



***EFG Hermes Virtual Investor Conference***

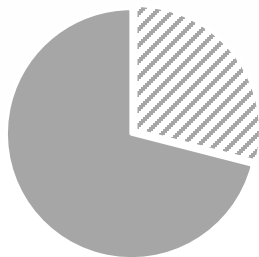
***(March 2021)***

- **Overview of MCB Group**
- **Strategic orientations**
- **Economic outlook**
- **Portfolio Assessment**
- **Financial performance**
- **Appendix**

## Overview of MCB Group

*Established some 182 years ago...*

MCB Group is an integrated banking and financial services player



**No. 1** on local bourse  
Market share ~ **29%**



Market capitalisation  
~ **USD 1.5 billion**



Broad & diversified base  
> **21,000** shareholders



Total assets  
~ **USD 15 billion**



Workforce  
> **3,700**

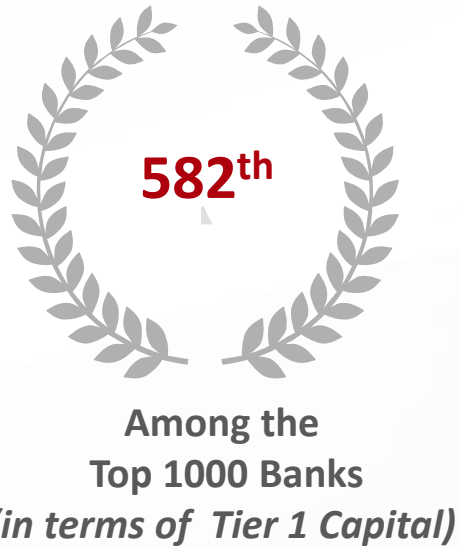


Customers  
> **1 million**

**Rankings**

**The Banker Top 1000 World Banks**

*(July 2020)*

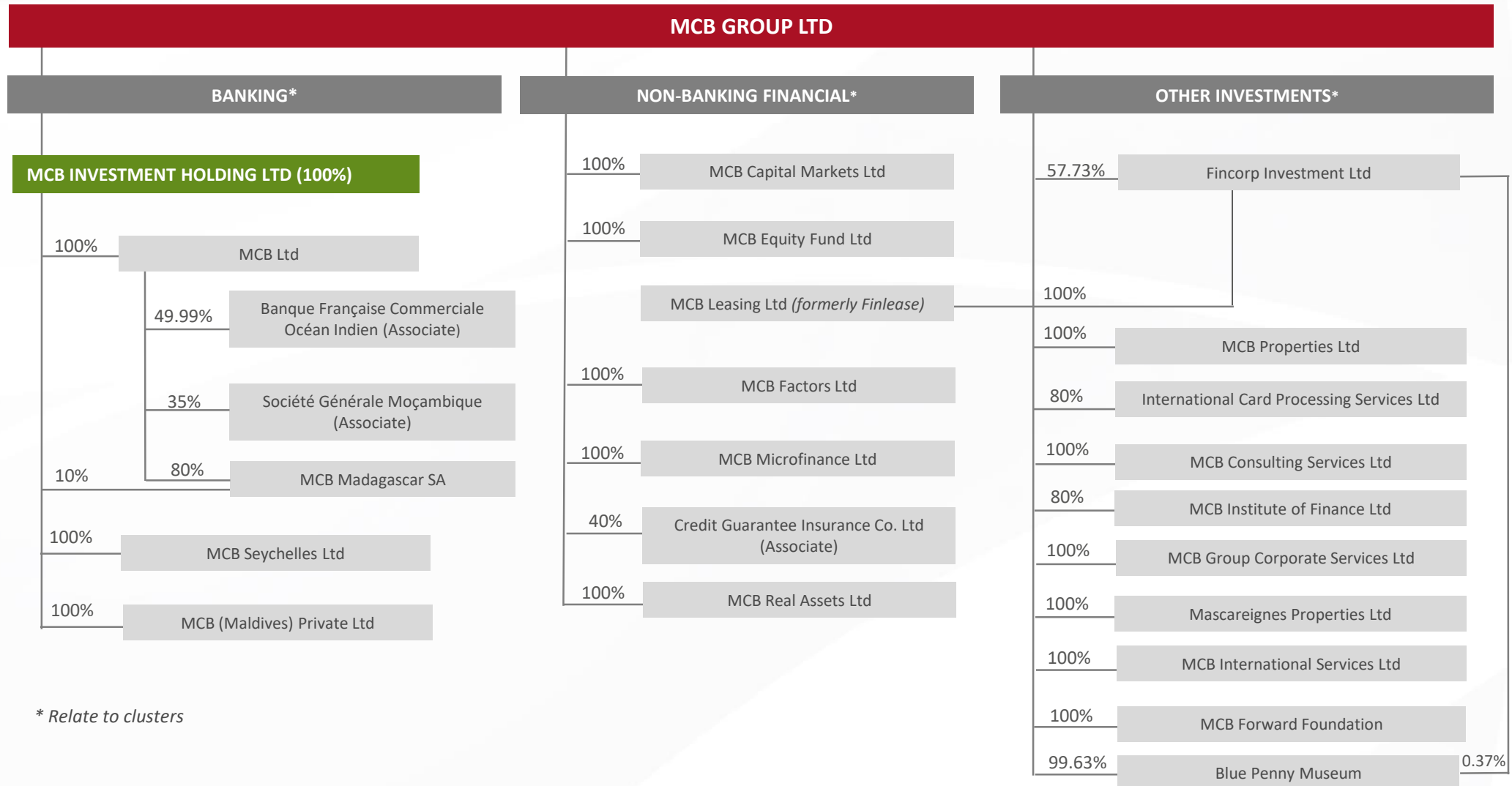


**Credit Ratings – MCB Ltd**

Agency	Long term/Short term	Outlook
Moody's Investor Service	Baa2/P-2	Negative



**in terms of long-term deposit rating**  
*(Moody's Investors Service)*

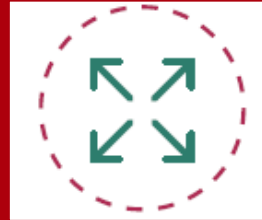


\* Relate to clusters

## Strategic orientations



Strengthen our domestic position



Expand our non-bank activities



Grow our international footprint

Embedding sustainability as a key value driver

Our main areas of strength and differentiation

Client  
Centricity

Governance  
&  
Risk Management

Technology &  
Innovation

Human  
Capital

Operational  
Excellence

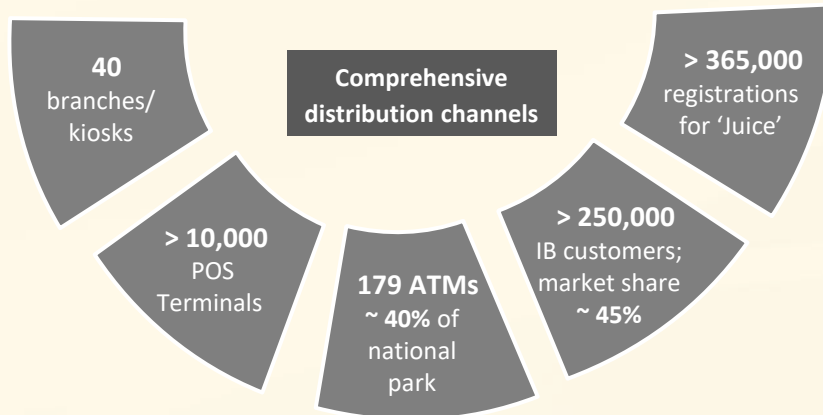
Sustainable  
Approach



## Our positioning

### Market share

- 40% Domestic credit to the economy
- 47% Local currency deposits
- 55% Cards in circulation



## Key focus areas

- Enhancing value proposition across market segments & deepening of customer relationships and services
- Delivering a world-class customer experience through digital
- Underpinning the development of small and medium enterprises
- Monitoring and supporting vulnerable clients across segments

## Recent developments

- Accompanying clients to help them navigate through the Covid-19 crisis through adapted solutions and advice
- Signature of a USD 65 million loan in February 2021 with Proparco/DEG to support our clients, particularly SMEs impacted by the Covid-19 crisis
- Strengthening of the SMEs ecosystem through an enriched value proposition (eg. banking app 'Juice Pro') while forging business partnerships
- Enriched our service offerings through the upgrading and promotion of our digital channels and payment solutions
- Pursuing our engagement vis-à-vis global business entities, trusts and foundations through adapted solutions and enhanced client interactions
- Bolstering of Private Banking & Wealth Management offerings, backed by the implementation of the new operating model
- 'Green' credit programme with a cumulative disbursement of more than Rs 3 billion in favour of individuals, SMEs and corporate clients
- Extension and modernisation of channel capabilities and pursuit of digital transformation



Release of 'Juice Pro' in August 2020, a banking app for SMEs for their daily transactional and other banking needs

### MCB Home loan

Do you want to buy a plot of land, purchase or build your dream home, renovate your house or refinance an existing loan? We have the home loan that suits you!

Launch of MCB Online Mortgage Application, online platform for clients to apply for a home loan, in October 2020

**APPLY ONLINE** ➔



Rebranding exercise and unveiling of MCB Private Banking's new visual identity 'M' in October 2020

MCB Private Banking

## Our positioning

### MCB Capital Markets

23 dedicated funds & structured products

AUM: ~ Rs 36 billion  
(~USD 922 million)

Major player in **leasing** and **factoring**

Involvement in **micro-finance** services

### MCB Consulting services Ltd

Providing business solutions in **37 countries**

MCB Institute of Finance offering training in the banking and financial field



Launch of 'Green Lease' by MCB Leasing Ltd for purchase of eco-friendly vehicles and equipment at 4.75% per annum in December 2020

## Key focus areas

- Widening our market involvement
- Enriching and adapting our value proposition across segments
- Leveraging brand franchise and distribution capacity

## Recent developments

- Reinforced positioning of MCB Capital Markets Ltd in Mauritius and in the region in recent years
  - ✓ Diversified product offerings
  - ✓ Established itself as a leading finance transaction advisor and arranger in respect of corporate finance on the domestic scene
  - ✓ Continued build-up of assets under management
- Enhanced relationships and customised solutions for MCB Factors Ltd and MCB Microfinance Ltd clients to assist them in the current difficult context
- Launch of 'Green Lease' by MCB Leasing Ltd to encourage the purchase of eco-friendly vehicles and equipment
- Agreement to sell our 80% stake in ICPS to Hightech Payment Systems (HPS), subject to certain condition precedent and regulatory approval

## Our positioning

### Presence

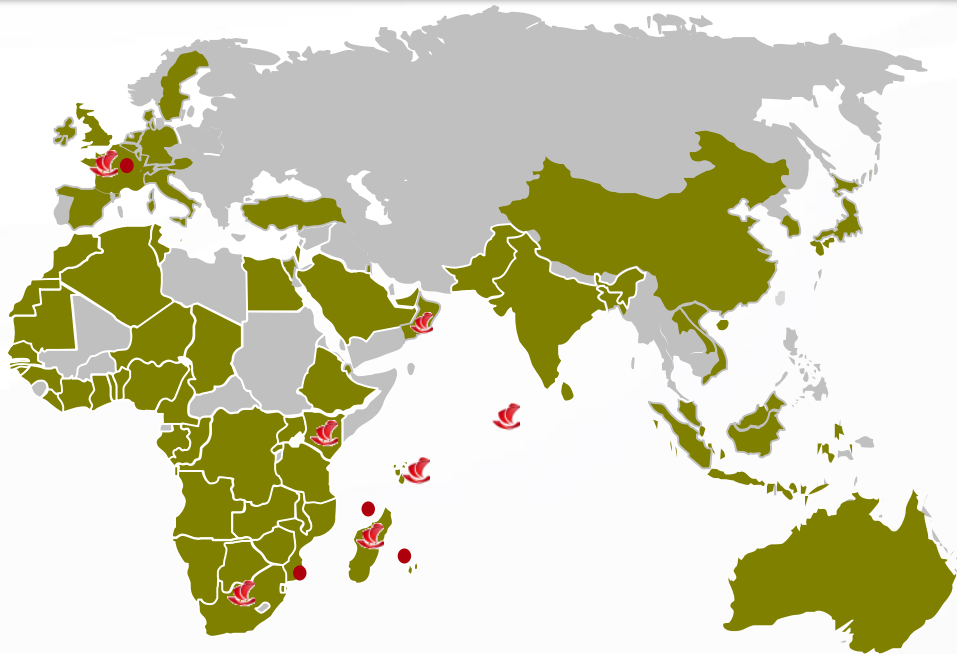
**10 countries**  
outside Mauritius

### Correspondent banks

**~ 550**  
including some **130** in Africa

### 'Bank of Banks' initiative

**~ 78 Financial Institutions**  
assisted and partnered with  
in FY 2020



Overseas subsidiaries/  
Rep. Offices

● MCB associates

■ Countries in which  
MCB is involved

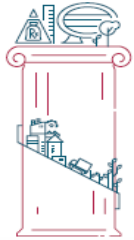
## Key focus areas

- Energy & Commodities
- Structured project finance
- Syndication facilities
- Private Banking & Wealth Management
- Enrichment of our offerings in foreign banking subsidiaries
- Bank of Banks strategy
  - Platform for trade finance services
  - Provision of cards outsourcing and consulting services
  - Payment services for banking counterparts (SWIFT)

## Recent developments

- Widened and deepened our involvement in Energy and Commodities financing, with inroads notably made in upstream oil and gas business in Africa
- Broadened our portfolio of international structured finance deals on the African continent
- Progress made on digital payment solutions by the Group's foreign banking subsidiaries
- Continued business expansion by MCB Consulting Ltd in terms of new clients and economic sectors through adapted business development strategies
- Expansion of private banking into Africa and beyond through reinforced networking and relationship building

## Updates on our Corporate Sustainability Programme



### Pillar 1: A vibrant and sustainable local economy

- Organisation of the **'Lokal is Beautiful'** conference in January 2019
- Launch of the **'Lokal is Beautiful'** scheme aimed at SMEs in August 2019
- Partnership with the **'Made in Moris'** label to foster local manufacturing
- Release of **'Juice Pro'**, a banking app for SMEs that facilitates online banking transactions for entrepreneurs



### Pillar 2: Our cultural and environmental heritage

- Organisation of the **'Klima'** conference and **launching of 'Klima Neutral 2050'** study in February 2020 to communicate on our climate commitment
- Partnership with the **Mauritian Wildlife Foundation** and **Ebony Forest** to protect Mauritius's biodiversity
- **'Green loan' financing** to customers relating to climate mitigation and adaptation projects - in partnership with Agence Française de Développement
- **Plogging event** held in May 2019, with half a ton of waste gathered by MCB employees
- Clean-up and conservation related initiatives following the **MV Wakashio** oil spill in August 2020
- Organisation of an annual song contest named **VIBE Moris®** which reveals and nurtures stage-related professionals



### Pillar 3: The individual and collective well-being

- Implementation of the **'Talent management Programme'** to support the development of a multi-skilled and future-ready workforce.
- Survey carried out by **'A Great Place to Work'** to quantify organisational culture and measure employee engagement
- Launch of the **'Social Leave'** initiative aiming to provide employees with the opportunity to be actively engaged in the community (Participation of 385 employees for 2,126 hours in various projects as at 30 June 2020).
- Customer offerings undertaken via multiple channels aiming to simplify customer experiences and interactions, e.g. **'JuiceBYMCB' mobile banking app**
- Launch of a **Gender Working Group** to implement Gender Equality initiatives within the Group

