

MCB Group Limited

June 06,2022

Ratings

Facilities/Instruments	Amount (Mur Million)	Rating ¹	Rating Action
Bond Issue	2,000	CARE MAU AAA; Stable [Triple A; Outlook: Stable]	Outlook revised from Negative to Stable
Total	2,000		

Rating Rationale

The rating assigned to the bond issue of MUR 2,000 million of MCB Group Limited ("MCBG") derives strength from the long track record of the Group (MCBG together with its subsidiaries and affiliates) with dominant position in the Mauritian banking sector through its subsidiary - The Mauritius Commercial Bank Limited ("MCB Bank" or "MCB Ltd" or "the bank" – rated CARE MAU AAA (Is); Stable), professional and highly qualified management team, established group with strong presence in the banking and financial sector, consistent flow of dividend from subsidiaries (notably from MCB Bank), comfortable Capital Adequacy Ratio, strong financial position with comfortable capital adequacy levels and stable operating performance.

The rating is also supported by MCB Bank being the largest bank in terms of assets and deposits in Mauritius, strong Current Account Savings Account (CASA) base with consistent growth in low-cost deposits during the last 3 years, comfortable asset-liability maturity profile & liquidity profile, diversified advances portfolio with stringent Non-Performing Assets (NPA) recognition norms, strong & improving asset quality with low NPA and healthy Net Interest Margin (NIM). The rating also takes into account MCBG's exposure to regulatory risk, foreign exchange risk, any potential delay in dividend payment by MCB Bank due to dip in performance of the bank and risk associated with volatility in interest rates.

Rating Sensitivities:

Positive Factors - Factors that could lead to positive rating action/upgrade: **Not applicable**

Negative Factors - Factors that could lead to negative rating action/downgrade:

- Subdued performance of subsidiaries, in particular from MCB Bank
- Decline in profit of MCB Bank leading to a significant decline in dividend payment by the bank
- Deterioration in asset quality

BACKGROUND

MCB Group Limited was incorporated in 2013, as a result of the reorganisation of the Group. In April 2013, the shareholding of The Mauritius Commercial Bank Ltd was restructured, and its shares were exchanged, on a one-for-one basis, for shares in MCBG, the bank's ultimate holding company. MCB Bank's ordinary shares were delisted, while MCB Group's shares were listed on the Official Market of the Stock Exchange of Mauritius ("SEM"). Furthermore, those MCB Bank shares held by MCB Group were exchanged for shares in MCB Investment Holding Limited – incorporated in November 04, 2013, as a wholly owned subsidiary of MCB Group Limited, to be the intermediate holding for all group banking investments.

¹Complete definitions of the ratings assigned are available at www.careratingsafrica.com.

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The Mauritius Commercial Bank Ltd. (**CARE MAU AAA (IS); Stable – Rating reaffirmed in March 2022 with change in Outlook from Negative to Stable**) was incorporated on September 01, 1838 by Mr. James Blyth founded as La Banque Commerciale de Maurice in Port Louis. In 1839, Queen Victoria granted a Royal Charter to the newly established bank for a period of twenty years under the name of 'The Mauritius Commercial Bank. The charter was renewed every twenty years until 18 August 1955 when the Bank became a limited liability company. The bank was listed on the Stock Exchange of Mauritius since 1989. MCB Group has evolved into a prominent regional banking and financial services player, offering a comprehensive range of tailored and innovative solutions through its local and foreign subsidiaries and associates. MCB Group Ltd is the ultimate holding company of the Group and the entities thereof operate under three distinct clusters namely Banking, Non-Banking Financial and Other Investments.

Banking – With its 183-year history, MCB Ltd, the Group's main subsidiary, is the market leader in the Mauritian banking sector, in the process playing a key role in promoting the country's socio-economic development. The Group initiated its banking expansion beyond domestic shores since the early 1990s and its presence abroad now spans 10 countries. It has dedicated banking subsidiaries in Madagascar, Seychelles and Maldives while being present in Reunion Island, Mayotte and France through its associate Banque Française Commerciale Océan Indien and Mozambique via its associate Société Générale Moçambique. Furthermore, MCB Ltd has established representative offices in Paris, Johannesburg and Nairobi as well as an advisory office in Dubai.

