

# The Mauritius Commercial Bank Ltd.



forward,together

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## ① Overview of MCB Group

a. Profile

b. Value proposition

c. Achievements

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b. Economic climate

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## ③ MCB performance & orientations

a. Financial results

b. Strategic orientations & concluding remarks



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# Overview of MCB Group

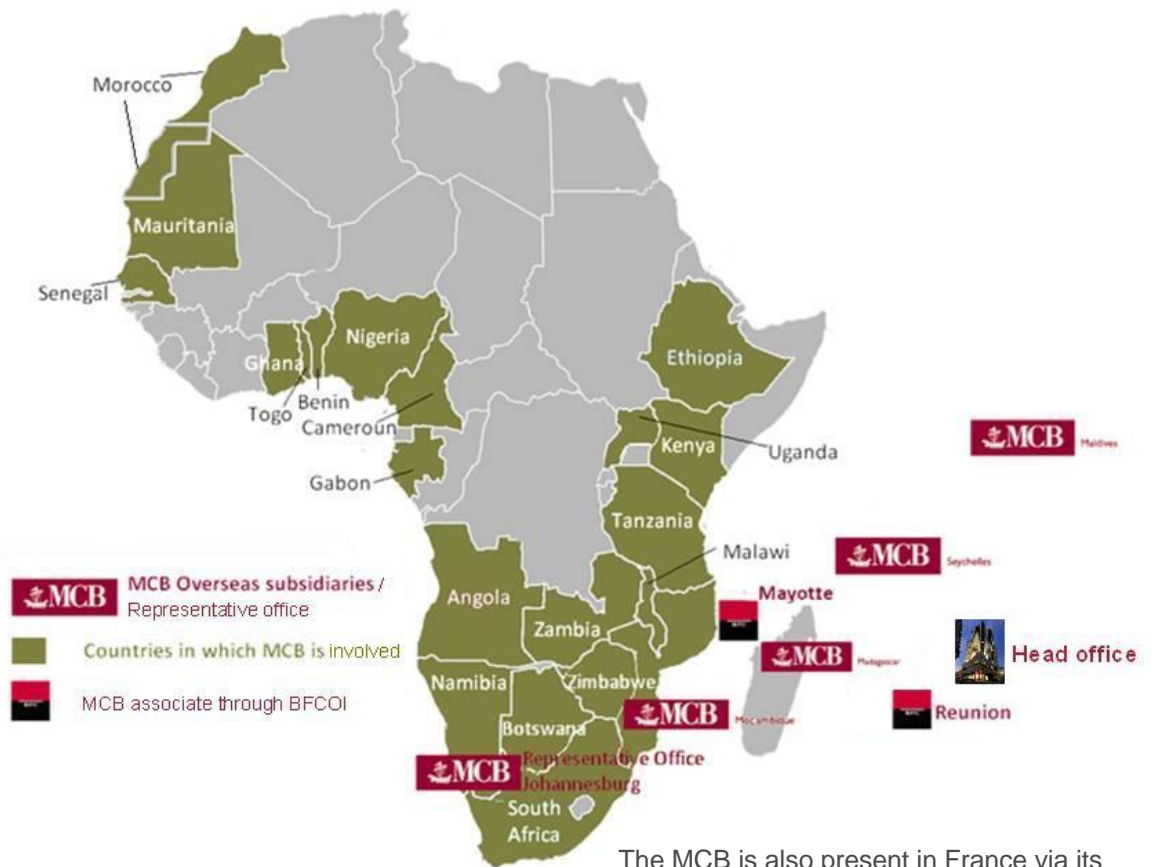


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# MCB: Leading the way...

... the MCB has carved a notable presence beyond domestic shores

The leading banking & financial services institution in Mauritius...



The MCB is also present in France via its associate BFCOI and its representative office



# Leading banking institution in Mauritius

**Founded 173 years ago...**

**... The MCB has an unmatched domestic franchise**

- ✓ Market shares of above 40% in respect of credit to the economy and local currency deposits and of over 50% of cards issued in Mauritius
- ✓ Extensive network:
  - 40 branches entirely redesigned to world class infrastructure concepts
  - 160 ATMs incl. 11 Forex ATMs - 39% of overall ATM park
  - Above 4,600 point of sale terminals
- ✓ 2,700 employees; over 18,000 local & foreign shareholders; around 900,000 individual and institutional customers
- ✓ Around 118,000 Internet Banking customers; facilities for mobile and SMS banking
- ✓ 1,600 correspondent banks worldwide

## Moody's ratings

Foreign Currency Deposits	Baa2/P-2
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Foreign Currency Issuer	Baa1
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Global Local Currency Deposit	Baa1/P-2
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Financial Strength	D+
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NSR Senior Unsecured MTN-Domestic Currency	Aa3.za
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NSR Subordinate MTN-Domestic Currency	Aa3.za
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**The MCB: Share of 25% of total market capitalisation and No. 1 on the Stock Exchange of Mauritius**

# Reference player beyond local shores

## MCB: An increasingly prominent institution in sub-Saharan Africa ...

- ✓ ...Initiation of regional expansion in early 1990s...
- ✓ Widening foothold beyond local shores...
  - Presence in 8 countries overseas via subsidiaries, associated company and representative offices
  - Bolstered regional market presence through dedicated service offerings, participation in trade and project finance deals, and reinforced business relationships
  - Expanded scope to better tap into global business opportunities through a dedicated desk
  - Foreign Institutional Investor (FII) licence holder

# Awards and accolades

## Bank of the Year 2010

(Awarded by The Banker, The Financial Times Ltd)