● → **Digital Transformation Programme**

● → **HR Transformation Programme**

● → **Strategic Business Structure Realignment**

Building Capabilities

## Economic outlook

## Current situation

- Mauritius borders open with a mandatory 14-day quarantine period, which has been extended to 31 May 2021, and specific conditions in respect of passengers from some countries
- Airport Health Laboratory, performing PCR tests on all incoming passengers, became operational since 15 October 2020
- Launch of the National Deployment and Vaccination Plan for COVID-19 on 26 January 2021, with priority being given to frontliners
- Number of Covid-19 cases: Total: 610; Active: 30; Deaths: 10; Recovered: 570; Mauritius remains COVID safe with no local transmission since November 2020

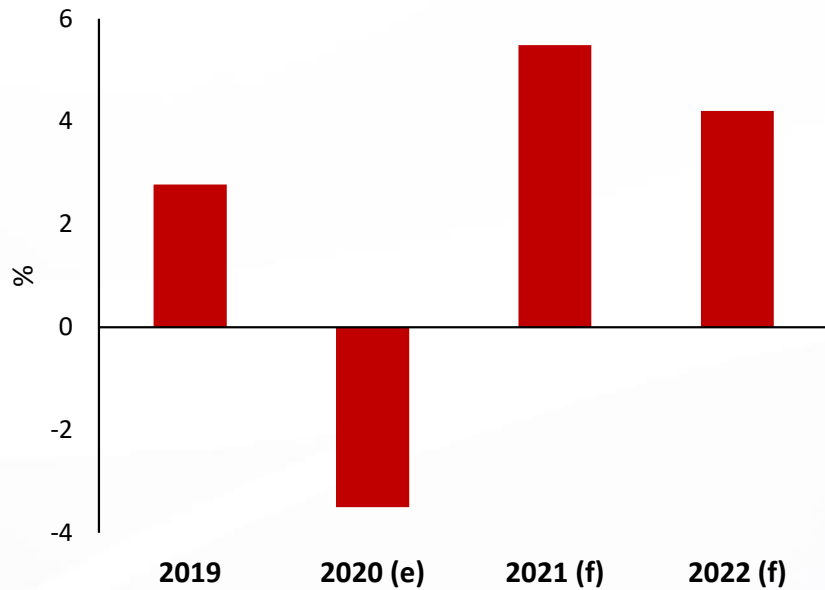
## Update on support measures

- Specific economic relief initiatives by the Government and the Bank of Mauritius Support Programme extended until June 2021 to vulnerable economic operators, including SMEs and households/individuals
- Mauritius Investment Corporation (MIC) has approved requests for an amount totaling around Rs 16.5 billion notably from companies in the tourism and textile sectors impacted by Covid-19

## **International landscape**



### World growth



### Key markets of Mauritius

Real GDP growth (%)	2020(e)	2021(f)	2022(f)
United States	-3.4	5.1	2.5
United Kingdom	-10.0	4.5	5.0
Euro Area	-7.2	4.2	3.6
<i>France</i>	-9.0	5.5	4.1
<i>Italy</i>	-9.2	3.0	3.6
China	2.3	8.1	5.6
India	-8.0	11.5	6.8
South Africa	-7.5	2.8	1.4

### Recovery will be shaped by:

- Extent of further policy support
- Whichever is faster: vaccine distribution or the continuous spread of the virus
- Extent to which downside risks will materialise

**Domestic front**

**IMPACT OF:** Prolonged closure of national borders



Ramifications of testing global conditions on the Mauritian economy, amidst resurgence of cases across several countries

### Demand shock

Reduced internal and external demand

### Supply shock

Production and supply-side disruptions instigated by restricted movements and difficult economic landscape

### Financial market and currency shocks

Uncertainties across financial markets; downward pressures on value of rupee; reduced inflows of FCY

#### Channels of impact

#### Exports of goods and services

Restrained consumer demand from key markets affecting exports of goods and services; persisting challenges in hospitality sector (amidst subdued outlook for global travel) yielding multiplier effects across sectors; tourism and tourism-related activities depending on vaccine distribution

#### Consumption expenditure

Reduced disposable incomes, increasing job losses, rising prices for specific consumer goods as well as dampened business and consumer confidence and uncertainties affecting household spending patterns

#### Supply chain disruptions

Business and factory closures locally and overseas leading to production cuts and shortages as well as persisting delays in executing investment projects; higher freight costs and delayed shipment facilities impacting trade and investment patterns, alongside fueling some inflationary pressures

#### Investor sentiment

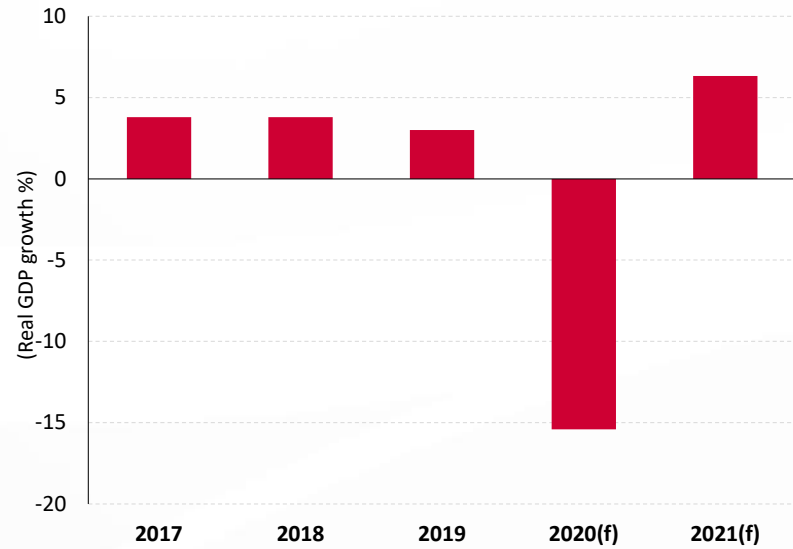
Business and investor sentiment impacted by (i) volatilities across financial and currency markets and demanding global climate (with pressures on capital flows, interest rates and asset prices); (ii) concerns regarding reliability and distribution of vaccines globally; and (iii) resurgence of COVID-19 cases worldwide

	Unit	2017	2018	2019	2020 <sup>(1)</sup>	2021 <sup>(2)</sup>
<b><u>Real sector</u></b>						
GVA at basic prices	Rs bn	403	422	438	380	415
GDP at market prices	Rs bn	457	481	498	430	470
GVA growth (at basic prices)	%	3.6	3.6	3.2	-14.9	6.2
GDP growth (at market prices)	%	3.8	3.8	3.0	-15.4	6.3
Gross Domestic Saving	% GDP	10.0	9.0	8.8	6.4	6.5
Gross Fixed Capital Formation	% GDP	17.4	18.8	19.6	17.6	18.8
Private sector investment	% GDP	13.3	14.2	14.3	13.1	13.8
Public sector investment	% GDP	4.1	4.5	5.3	4.5	5.0
Headline inflation	Dec, %	3.7	3.2	0.5	2.5	3.0
Unemployment rate	average, %	7.1	6.9	6.7	9.9	-
<b><u>Fiscal sector</u></b>						
Budget balance	FY, % GDP	-3.5	-3.2	-3.2	-13.6	-1.3
Public sector debt	Dec, % GDP	63.5	64.9	65.5	69.5 *	74.2 *
<b><u>External sector</u></b>						
Balance of visible trade	Rs bn	-100.2	-112.1	-119.8	-96.2	-110.1
Current account balance	% GDP	-4.6	-3.9	-5.5	-12.6	-10.5
Overall balance of payments	% GDP	6.2	3.5	6.6	-4.7	-2.0
<b><u>Memorandum item:</u></b>						
Per capita GDP	USD	10,407	11,124	11,054	8,666	9,147

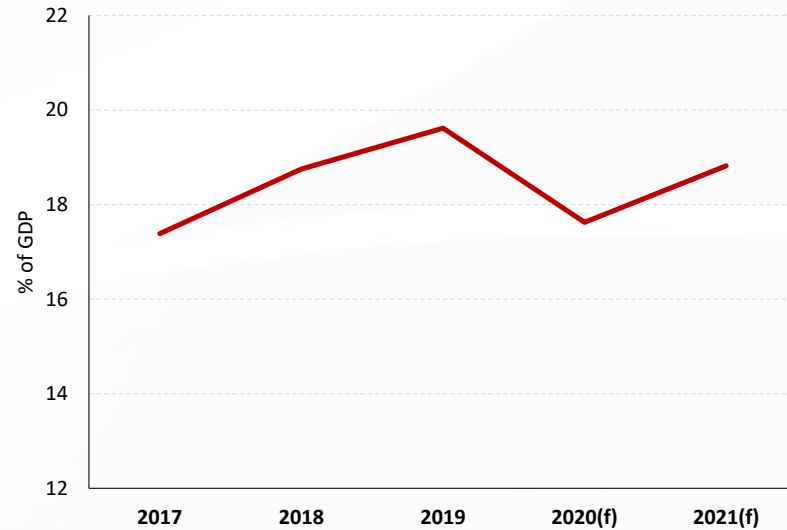
(1) Revised estimates (2) MCB updated projections

\*Based on the new definition as provided for in the amended Public Debt Management Act i.e. public sector gross debt minus cash and cash equivalent and equity investment held by Government and public sector bodies in private entities. This figure is not strictly comparable to debt figures for previous years which are in gross terms.

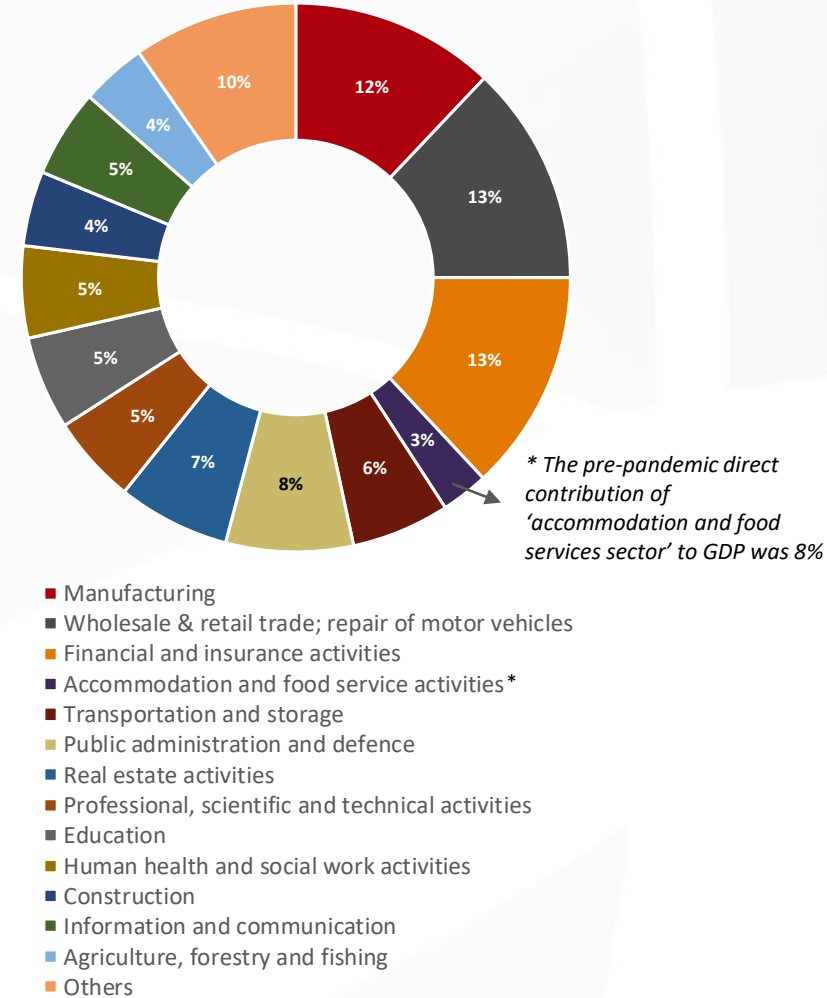
### Economic growth (at market prices)



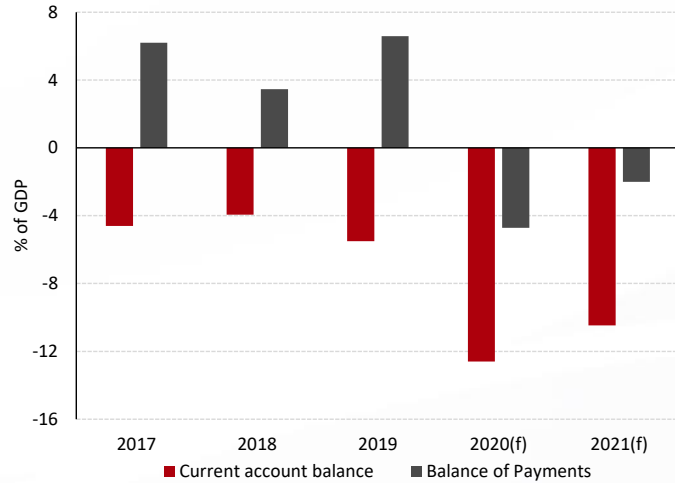
### National investment



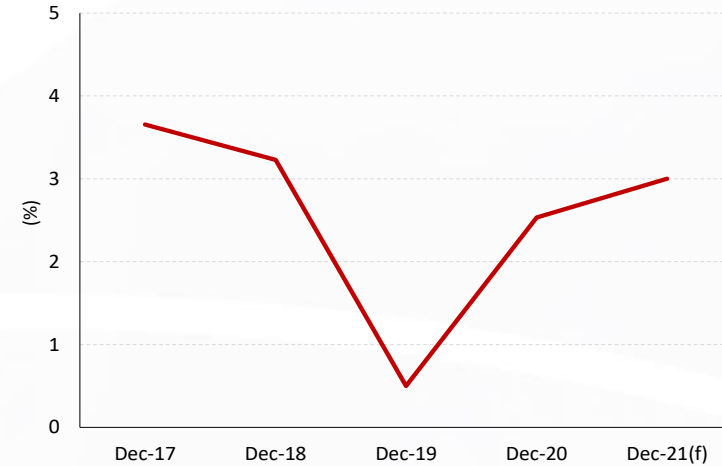
### Distribution of GDP, 2020



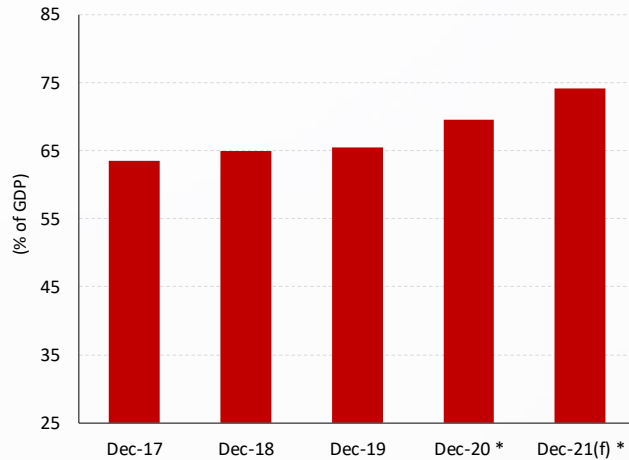
## Current account & Overall BOP



## Headline inflation

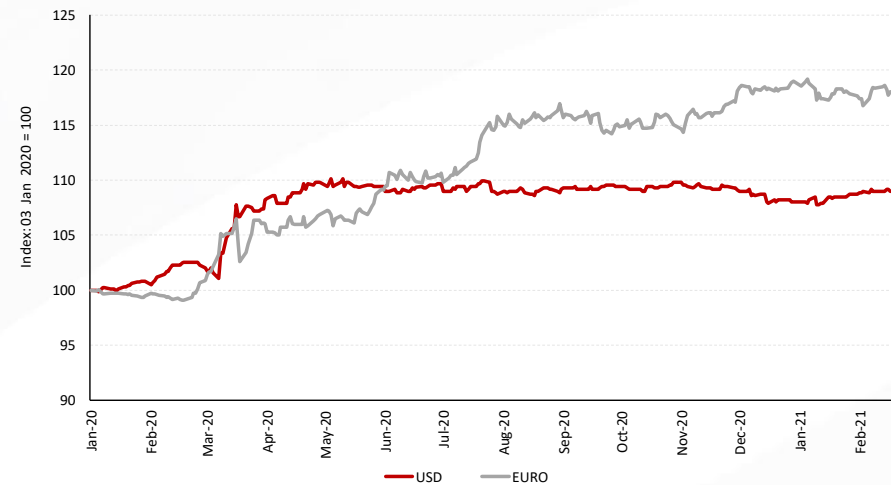


## Public sector net debt



\* Based on the new definition as provided for in the amended Public Debt Management Act. This figure is not strictly comparable to debt figures for previous years which are in gross terms.

