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Context

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- First three Covid-19 imported cases were recorded in Mauritius on 19 March 2020
- A lockdown and curfew order was imposed in the country between 20 March 2020 and 30 May 2020, which helped to successfully curb the spread of the virus
- All economic and social activities restarted as from 15 June 2020
- International commercial flights resumed with borders open to tourists since 1 October, with a mandatory 14-day quarantine period for all travelers, which has been extended until 15 January 2021

COVID-19: Transmission to the Mauritian economy

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Impact of: **Local spread of the virus and confinement measures**



Global repercussions spanning to Mauritius

Channels of impact

Fall in exports

Supply chain disruptions

Consumption slowdown

Fall in commodity prices

Dampened investor sentiment

Impact on real sector

Hospitality

Construction & real estate

Textile

Wholesale & retail trade

Financial sector

Domestic oriented activities

Contraction in GDP

Pressures on labour market

Impact on external front

Balance of Payments in deficit for the first time in nearly 15 years

Impact on fiscal front

Higher public debt burdens

Government sanitary and support measures (i)

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- Health & safety and quarantine measures implemented by the authorities following the first Covid-19 case
- Various amendments brought in legislations through COVID-19 Act and the Quarantine Act
- Key Repo Rate cut by 150 basis points to 1.85%
- Wage Support Scheme & Self Employed Assistance Scheme to support private sector businesses pay wages
- 6 months moratorium on capital repayment for existing loans for impacted economic operators and SMEs (*moratorium on both capital and interest*)
- 6 months moratorium on capital repayment of existing household loans for individuals with monthly basic salary not exceeding Rs 50,000, with the BoM to bear interest payable on outstanding mortgage loans

Government sanitary and support measures (ii)

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- A total package of Rs 9.3 bn, available through commercial banks, to help operators meet cash flow and working capital requirements from (i) a Special Relief Programme of Rs 5.0 bn and (ii) an additional release of Rs 4.3 bn with the Reduction of Cash Reserve Ratio from 9% to 8% (*partial guarantee by the State Investment Corporation*)
- Support measures by Investment Support Programme Ltd and SME Equity Fund Ltd (*e.g. SME Factoring Scheme, Leasing Equipment Modernisation Scheme*)
- SIC Equity participation Scheme of Rs 2.7 bn
- Mauritius Investment Corporation (*Special Purpose Vehicle set under the aegis of Bank of Mauritius*) providing equity and quasi-equity funding of up to USD 2.0 bn to affected domestic systemic economic operators

MCB's response to Covid-19

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Business continuity and soundness of operations

- Ensuring adequate business continuity plans were in place while preserving minimal service delivery
- Setting up of a Crisis Management Team to oversee the effective and coordinated management of day-to-day operations
- Adopting strict sanitary and hygiene protocols to uphold sound physical environments in our working premises
- Implementing 'Work From Home' practices and reorganisation of work processes with the operation of split/rotating teams

Dedicated customer support measures

- Helping and assisting our customers in difficult times, from individual customers with moratorium on mortgage payments to small business operators and large corporates with loan repayments and working capital requirements
- Temporarily waiving of fees for individuals, mainly card-related fees and other fees (e.g. failed standing instruction and direct debit)
- Intensifying our communication and awareness campaigns to encourage customers to opt for digital and contactless channels solutions (e.g. increasing the limit for contactless payments from Rs 500 to Rs 2,500)