Three years in a row



## Best Local Bank 2010

(Awarded by EMEA Finance)



## Quality Recognition Awards

For high straight-through processing  
rate for payments and transfers

(Citibank and Commerzbank)

A leading regional bank in  
terms of profitability

(Eco Austral)

Top Bank in East Africa

(The Banker)

## MCB Global Rankings

(The Banker Top 1000 World Banks, July 2011)

★ **716<sup>th</sup>** among the **Top 1000 Banks**,  
and the only local bank in the top **25**  
in **Africa**, standing at the **23<sup>rd</sup>** place

★ **153<sup>rd</sup>** worldwide in terms of  
**soundness** ... an honourable place

★ **88<sup>th</sup>** in return on assets

★ **220<sup>th</sup>** in profits on average capital

# Business positioning

## Business segments

Retail

Corporate

Cards

International  
operations

Global  
business

Non-bank  
financial  
services

Including: *Private Banking*

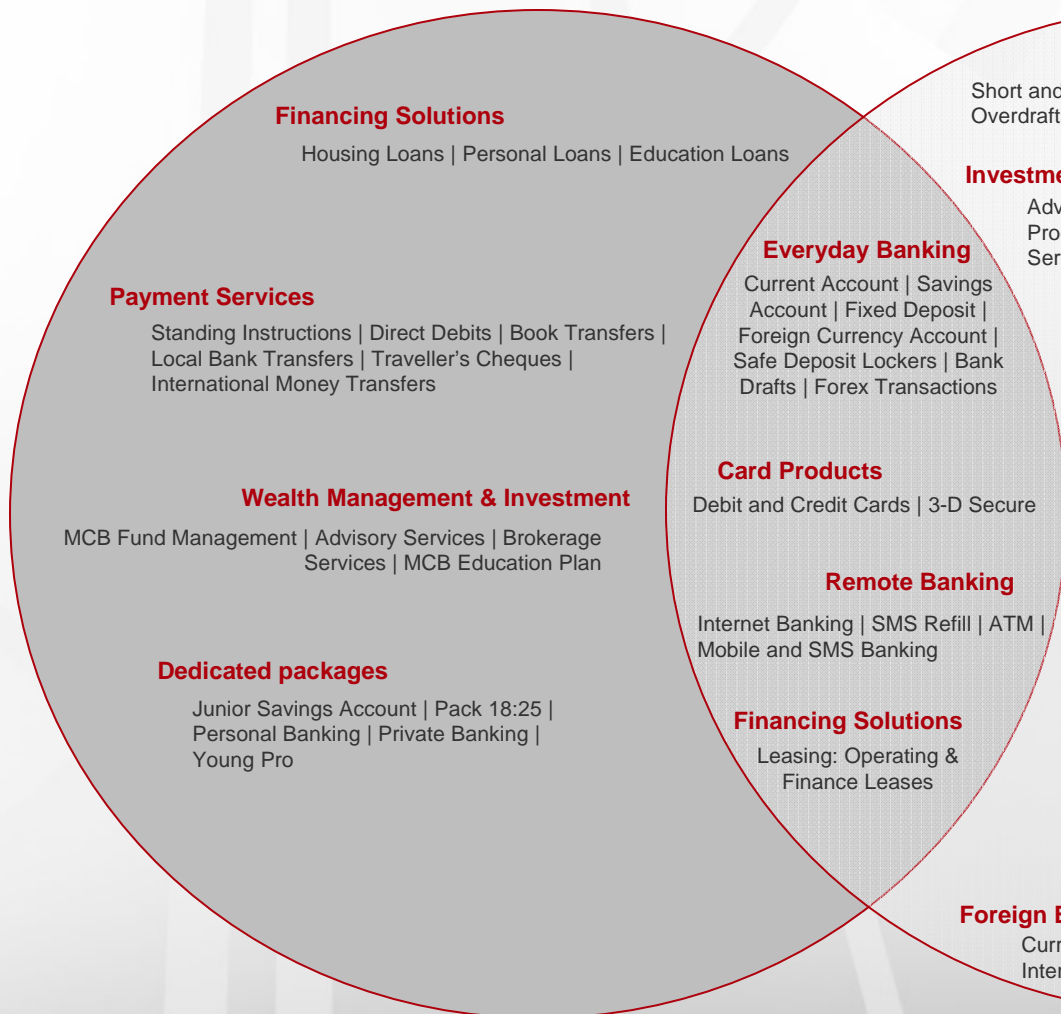




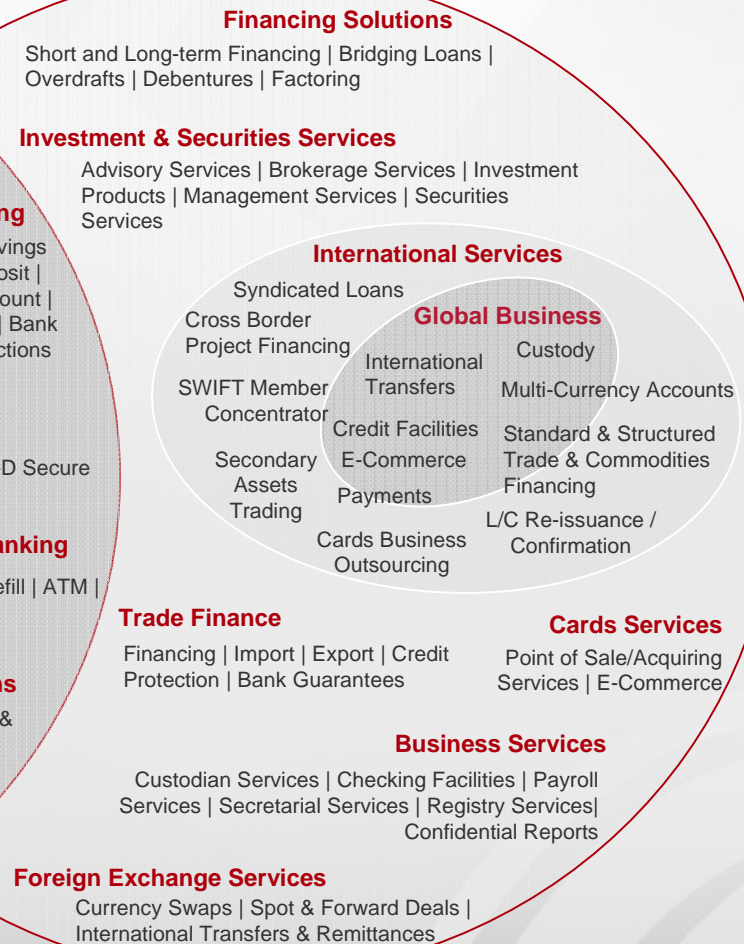
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# Tailored financial solutions

