4.9%, up from 2.5% in the 1990s, with an average inflation rate of 1.8% over the same period. Although some neighboring countries witnessed social and political unrest over the course of 2011, Morocco has shown great resilience mainly thanks to the responsiveness of political leaders who promptly instigated a constitutional reform aimed at balancing executive powers and consolidating the democratic process.

Morocco has engaged in a number of strategic and structural reforms over the last few years. These efforts aim to strengthen the country's economic competitiveness by building sophisticated industrial assets, diversifying its productive base and reducing dependence on primary sectors. According to the IMF, the country is expected to record real GDP growth rates of 2.9% and 5.5% in 2012 and 2013 respectively, on the back of strong fundamentals and a robust financial sector. Morocco's sound budget policy was recently approved by the IMF who provided the country with a \$6.2 billion Precautionary Liquidity Line as insurance against external shocks. According to the IMF, the 2013 economic outlook for Morocco remains positive, as the country can rely on its solid financial sector, a dynamic and growing domestic demand, and proactive industrial policies. In addition, the country benefits from a privileged geostrategic position at the cross-roads of Europe, Africa and the Arab world.

General Information	
Capital city	Rabat
Official language	Arabic, Berber
Frequently used languages	French, English, Spanish
Area	710,850 sq km
Coastline	3,600 km
Population	32.5 million
Currency	Moroccan Dirham (MAD)
Time Zone	GMT / GMT+1 in summer
Macroeconomic indicators	
GDP	USD 97.2bn
GDP (PPP) per capita	USD 5,300
GDP Breakdown per sector	
Agriculture	14.6%
Industry	32.8%
Services	52.6%
GDP growth rate	2.9%
Inflation rate (consumer prices)	1.4%
Unemployment rate	8.8%
Labor force	35.7%
Risk Profile rating (Coface)	A4
Monetary Data	
Foreign Currency Reserves	USD 17.5bn
Central Bank prime rate	3%
Market cap as of 31/12/2012	USD 51.6bn
Currency conversion rate	USD 0.12
Banking penetration rate	55%
Trade / FDI's	
Imports	USD 44.2bn
Exports	USD 21.2bn
Foreign Direct Investments	c. USD 50bn
Infrastructure	
Total road length	58,256km
Airports annual traffic	15.1 million passengers
Container port traffic	2.8 million TEU (20 foot equivalent units)

Source: Haut Commissariat au Plan, Bank Al Maghrib, IMF, CIA World Factbook (2011 or 2012 estimates)

### Sector Focus – Financial Services

The Moroccan financial sphere has achieved record-high growth over the last few years, both in terms of scale and performance. The domestic financial sector total assets recorded 9.6% and 8.7% Year-on-Year growth rates in 2011 and 2012 respectively.

The Moroccan Financial Sector is a key player in Africa: the three largest Moroccan banks, namely Attijariwafa Bank, BCP and BMCE Bank are ranked in the top 20 African banks in terms of total assets and are present across 18 countries in Africa.

Although the Moroccan financial sector is concentrated (the three main players' combined market share in terms of total assets stands at 65%), it remains attractive to foreign institutional investors. Indeed, 7 banks and 10 financial institutions, representing 20% of the sector's total assets, have a foreign major shareholder. Morocco has also been seeking to attract foreign capital through its domestic equity markets. Foreign investors accounted for more than 25% of Casablanca's market capitalization in 2011. The insurance sector is also building on the success story of the banking sector. With a 3% penetration rate in 2011, the sector is the largest in GNWA. The market size allows insurance companies, among which branches of major western insurers, to penetrate other African markets and export their know-how across the continent.





In October 2012, TheCityUK and the CFCA signed a formal partnership agreement to bring London and Casablanca financial centres closer together. This agreement aims at assisting the development of the securities and derivative markets, encouraging education and training in the financial services sector, and helping build a reinsurance platform that will benefit a wider African market. This is the third partnership agreement signed by the CFCA since inception, following the ones with (i) Luxembourg For Finance (LFF) in November 2012 for the development of investment funds and private banking, and (ii) Singapore Cooperation Enterprise (SCE) in May 2011 to share experience in developing and managing a financial centre and provide advisory services for the strategic development of Casablanca Finance City.



Casablanca Finance City sponsored the 3rd annual Super Return Africa 2012 event held at the Mazagan Beach Resort in El Jadida early December 2012. The event gathered more than 300 delegates and was an opportunity to meet, network and exchange ideas with the best private equity managers with a solid track record of investing in Africa.



Mr. Said Ibrahim, CEO of CFCA, was amongst the guest speakers at the Africa CEO Forum first edition organized by Groupe Jeune Afrique. The two-day event was held in Geneva in November 2012 and brought together entrepreneurs, investors, financial decision-makers, as well as policy-makers to discuss and promote the success of the African private sector.



Morocco's Finance Act for 2013 was published on the Official Bulletin on January 2nd, 2013. The text ratified the exemption of Stamp Duty Tax for companies which were granted with the CFC Status on company set-up or when raising capital. This completed the Morocco's 2011 Finance Act underwriting corporate and personal income tax incentives to CFC companies.



Casablanca Finance City held a conference in Abu Dhabi on Tuesday, February 26th, 2013. This marked CFC's second roadshow to the UAE following the seminar organized last June in Dubai. The conference was attended by UAE-based international institutional investors keen to learn more about CFC's value proposition.