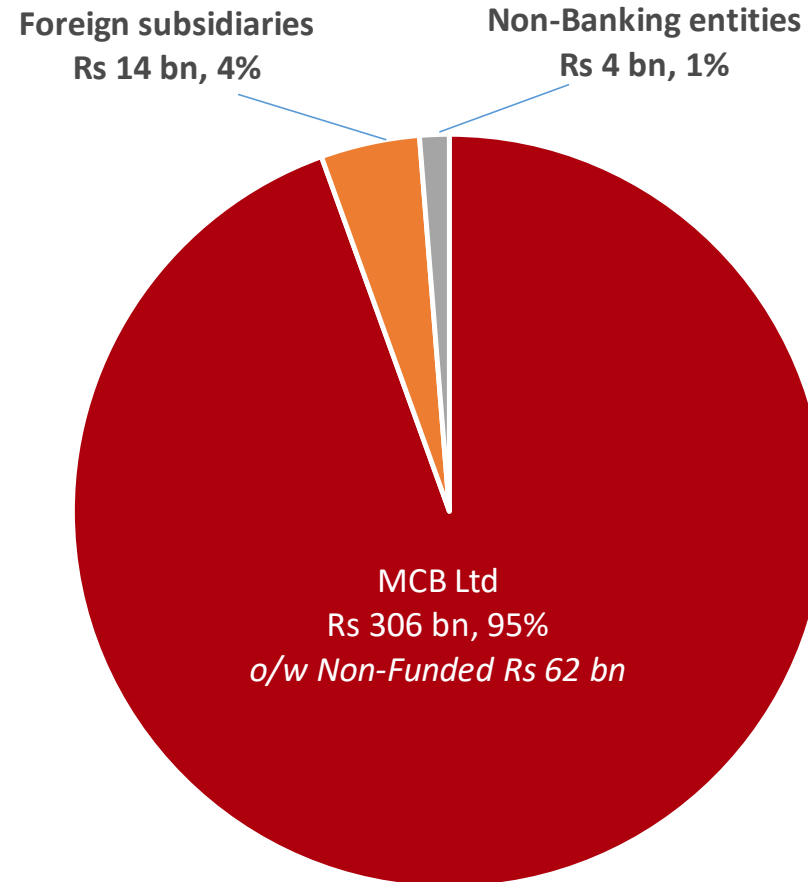
Impact of Covid-19 on our business

MCB Group exposures | On and Off Balance sheet

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As at 30 June 2020

Rs 324 bn



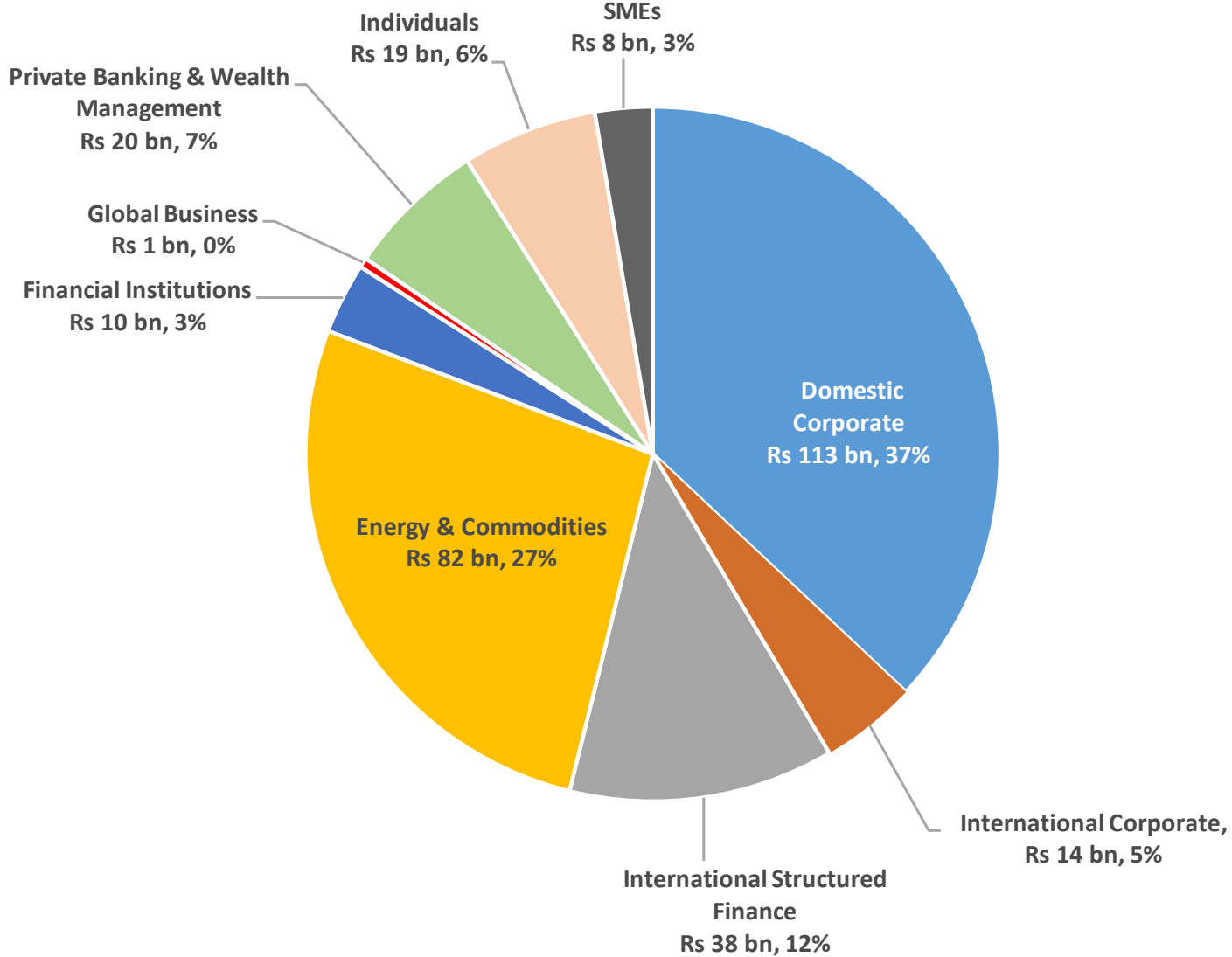
Note: Excludes Corporate Notes

MCB Ltd exposures by LoBs | On and Off Balance sheet

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As at 30 June 2020

Rs 306 bn



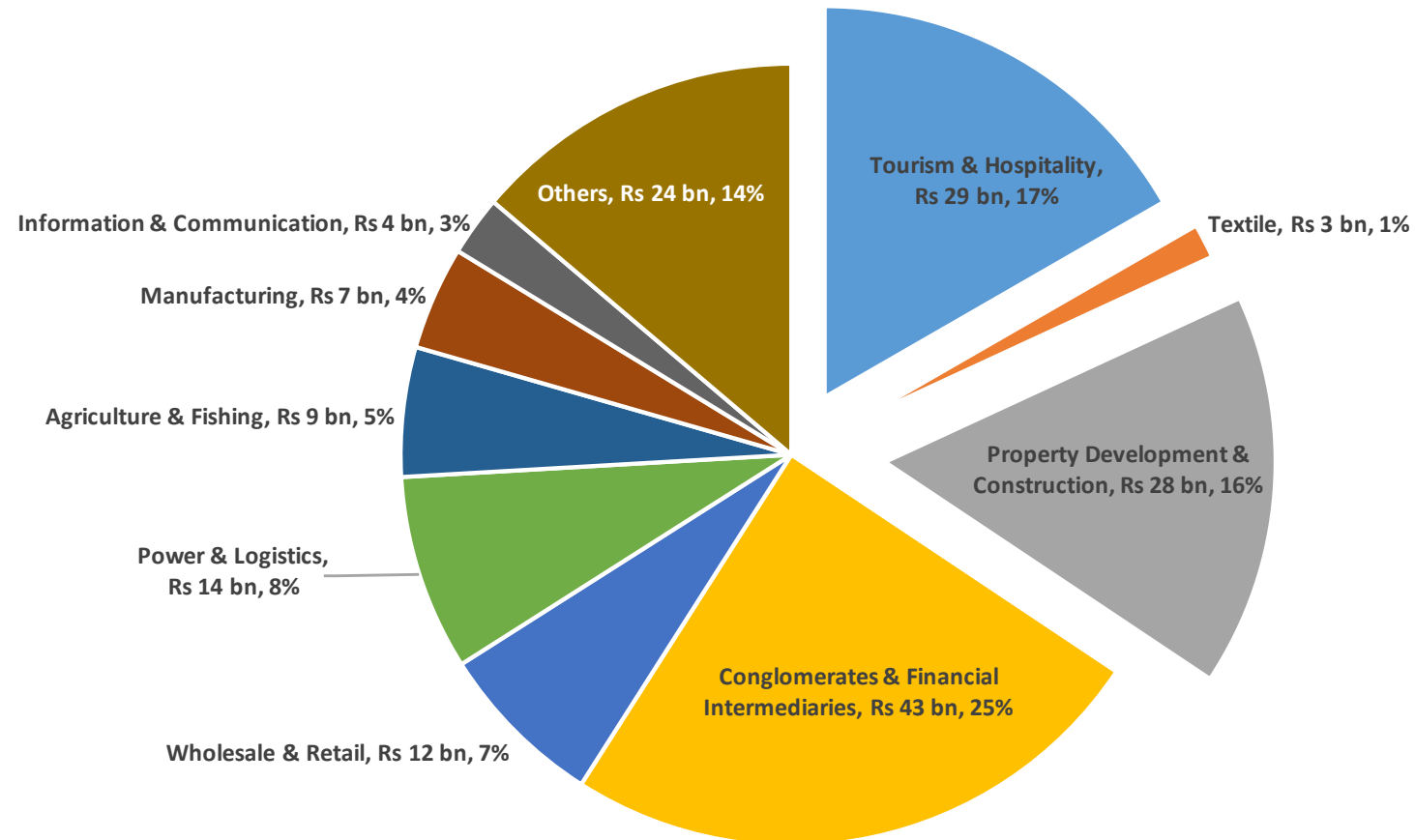
Sectorwise distribution of corporate exposures

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Domestic & international corporates, structured finance & SME (non-individuals)

As at 30 June 2020

Rs 173 bn



MCB Group | ECL evolution

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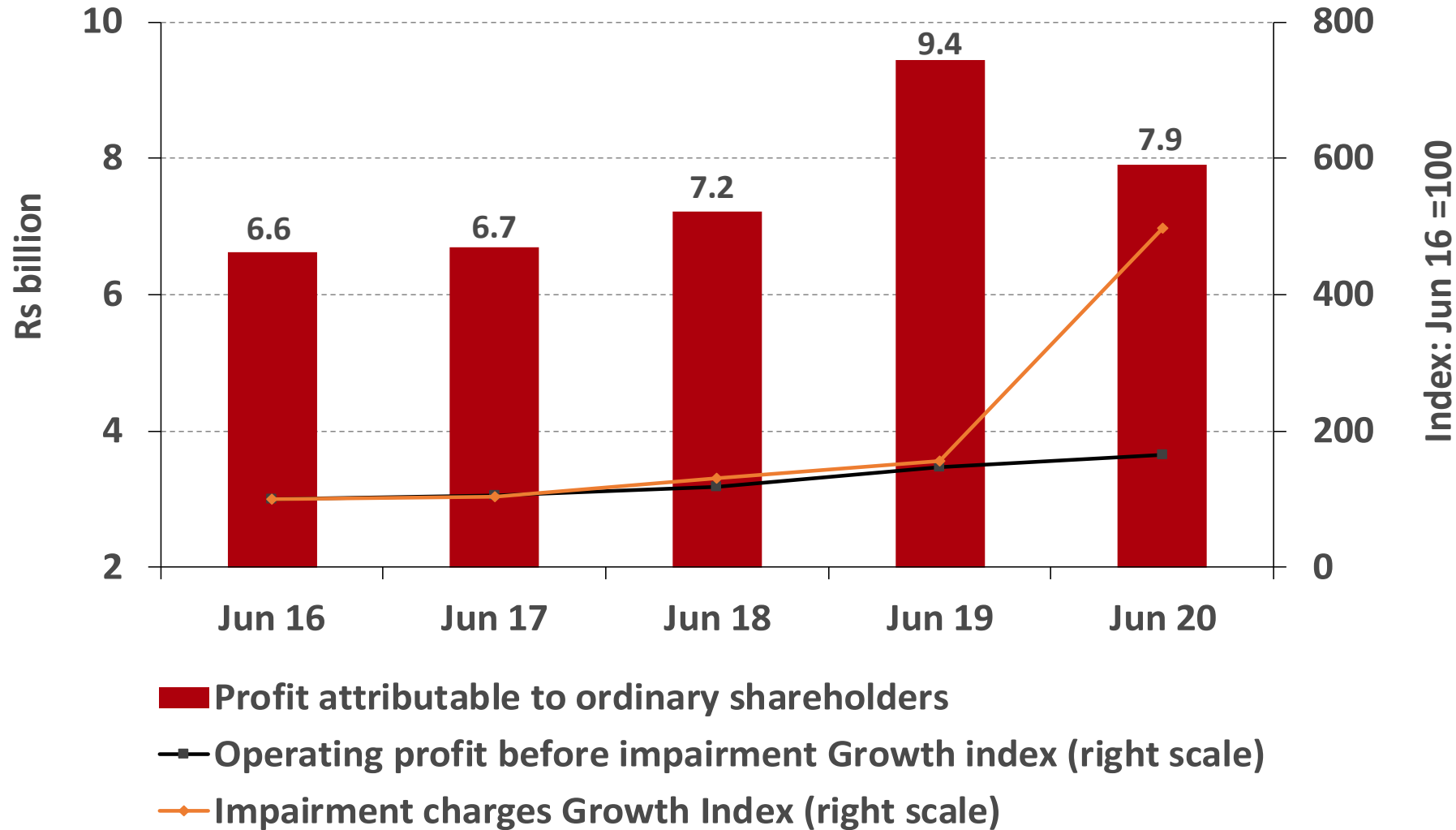
	Rs million	Rs million
As at 30 June 2019		2,730
Additional ECL during the year		
Retail	660	
Corporate (<i>including international structured finance</i>)	2,637	
Energy & Commodities	129	
Financial institutions	(133)	
Sovereign	(3)	
MCB Ltd		3,290
Foreign banking subsidiaries & Non-banking subsidiaries		74
As at 30 June 2020		6,094

Sector	(%)
Tourism and Hospitality	5.1
Textile	4.6
Property Development & Construction	1.2
Energy & Commodities	0.4