## Individuals

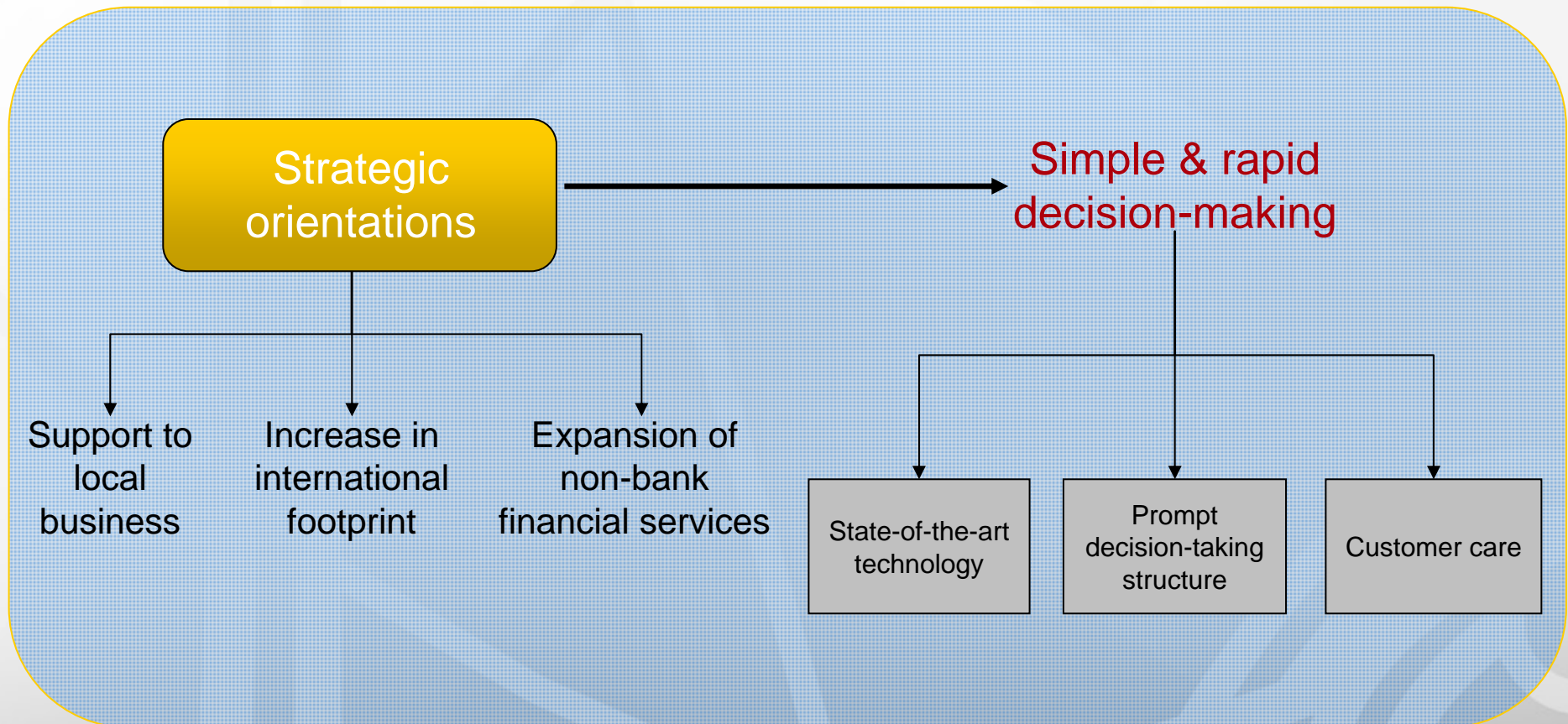


## Corporates & Institutions



✓ **E**ndorsing ambitious business development and strong risk management...

... The MCB is basically a savings bank, doing business the classic way





# Major breakthroughs (i)

## Entrenched diversification strategy



**investment portfolios**  
monitor your assets  
anytime anywhere

The MCB Group brings you yet another innovation

Access your securities accounts held with MCB Custody & MCB Stockbrokers in a highly secured environment!

- Get a consolidated view of your assets online
- View your portfolios valued at the last closing prices
- Follow day-on-day share price movements
- Access the transaction history of your MCB Stockbrokers accounts

 **mcb bond & currency fund**

## Enhanced customer experience



*Redesign of our branch network completed and opening of a state-of-the-art branch in Ebène*



**mobile banking**

**j'obtiens la balance de mon compte où et quand je veux**

Mobile Banking : ma banque sur mon mobile

Simplexifiez-vous la vie avec Mobile Banking. Votre banque est toujours à portée de main. Gérez votre compte, consultez votre balance, effectuez des transferts, rechargez le crédit de votre portable et configurez vos SMS Alerts pour recevoir des notifications importantes.