## Evolution of rupee vis-à-vis main currencies



An increase/decrease in the index corresponds to a depreciation / appreciation in the Mauritian rupee

**Zoom on our positioning vis-à-vis  
the Financial Action Task Force and EU lists**

## **FATF list of High-Risk Countries & EU list of High-Risk Third Countries**

*In February 2020, the FATF placed Mauritius on the list of jurisdictions under increased monitoring. In October 2020, after the European Commission reviewed its methodology to identify high risk third countries, Mauritius entered the EU list of High-Risk Third Countries.*

- Mauritius has taken a firm high-level political commitment to implement the prescribed FATF Action Plan for the country's prompt delisting from the FATF list.
- The authorities have engaged in enhancements of the legislative and regulatory framework, as well as improvements in the effectiveness of the AML/CFT system.
- As requested by the FATF, an updated progress report was submitted and a virtual face-to-face meeting was conducted in January. The FATF assessors commended the sustained progress made by Mauritius in implementing the action plan, despite the COVID-19 pandemic.
- As at date, Mauritius is assessed as being 'overall compliant', 'largely compliant' and 'partially compliant' on 39 of the FATF 40 Recommendations.
- In light of the above, the authorities are confident that the country is on track to exit the FATF and EU lists as per the action plan.

## **EU list of non-cooperative jurisdictions for tax purposes**

- In another respect, the European Council has updated its list of (i) non-cooperative jurisdictions ; and (ii) jurisdictions which do not yet comply with all international tax standards but which have made sufficient commitments to implement tax good governance principles.
- Of note, Mauritius is found in the EU "white list" of such jurisdictions for tax purposes.



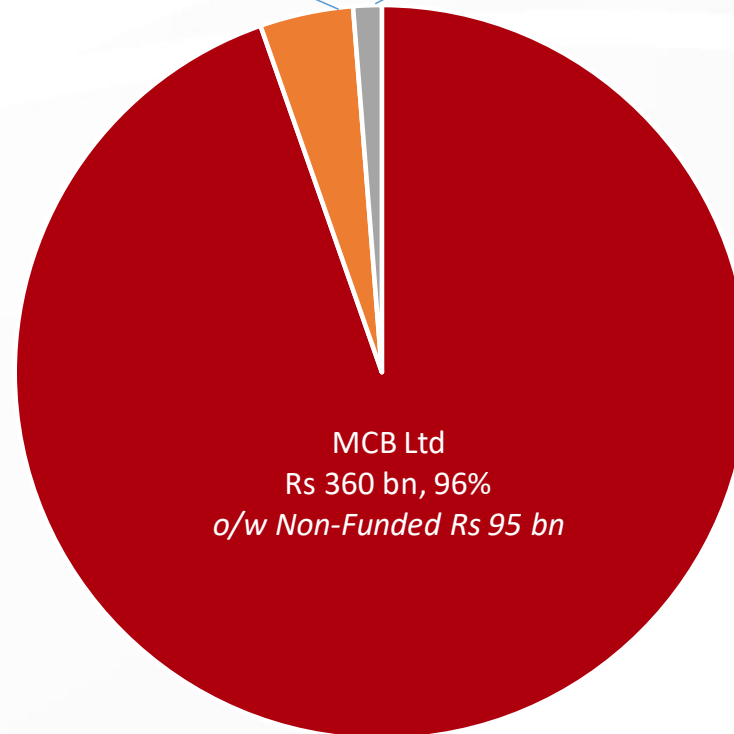
## Portfolio Assessment

As at 31 December 2020

Rs 377 bn

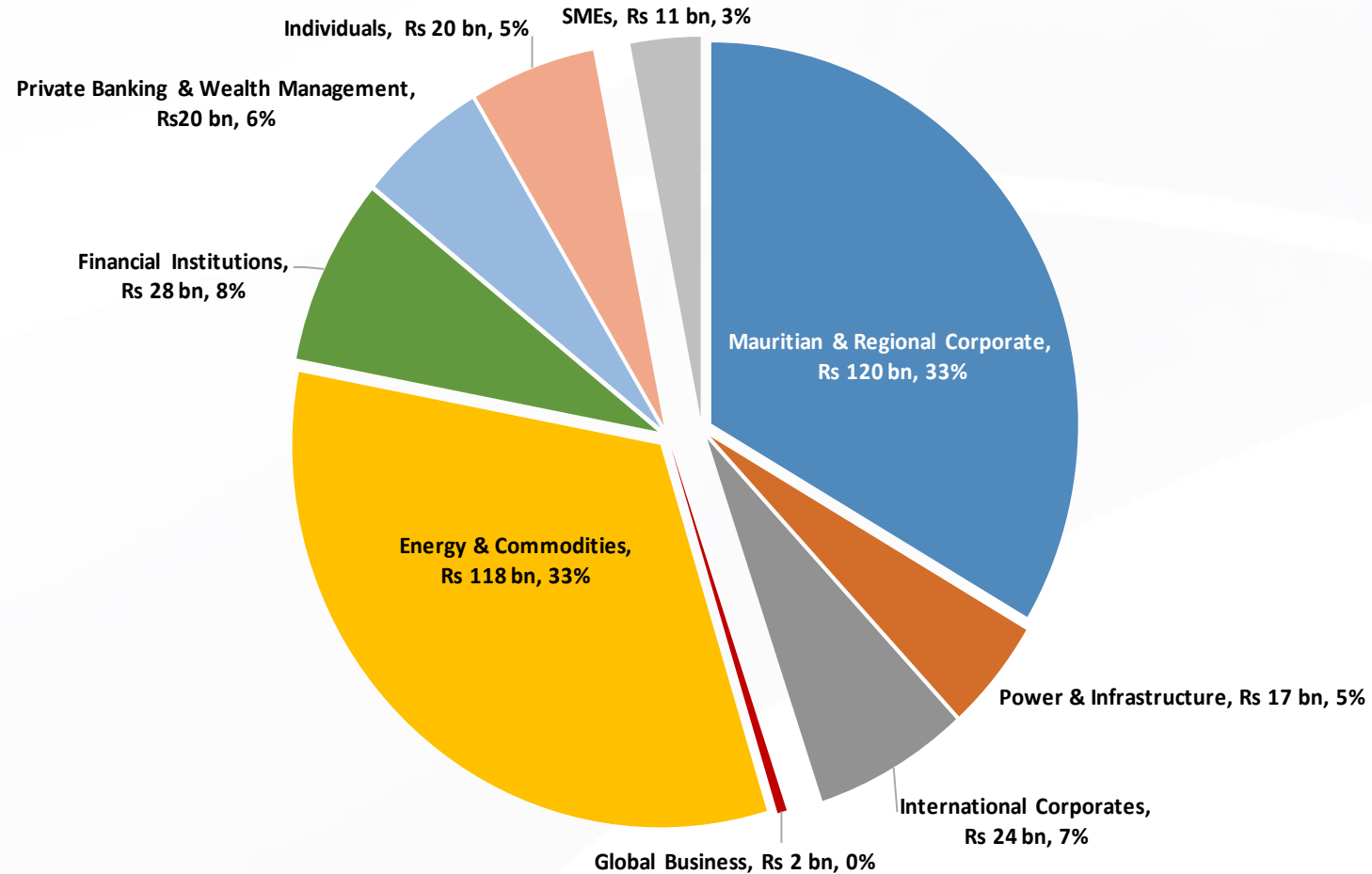
Foreign subsidiaries  
Rs 13 bn, 3%

Non-Banking entities  
Rs 4 bn, 1%



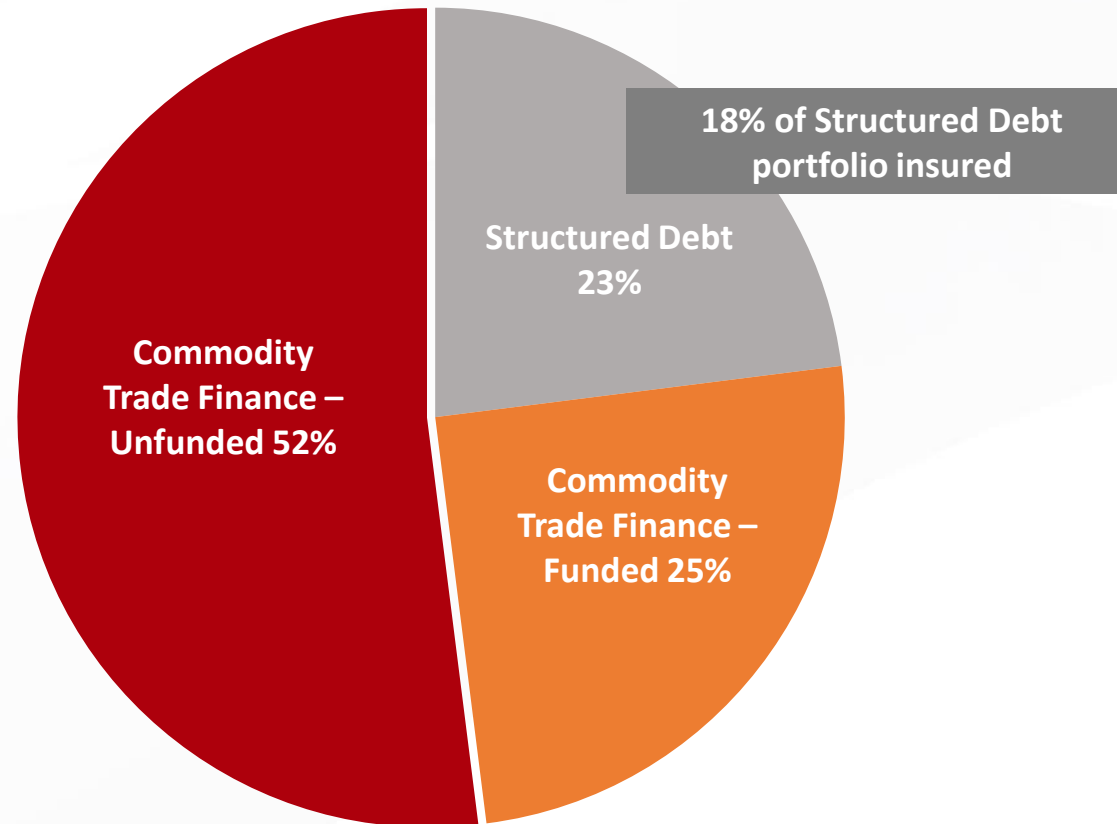
As at 31 December 2020

**Rs 360 bn**



As at 31 December 2020

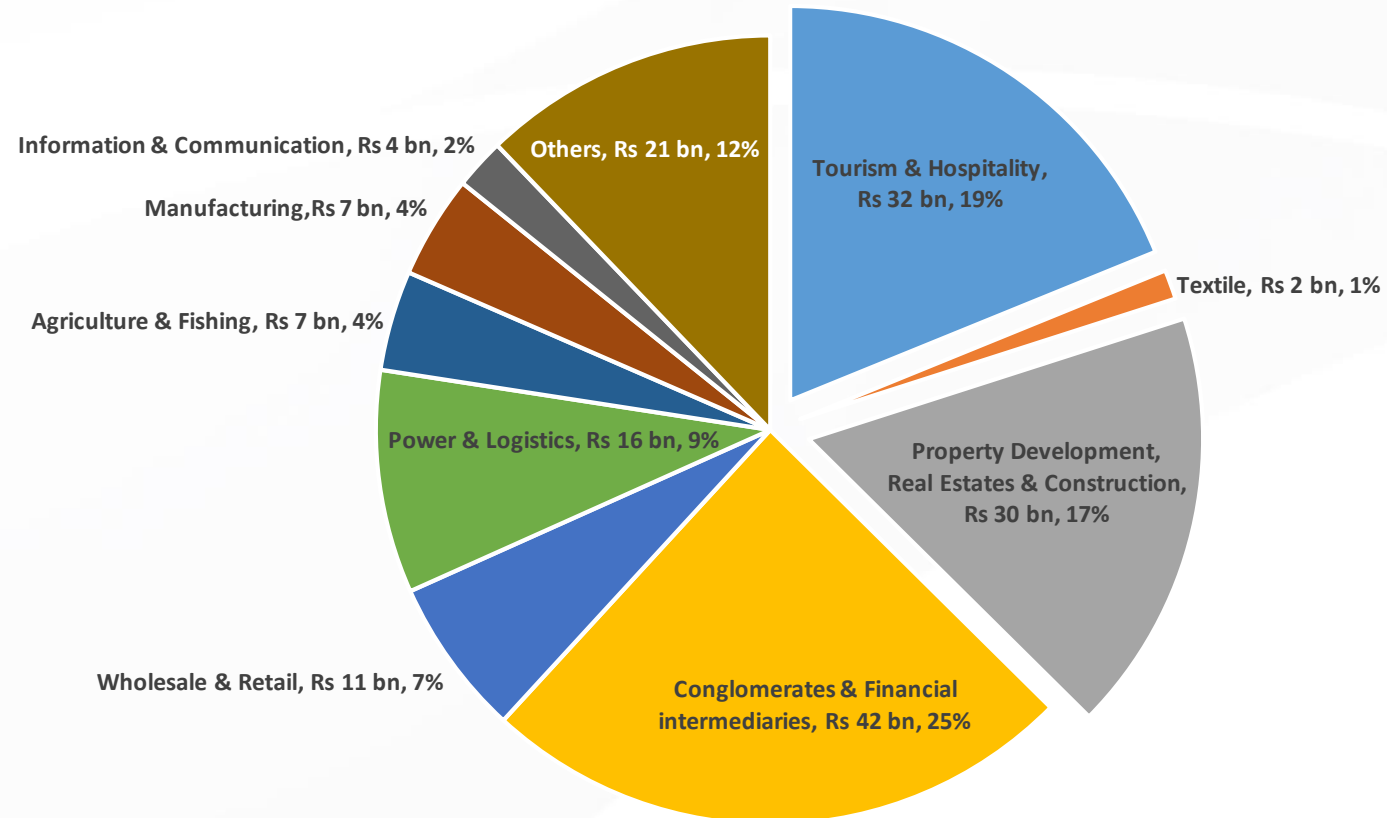
Rs 118 bn



## Mauritian & Regional Corporate, International Corporate, Power & Infrastructure & SME (non-individuals)

As at 31 December 2020

**Rs 172 bn**



<b>MCB Group - ECL</b>	<b>ECL as at Jun 20</b>	<b>Additional ECL during the semester</b>	<b>ECL as at Dec 20</b>
	<b>Rs million</b>	<b>Rs million</b>	<b>Rs million</b>
<i>Retail</i>	<b>783</b>	<b>3</b>	<b>786</b>
<i>Wholesale</i>	<b>4,977</b>	<b>1,557</b>	<b>6,534</b>
<i>Corporate</i>	4,325	1,001	5,326
<i>Project Finance</i>	244	180	424
<i>Energy &amp; Commodities</i>	334	246	580
<i>Financial Institution</i>	46	145	191
<i>Others</i>	29	(16)	13
<b>MCB Ltd</b>	<b>5760</b>	<b>1,560</b>	<b>7,320</b>
<b>Banking subsidiaries &amp; Non-banking subsidiaries</b>	<b>334</b>	<b>1</b>	<b>335</b>
<b>Total</b>	<b>6,094</b>	<b>1,561</b>	<b>7,655</b>