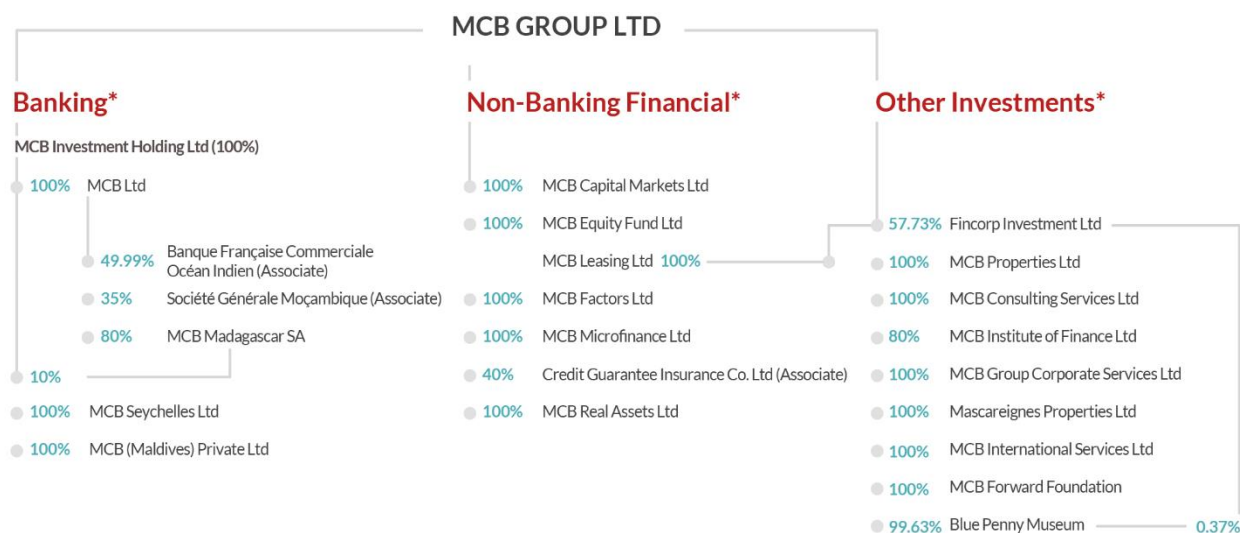
Non- Banking – MCBG through its Non-Banking entities provides its clients in and outside Mauritius with the extensive and customized financial solutions. MCBG works closely with its customers to understand their imperatives, challenges and priorities, while assisting the clients to design solutions adapted to their needs. Within the non-banking financial cluster, MCB Capital Markets Ltd provides a broad range of investor services, notably including corporate finance advice, asset management, stockbroking, private equity, structured products, and registry services, while MCB Group through its subsidiaries also provides factoring services, leasing solutions, and microfinance.

Other Investments – MCBG is involved beyond the traditional financial services field, as gauged by its engagement across several business areas and ancillary undertakings. The Group also has dedicated structures to promote its actions in the Corporate Social Responsibility and philanthropic fields.

MCBG, has a diversified ownership base of more than 22,000 shareholders, with foreign shareholding accounting for around 9% of the total. As at March 31, 2022 the top 6 largest shareholders held a total of around 20% of the shares of MCBG – National Pensions Fund (7.2%), Swan Life Ltd (3.4%), SICOM Ltd (3.4%), Promotion and Development Limited (3.0%), BNYM SA/NV A/C Eastspring Investments SICAV-FIS (1.6%) and MUA Life Ltd. (1.2%). The Group structure of MCBG as at March 31 2022 is set out below:

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* Relate to clusters

CREDIT RISK ASSESSMENT

Long track record of the Group with dominant position in Mauritian banking sector through its subsidiary – The Mauritius Commercial Bank Limited

MCBG is the ultimate holding company of the MCB Group. The subsidiaries and associates thereof operate under three distinct clusters namely Banking, Non-Banking Financial and Other Investments. MCBG derives its revenue mainly in the form of dividends from its subsidiaries. During FY21, dividends received by MCBG was MUR 2,191 million (FY20 – MUR 2,100 million). These dividends originated from three business verticals of the group but primarily through the banking cluster i.e., from The Mauritius Commercial Bank Limited paying Mur 2,000 million dividend for the year ended June 30, 2021 (MUR 1,858 million in FY20).