Mobile Internet Banking • SMS Banking • SMS Refill • Application Mobile

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**Top left:** 'Africa Forward Together seminar'

**Bottom left:** 6<sup>th</sup> branch of the MCB opened in Madagascar

**Right:** Non-bank offerings enriched with new products

*New products offerings while launching successful targeted promotional campaigns...*

# Major breakthroughs (ii)

## Building capacity



**Top:** Completion of our land-mark energy-conscious building at St. Jean

**Left:** Launch of our T24 Core Banking System

**Right:** Launch of MCB Forward Foundation to plan and monitor the Bank's activities related to CSR...

## Contribution to sustainable development



**Top:** MCB prime provider of 'Green Loans' in partnership with AFD



# The operating environment



## Despite some recovery signs, operating environment impaired by...

- Subdued private investment and household consumption growth
- Restrained performance of some economic sectors
- Lingering imbalances across money and foreign exchange markets
- Country-specific vulnerabilities on the regional front

## Yet, MCB continued its progress relying on...

- ✓ A strong brand franchise
- ✓ Sound operating fundamentals & strategic orientations of the Group
- ✓ Solid economic base domestically & business diversification openings regionally

# Economic growth performance

Despite the difficult context in our key export markets ...

... the Mauritian economy is expanding in an appreciable, albeit sub-optimal, manner

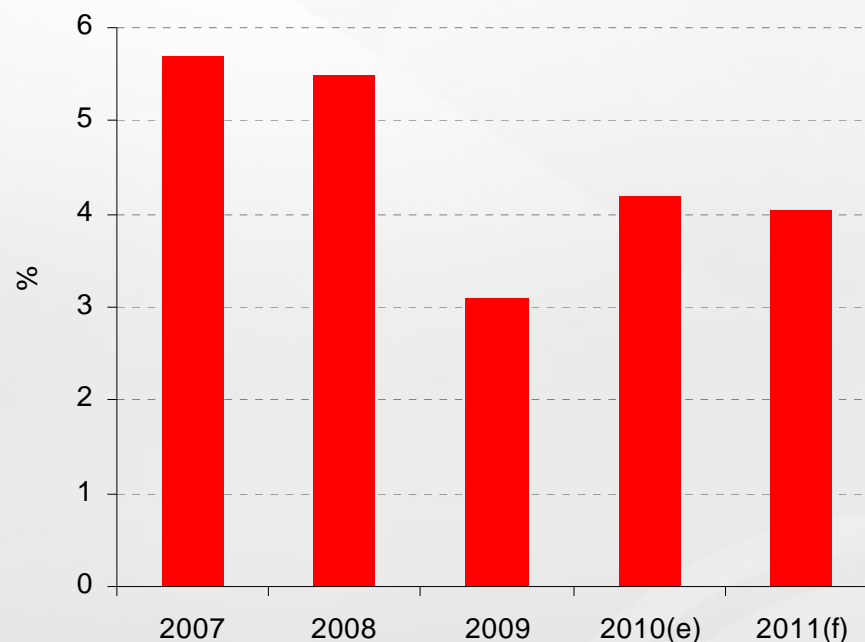
## Global economic performances

Real GDP Growth	Annual percentage change			
	2009	2010(e)	2011(f)	2012(f)
<b>World output</b>	<b>-0.7</b>	<b>5.1</b>	<b>4.0</b>	<b>4.0</b>
Advanced economies	-3.7	3.1	1.6	1.9
United States	-3.5	3.0	1.5	1.8
Euro area	-4.3	1.8	1.6	1.1
Germany	-5.1	3.6	2.7	1.3
France	-2.6	1.4	1.7	1.4
Italy	-5.2	1.3	0.6	0.3
Spain	-3.7	-0.1	0.8	1.1
United Kingdom	-4.9	1.4	1.1	1.6
<b>Real domestic demand</b>	<b>2009</b>	<b>2010(e)</b>	<b>2011(f)</b>	<b>2012(f)</b>
United States	-4.4	3.4	1.3	1.0
Euro area	-3.7	1.1	1.0	0.6
United Kingdom	-5.5	2.7	-0.4	0.9

(e) estimates (f) forecasts

Source: IMF World Economic Outlook, Sept 2011

## Domestic real GDP growth



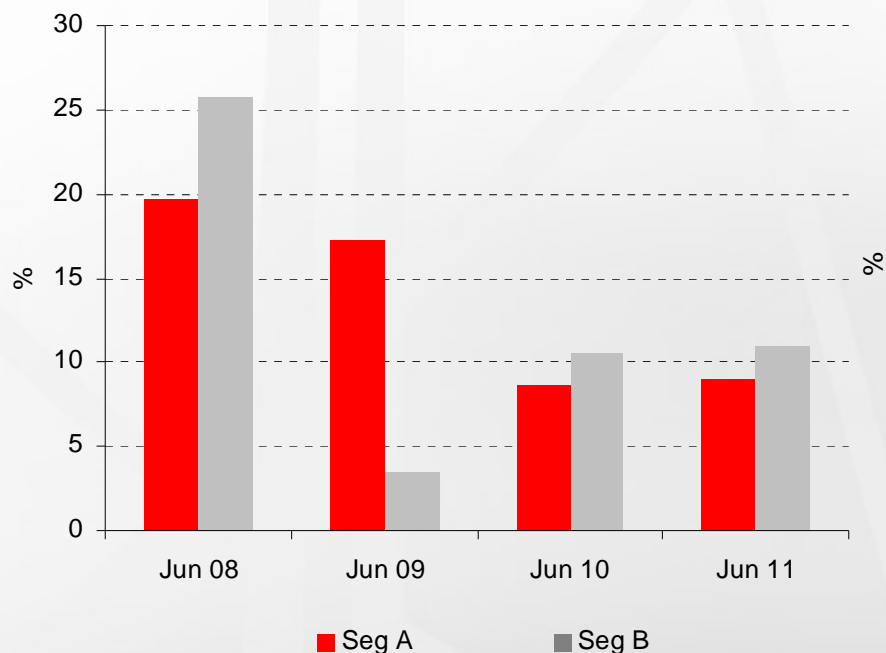
Sources: Central statistics Office & MCB staff estimates