## Financial performance

Income statement	Year ended to:			Six months to:		
	30-Jun-19	30-Jun-20	Growth	31-Dec-19	31-Dec-20	Growth
	Rs m	Rs m	%	Rs m	Rs m	%
Net interest income	12,957	14,408	11.2	7,180	7,301	1.7
Non-interest income	7,270	7,546	3.8	3,765	3,600	(4.4)
<b>Operating income</b>	<b>20,227</b>	<b>21,954</b>	<b>8.5</b>	<b>10,945</b>	<b>10,901</b>	<b>(0.4)</b>
Non-interest expense	(7,511)	(7,791)	3.7	(3,999)	(4,056)	1.4
<b>Operating profit before provisions</b>	<b>12,716</b>	<b>14,163</b>	<b>11.4</b>	<b>6,946</b>	<b>6,845</b>	<b>(1.5)</b>
Net impairment charges	(1,597)	(5,076)	217.8	(874)	(2,357)	169.7
<b>Operating profit</b>	<b>11,119</b>	<b>9,087</b>	<b>(18.3)</b>	<b>6,072</b>	<b>4,488</b>	<b>(26.1)</b>
Share of profit of associates	404	401	(0.7)	330	180	(45.5)
Income tax expense	(1,978)	(1,494)	(24.5)	(1,096)	(792)	(27.7)
<b>Profit for the year</b>	<b>9,545</b>	<b>7,994</b>	<b>(16.2)</b>	<b>5,306</b>	<b>3,876</b>	<b>(27.0)</b>
<b>Profit attributable to ordinary equity holders</b>	<b>9,434</b>	<b>7,912</b>	<b>(16.1)</b>	<b>5,263</b>	<b>3,784</b>	<b>(28.1)</b>



Balance sheet	As at			As at		
	30-Jun-19	30-Jun-20	Growth	31-Dec-19	31-Dec-20	Growth
	Rs m	Rs m	%	Rs m	Rs m	%
Total assets	471,418	532,114	12.9	487,814	577,233	18.3
Cash & cash equivalents*	62,040	86,821	39.9	67,780	84,944	25.3
Investment securities	126,204	148,858	18.0	132,930	170,266	28.1
Net loans	234,007	243,822	4.2	236,382	266,045	12.5
Total deposits	331,500	390,659	17.8	356,447	427,078	19.8
Equity	56,509	62,545	10.7	60,266	66,439	10.2

\* Includes placements

	Dec-20	Jun-20	Dec-19
<b>Profitability</b>			
Return on average total assets <sup>1</sup>	1.4	1.6	2.2
Return on average equity <sup>1</sup>	11.7	13.3	18.0
Return on average Tier 1 capital <sup>1</sup>	11.6	13.4	18.5
<b>Efficiency</b>			
Cost-to-income	37.2	35.5	36.5
<b>Asset quality</b>			
Gross NPL/Gross loans and advances	3.7	4.2	4.0
Net NPL/Net loans and advances	2.3	2.9	2.7
<b>Liquidity</b>			
Liquid assets <sup>2</sup> /Total assets	43.0	42.6	39.8
Loans to deposits	65.4	65.3	68.6
Loans to deposits and borrowings <sup>3</sup>	57.2	57.0	59.7
<b>Capital adequacy</b>			
Shareholders equity to assets	11.5	11.8	12.4
BIS risk adjusted ratio <sup>4</sup>	17.6	18.6	17.4
<i>o/w Tier 1</i> <sup>4</sup>	16.2	17.2	15.9

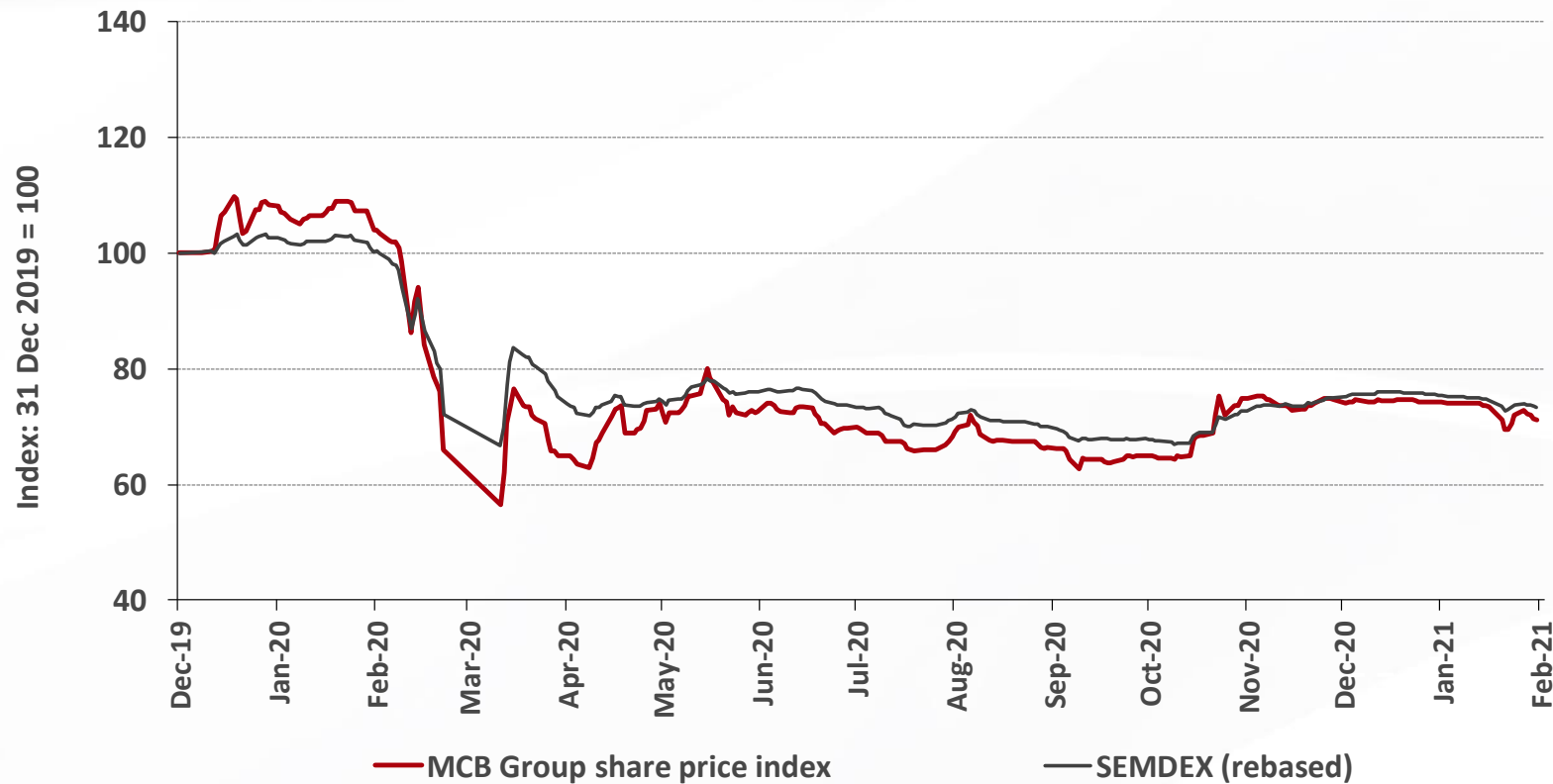
<sup>1</sup> Annualised for December

<sup>2</sup> In the computation, liquid assets comprise cash, balances with BoM, placements, T-Bills, Government securities and bonds

<sup>3</sup> Borrowings include debt instruments

<sup>4</sup> Based on Basel III

## **Share price performance**



### Salient features

As at Dec 2020

**12%**

Foreign shareholding

**~ 50%**

Market share for value traded

MCB Group Ltd is a constituent of the **Stock Exchange of Mauritius Sustainability Index (SEMSI)\*** & has been attributed a **MSCI ESG rating of 'BBB'**



## Investor Relations Unit

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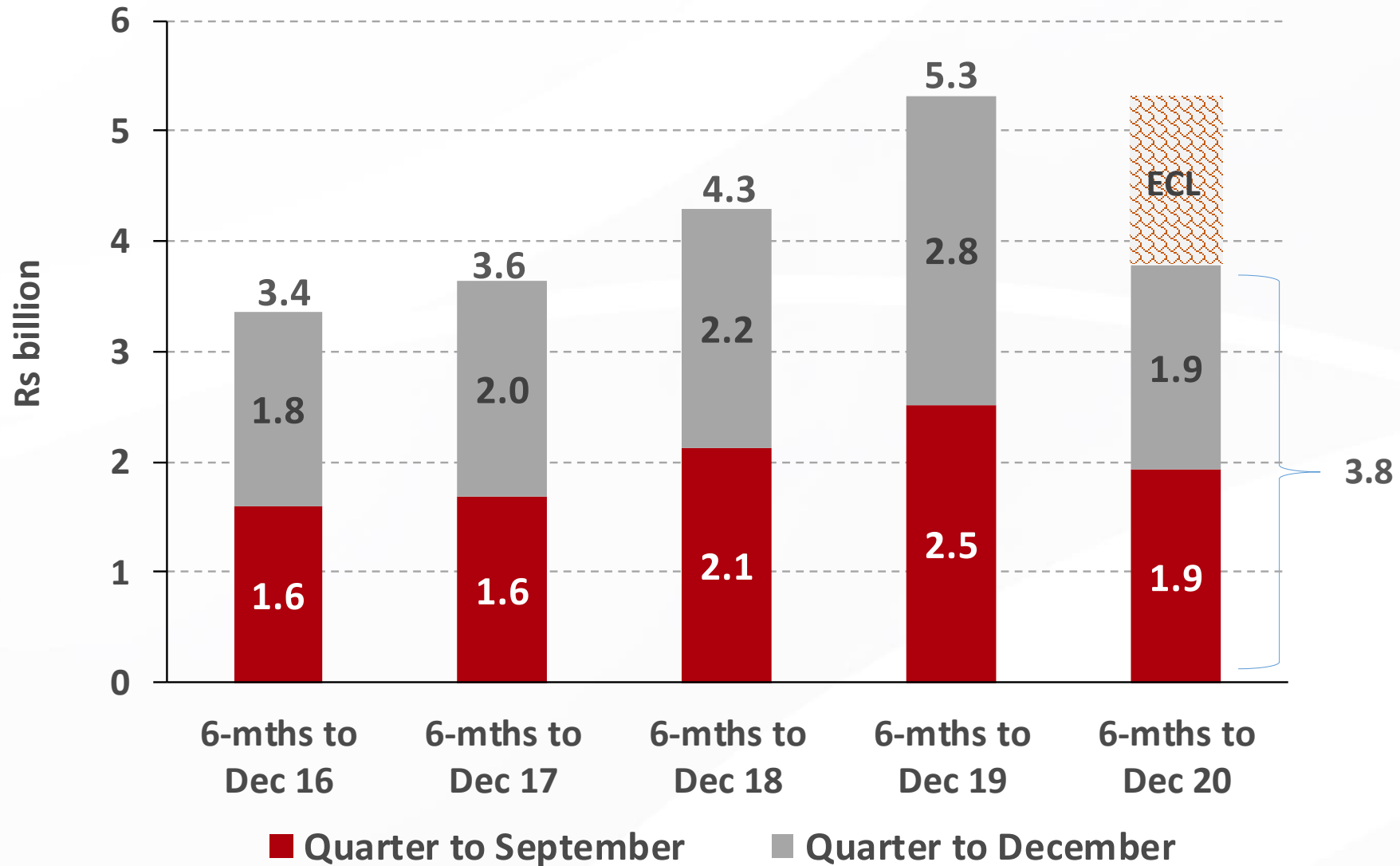


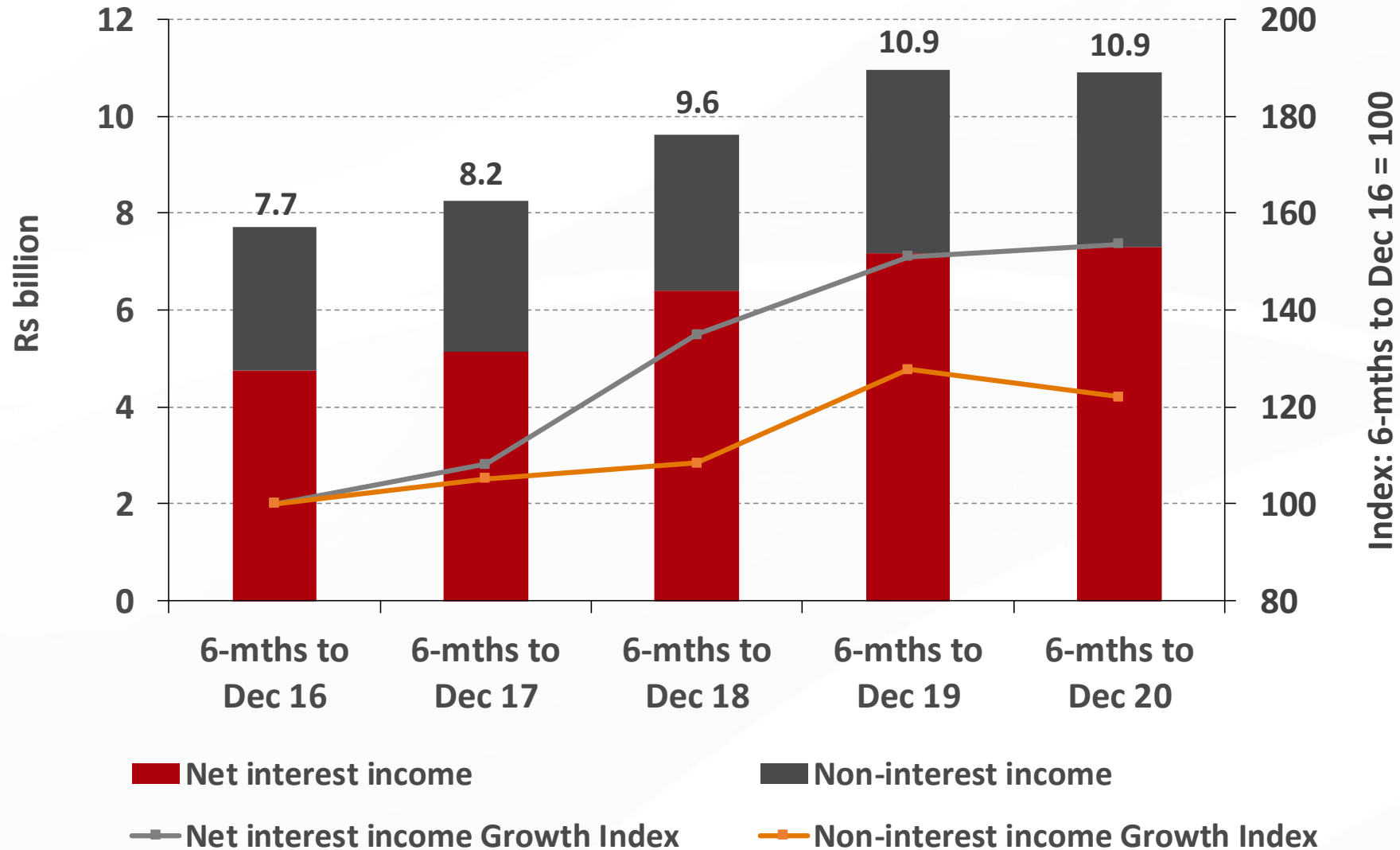
[www.mcbgroup.com](http://www.mcbgroup.com)