With an asset base of over US\$ 16 billion (MUR 683 billion) as at 30 June 2021, MCB Group is one of the largest financial services conglomerates in Mauritius. **As on June 30, 2022, the market capitalisation of MCBG was MUR 74 billion representing 27%¹ of the total market capitalisation of all stocks traded in Stock Exchange of Mauritius.** In the year 2021, MCB Group was the most traded stock on the Official Market of the SEM.

¹ Excluding foreign-currency denominated, GBC1 and international companies

Professional and highly qualified management team

MCB Group Limited has a highly qualified and experienced employee pool having significant experience in their related field. Its improvement in operational efficiency over the years can be attributed to its sound management team. The attrition level is quite low with key professionals having long association with the group. The group has more than 3,700 employees comprising of professionals, skilled and semi-skilled workers distributed among the various business verticals.

Established group with strong presence in banking and financial sector

MCBG is one of the largest investment groups in Mauritius with investments in Mauritius, France, Madagascar, Maldives, Mayotte, Mozambique, Réunion Island and Seychelles, through its subsidiaries and associates. The financials of the major companies of the Group are provided hereunder:

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(MUR Million)

Companies (FY21)	Business	Stake (%)	Revenue	PAT	GCA	Dividend Payout	Tangible Network	Total Debt	Gearing
MCB Group Ltd (Standalone)	Holding Company	-	2,585	2,365	2,366	1,736	6,525	8,512	1.3
MCB Bank	Banking	100	22,883	7,396	8,273	2,000	61,834	550,985*	8.91
MCB Seychelles#		100	1,254	307	391	-	1,885	19,912	10.56
MCB Maldives#		100	517	244	285	-	1,163	10,187	8.76
MCB Madagascar#		90	653	79	132	-	826	8,217	9.95
Non-Banking									
MCB Capital Markets Ltd	Investment Holding Company	100	71	81	81	67	480	-	-
MCB Equity Fund Ltd.	Private Equity Fund	100	54	14	14	-	4,063	600	0.15
MCB Factors Ltd.	Factoring	100	57	15	15	25	403	50	0.12
MCB Microfinance Ltd.	Credit Finance	100	36	(7)	(3)	-	55	205	3.74
MCB Real Assets Ltd.	Investment Holding Company	100	6	(1)	(1)	-	1,459	374	0.26
Fincorp Investments Ltd. (Fincorp)	Investment Company	57.73	530	164	164	11	6,574	4,571\$	0.70
MCB Leasing Ltd.	100% subsidiary of Fincorp	57.73	456	61	216	22	691	3,524*	5.10

Year End December 31, 2021 *Debt includes Deposit amount. \$ Including entire deposits and debt of MCB Leasing

The consolidated revenue of MCBG (consolidated) is contributed by MCB Bank. In FY21, MCB Bank posted a total revenue of MUR 22,883 million representing 87% of the total revenue of MCB Group (consolidated) amounting to MUR 26,389 million. Total debt in MCBG (consolidated) amounts to MUR 590 billion, the majority of which pertains to deposits and debt raised by the banks aggregating to MUR 553 billion.

Consistent flow of dividends from various group companies

MCBG's entire revenue for the last 3 years was generated in the form of dividends received from various group companies engaged in different business verticals.