# Banking sector developments

Whilst evolving at a notable pace, domestic credit growth has not fully retrieved pre-crisis levels

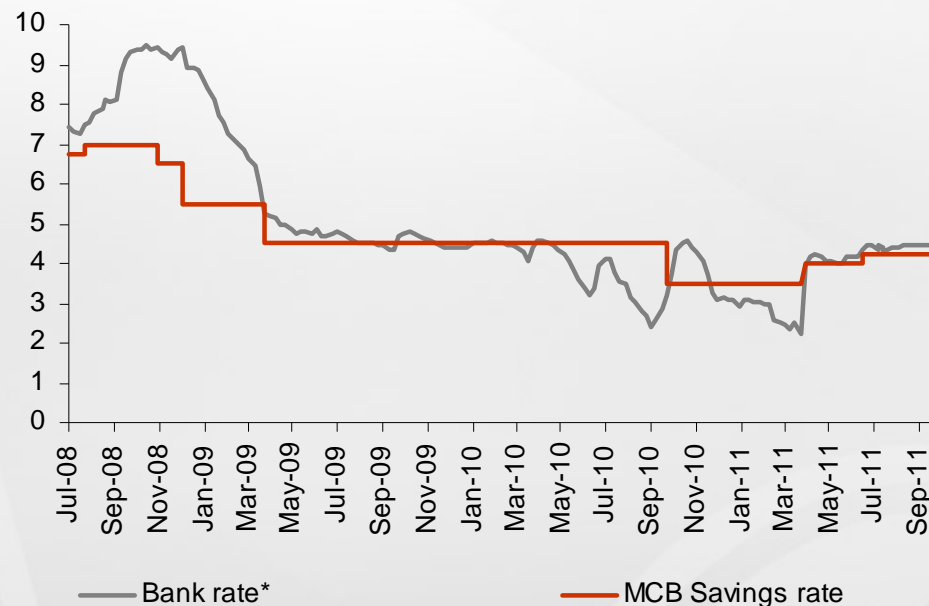
High liquidity situation in the banking sector exerted downward pressures on yields of treasury bills

## Banking sector loans: year-on-year growth



Note: Segment A refers to all banking business other than Segment B activity, while the latter refers to international financial services that give rise to "foreign source income"

## Evolution of Bank Rate and MCB savings Rate



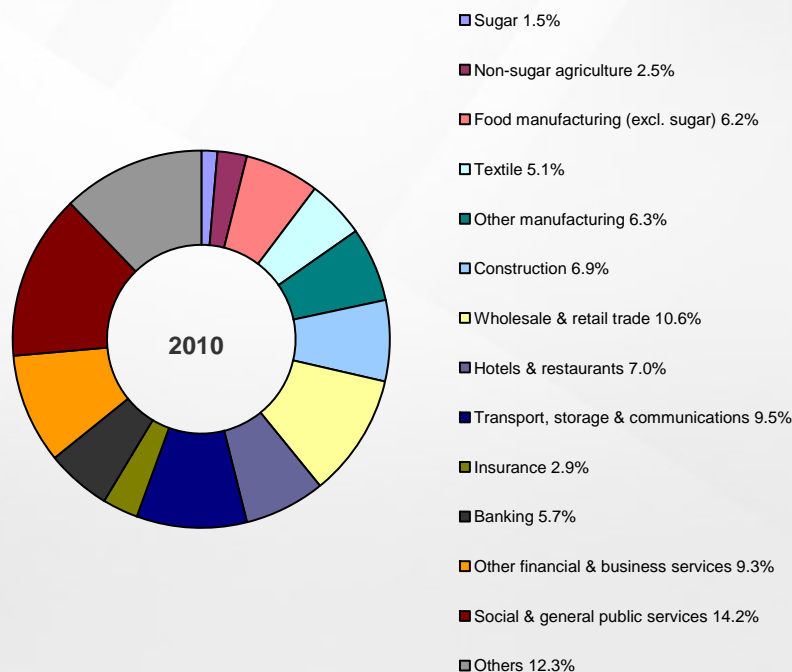
\* weighted average yield on Treasury Bills

# Healthy domestic foundations

✓ **M**auritius is withstanding the difficult external context thanks to...