Financial performance

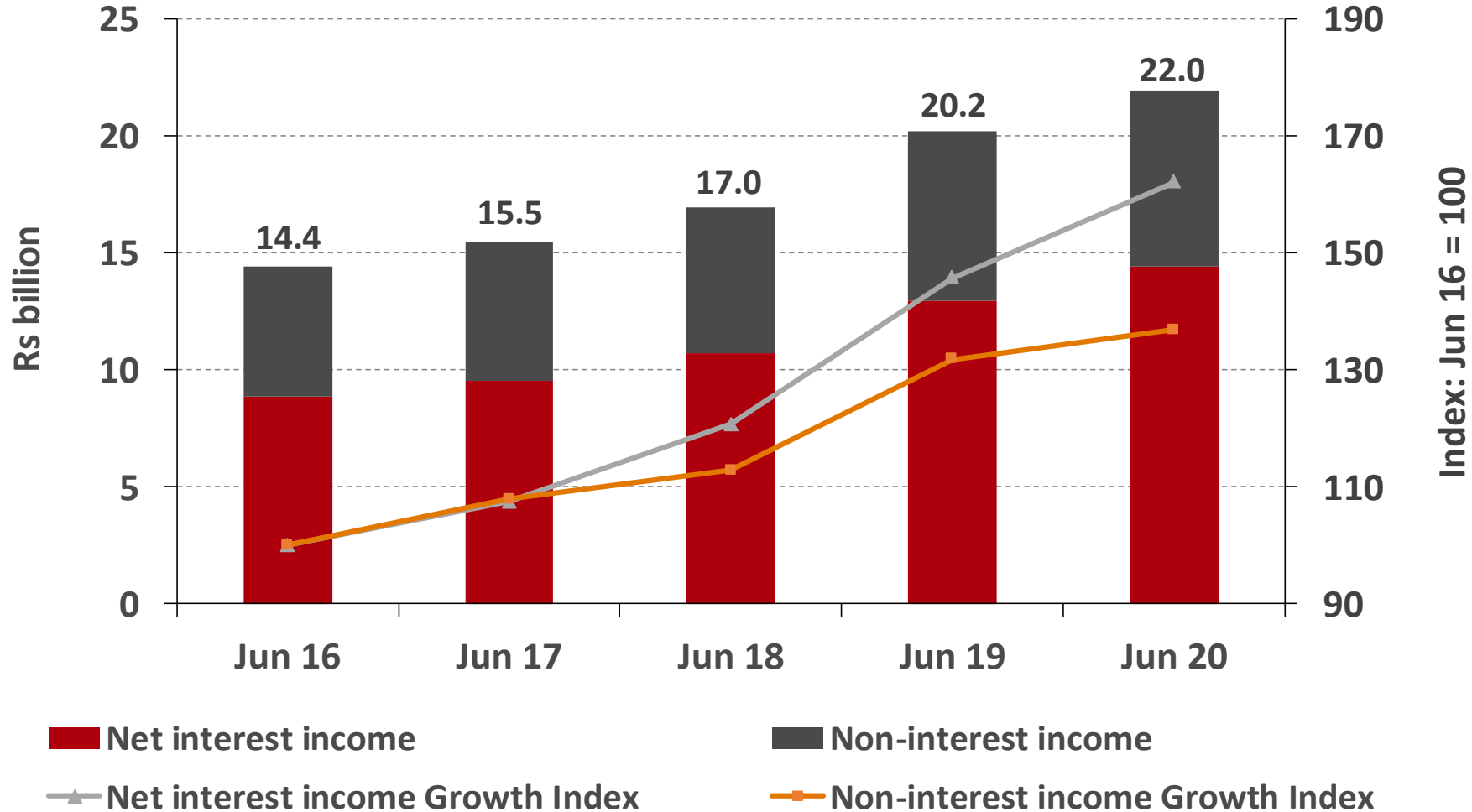
Profitability

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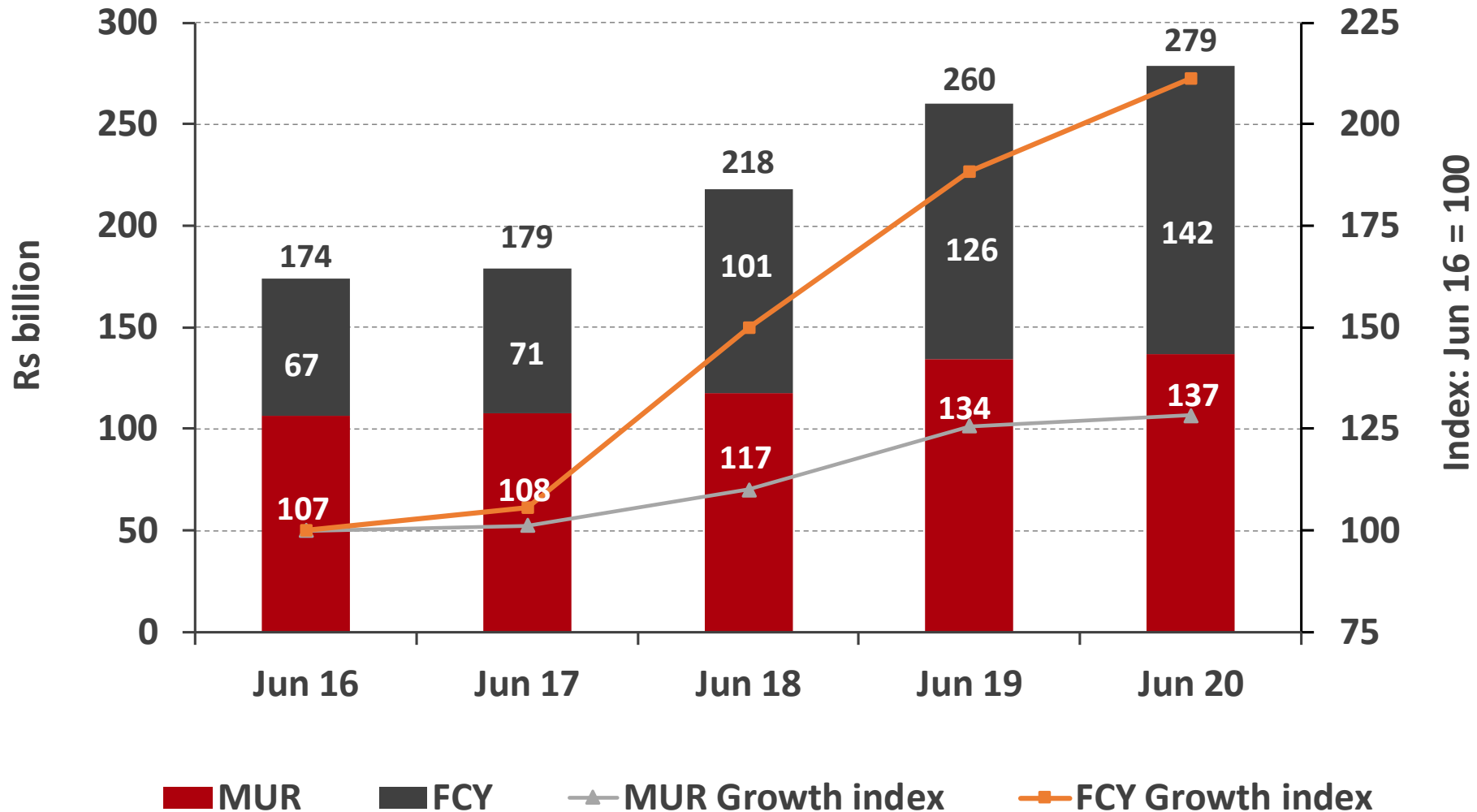
Operating income

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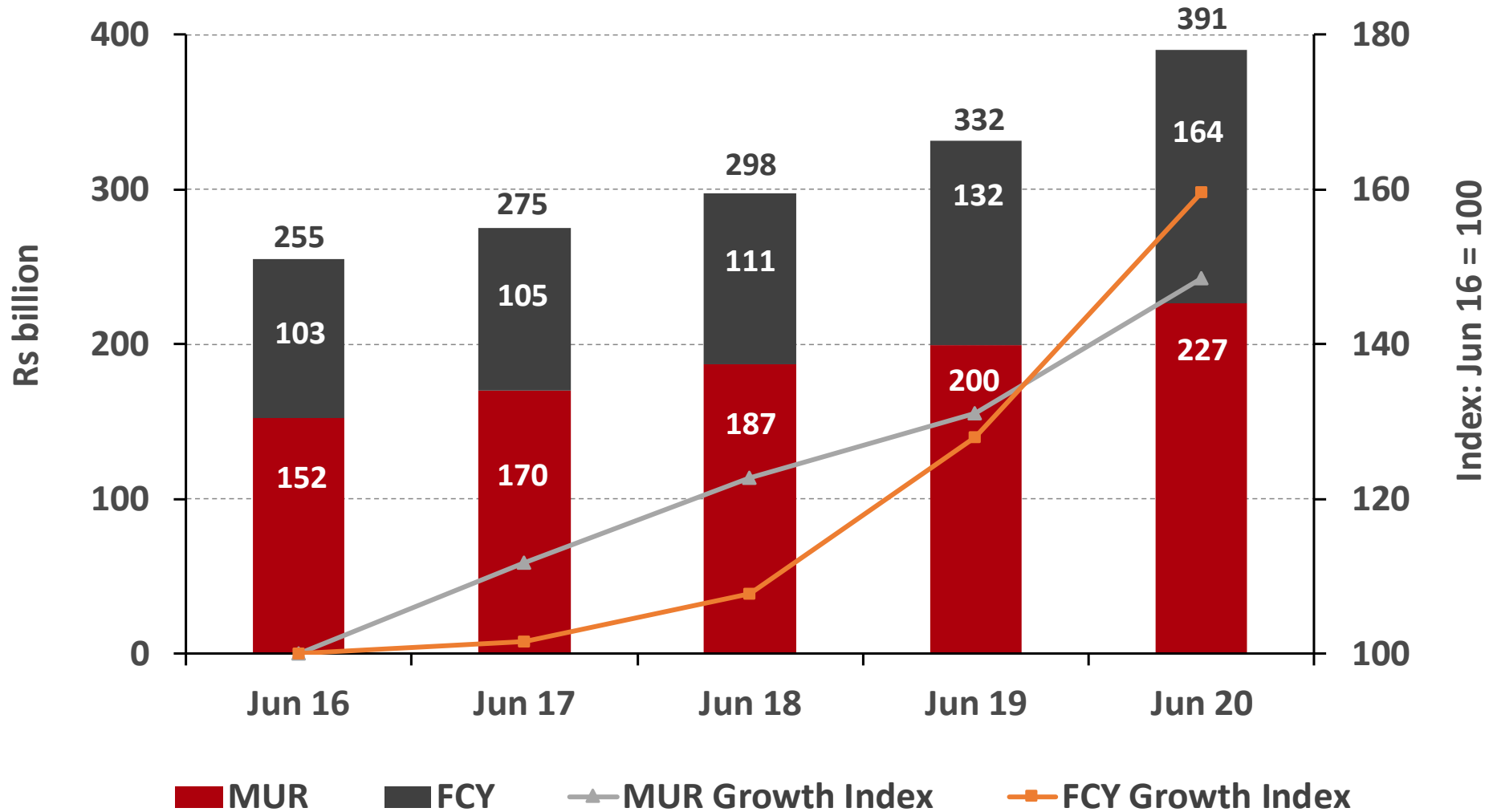
Gross loans (incl. Notes)

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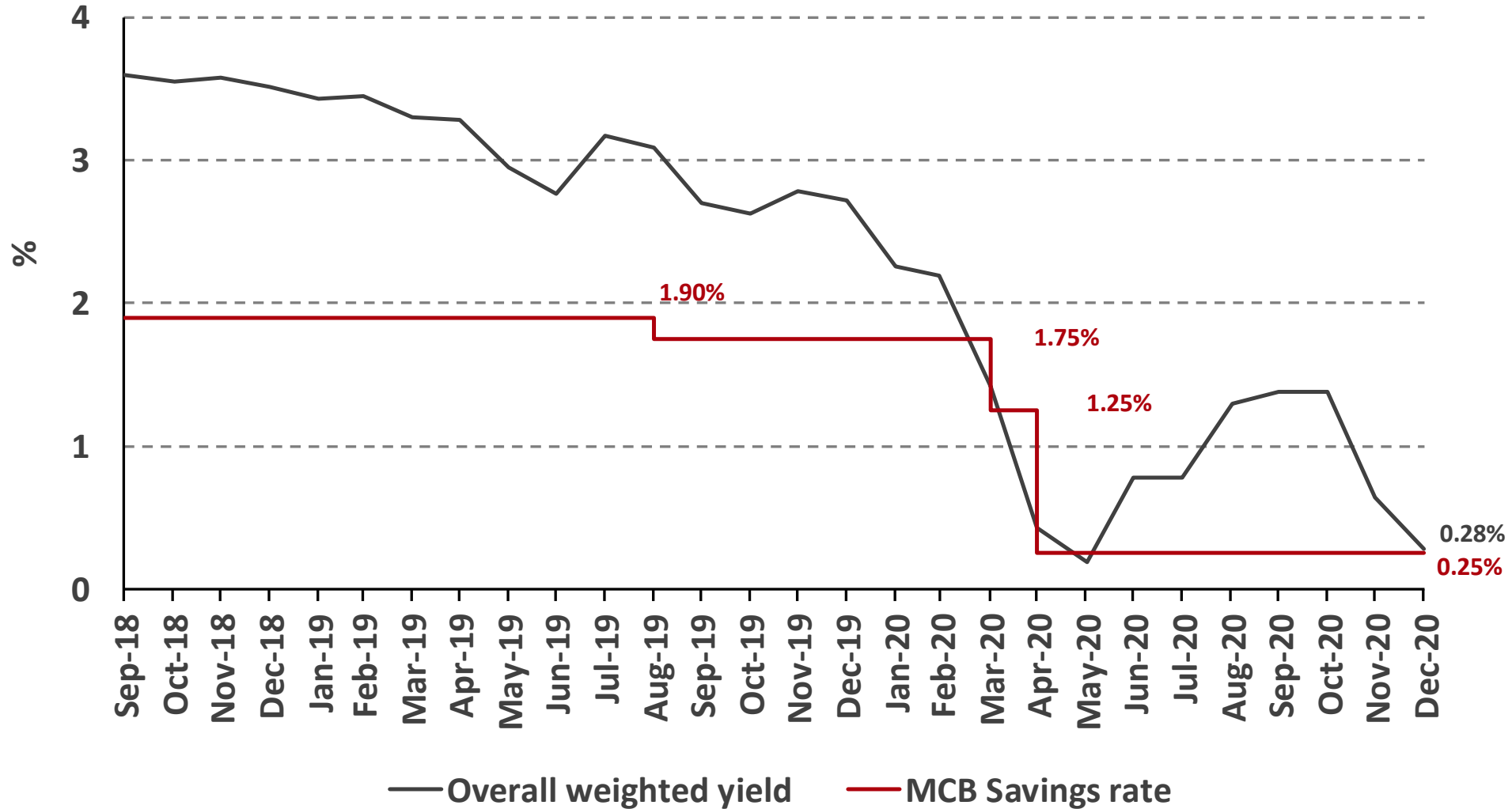
Deposits

