Ref: MA00325CRA00-01 28 August 2026

Credit du Maroc's Ratings Affirmed with a Stable Outlook

Capital Intelligence Ratings (CI Ratings or CI) today announced that it has affirmed the Long-Term Foreign Currency Rating (LT FCR) and Short-Term Foreign Currency Rating (ST FCR) of Credit du Maroc (CM or the Bank) at 'BB+' and 'B', respectively. At the same time, CI Ratings has affirmed CM's Bank Standalone Rating (BSR) of 'bb', Core Financial Strength (CFS) rating at 'bb' and Extraordinary Support Level of Moderate. The Outlook for the LT FCR and BSR remains Stable.

The Bank's LT FCR is set one notch above the BSR. The uplift reflects our assessment of the moderate likelihood of extraordinary support, if needed, from the Moroccan authorities. As the eighth-largest bank in Morocco, we do not consider CM to be of systemic importance to the sector. However, the Bank is relatively sizeable and controls approximately 5% of customer deposits in the sector, and thus the likelihood of support from the authorities is moderate.

The Moroccan-based Holmarcom Group (HG) acquired its majority stake (held through Holmarcom Finance Company [HFC]) in CM from France's Credit Agricole S.A. (CA) in 2022. HG is a conglomerate, with core businesses in the finance, agro-industry, logistics and real estate sectors. HFC holds the financial, insurance and banking investments of HG. HG may be willing to provide ordinary support to the Bank in case of need. HFC has recently agreed to acquire the majority stake in Banque Marocaine pour le Commerce et l'Industrie (BMCI), currently held by BNP Paribas. The deal is expected to be completed in Q4 26. Furthermore, looking ahead HFC/HG plans to merge BMCI with Crédit du Maroc.

CM's BSR is derived from a CFS rating of 'bb' and an operating environment risk anchor (OPERA) of 'bb+'. The CFS is underpinned by satisfactory capital ratios, a good net interest margin (NIM) with consistent improvement in returns over the past three years, together with a stable and defendable franchise. The rating is constrained by a moderately high NPL ratio (although better than the peer group and the sector overall), a low level of net broad liquid assets, and likely concentration in the loan portfolio, as is the case with peer banks.

The operating environment in Morocco is satisfactory and stable. Moroccan economic growth improved strongly in 2025, driven by a rebound in agricultural output, a sustained surge in large-scale infrastructure projects, and continued strength in tourism and construction. Moving forward, CI expects GDP growth to average 4.6% in 2026-2028, supported by robust agricultural output and accelerated infrastructure disbursements linked to the 2030 World Cup. This should aid both CM and the Moroccan banking sector in general.

CM has a steady market position in the Moroccan banking sector, with a market share of around 5% of sector assets. The Bank's activities are concentrated on the domestic market. It has various subsidiaries, including leasing, insurance, broking and asset management, but these are small.

Loan asset quality is generally satisfactory, with CM's level of NPLs below that of peer banks in Morocco. The NPL ratio was a marginally higher 6.7% at H1 26. Stage 2 classified loans are in line with the peer group average, but we note an increase in H1 2026. Details on large exposures in the loan portfolio are not provided, but we would expect quite high concentration as is the case with peer banks in Morocco. CM has satisfactory buffers in place, with loan-loss reserve (LLR) coverage considered adequate.

CM's earnings strength is satisfactory, and returns improved once again in 2025, reflecting higher net interest income (NII). The Bank's profitability has increased y-o-y since the change in ownership. Operating expenses were again quite flat, and operating profit increased by a healthy level in 2025 in percentage terms. The ROAA is in line with the peer group average. The Bank's NIM is good (the second-highest NIM in the peer group) and CM has the lowest cost of funds. Earnings are generated principally from core and stable banking operations.

H1 26 net profit was 19% higher than H1 25, with operating income 11% above the corresponding period, led by stronger NII. The cost of risk declined sharply. We expect solid results in full year 2026 as the NII outlook remains good.