- A diversified economic base
- Pragmatic and proactive policymaking
- An appealing business environment

## Sector contribution to GDP



## Measure

## Global Ranking of Mauritius

World Bank Doing Business Survey 2011  
Global Competitiveness Index 2011-2012  
World Index of Economic Freedom 2011  
Global Enabling Trade Index 2010

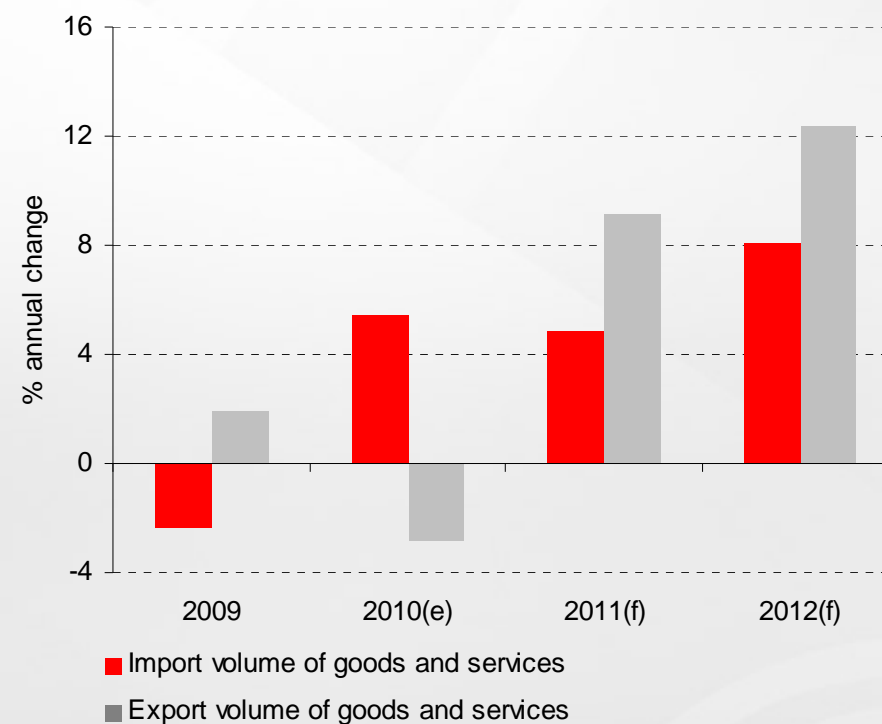
20<sup>th</sup> out of 183 countries  
54<sup>th</sup> out of 139 countries  
12<sup>th</sup> out of 179 countries  
33<sup>rd</sup> out of 125 countries

# Relatively favourable prospects on the regional front

## Sustained expansion for SSA

Real GDP Growth	Annual percentage change		
	2010(e)	2011(f)	2012(f)
<b>Sub-Saharan Africa</b>	<b>5.4</b>	<b>5.2</b>	<b>5.8</b>
Oil exporters	7.3	6	7.2
Middle-income countries	3.1	3.5	3.7
Low-income countries	5.8	5.9	6.5
<b>MCB Presence countries</b>			
Madagascar	0.6	1.0	4.7
Maldives	7.1	6.5	4.6
Mozambique	6.8	7.2	7.5
Seychelles	6.2	5.0	4.4

## Trade evolution for SSA



(e) estimates (f) forecasts

Source: IMF World Economic Outlook, Sept 2011



# Financial results

## MCB: Solid performance amidst exigent context

### Rebound in net profit due to:

- Creditable expansion of core earnings
  - ✓ Notable rise in net interest income
  - ✓ Appreciable growth in net fee and commission income
- Non-recurrent items

### ... backed by solid foundations

- Ambitious, yet prudent, business model
- Sustained and sensible balance sheet growth
- Healthy operating fundamentals

### ... whilst financial soundness remained at comfortable levels

- Capitalisation
- Asset quality
- Funding & liquidity

# Group financial performance

Income Statement	Year ended to		Growth
	30-Jun-10	30-Jun-11	
	USD m	USD m	%
Net interest income	171	196	14.4
Non-interest income	95	110	16.1
<i>Non-Interest Income (excluding non-recurrent items)</i>	95	105	10.5
Non-interest expense	124	134	8.3
Operating profit before provisions	143	181	26.7
Allowance for credit impairment	9	11	15.8
Net profit	114	150	31.6
<i>Net profit (excluding non-recurrent items)</i>	120	137	14.3

Reference rate : USD 1 = Rs 30.00

Balance Sheet as at:	30-Jun-10		Growth
	30-Jun-10	30-Jun-11	
	USD m	USD m	%
Total assets	5,425	5,756	6.1
Gross loans	3,750	4,191	11.8
Total deposits	4,416	4,540	2.8
Equity	677	791	16.8

# Key performance ratios

## MCB Group - Financial Strength Indicators (%)

	Jun-09	Jun-10	Jun-11
<b>Asset Quality</b>			
Gross NPLs/Gross loans	4.8	3.9	3.4
Net NPLs/Net loans	2.2	1.9	1.5
<b>Efficiency</b>			
Cost-to-income	42.1	46.5	44.5 <sup>1</sup>
<b>Liquidity</b>			
Liquid assets <sup>2</sup> /Total assets	22.8	22.1	17.4
Loans to deposits	82.7	84.9	92.3
<b>Profitability</b>			
Return on average total assets	2.8	2.2	2.7
Return on average equity	22.7	17.6	20.4
<b>Capital Adequacy</b>			
BIS risk adjusted ratio	15.1	14.9	15.0
of which Tier 1	13.0	12.8	13.3