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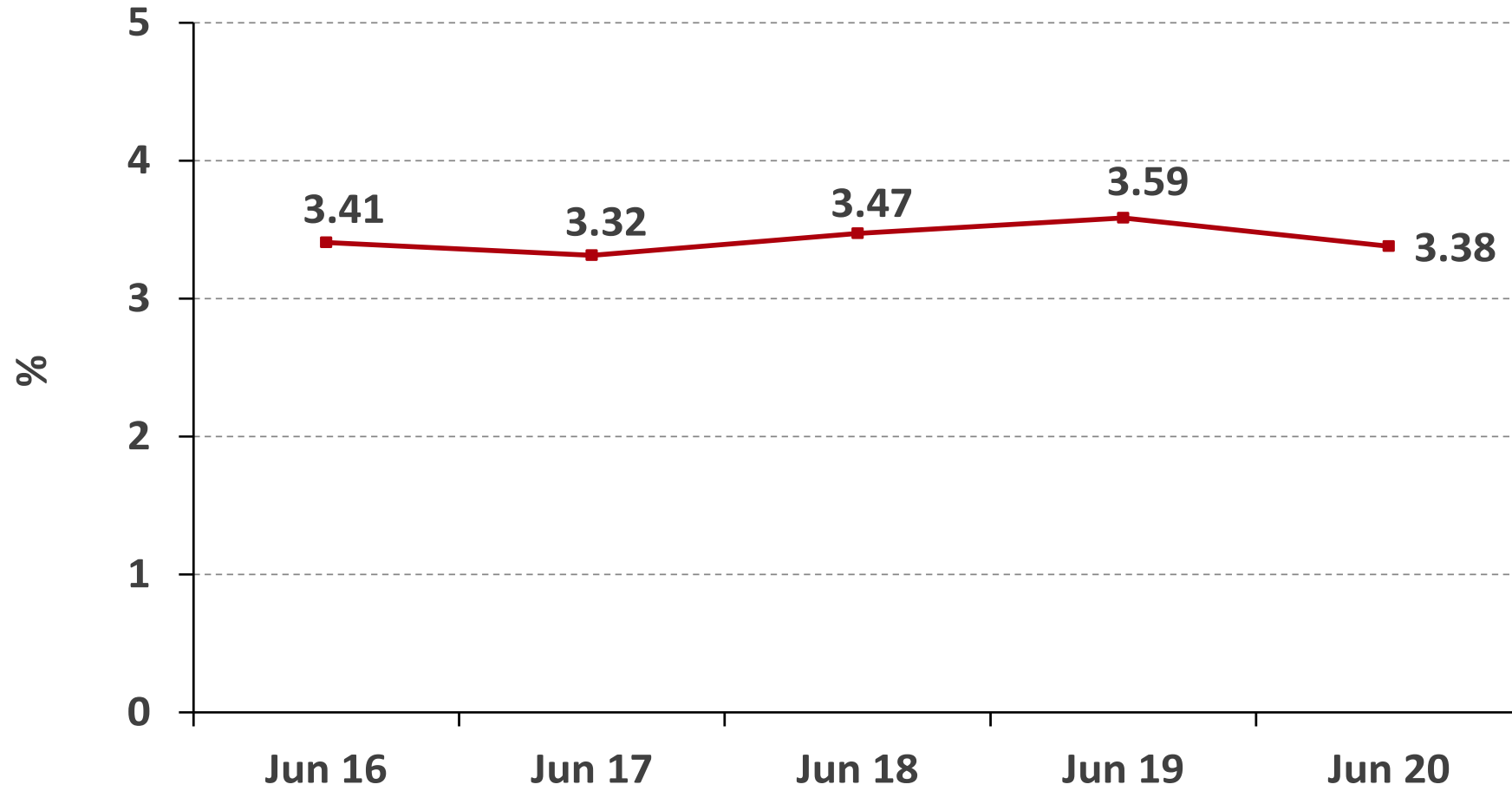
Evolution of T-Bills v/s savings rate

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Margin

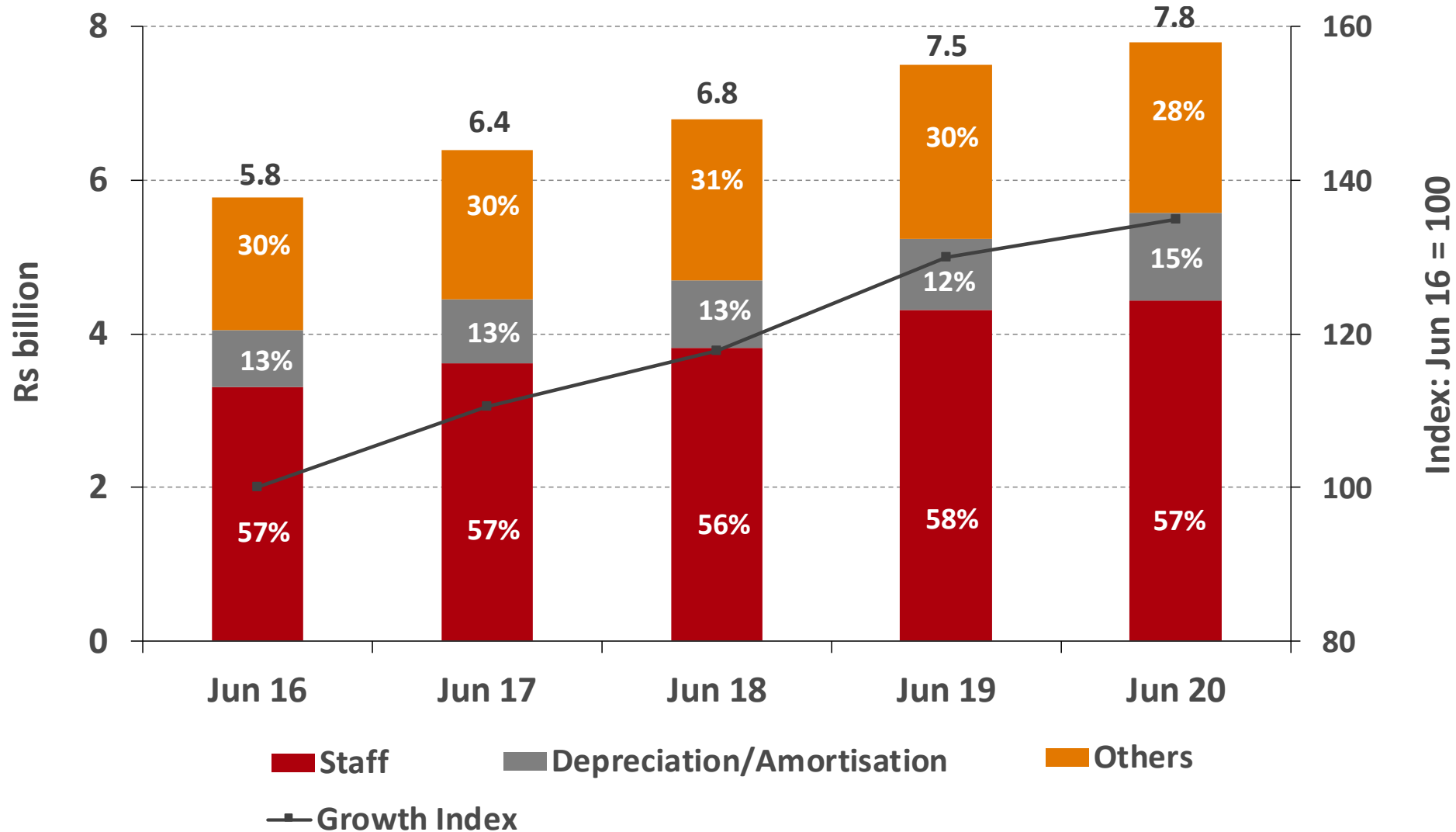
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—■ Net interest margin to average earning assets