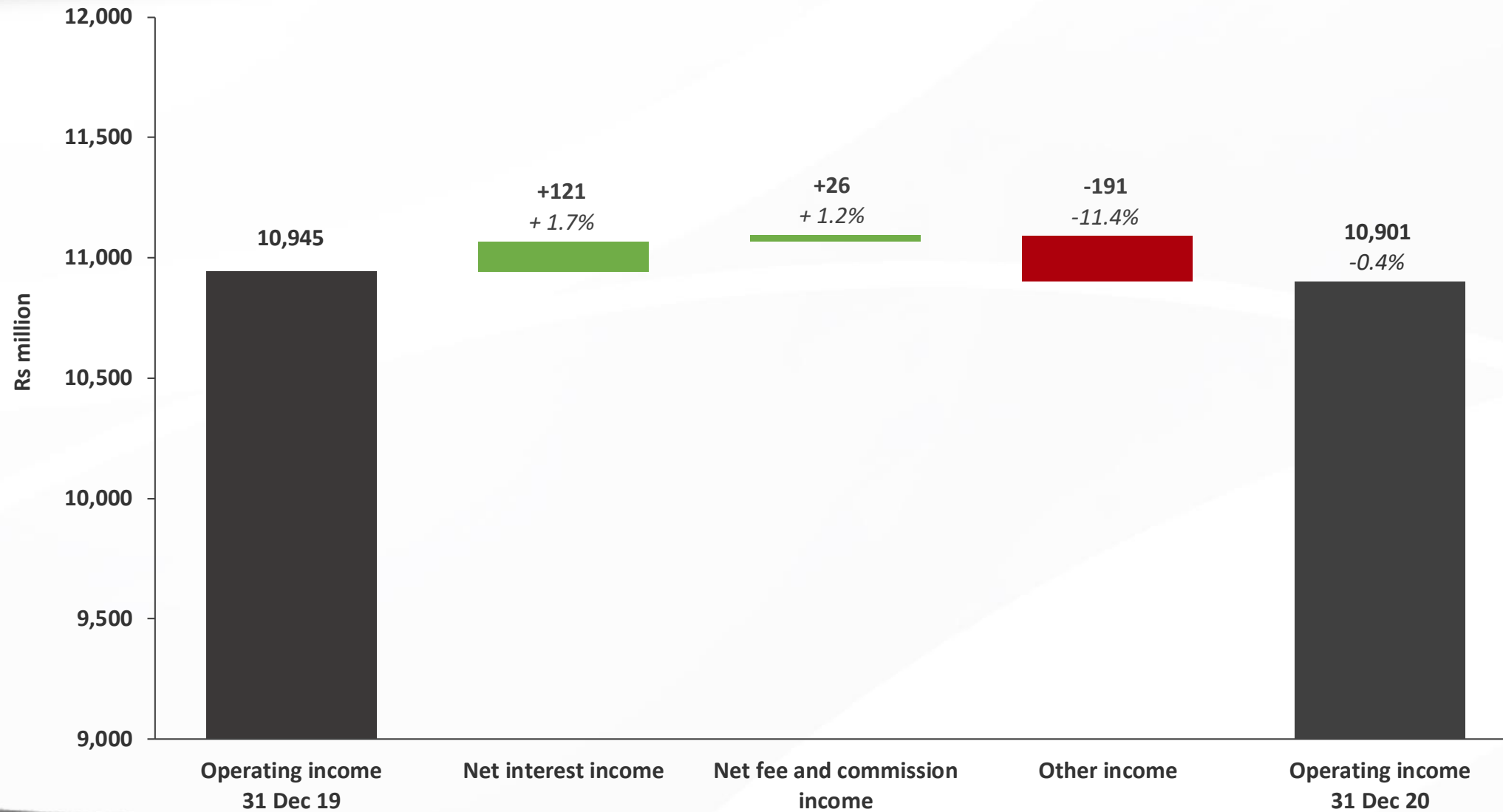
## Appendix

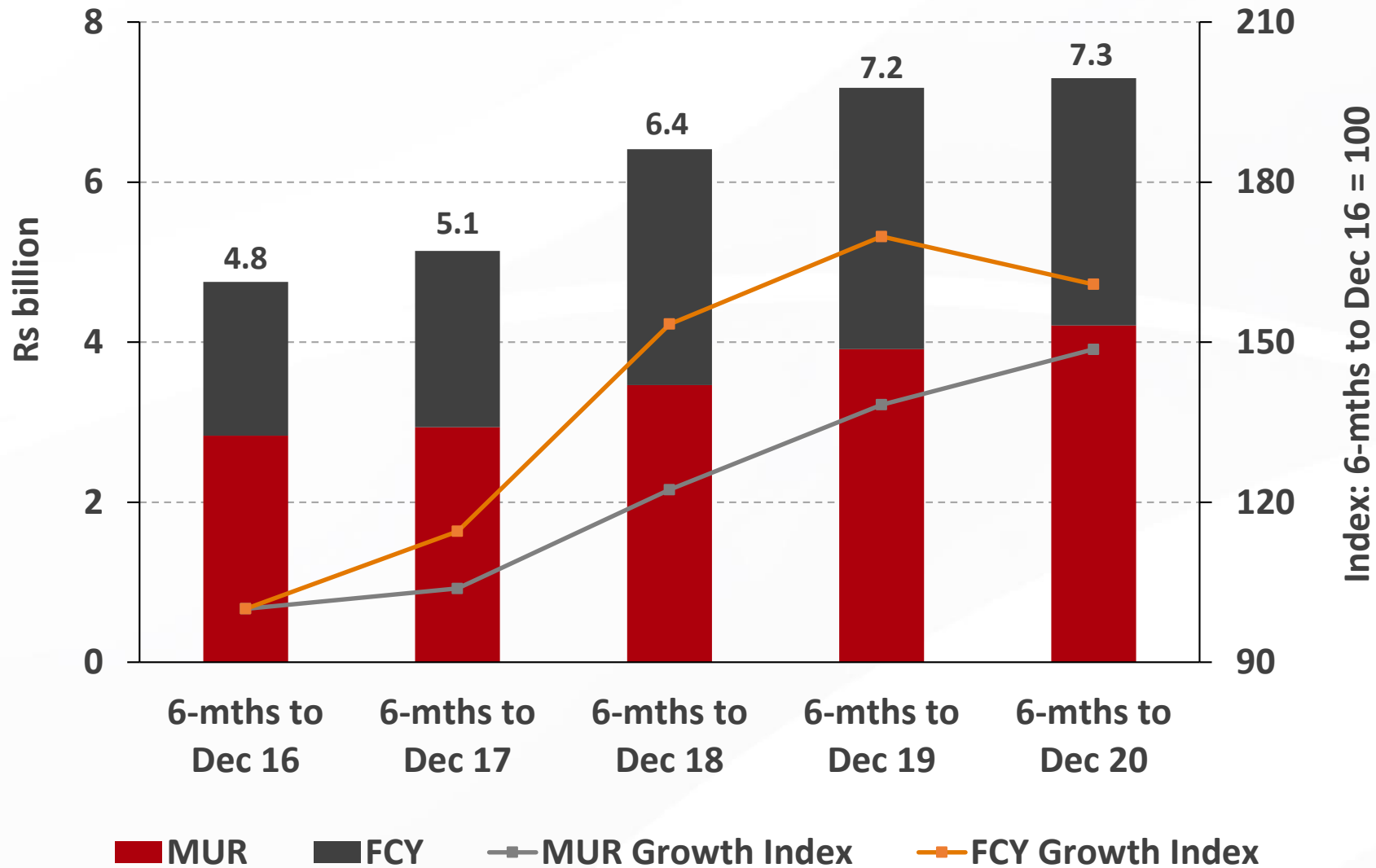
***Analysis of the six months results to December 2020***