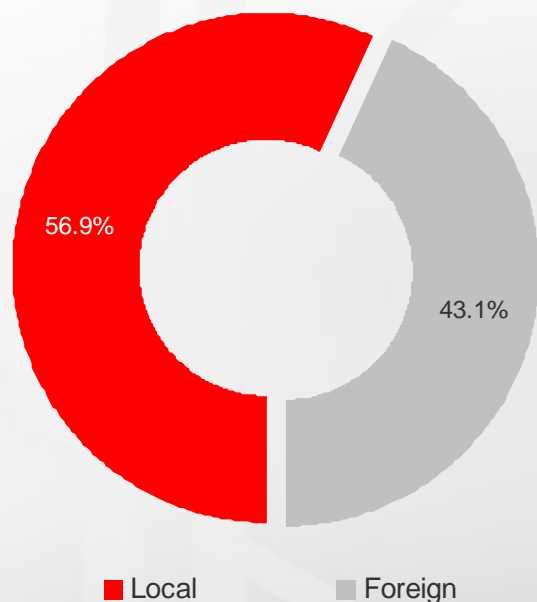
<sup>1</sup> Excludes non-recurrent items

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

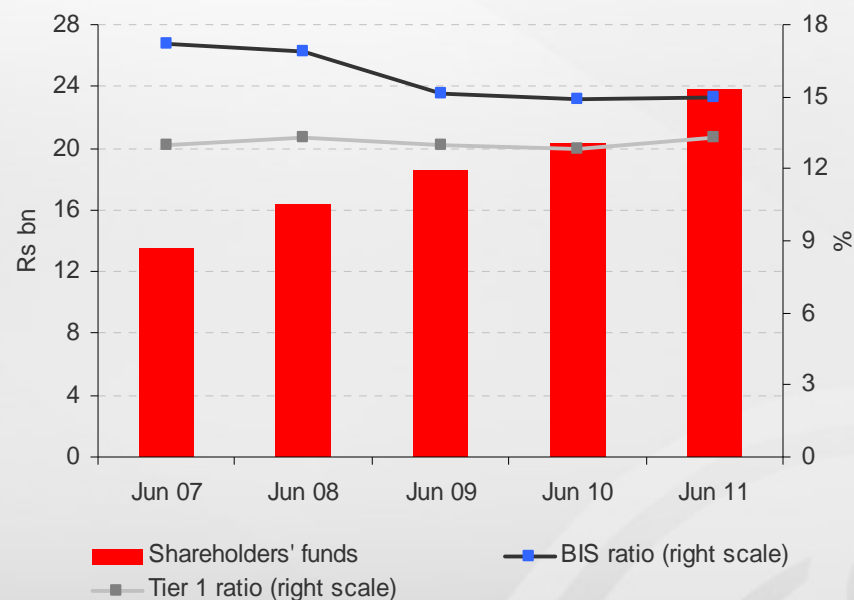
**U**nderpinned by diversified earnings ...

... comfortable capital levels are assigned to mitigate exposure to risk.

## Sources of Group profit



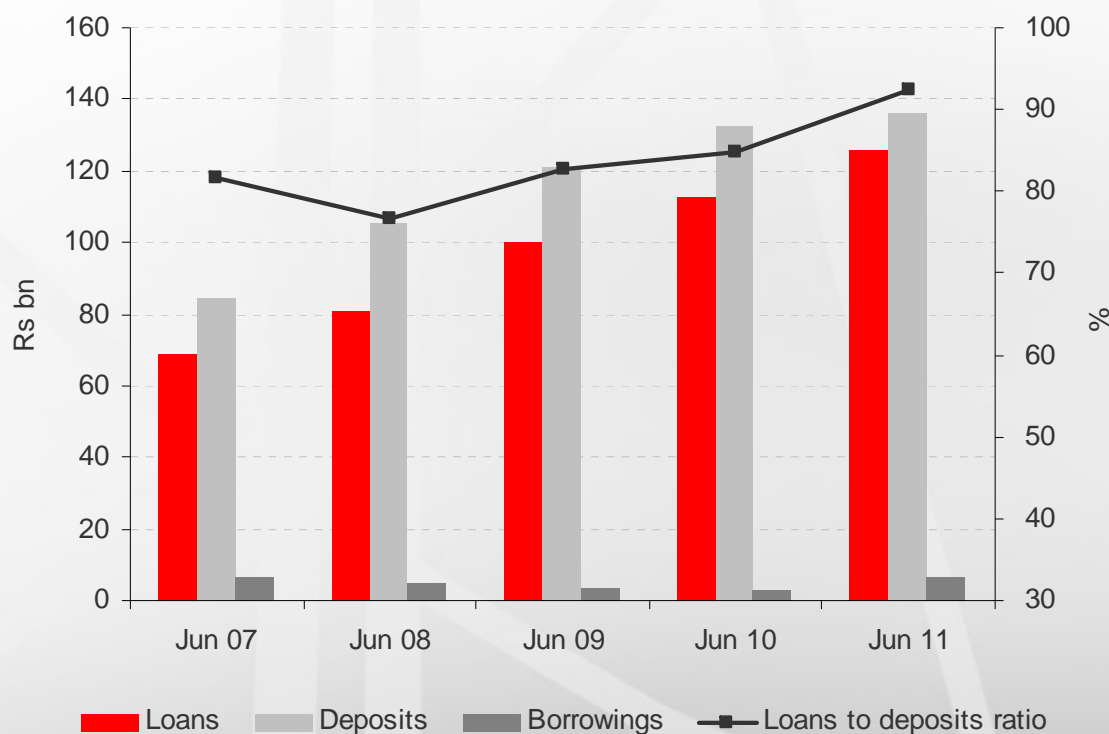
## Capital resources





## Expanding deposits:

- ✓ Are our primary funding source
- ✓ Serve as a stable, solid and low cost foundation for asset financing



## Funding strategies

### Mauritian rupee

- ✓ Organically growing deposits base, comprising mostly retail savings which are generally sticky