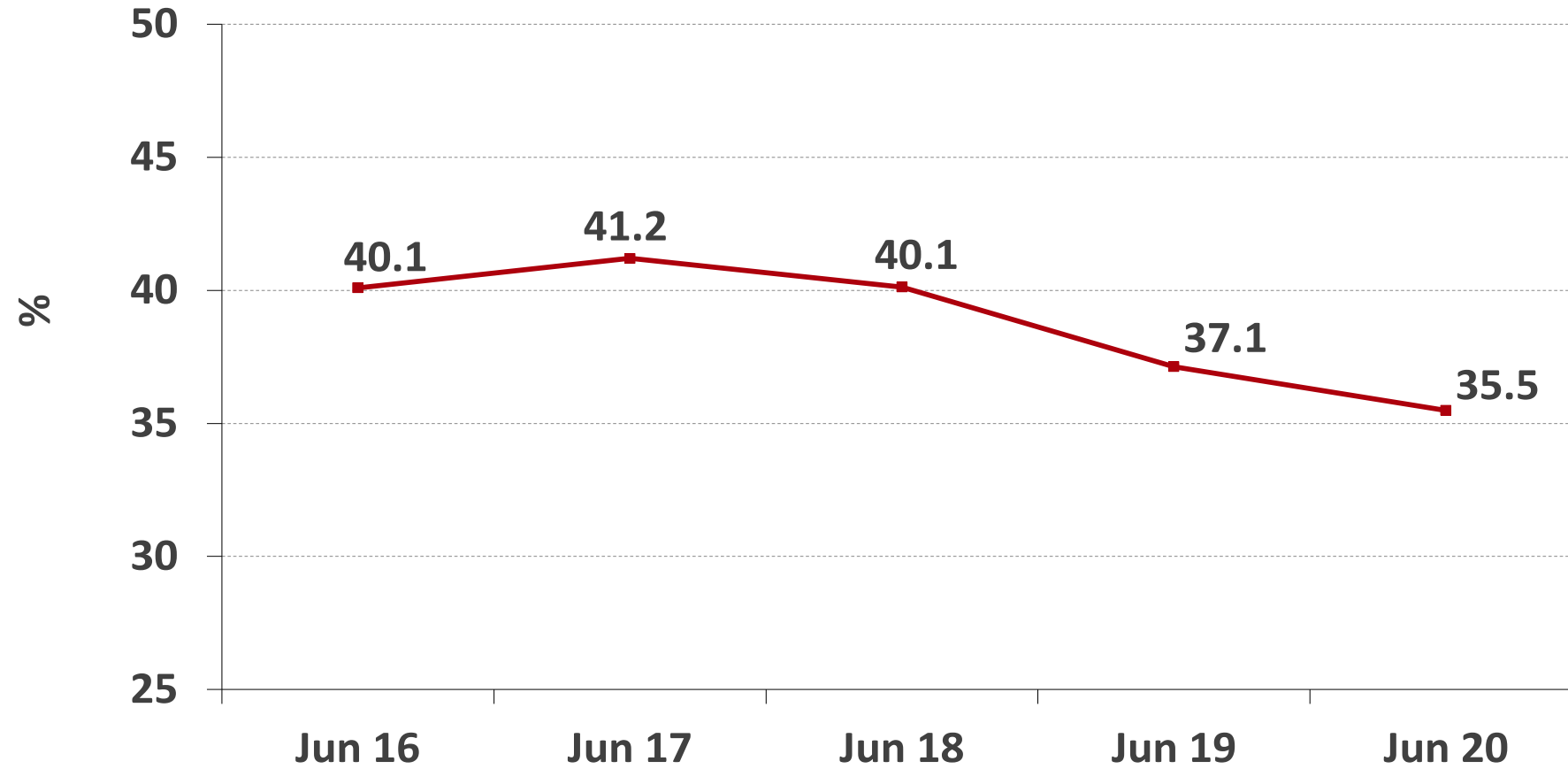
Operating expenses

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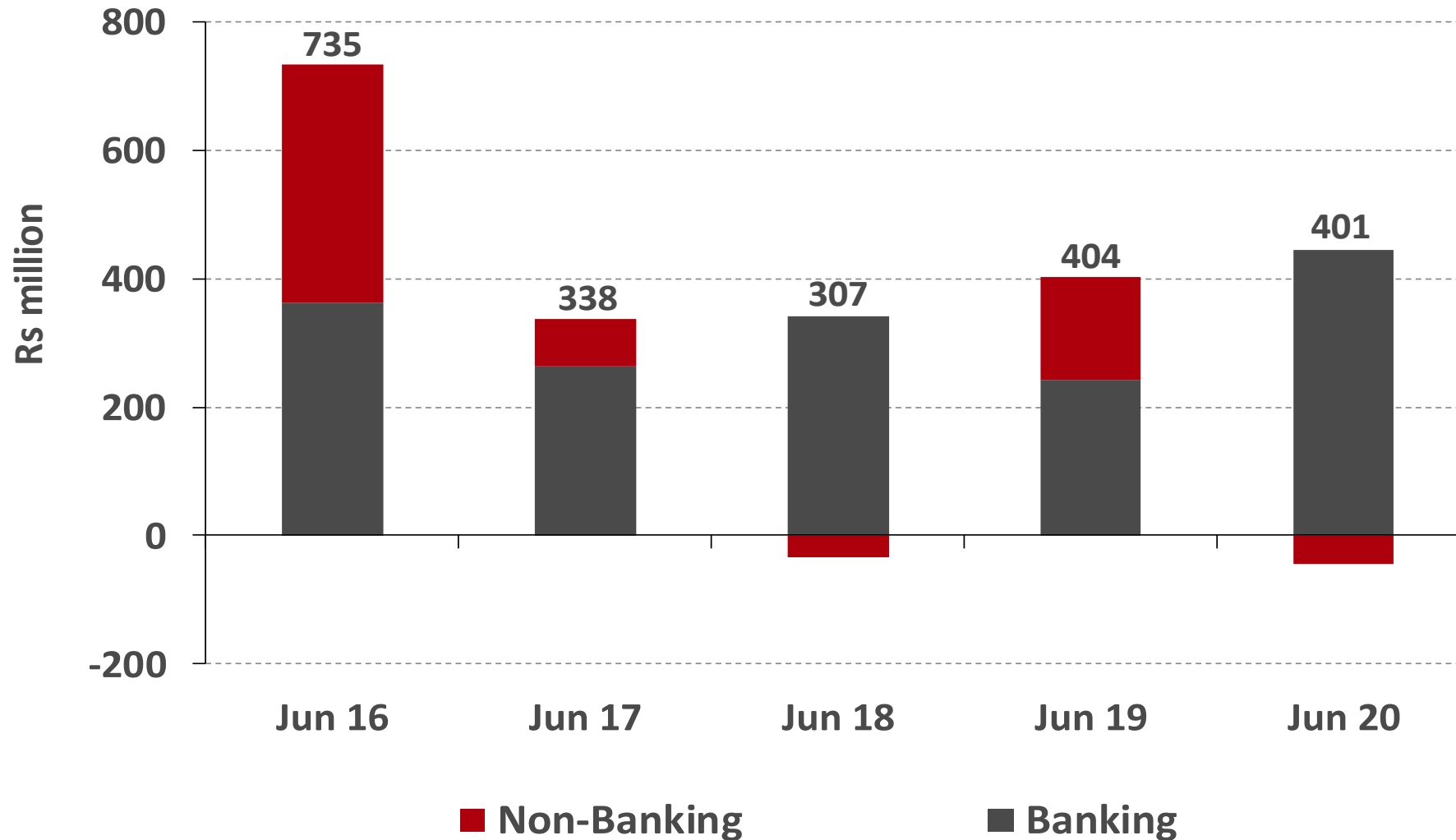
Cost to income ratio

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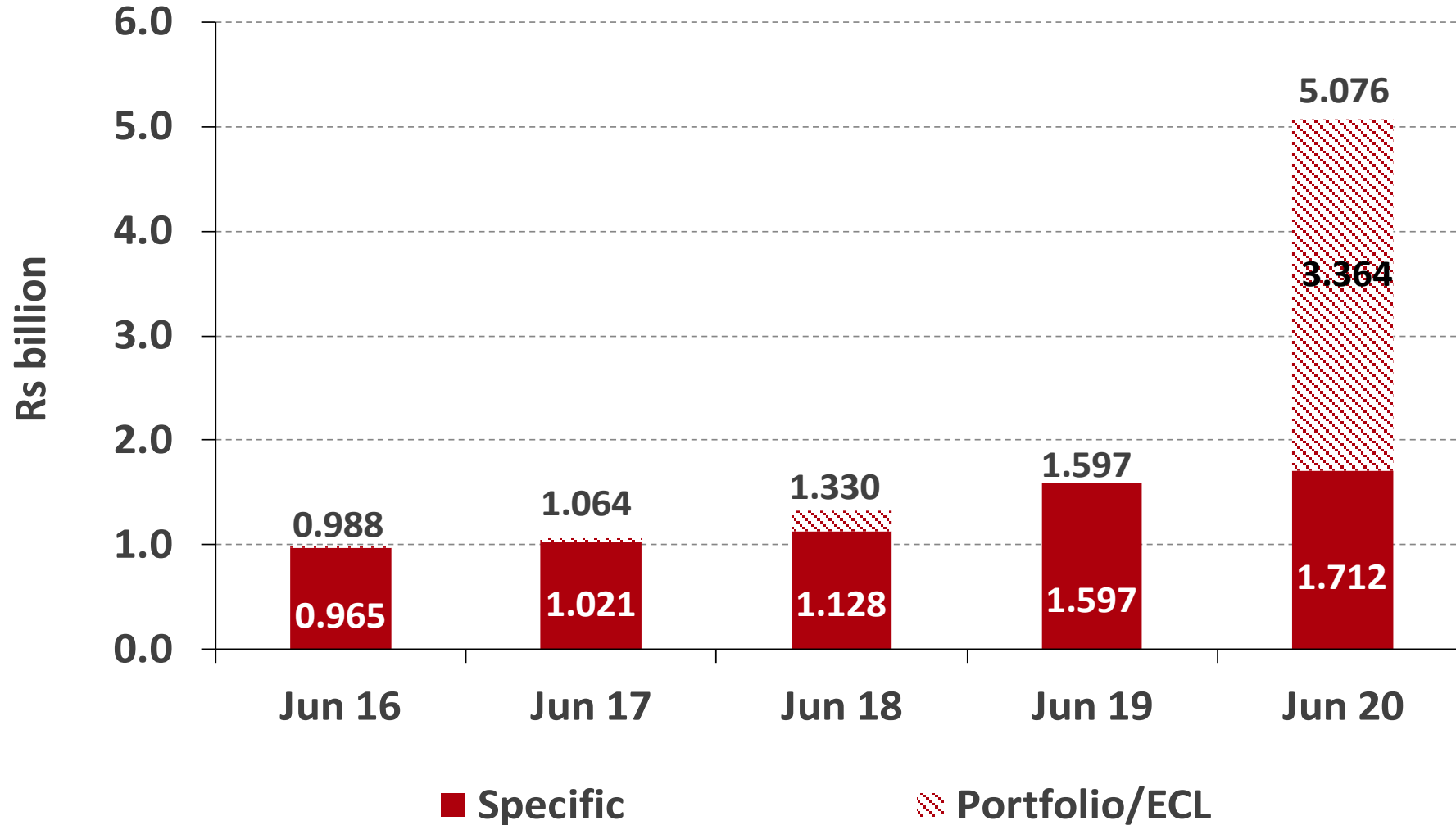
Share of profit of associates

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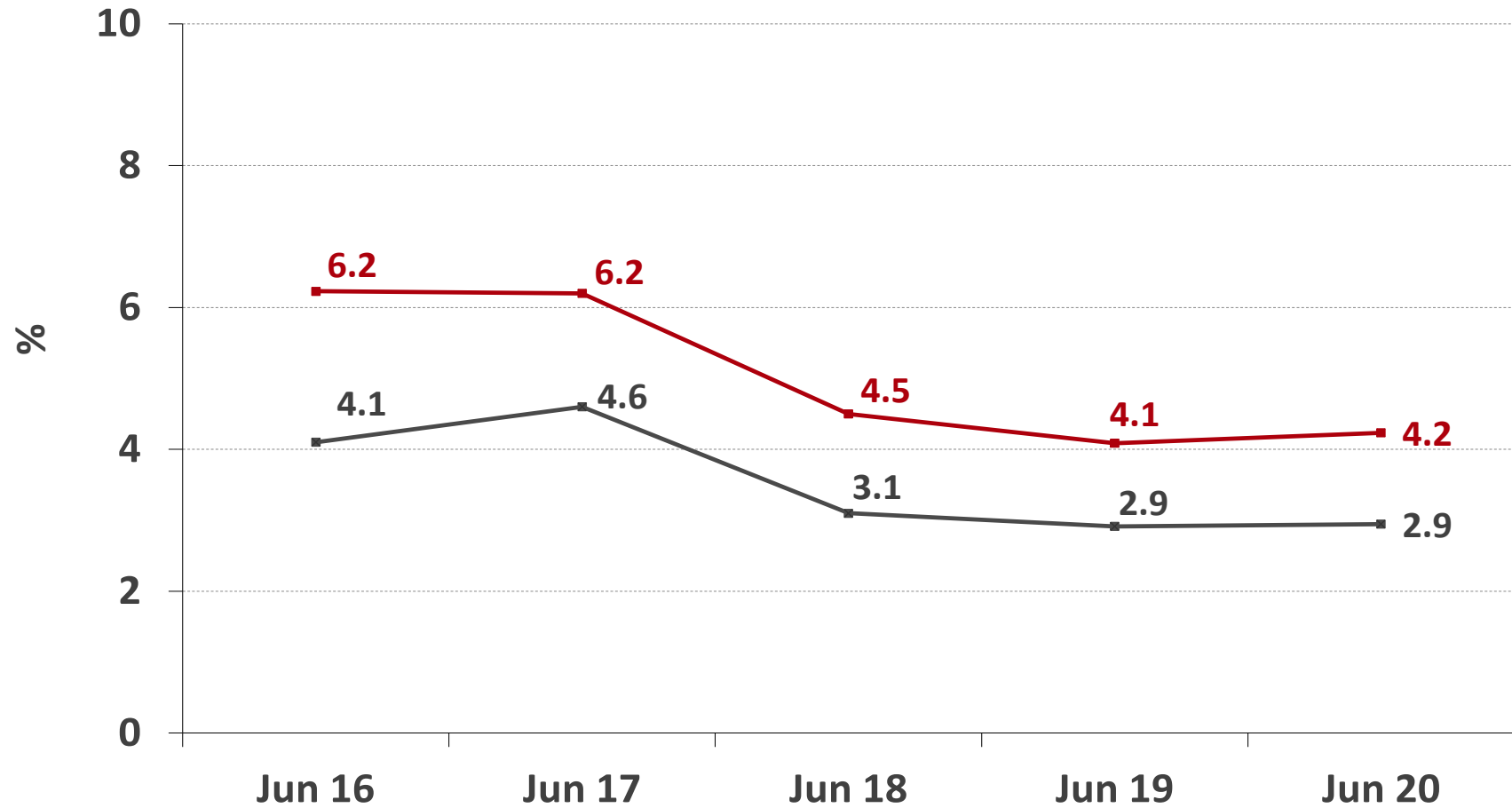
Credit impairment charges