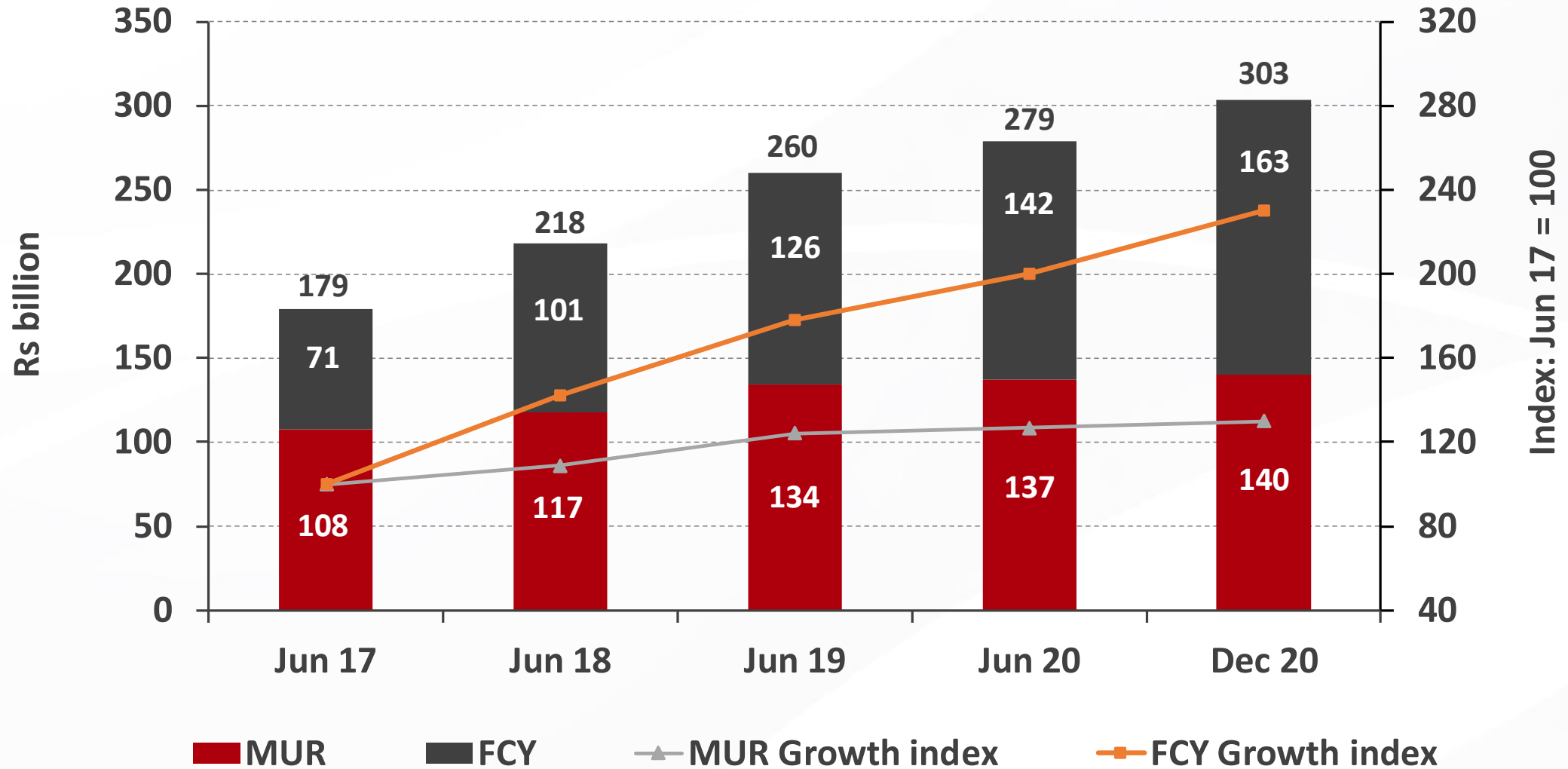


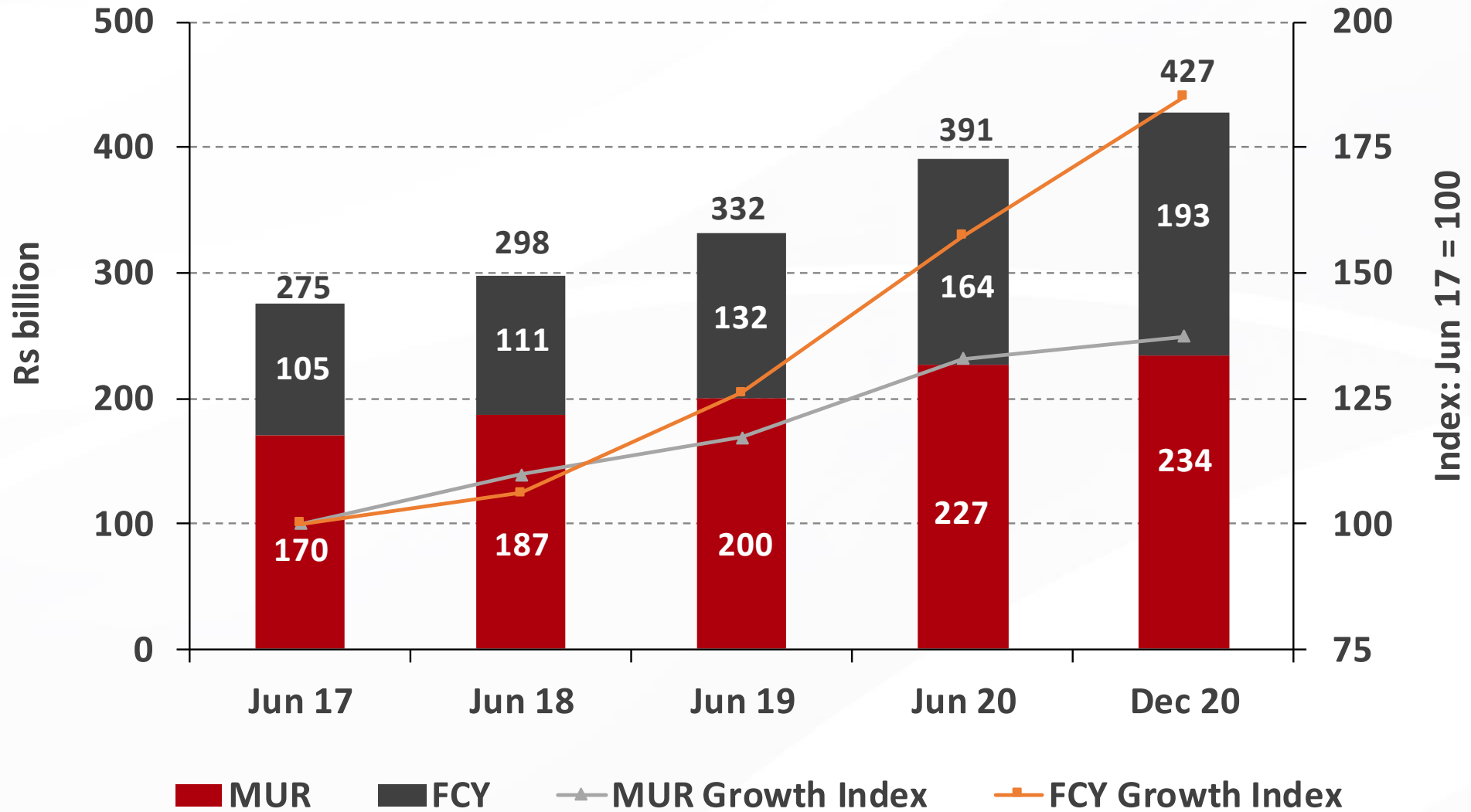


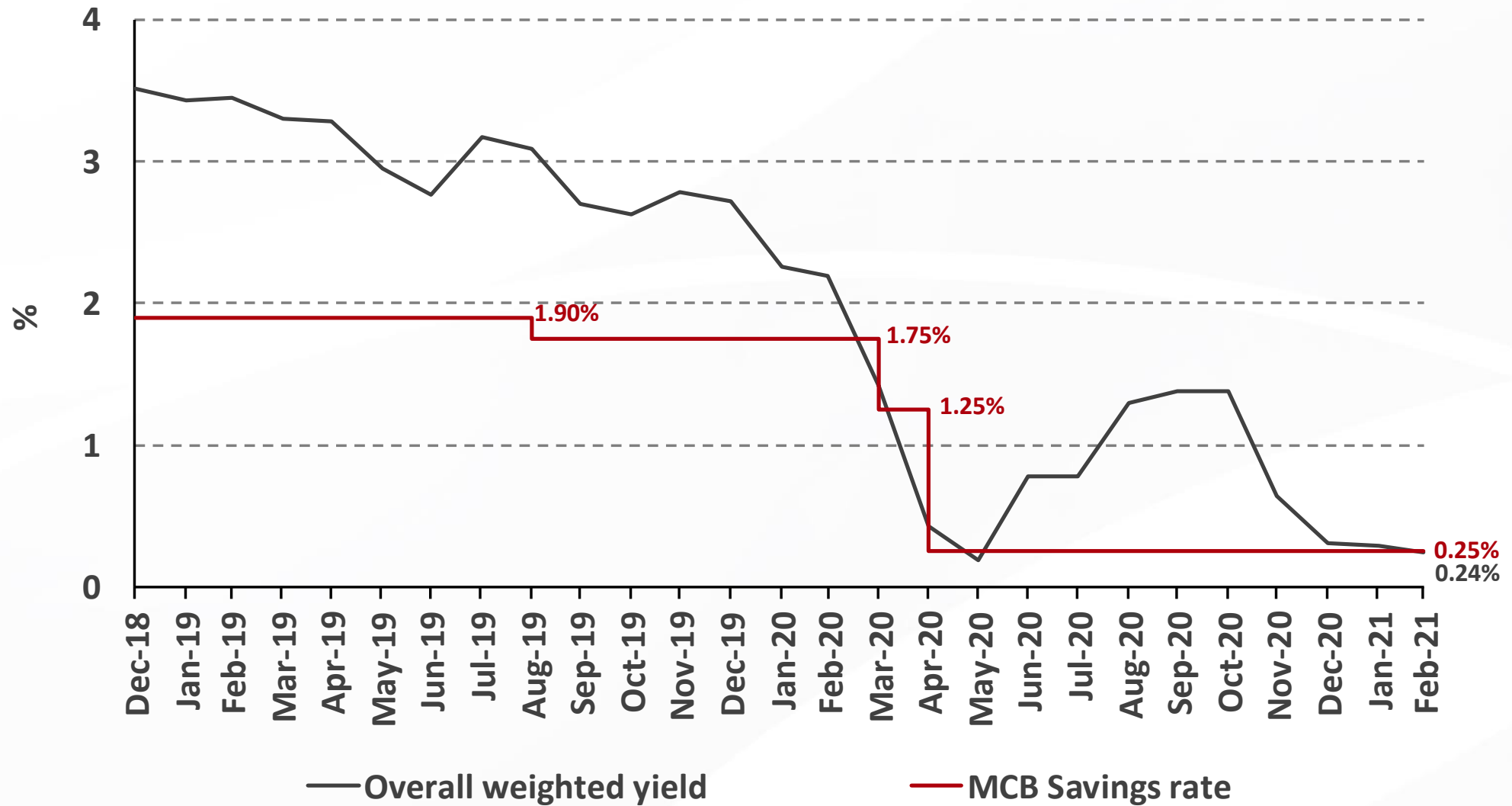




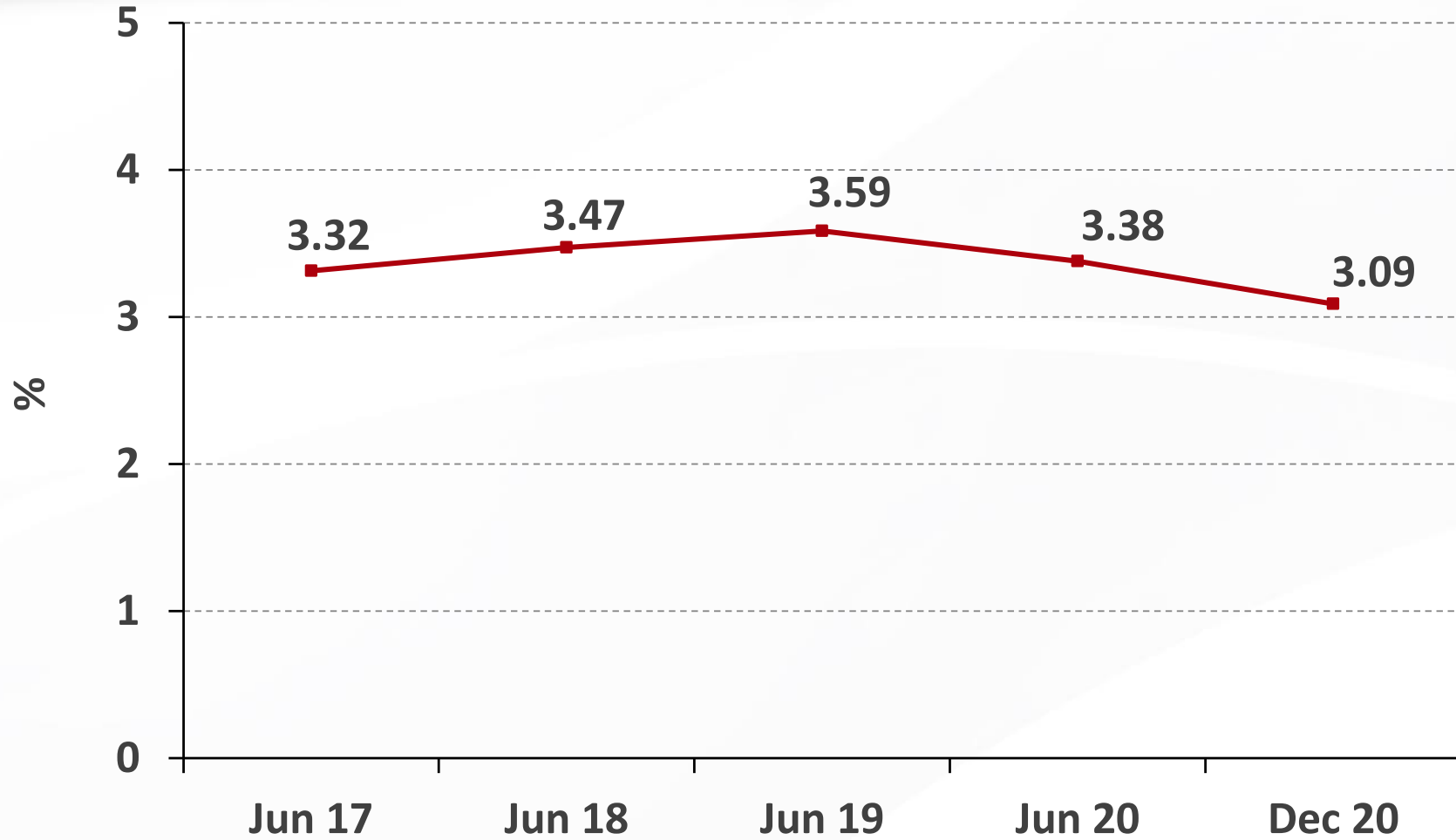






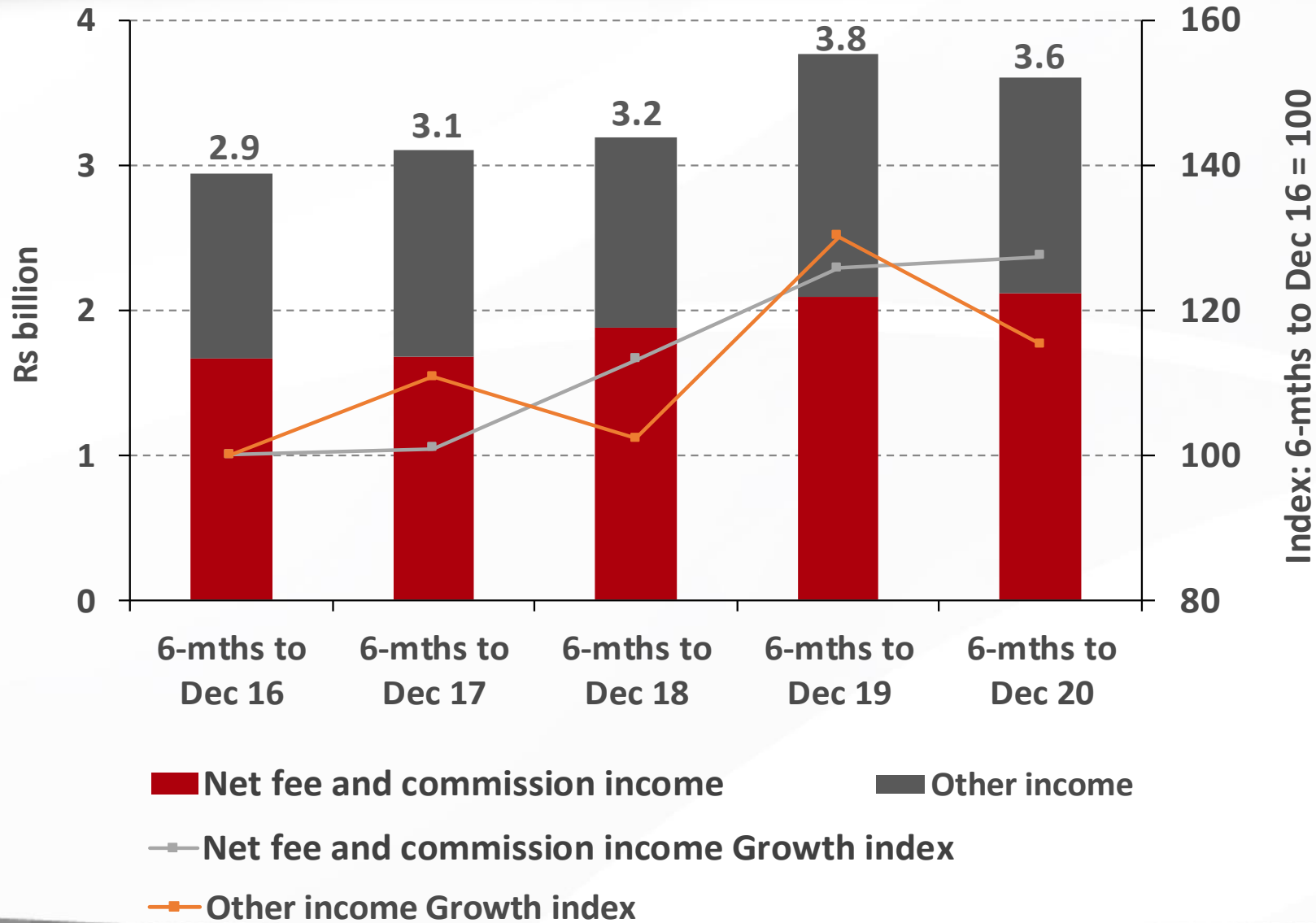


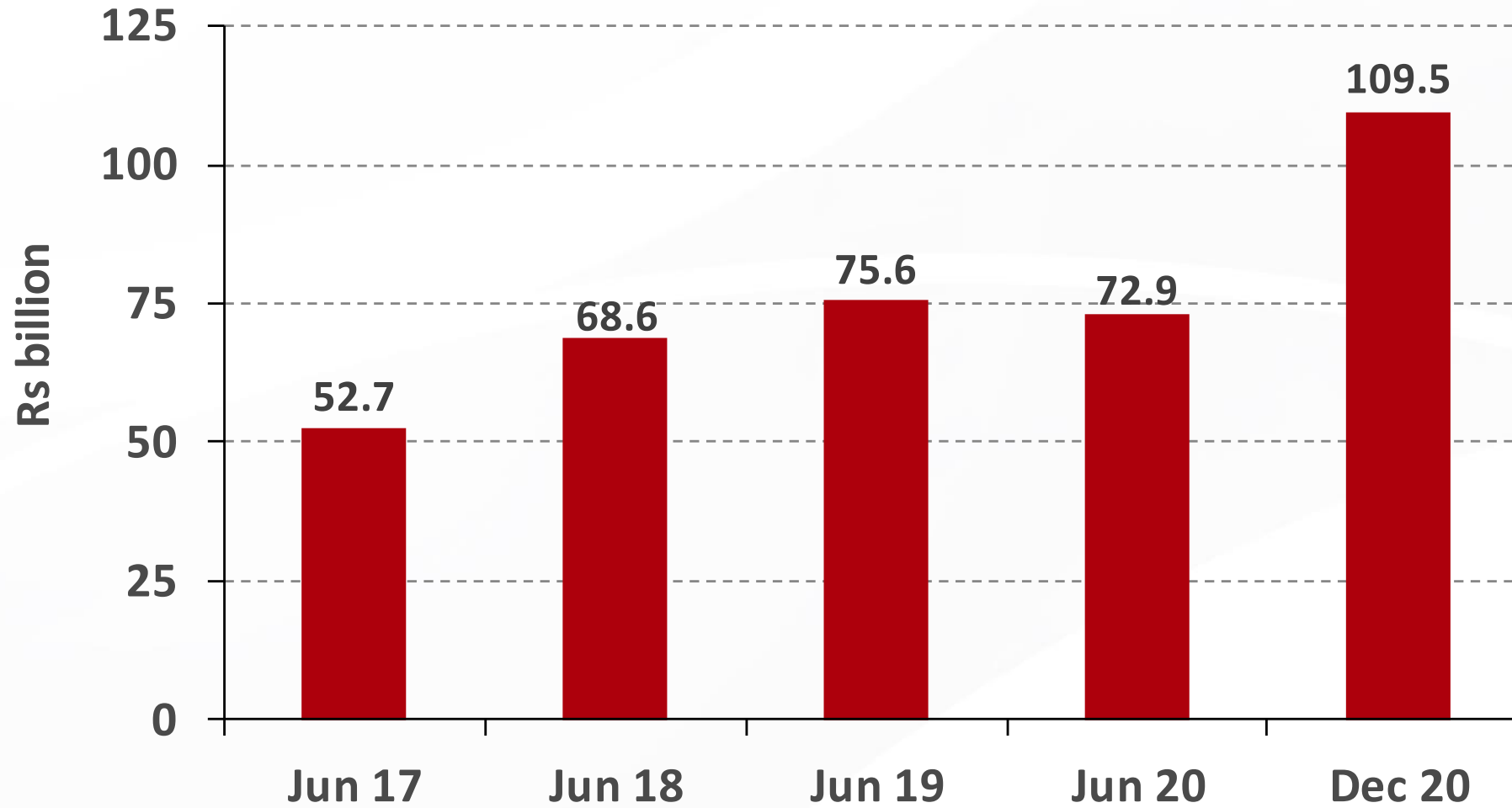
Note: Overall weighted yield relates to weighted average yields on Government of Mauritius Treasury Bills/Bank of Mauritius Bills from Bank of Mauritius

