



## PRESS RELEASE

# Bank Al-Maghrib presents the 19<sup>th</sup> edition of the annual report on banking supervision for the year 2022

Casablanca, July 24<sup>th</sup>, 2023

The 19<sup>th</sup> edition of the annual report on banking supervision reviews the activities of 2022 related to the credit institutions and similar bodies sector and their supervision by Bank Al-Maghrib.

The year was marked by a slowdown in economic growth and an exceptional rise in inflation worldwide.

Bank Al-Maghrib had to raise its key rate twice in 2022, and for a third time in March 2023, by a total of 150 bp to 3 percent, in order to encourage the return of inflation to levels in line with the price stability objective.

Against this backdrop, credit rose by 6.5 percent, driven by increased corporate financing needs deriving from higher energy and commodity prices, while loans to households decelerated. Regarding nonperforming loans, their increase slowed further, as the risk rate dropped by 0.2 percentage points to 8.4 percent.

In an environment marked by rising money-market and bond yields, earnings generated by the banking system fell by 13 percent in 2022 on an individual basis, reflecting the impact of new interest-rate conditions on the valuation of securities portfolios held by banks. Nevertheless, thanks to the strong performance of their foreign operations, banking groups increased their consolidated earnings by 15.5 percent.

The banking sector has remained solid. In terms of capitalization, banks generated an average solvency ratio of 15.6 percent and an average Tier 1 capital ratio of 12.4 percent, above the regulatory minimums of 12 percent and 9 percent respectively. The short-term liquidity ratio continued to evolve at a comfortable level.

In terms of prudential supervision, the Bank focused its monitoring efforts on the sources of risk induced by the economic situation, in particular credit, market and interest-rate risks.

To support efforts to transition to a green and sustainable economy, Bank Al-Maghrib has carried out, with the support of the World Bank, an exercise of assessment of risks that are likely to impact banking institutions due to climate change.

Bank Al-Maghrib has engaged, alongside other public and private stakeholders, to implement the national roadmap related to the fight against money laundering and the financing of terrorism (AML/CFT), steered by the National Financial Intelligence Authority, which enabled our country to be removed from the Financial Action Task Force grey list at the beginning of 2023.

At the same time, Bank Al-Maghrib pursued initiatives aimed at supporting the digitization of banking services, notably by contributing to the introduction of an online authentication and identification system for banking service users, and by issuing regulatory texts in the cloud computing, mobile payment and crowdfunding areas.

Bank Al-Maghrib has continued its efforts to strengthen bank-customer relation through a series of regulatory, conventional, control and communication initiatives. Priority was given to reinforcing access to information for loans applicants, promoting a gender approach for greater economic empowerment of women, improving access to banking services for people with disabilities, and ethical practices in pre-judicial debt collection. Furthermore, work has been completed in coordination with the banking sector to set up a comparator of bank rates and value dates, with an initial service offer set up in early 2023.