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Credit quality

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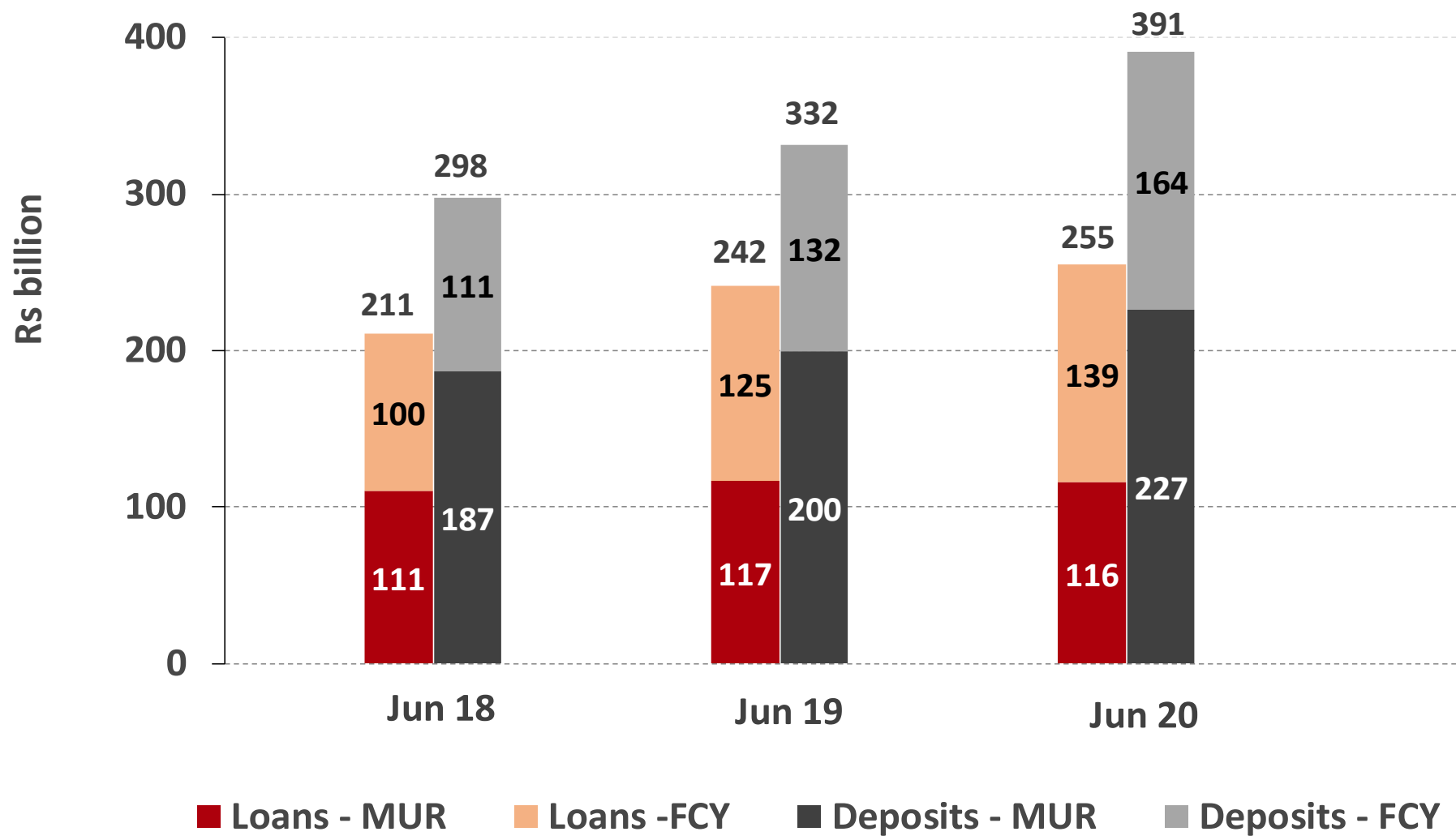
— Gross NPLs to gross loans and advances — Net NPLs to net loans and advances

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Liquidity

Evolution of loans and deposits

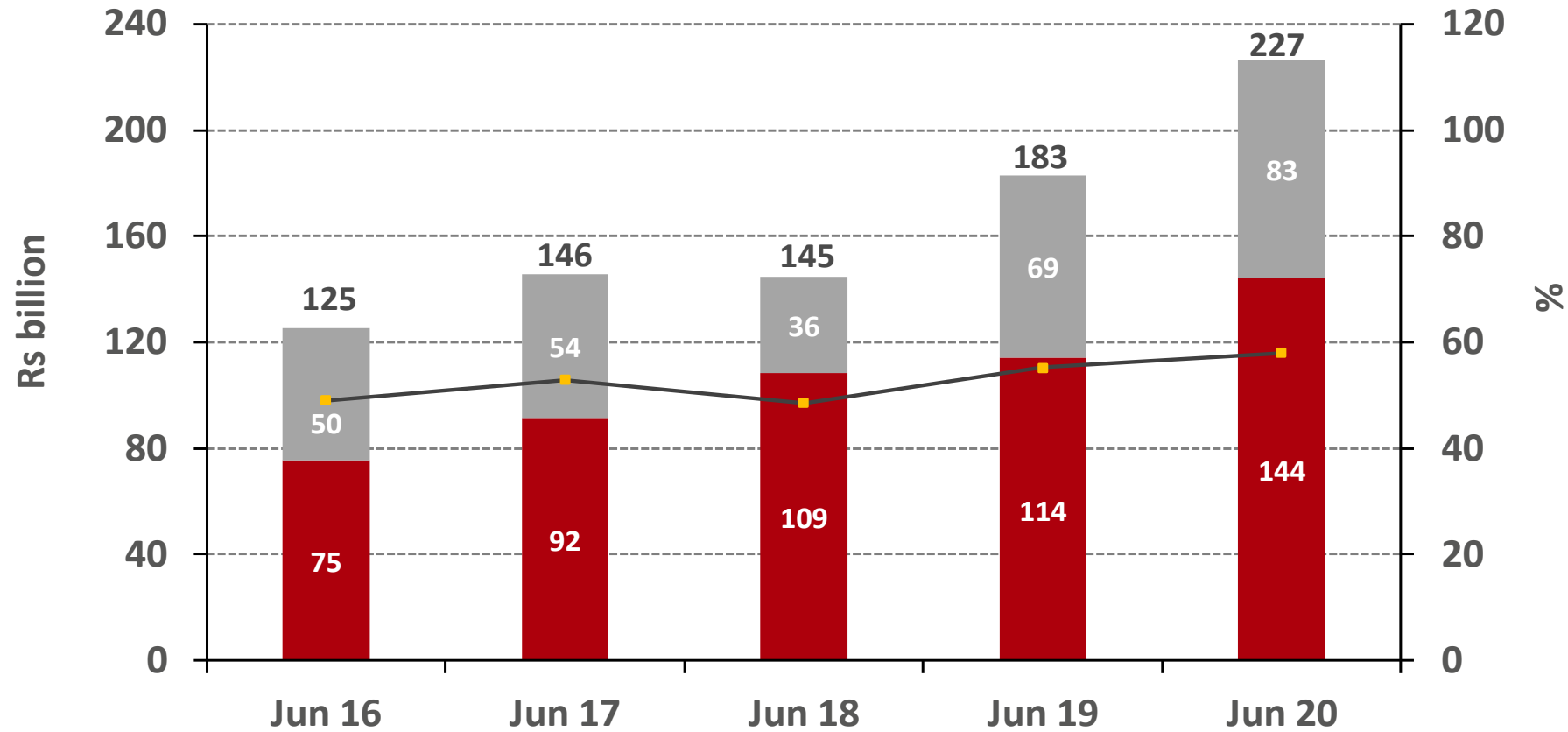
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Note: Loans excludes Corporate Notes