Dividend Income	FY19	FY20	FY21
MUR Million			
<u>Dividends received from subsidiaries:</u>			
The Mauritius Commercial Bank Ltd	2,958	1,858	2,000
MCB Capital Markets Ltd	68	74	67
MCB Equity Fund	5	-	-
MCB Factors Ltd	17	10	25
MCB Real Assets Ltd	106	46	-
Fincorp Investment	36	36	11
Mauritius Commercial Bank Properties Ltd	-	9	-
International Card Processing Services Ltd	52	-	-
	3,242	2,033	2,103
<u>Dividends received from other investments</u>			
Africa Domestic Bond Fund (USD)	10	23	22
Other Investments	118	44	66
	128	67	88
Total Dividend income of MCBG	3,370	2,100	2,191

MCB Bank is the major dividend paying subsidiary of MCBG. MCB Bank has a long history of consistent dividend payment (around 40% of the profit annually). For FY21, the dividend contribution made by the bank was MUR 2,000 million (91% of the total dividend income of MCBG).

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Comfortable Capital Adequacy Ratio

MCBG has computed its CAR on June 30, 2021 in compliance with the requirements of the regulatory guidelines on Basel III as well as the macro-prudential measures introduced by BOM, effective July 2014. As on June 30, 2021, MCBG's capital metrics remained strong with CAR at 17.4% (Regulatory requirement of 15% for banks in Mauritius) out of which the Common Equity Tier I (CET I) CAR was 16.1% (Regulatory requirement for banks in Mauritius of 12.5%). As on March 31, 2022 MCBG's CAR was comfortable at 18.3 % and a TIER I ratio of 17.0%.

Core Capital (Tier 1 Capital) (MUR Million)	FY19	FY20	FY21
Ordinary shares (paid-up) capital	2,608	2,719	2,776
Accumulated other comprehensive income and other disclosed reserves	6,076	7,495	9,616
Retained Earnings	47,972	52,502	60,500
Additional Tier-1 Capital	-	3,396	3,396
Deductions – (Intangibles, Deferred Tax & Investment in other banks)	1,780	2,659	4,549
Total Tier 1 Capital	54,876	63,453	71,739
Supplementary Capital (Tier 2 Capital)			
Capital instruments	2,229	637	
Provisions or loan-loss reserves	3,144	4,169	
45% of surplus arising from revaluations of Land and Buildings	953	1,060	
Regulatory adjustments	722	802	
Total Tier 2 Capital	5,604	5,064	5,913
Total Capital Base (T1+T2)	60,480	68,517	77,652
Total Risk Weighted Assets	348,707	368,775	446,762
Tier 1 Ratio (%)	15.7%	17.2%	16.1%
Capital Adequacy Ratio (%)	17.3%	18.6%	17.4%

Higher capital adequacy ratio was driven by a notable widening of MCBG'S capital base on the back of higher retained earnings and the successful conversion of more than 75% of its Subordinated Debt into Convertible Preference Shares amounting to MUR 3.4 billion, which qualify as Additional Tier 1 capital. The predominant contribution to MCBG'S capitalisation performance derived from banking entities, for which the maintenance of adequate capital levels is a key priority by virtue of their business operations and regulatory responsibilities. Risk-weighted assets of MCBG stood at MUR 447 billion as on 30 June 2021.

Strong financial position with comfortable capital adequacy levels and stable business performance

Following a decline in PAT in FY20 essentially due to a substantial increase in Expected Credit Losses (ECL) resulting from the high level of uncertainty engendered by the COVID-19 crisis, the Group's PAT recovered slightly by 3.1% to reach MUR 8.2 billion for the year ended 30 June 2021, reflecting lower impairment charges of only MUR 4,766 million compared to MUR 5,076 million during the previous period. For its part, Gross NPL ratio was reduced from 4.2% to 3.6% (figure restated) as at June 2021.

Total debt (including deposits) of the Group was MUR 590 billion as on June 30, 2021. Majority of the deposits and debt (around 93%) pertained to deposit and debt raised by MCB Bank.

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The overall capital adequacy ratio and Tier 1 ratio decreased slightly to 17.4% and 16.1% respectively, thus remaining comfortably above the minimum regulatory requirements.