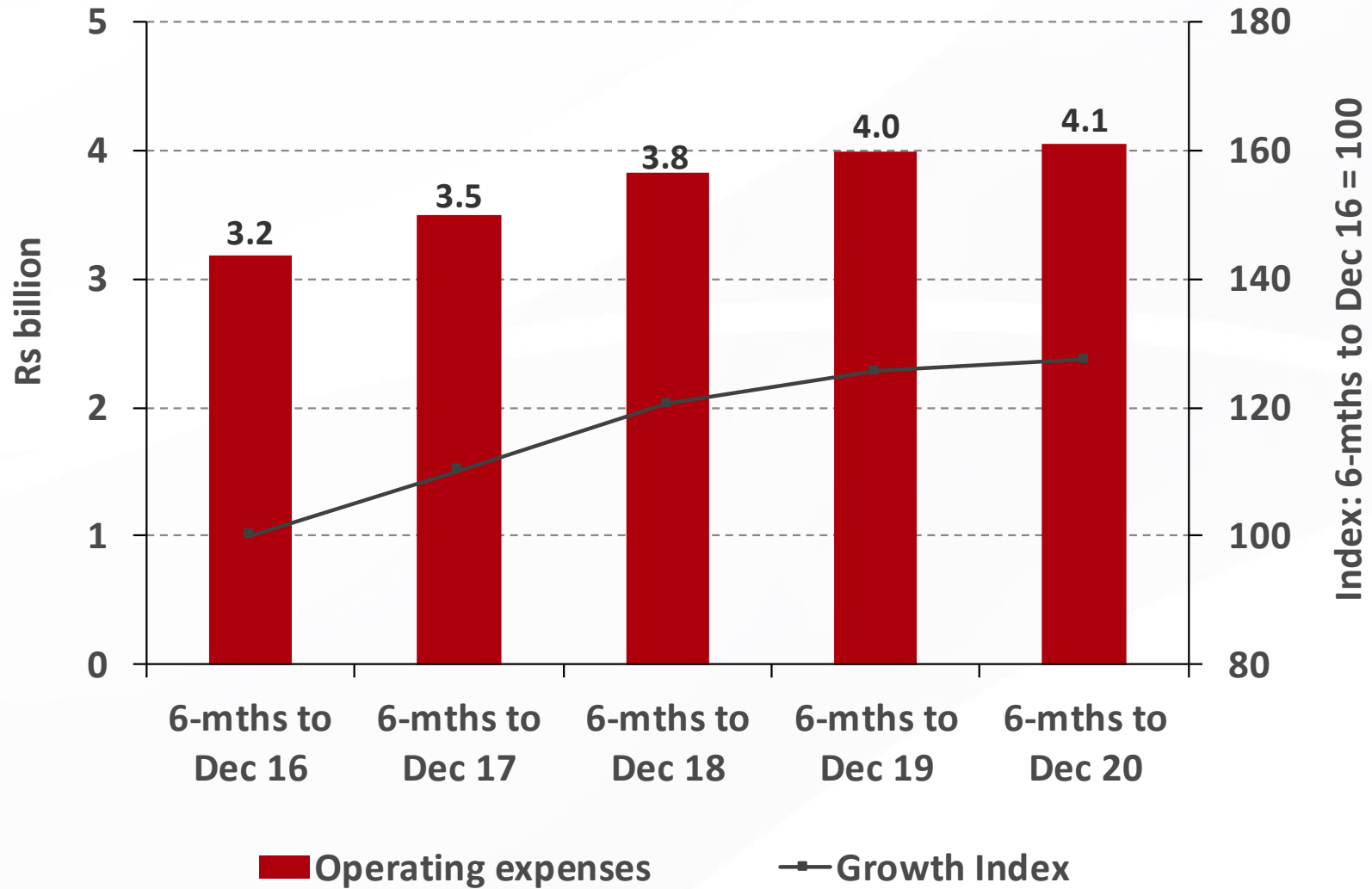


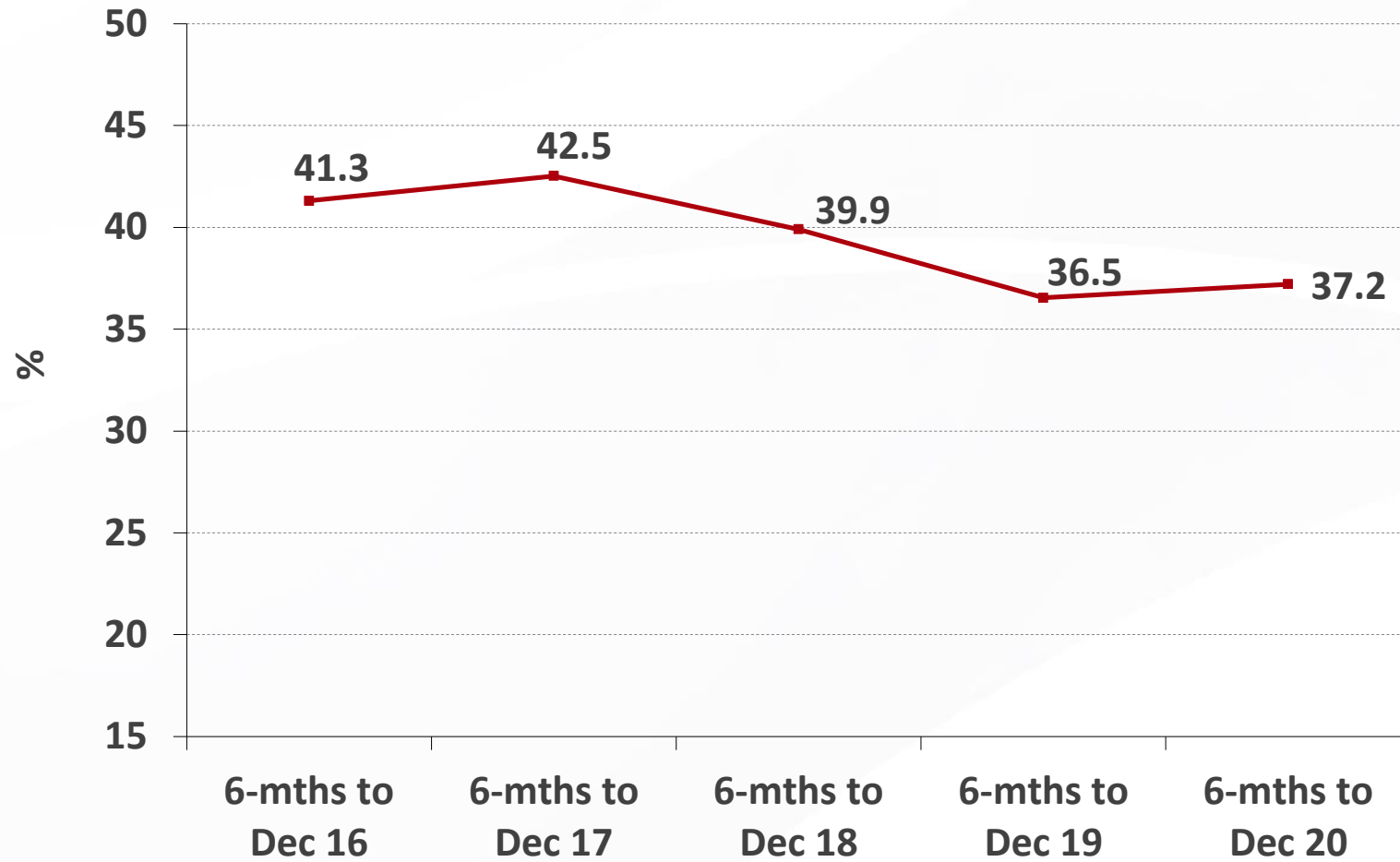
—■ Net interest margin to average earning assets