CM's liquidity and funding position is considered overall adequate. Just under three-quarters of assets are funded by a stable and quite granular customer deposit base (including a high level of CASA deposits), supported by medium- and long-term funding facilities. CM's loans to customer deposits ratio is slightly elevated, and the net broad liquid assets is low. The liquid assets ratio however improved in 2025 aided by the increased stock of Moroccan government securities which was connected to repo transactions, and hence an increase in wholesale funding. The Liquidity Coverage Ratio is at a good level. Medium- and longer-term funding is provided by debt securities issued on the local market, including subordinated facilities. A new subordinated Tier 2 issue of MAD1bn was issued in October 2025. CM also has facilities from the IFC and EBRD. Overall, CM's funding profile is stable and reasonably diversified.

Capital ratios are satisfactory, as these are comfortably above regulatory minima and better than the peer average. The Bank's capital position provides a reasonable buffer against unforeseen events. Internal capital generation has been mixed, and the dividend payout ratio has been high over the past few years. CM had a successful rights issue to existing shareholders (at a small discount to market price) in July 2026, which increased capital by approximately MAD700mn. We calculate that this raised the CAR by approximately 120bps to 14.8%, following a decline in H1 26 largely due to dividend distribution.

Rating Outlook

The Outlook for all the ratings is Stable. CI expects CM to maintain its overall financials at a satisfactory level this year. Credit risk and profitability will remain the main challenges. Funding, capital and liquidity are expected to remain adequate.

Rating Dynamics: Upside Scenario

The likelihood of an upward revision in CM's ratings is currently low. A favourable rating action in the future would require further improvement in the Bank's profitability, as well as strengthened liquidity, asset quality and capital metrics. The direction of the CFS is positive if financial metrics continue to improve and, if so, this would put upward pressure on the BSR. However, we note that the plan going forward is to merge BMCI with CM and hence the combined entity could have a different financial profile. An upward revision in CI's internal assessment of sovereign credit risk for Morocco and/or OPERA, which is considered remote at present, could likely exert upward pressure on the ratings.

Rating Dynamics: Downside Scenario

A significant weakening of CM's loan asset quality, liquidity and/or capital which the Bank could not address in a reasonable time could lead to a lowering of the ratings. A downgrade in CI's internal assessment of sovereign risk for Morocco and/or OPERA could also exert downward pressure on the ratings.

Ratings

Foreign Currency		Outlook	BSR	Outlook	CFS	ESL	OPERA
LT	ST	LT FC		BSR			
BB+	B	Stable	bb	Stable	bb	Moderate	bb+

Contact

Primary Analyst: Darren Stubing, Senior Credit Analyst; E-mail: darren.stubing@ciratings.com
Secondary Analyst: Farah Parveen Khan, Senior Credit Analyst
Committee Chairperson: Morris Helal, Senior Credit Analyst

About the Ratings

The credit ratings have been issued by Capital Intelligence Ratings Ltd, P.O. Box 53585, Limassol 3303, Cyprus.

The following information source was used to prepare the credit ratings: public information. Financial data and metrics have been derived by CI from the rated entity's financial statements for FY2021-25. CI may also have relied upon non-public financial information provided by the rated entity and may also have used financial information from credible, independent third-party data providers.

CI considers the quality of information available on the rated entity to be satisfactory for the purposes of assigning and maintaining credit ratings. CI does not audit or independently verify information received during the rating process.

The principal methodology used to determine the ratings is the Bank Rating Methodology, dated 3 April 2019]. For the methodology and our definition of default see https://ciratings.com/policies-procedures/methodologies-criteria/current-criteria-guidance. Information on rating scales and definitions and the time horizon of rating outlooks can be found at https://ciratings.com/policies-procedures/rating-scales-definitions Historical performance data, including default rates, are available from a central repository established by ESMA (CEREP) at https://registers.esma.europa.eu/cerep-publication.

This rating action follows a scheduled periodic (annual) review of the rated entity. Ratings on the entity were first released in January 1996. The ratings were last updated in August 2025. The ratings and rating outlook were disclosed to the rated entity prior to publication and were not amended following that disclosure.

The ratings have been initiated by CI. The following scheme is therefore applicable in accordance with EU regulatory guidelines.

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation:	No
With Access to Internal Documents:	No
With Access to Management:	No

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