Banking – MCBG is the market leader in the Mauritian banking sector via its main subsidiary, The Mauritius Commercial Bank Ltd. **In FY21, MCB Bank contributed to 90% i.e., MUR 7.4 billion of the total PAT of MCBG and comprised 92% i.e., Mur 683 billion of the total asset of MCBG.**

MCBG's foreign banking subsidiaries in Madagascar, Maldives and Seychelles as well as its overseas associates, i.e., Banque Française Commerciale Océan Indien (BFCOI) - operating in Réunion Island, Mayotte and Paris- and Société Générale Moçambique provide clients with an array of banking services adapted to local market realities. Key solutions provided include inter alia deposit and credit facilities as well as payment services. MCBG's foreign subsidiaries capitalize on group synergies to position themselves as the preferred banking partner of corporate and individual customers.

The Mauritius Commercial Bank Ltd.

For the detailed Rationale of The Mauritius Commercial Bank Limited - visit CRAF's website -

<http://www.careratingsafrica.com/rating-symbols-definitions.php>

MCB Bank is currently the largest private sector bank in Mauritius and provides retail, business banking, corporate and institutional, and private banking products, and services in Mauritius and internationally (primarily in Africa). As a subsidiary of MCBG, it is the longest standing & leading banking institution in Mauritius.

Headquartered in Port Louis, the bank provides a wide range of banking products and services to its clients through a well distributed network of 39 branches/kiosks and more than 181 ATMs in Mauritius as at May 2022. As at June 30, 2021, the bank had over 1 million clients and more than 3,000 employees. As at June 30 2021, the bank held a market share of around 47% in terms of local currency deposits and 40% in terms of domestic credit to the economy.

In terms of profitability, MCB contributes around 60% to the total profits of the Mauritian banking sector. In FY21, due to the sharp decline in interest rates, while interest income declined by 13.3% to MUR 15.9 billion (MUR 18.3 billion in FY20), interest expenses declined by 57.6% to MUR 2.1 billion (MUR 4.9 billion in FY20). Fall in interest expenses was despite an increase in deposits and borrowings of the bank. Net interest income increased by 2.8% in FY21 to MUR 13.8 billion (MUR 13.4 billion). Net fee and commission income rose by 15.6% from MUR 3.3 billion in FY20 to MUR 3.9 billion in FY21, mainly supported by higher revenues from regional trade financing and wealth management activities. Other income declined by 17.2%, driven by a fall of 11.9% in profit on exchange and net gain from financial instruments carried at fair value. In FY21, operating expenses increased by 7.5% to reach MUR 6.7 billion mainly attributable to a rise of 4.4% in staff costs and a growth of 18.5% in depreciation and amortization costs following continued investment in technology notably linked to the bank's digital transformation program. In FY21, while PBT booked a growth of 1.3% (decline of 17% in FY20), PAT has remained stable at MUR 7.4 billion (MUR 7.4 billion in FY20).

Total gross loans recorded a year-on-year growth of 18.9% in FY21 (5.6% in FY20), mainly supported by an expansion in bank's international loan book linked to its Energy & Commodities and Financial Institutions activities plus the depreciation of MUR against the major currencies. At domestic level, the overall loan portfolio rose by only 10.1%, underpinned by an increase of 13.8% in the corporate segment in line with facilities provided to support operators amidst the context which prevailed during the year under review.

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Total deposits expanded by 28% (18.2% FY20) to attain MUR 475 billion as of 30 June 2021, supported by a growth of around 55.8% (26.2% FY20) in foreign currency deposits and 9.2% (13.4% FY20) in rupee-denominated deposits. Foreign currency deposits were boosted also by the depreciation of the MUR.

The bank sustained sound financial indicators in FY21, as gauged by an improvement in asset quality, maintenance of strong funding & liquidity position, and healthy NIM.