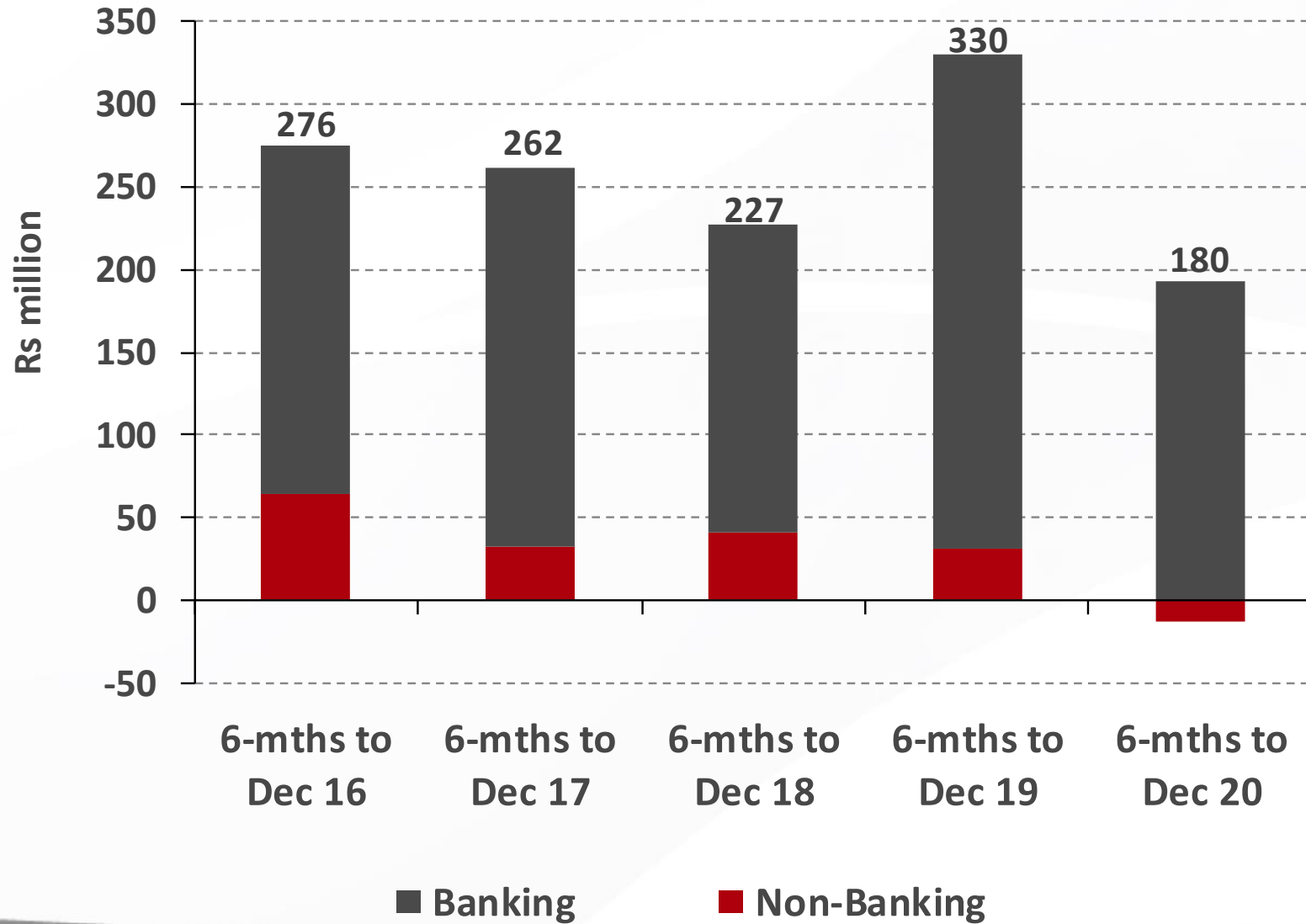


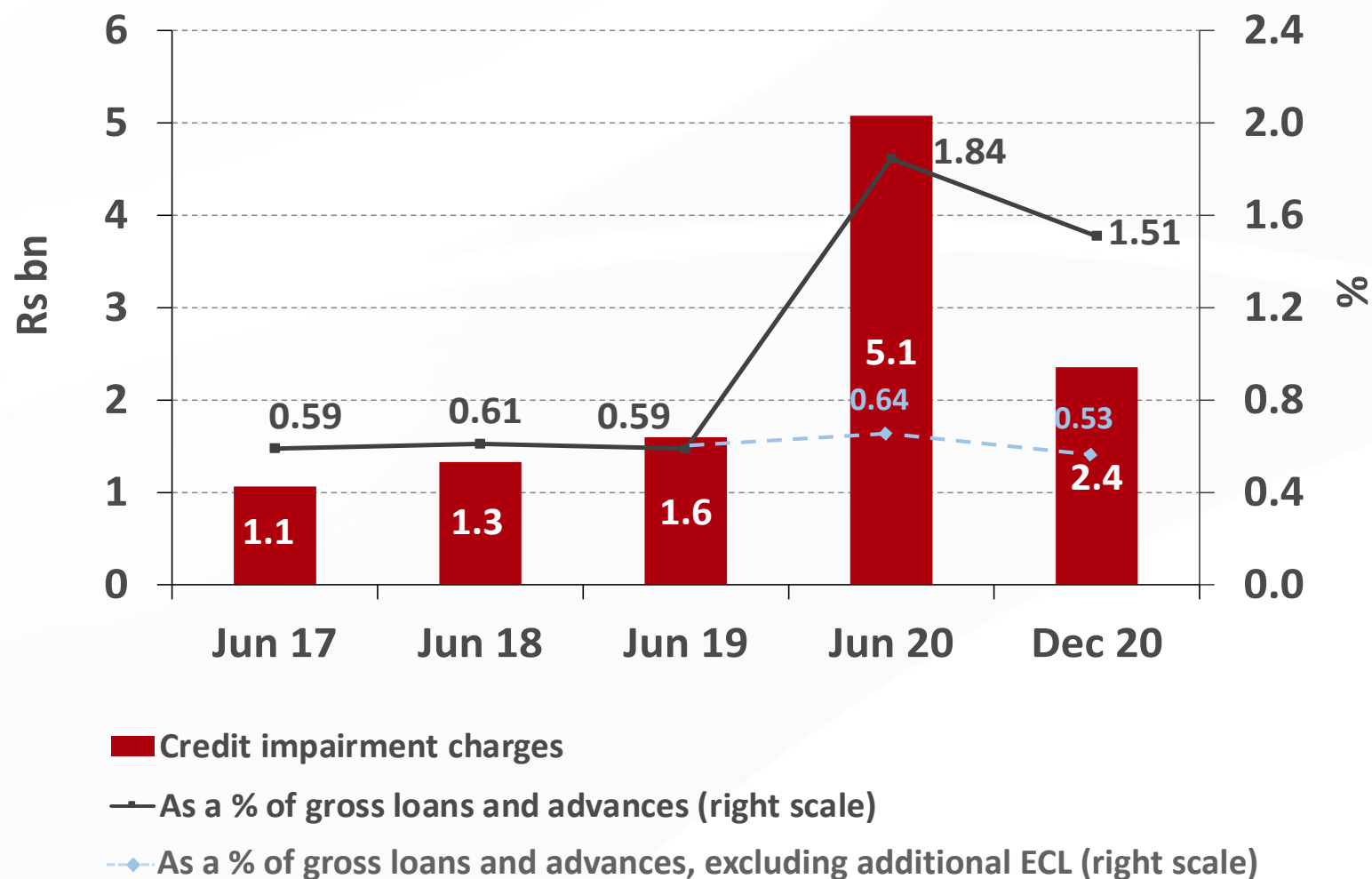




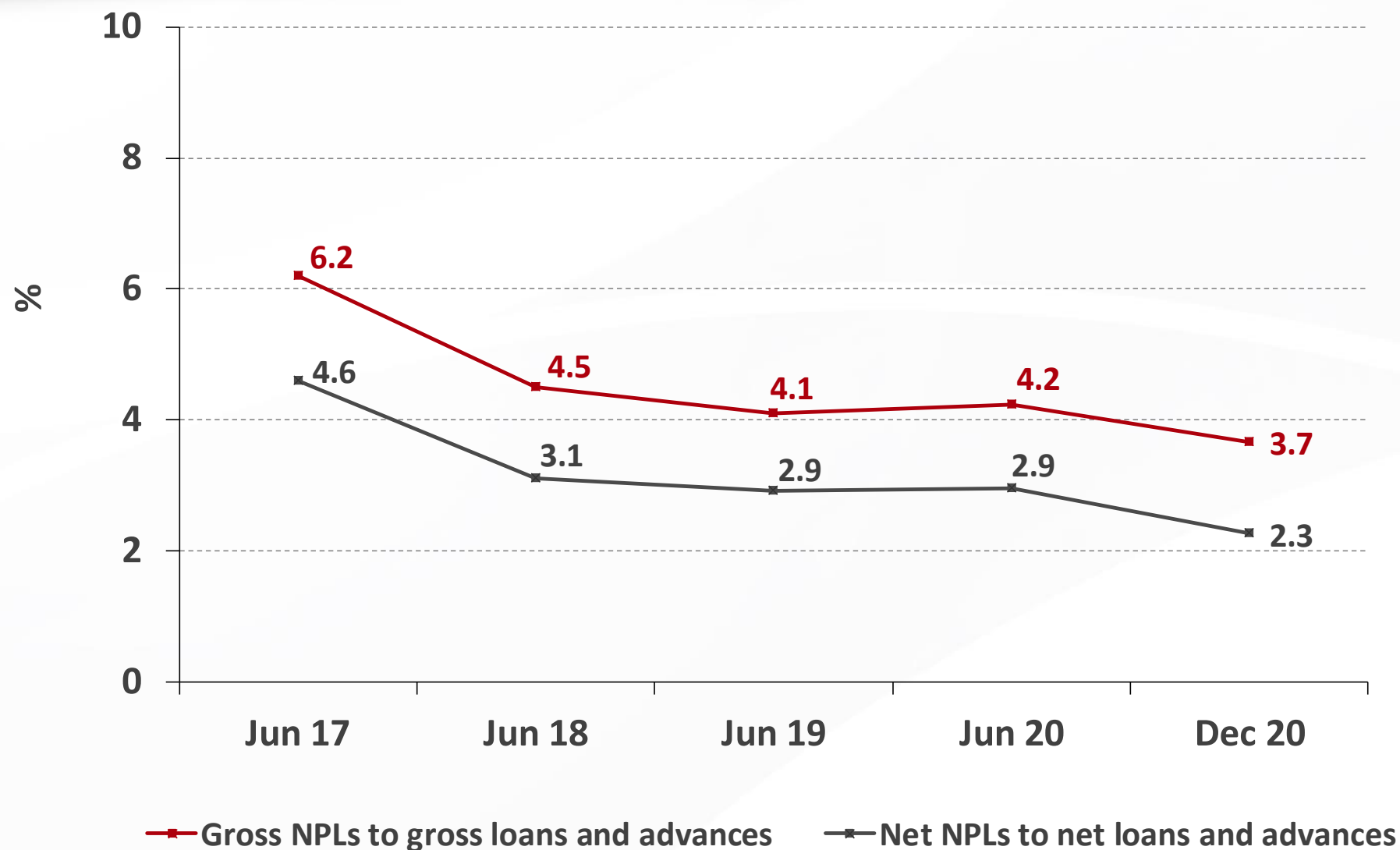






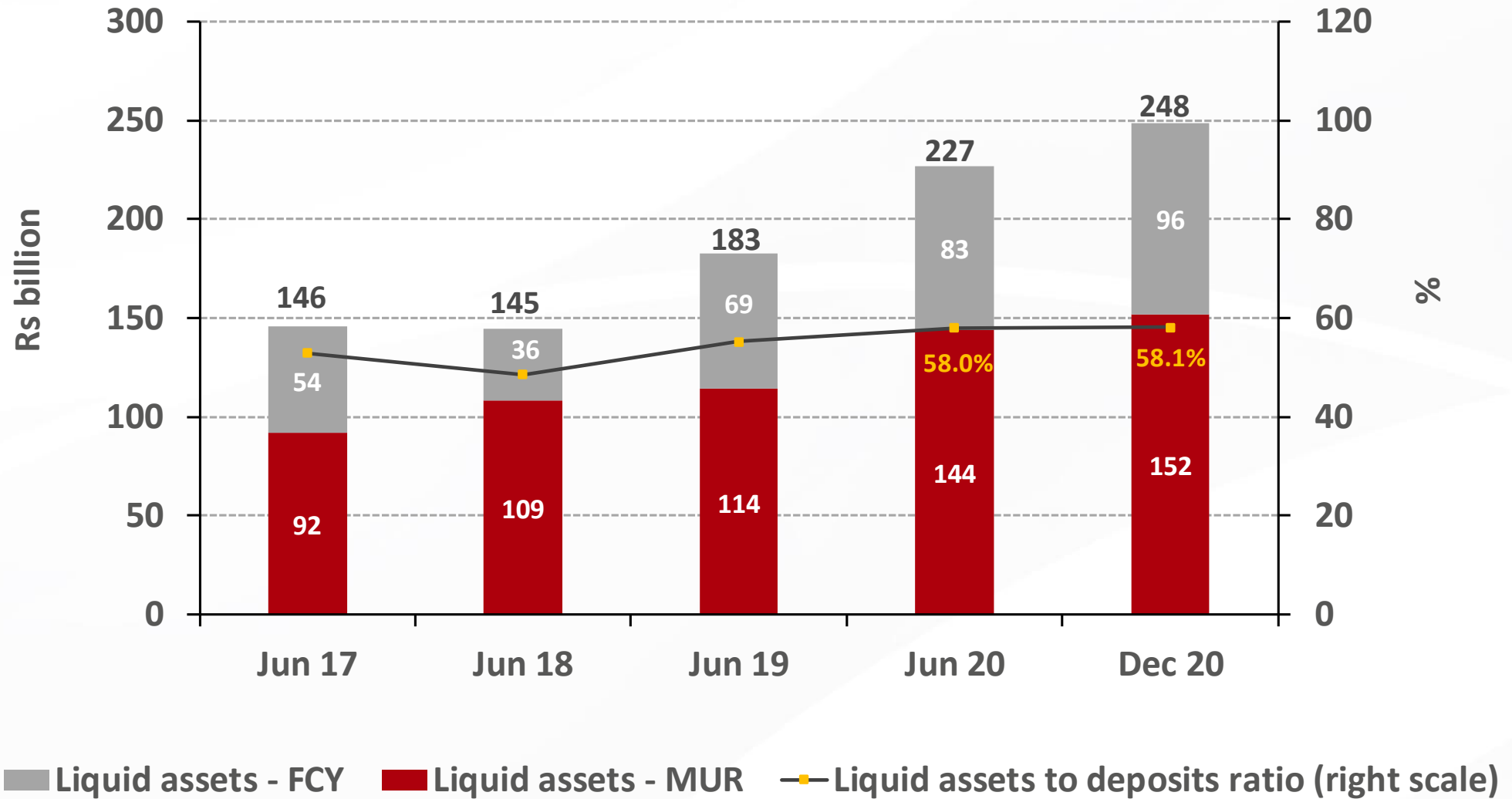


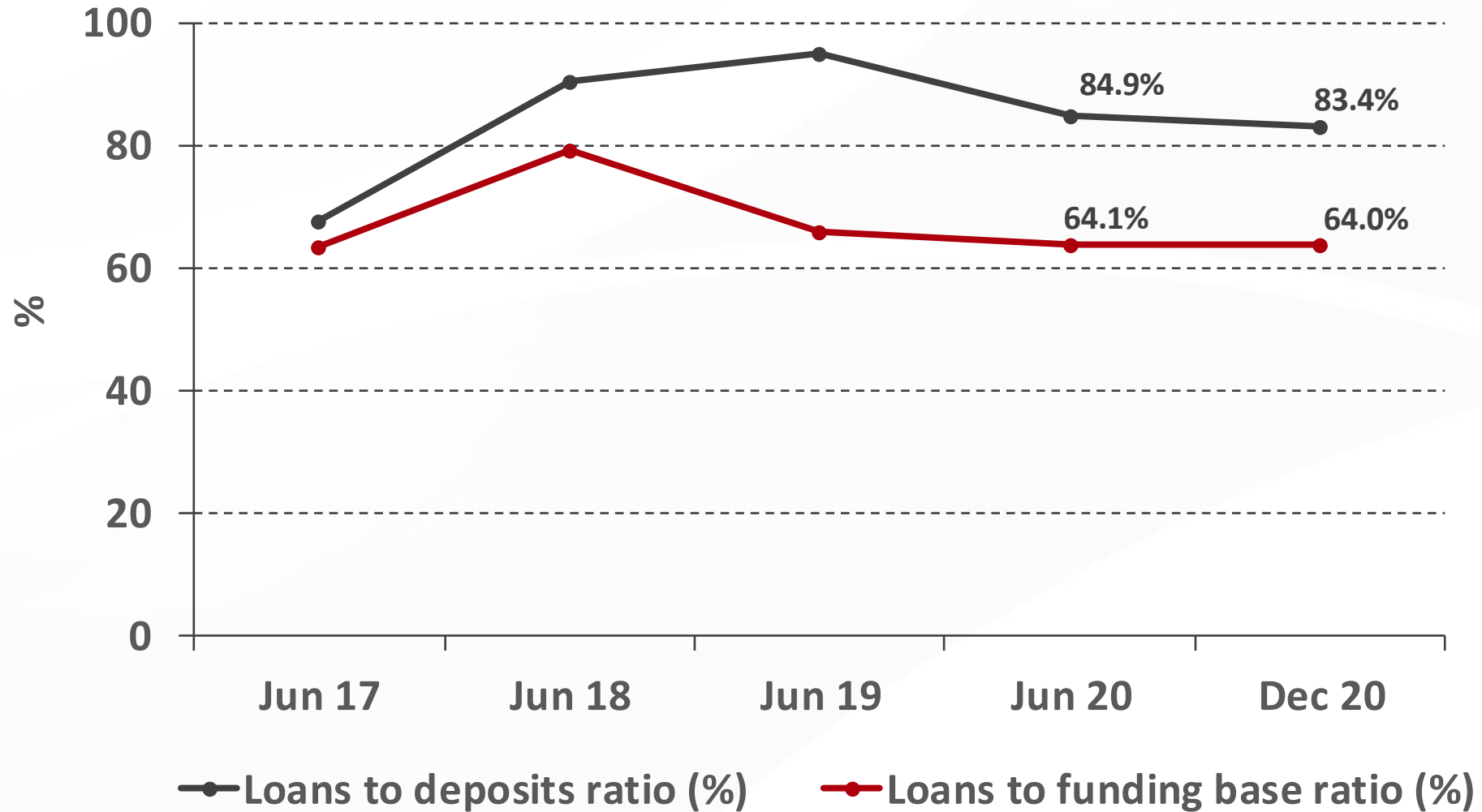
Note: Impairment charges for Dec 20 relate to six months while the ratio has been annualised.



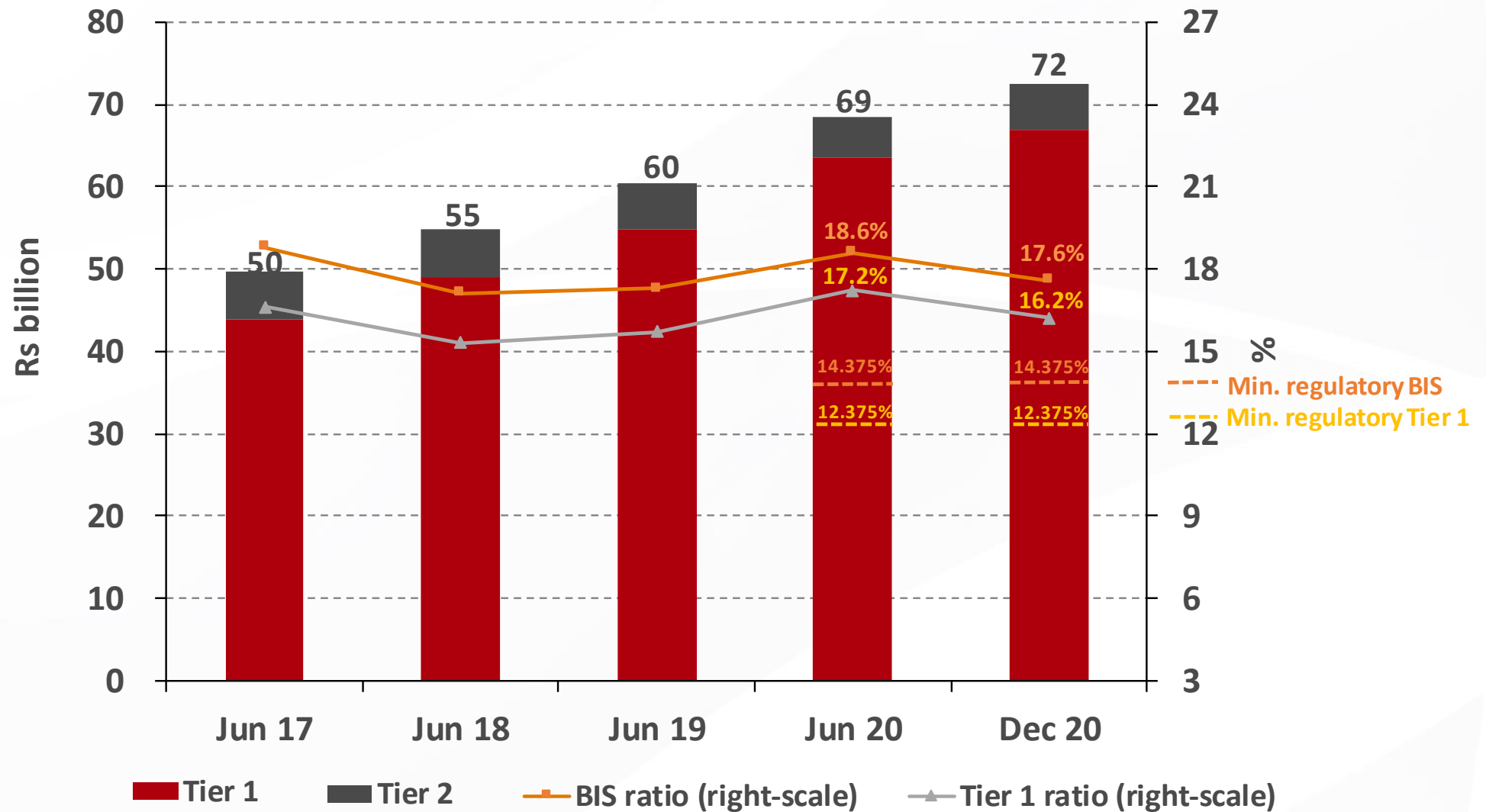
## Liquidity







## *Capital*



Note: The Bank of Mauritius (BoM) had previously deferred the implementation of the capital conservation buffer of 2.5% from 1 January 2020 to 1 January 2021. The BoM has further deferred its implementation to 1 April 2022 such that banks will be required to maintain a capital conservation of 1.875% until 31 March 2022.



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