### Foreign currency

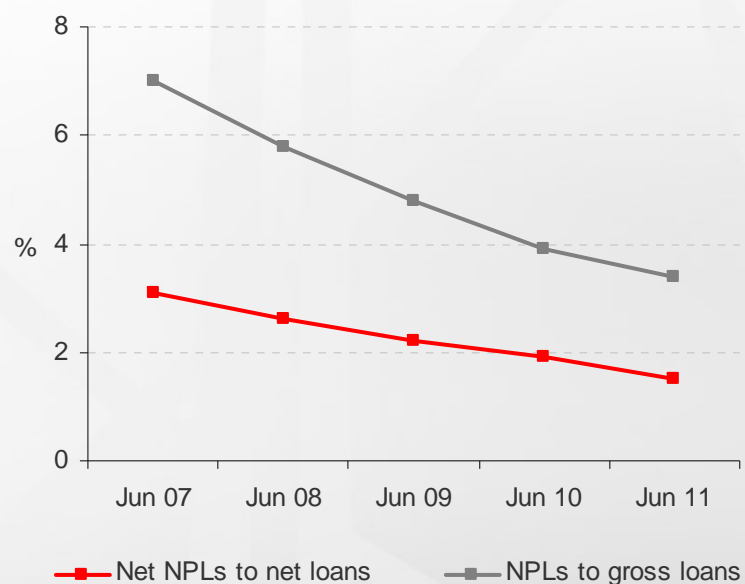
- ✓ Sufficient level of reserves
  - Careful selection and monitoring of exposures
  - Ensuring availability of ample cushion

## Liquidity

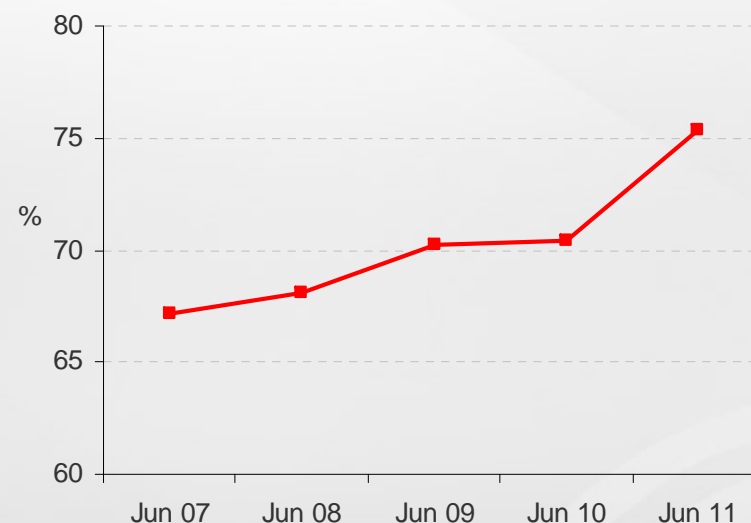
- ✓ The Group ensures that sufficient funds are available at reasonable cost to meet obligations on a timely basis

**B**acked by enhanced risk management and prudential market penetration, non-performing loans (NPLs) ratios continue to decline over time.

## Non-performing loans



## Provision coverage ratio



Collateral more than adequately caters for NPLs that are not covered by provisions

# Strategic orientations

## OUR VISION

**Every day, we will help make something happen**

## OUR MISSION

We will keep finding ways to meet the needs of our customers

We will listen to them and help them achieve their goals

We will help people with ideas to be entrepreneurs

We will be worthy of our shareholders' confidence

We will do what we can to make the world a better, greener place

... And we will never go away



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# Reinforcing local banking and non-bank activities

## Consolidation of position in the domestic banking sector

- Further upgrade capabilities for efficiency gains
- Enrich the value proposition to all customer segments
- Deepen customer service relationships and services
- Consolidate/tap into business openings in established/emerging sectors

## Further diversification into non-bank activities

- Strengthen activities across different segments
- Boost our product offerings





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# Expanding regional and international footprint

## Increase in regional and international diversification of activities

- Broadening operations in presence countries and African markets
- Privileged partner for major deals in the region
- Gateway for direct corporate funding & partaking of big-ticket structured cross-border transactions
- Positioning as prominent regional Mandated Lead Arranger

## Pursuing the “Bank of Banks” vision

- Platform for handling trade finance, payments and cards outsourcing
- Comprehensive SWIFT services line-up
- Positioning as LC re-issuance hub
- Brand visibility via road-shows & seminars (e.g. Hosting of Africa Forward Together seminar)



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# Shoring up Global Business exchanges

As a financial hub in the African region...



... **Mauritius** is an ideal springboard for investment and doing business in Africa, the Middle-East and Asia



**MCB**  
**Global Business**

Crafting tailored and efficient financial services for offshore companies, funds and trusts

Registered as **Foreign Institutional Investor** vis-à-vis Securities and Exchange Board of India

Routing funds through MCB to India

Forging long-term banking relationships with foreign investors

## Concluding remarks

Notwithstanding the challenging operating environment for the short term at least, the MCB is confident that it can transform **strategic intents** into **sensible business growth** by:

- ✓ Leveraging on systems
- ✓ Improving processes
- ✓ Developing human capital

# leading the way



## Welcome to The Mauritius Commercial Bank.

As the leading bank in Mauritius and the Indian Ocean, we keep setting new benchmarks to delight our customers. Our freshly designed branches, ever expanding network and state of the art Internet Banking complement our rich experience and proven expertise in tailoring relevant services that fit our customers' specific needs.

Warm, welcoming, professional, innovative, fast and quietly efficient.

Welcome to a whole new banking experience.

MAURITIUS - SEYCHELLES - MADAGASCAR - SOUTH AFRICA  
MALDIVES - MOZAMBIQUE - RÉUNION - MAYOTTE - FRANCE



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