The Casablanca Finance City team, along with 11 high-profile Moroccan delegates (Central Bank, Capital markets Regulator, the stock exchange, central depository), led a series of workshops in Singapore in February 2013. This visit was designed to strengthen the institutional framework of SCE-CFCA partnership and to share knowledge and experience with local authorities on key themes such as: Singapore financial center development, investment services regulation, foreign listings and stock exchange governance.

## Upcoming Events

### Private Equity Seminar



March 2013

Private Equity Seminar, organised by Casablanca Finance City and AMIC (Moroccan association of private equity firms), to be held at the Hyatt Regency Hotel from 9am to 6pm.

### City week event



April 2013

Casablanca Finance City Authority will be amongst the presenting companies during the City Week event to be held at the Mermaid Conference & Events Centre in London, UK. For further details: [www.cityweekuk.com](http://www.cityweekuk.com)

### National Tax Seminar



April 2013

Two-day National Tax Seminar, designed to bring together government officials and market participants to discuss areas of improvement of the current Moroccan tax framework.

### Private Debt Seminar



May 2013

Private Debt Seminar, organised by Casablanca Finance City and ASFIM (Moroccan association for asset managers).

For further information about the above events, please contact us.



## 4 Questions to...

### Nazem Fawwaz Al Kudsi



*Nazem Fawwaz Al Kudsi is the Chief Executive Officer of Invest AD. Nazem has over 25 years of international investment experience having held senior positions at the National Bank of Abu Dhabi and the Abu Dhabi Investment Authority.*

*Invest AD is a specialist investment manager of listed and unlisted equity as well as fixed income focusing on the Middle East and Africa region. Invest AD was established in 1977 and has over 35 years of history investing in the region.*

#### Could you please give your views regarding the Greater North West Africa (GNWA) region's economic and financial potential?

GNWA includes some of the world's fastest growing economies. Of the world's 12 fastest growing economies (over 2011-2015 according to IMF) seven of them are in Africa, with three of them being in GNWA including: DRC, Ghana, and Nigeria.

While Morocco's economic growth eased in 2012, it is expected to post an accelerated growth in 2013, thanks to measures to improve the country's fiscal health. The attractiveness of Morocco as an economy and a market is its expansion into the francophone region where many of its homegrown companies are expanding and pursuing growth opportunities there. Examples of such companies include Maroc Telecom and Attijariwafa Bank.

#### In your experience, how do international investors view Africa? What are the challenges and opportunities for investing in this region?

Historically, international investors have viewed Africa as a challenging destination for investment capital. The perception has been of a region with wars and political challenges and stock markets with low liquidity and high volatility. However, investors have been investing in Africa for many years, and have enjoyed healthy risk-adjusted returns. This will continue into the future.

Global institutional investors (such as pension plans, endowments etc) are starting to look at Africa as part of their strategic asset allocation. In a mature global economy, high GDP growth is not expected from traditional developed markets and investors must seek new sources of return and diverge from traditional asset allocation models. Africa provides such an investment opportunity with several of the world's fastest growing economies. A survey that Invest AD conducted in conjunction with the EIU on institutional investors intentions towards Africa showed that although 75% of institutional investors currently have less than 2% of their assets invested in Africa, 92% of them expect to have more than 2% of asset exposure in Africa over the next five years.

The upside potential for investing in Africa is long-term outsized returns when compared to other markets; however, challenges remain in terms of liquidity, transparency, and governance. These challenges are not significantly different compared to other frontier/emerging markets especially if one compares with the same stages in the cycle of capital markets growth. The biggest challenge is that of perception. Too many investors let the media cloud their perception on Africa. The reality on-the-ground is one of very impressive growth and improving transparency.

#### What are your views on the CFC initiative?

I am a big believer in the CFC initiative. I believe that there's a growing need for a well-regulated financial centre for Greater North West Africa, and Morocco is well placed to fill this need.

The CFC provides not only an opportunity to do business in Morocco, but also an opportunity to do business in Africa using Casablanca as a hub. As mentioned, Africa is now considered by many investors as the next opportunity for years to come, with strong potential.

Morocco is an excellent choice as a hub for Greater North West Africa. Morocco can be viewed as a 'safe haven' in a region that, while full of potential, can be volatile at times. This 'safe haven' concept is especially important for foreign investors from the Americas, Europe, or Asia looking at Africa for the first time.

#### You have travelled all over the world and have been to Morocco multiple times— what do you like most about Morocco?

In my career, I have had the opportunity to travel the world and in doing so have had the opportunity to visit dozens of countries—looking at investment opportunities, meeting with business and government leaders, and experiencing different cultures of tremendous diversity.

I am always pleased when I have an opportunity to visit Morocco as the country holds a special place in my heart. It is difficult to decide what I like most

about Morocco, so I will mention several things:

**People**—I feel that the strength of a nation exists in its people. Morocco definitely has strength in this area. In my trips to Morocco, I have thoroughly enjoyed my association with the people I met across many cities of Morocco. I have found the Moroccan people to be friendly, kind, enthusiastic, and helpful.

I particularly enjoyed my time in Fez and feel that I have left part of my heart there.

**Culture**—Morocco has a unique and interesting culture dating back 100's of years. In my trips to Morocco, I have enjoyed experiencing the culture from its excellent cuisine to its fine art and architecture.

**Scenic Beauty**—Morocco is a land of tremendous scenic beauty: from snow covered mountains to pristine desert landscapes, there is something for everyone to see and experience.

“Morocco is an excellent choice as a hub for Greater North West Africa.”