Liquidity position

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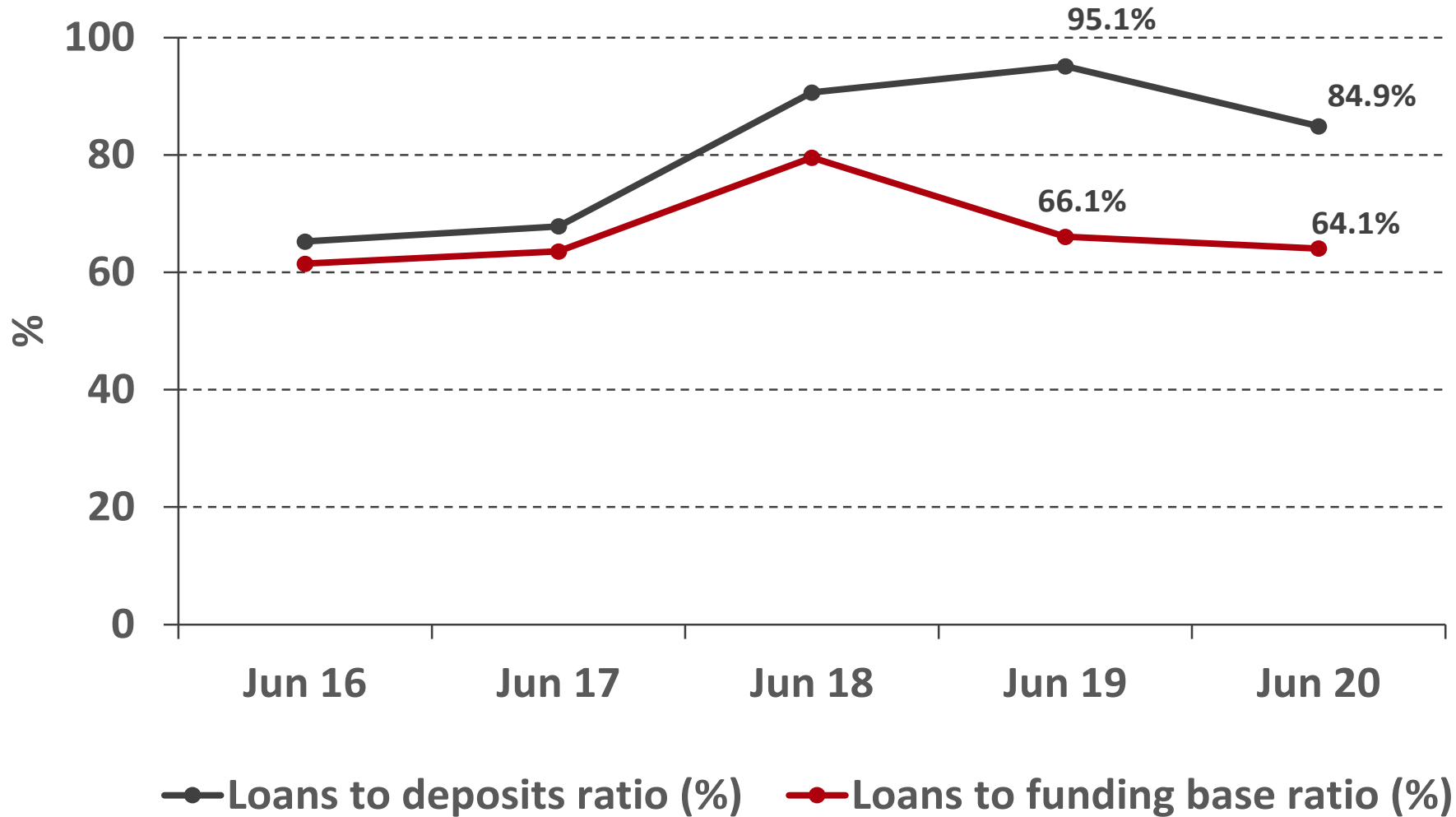


■ Liquid assets - FCY ■ Liquid assets - MUR — Liquid assets to deposits ratio (right scale)

Note: Liquid assets comprise cash, balances with BoM, placements, T-Bills, Government securities and bonds.

Loans to deposits and funding base ratio - FCY

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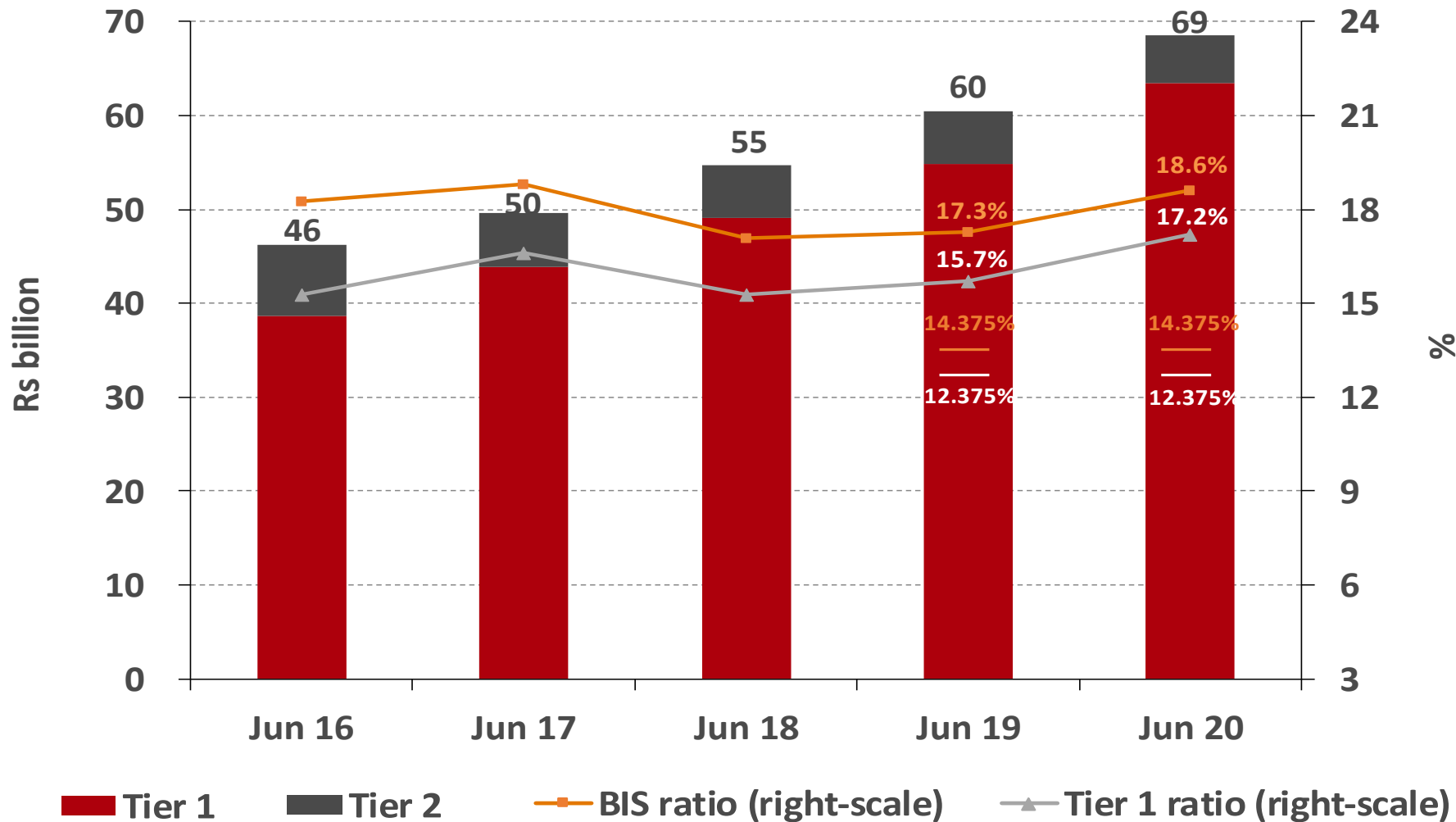


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Capital & financial metrics

Capital adequacy

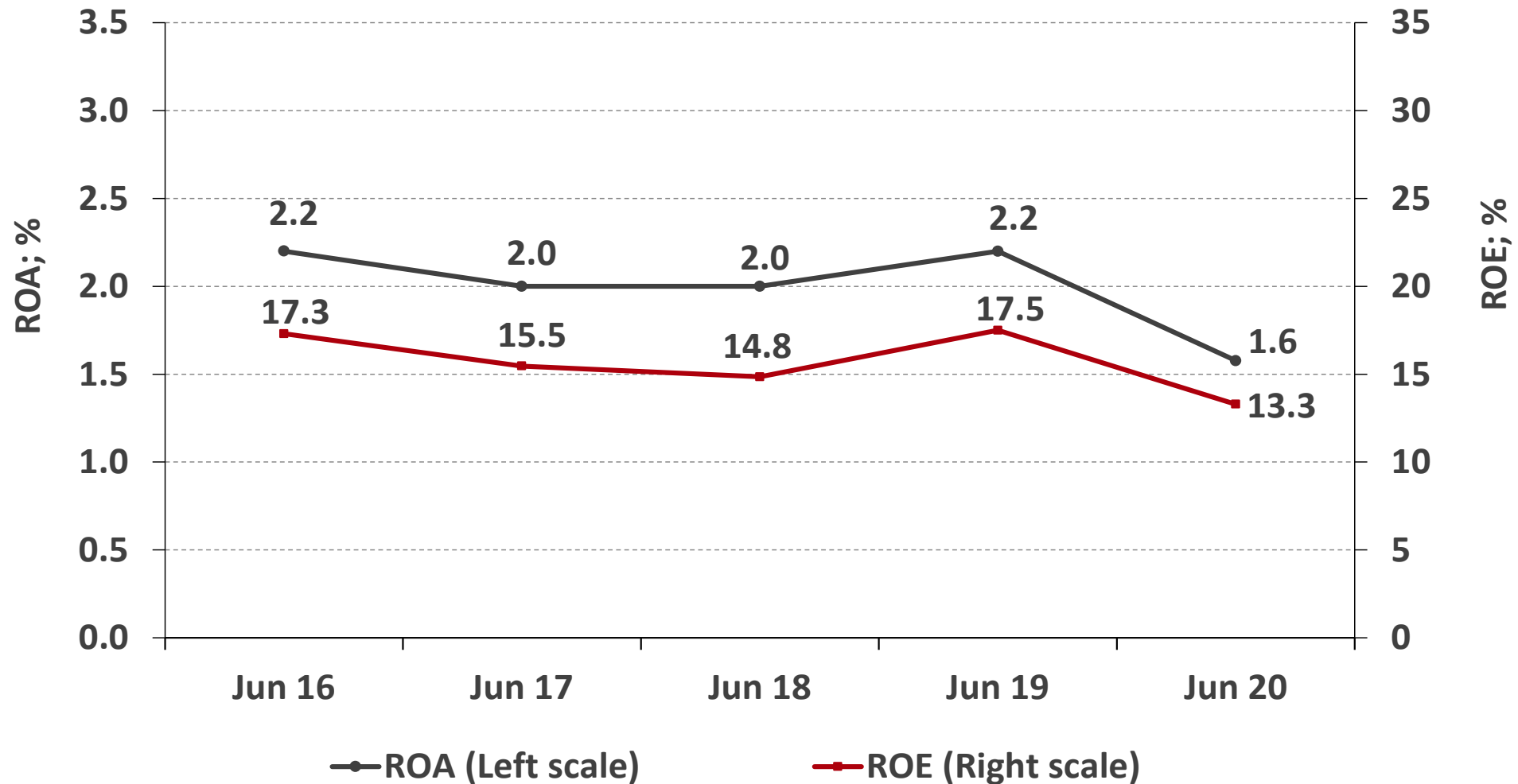
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Note: The Bank of Mauritius deferred the capital conservation buffer of 2.5% which was effective as from 1 January 2020 to 1 January 2021 such that banks will be required to maintain a capital conservation of 1.875% until 31 December 2020.

