



## PRESS RELEASE

### **Bank Al-Maghrib presents the 18th edition of the annual report on banking supervision for the year 2021**

**Casablanca, July 25<sup>th</sup>, 2022**

In the 18th edition of its annual report on banking supervision for the year 2021, Bank Al-Maghrib reviews its activities in this area. During this second year of the pandemic, the progress in vaccination and the extension of the fiscal and monetary stimulus applied since the outbreak of the health crisis, combined with the good results of the agricultural campaign, have favored a rebound in the Moroccan economy.

The banking sector proved resilient and provided financing for economic agents, notably through public support measures in the form of government-guaranteed loans. Growth in bank credit to the non-financial sector stood at 3 percent, driven by the financing of companies' treasury needs. At the end of the year, the increase in non-performing loans eased slightly, bringing the non-performing loans ratio to 8.5 percent. At the same time, the banks' average solvency ratio came to 15.8 percent, compared with the 12 percent regulatory minimum, and their cumulative net income rose by 76.4 percent.

The participatory banking segment, while still young, has also shown resilience in terms of its activity, results, and asset quality. This ecosystem is expected to gain further momentum with the launch of Takaful insurance products.

In this context, Bank Al-Maghrib has had to lift some of the temporary prudential support measures it had introduced at the onset of the Covid-19 crisis. As regards the distribution of dividends, it has urged the banks to act with due caution and to request the prior approval of Bank Al-Maghrib before any distribution operation.

In addition, risk monitoring has focused on priority issues in the context of the crisis, paying particular attention to monitoring the outcome of loans having benefited from moratorium, to the roll-out of Covid-19 loan programs guaranteed by the State, as well as to the evolution of non-performing loans and their provisioning.

In terms of regulation, Bank Al-Maghrib has adopted reforms as part of the ongoing transposition of the Basel III standards. The institution has also strived to strengthen the regulatory and operational framework to respond to the target areas of intervention brought to the forefront by the Covid-19 crisis, particularly in relation to customer protection, digitalization and climate change.

Regarding financial integrity, Bank Al-Maghrib has mobilized within the national coordination bodies to accelerate the implementation of Morocco's action plan to comply with all the requirements of the Financial Action Task Force (FATF).

Also, a series of initiatives have been taken to consolidate the bank-client relationship and to strengthen the accessibility of information about the banking services' cost. Bank Al-Maghrib has also intensified the popularization actions for the public, through the publication of guides and pedagogical capsules on banking mobility, the issuance of guarantee release and the processing of credit institutions customers' claims.