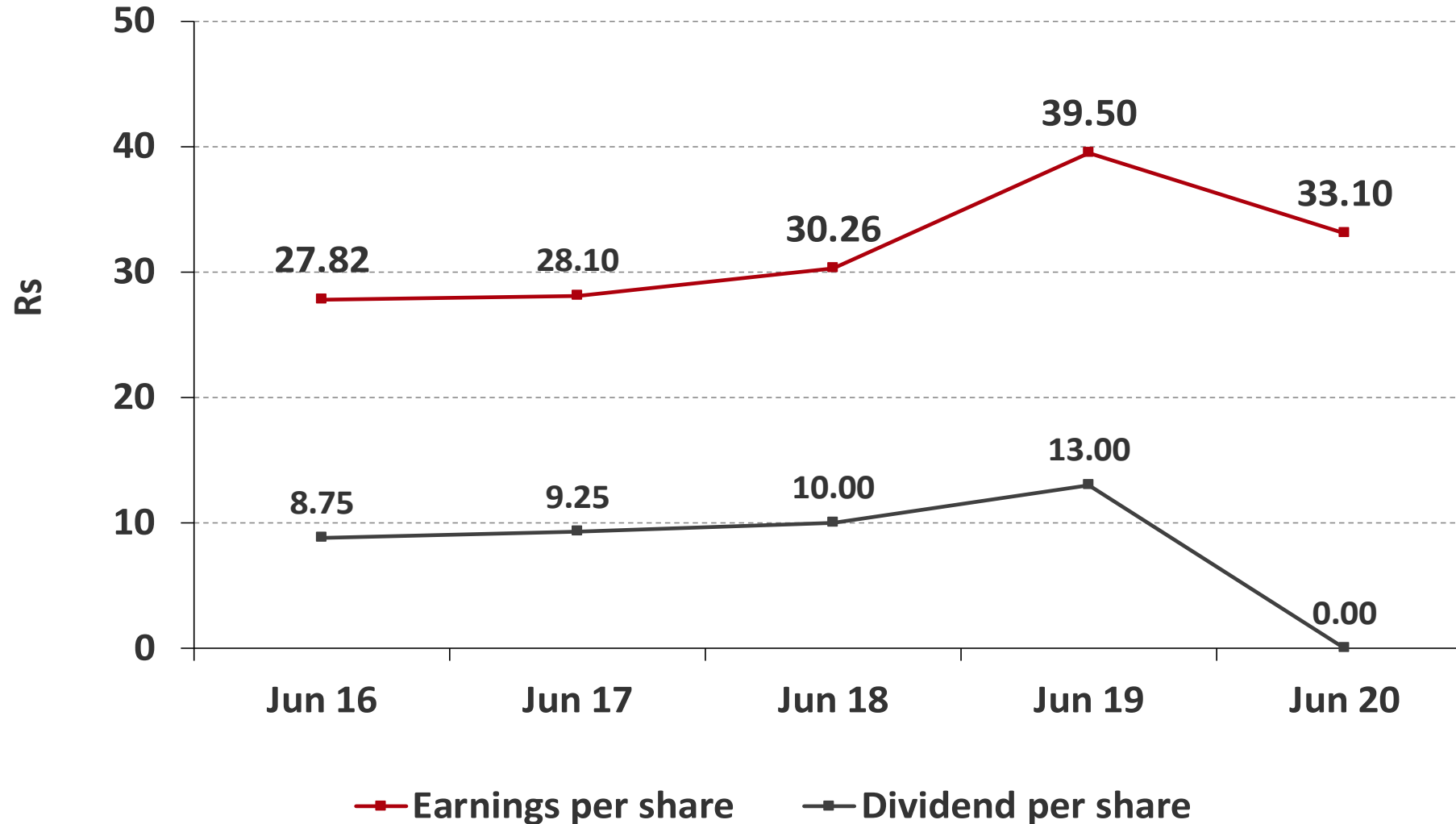
ROA & ROE

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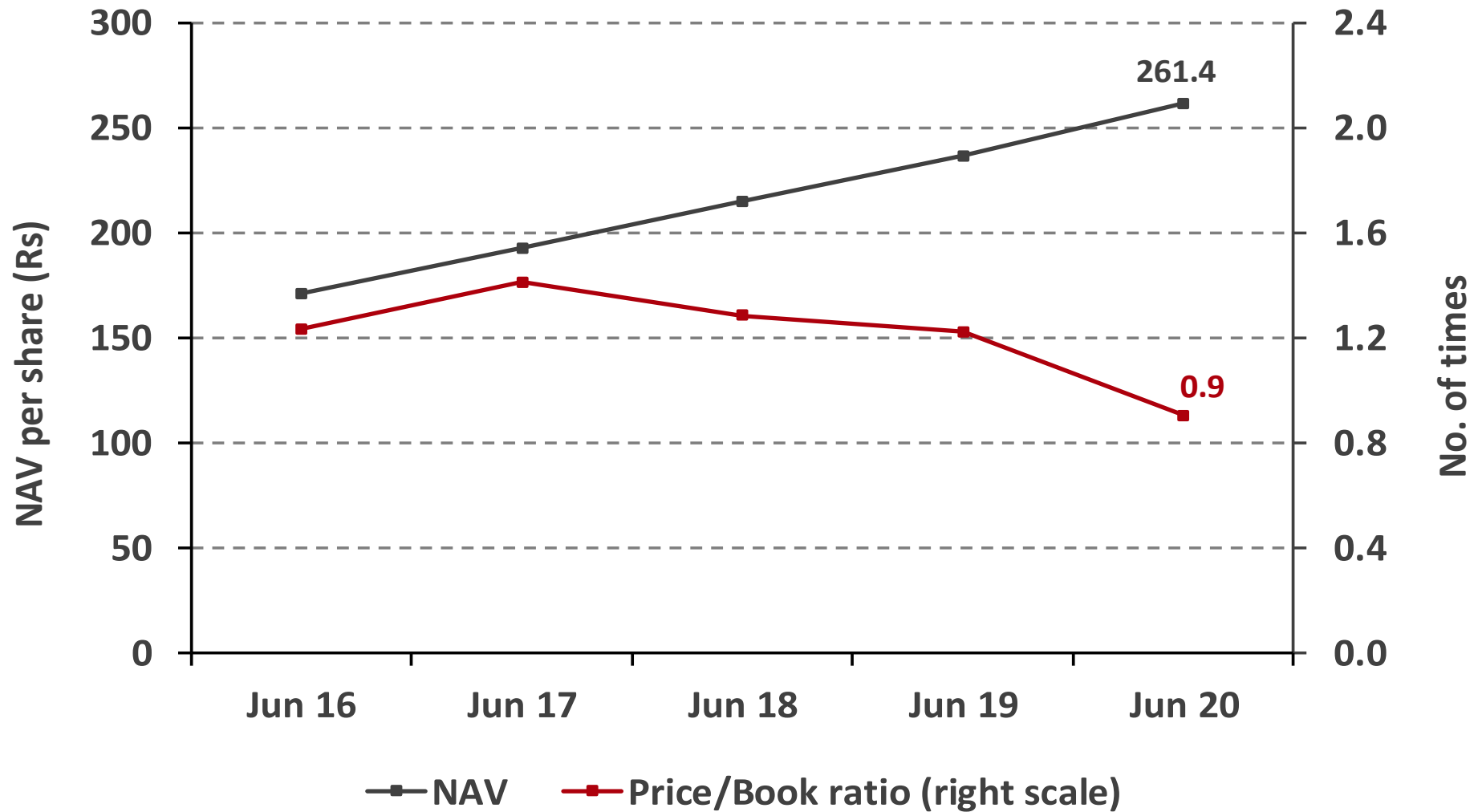
Earnings and Dividend per share

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NAV & P/B ratio

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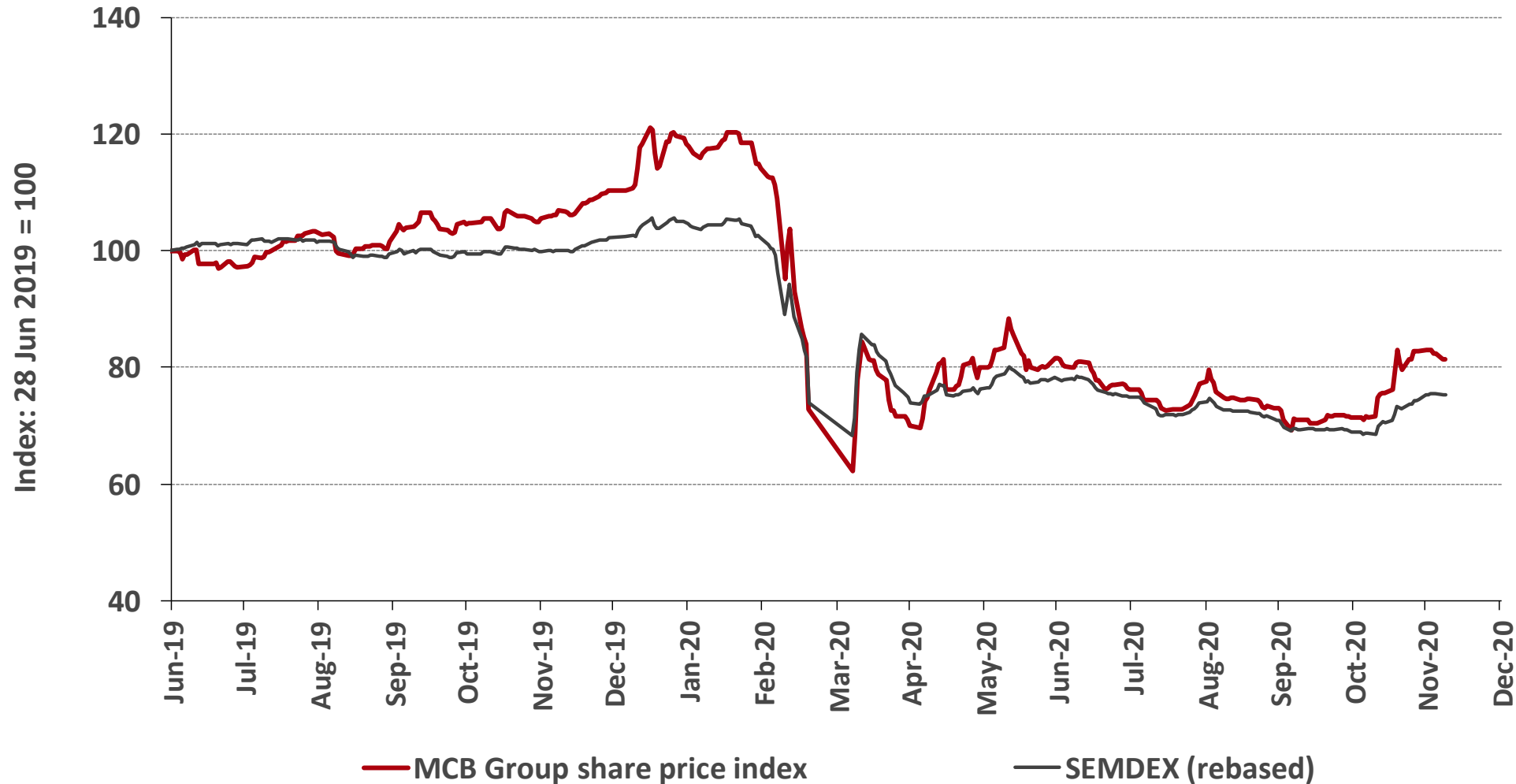


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Share price performance

MCBG share price performance

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Outlook

Outlook

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- Positive news about the announced development of COVID-19 vaccines, although challenges remain regarding its distribution
- Operating environment likely to remain difficult for some time to come given the resurgence of the virus in several countries
- Local operators to continue facing notable difficulties, the extent of which being dependent on the effectiveness of support measures being deployed, notably at the level of SMEs and through Mauritius Investment Corporation

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Thank you

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