For 9MFY22, MCB posted a PAT of MUR 6,696 million representing a growth of 12.0%. The nine months performance continues to be sustained by an improvement in core earnings and a reduction in Net impairment of financial assets. Net impairment of financial assets for 9MFY22 dropped to MUR 2,772 million compared to MUR 3,300 million for the same period last year. Deposits from banks and customers rose by MUR 56,288 million whilst Loans and advances to customers increased by MUR 36,100 million. Capital adequacy and Tier 1 ratios remained strong at 17.4% and 16.4% respectively. The operating context remains uncertain, due to the impact of the Ukraine/Russia conflict on an already fragile post Covid global economic recovery. The local environment will also remain challenging, with its recovery being dependent upon the evolution of the global macro-economic parameters, the performance of the tourism industry and the ramifications of rising inflation.

Financial Performance (MCB Bank)

For the year/period ended June 30/March 31,	FY19	FY20	FY21	9MFY21	9MFY22
	MUR Million				
Total Income	23,849	25,233	22,883	17,412	19,069
Interest Expenses	5,196	4,884	2,072	1,569	1,770
PBT	10,443	8,638	8,751	7,041	7,856
PAT	8,766	7,409	7,396	5,980	6,696
Deposits	314,377	371,608	475,484	440,211	496,499
Borrowings	56,446	51,830	75,501	73,286	85,694
Tangible Net worth	47,344	52,197	61,834	57,222	65,913
Total Assets	427,695	484,858	624,079	583,309	658,218
Net Interest Margin (NIM)	3.14	2.95	2.50		
ROTA (%)	2.26	1.62	1.33		
RONW (%)	19.31	14.89	12.97		13.6
Overall Gearing (times)	7.83	8.11	8.91		
Gross NPA to Gross Advances (%)	3.8	3.8	3.2	3.1	3.5

MCB Seychelles Ltd ("MCB Seychelles")

Incorporated on March 25, 2003 MCB Seychelles Ltd is a wholly owned subsidiary of MCB Group Ltd. MCB Seychelles is a leading commercial bank in the country, offering a comprehensive range of services to meet the needs of its valued customers. Latest reports have shown that the MCB Seychelles added approximately 1.8% value to the Seychellois economy and contributes to around 30% to the country's financial sector. Financial summary of MCB Seychelles Ltd is as hereunder:

For the year ended December 31,	FY19	FY20	FY21
	MUR Million		
Interest & Fees Income	1,021	633	1,254
Interest cost	199	108	169
PBT	402	168	469
PAT	236	107	307
Dividend Paid	-	-	-
Total Debt:	14,254	11,545	19,912

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For the year ended December 31,	FY19	FY20	FY21
	MUR Million		
<i>Long Term</i>	-	-	-
<i>Short Term</i>	-	147	810
<i>Deposit from customers</i>	14,254	11,398	19,102
Advances	6,977	5,728	9,570
Cash & cash equivalents	4,209	4,240	6,538
Tangible Net worth	1,217	898	1,885
Gearing (times)	11.72	12.86	10.56
GNPA	6.1%	3.2%	5.7%

Following a 20% dip in FY20, the deposit base of MCB Seychelles recovered in FY21 to surpass its pre-pandemic level to reach MUR 19,102 million, a 68% increase. Overall gearing was slightly better in FY21 at 10.56x compared to 12.86x in FY20. As at December 31, 2021, the bank had a comfortable capital position with its CAR at 18% (FY20: 14%) against a regulatory requirement of 12%. Tier I capital for FY21 was 14% as opposed to 12% in FY20. GNPA increased to 5.7%.

MCB (Maldives) Private Ltd ("MCB Maldives")

Incorporated on May 04, 2008 MCB Maldives, wholly owned subsidiary of MCB Group Ltd., is engaged in providing corporate, retail banking and other financial services including trade finance. The Maldivian economy continues its expansion through significant signals of opening towards foreign direct investment, MCB Maldives believes it has a major role to play, especially in the hospitality industry. MCB Maldives aims also at being the preferred banking and financial partner of corporate customers, whether they are start-ups or well-established groups. Financial summary of MCB (Maldives) Private Ltd is as under:

For the year ended December 31,	FY19	FY20	FY21
	MUR Million		
Interest & Fees Income	451	358	517
Interest cost	41	49	65
Provision for loan losses	34	12	-
PBT	189	113	292
PAT	138	73	244
Dividend Paid	-	-	-
Total Debt:	3,930	6,144	10,187
<i>Long Term</i>	127	138	153
<i>Short Term</i>	-	-	-
<i>Deposit from customers</i>	3,803	6,006	10,034
Advances	1,352	1,305	1,537
Cash & cash equivalents	1,618	3,470	6,103
Tangible Net worth	856	991	1,163
Gearing (times)	4.59	6.20	8.76
GNPA	5.5%	6.5%	7.0%

For the year ended December 31, 2021 MCB Maldives posted a total revenue of MUR 517 million compared to MUR 358 million in FY20, while PAT increased from MUR 73 million in FY20 to MUR 244 million in FY21. Notwithstanding the impact of COVID-19 on Expected Credit Losses, the bank did not face any impairment loss during FY21, while its deposit base registered a growth of more than 50%. At December 31, 2021, MCB Maldives' CAR stood at 59.66% (FY20: 50.57%) which is far above the regulatory requirement of 12%. Tier I capital ratio was 44.7% at December 31, 2021.

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MCB (Madagascar) S.A. ("MCB Madagascar")

Incorporated on December 31, 2012, MCB Madagascar (formerly Union Commercial Bank SA), in which MCBG has a 90% stake, is engaged in the business of corporate, retail banking and other financial services. Financial summary of MCB Madagascar is provided hereunder:

For the year ended December 31,	FY 19	FY20	FY21
	MUR Million		
Interest & Fees Income	486	559	653
Interest cost	184	232	268
Provision for loan losses	26	44	34
PAT	73	50	79
Dividend Paid	-	-	-
Total Debt:	5,056	6,586	8,217
<i>Long Term</i>	<i>1,166</i>	<i>1,333</i>	<i>2,223</i>
<i>Short Term</i>	-	-	-
<i>Deposit from customers</i>	<i>3,890</i>	<i>5,253</i>	<i>5,994</i>
Advances	4,013	5,336	5,770
Cash & cash equivalents	872	825	1,850
Tangible Net worth	697	802	826
GNPA	2.6%	8.6%	7.9%

For the year ended December 31, 2021 MCB Madagascar posted a total revenue of MUR 653 million compared to MUR 559 million in FY20, while PAT increased from MUR 50 million in FY20 to MUR 79 million in FY21. At December 31, 2021, MCB Madagascar's CAR stood at 12.90% (FY20: 15.64%) and Tier I capital ratio was at 10.27%.

Non- Banking – MCBG through its Non-Banking entities provides its clients in and outside Mauritius with extensive and customized financial solutions. MCBG works closely with its customers to understand their imperatives, challenges and priorities, while assisting the clients to design solutions adapted to their needs. MCB Leasing Ltd and MCB Factors Ltd have pursued their market development initiatives, MCB Capital Markets Ltd registered a slight increase in assets under management and the successful completion of corporate finance transactions. As for MCB Micro finance Ltd, it made headway in fostering the financial inclusion and empowerment of small entrepreneurs.

MCB Capital Markets Ltd. ("MCBCM")

MCB Capital Markets Ltd is the wholly owned subsidiary of MCBG, providing investment banking and asset management services. Led by a dedicated and experienced team of specialists, the entity provides a broad range of investor services under one roof, notably including corporate finance advice, asset management, stockbroking, private equity, structured products, and registry services. Based in Mauritius, the team works with clients wishing to start or grow their operations in Africa and helps them develop solutions that meet their financing, strategic and investment objectives.

The financial summary of MCB Capital Markets Ltd for the last 3 years is as follows:

For the year ended June 30,	FY19	FY20	FY21
	(MUR Million)		
Turnover	278	91	71
EBIDTA	274	26	81
Impairments & reorganisation cost	-	69.4	-
PBT	273	23	81
PAT	273	23	81
GCA	273	23	81

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For the year ended June 30,	FY19	FY20	FY21
	(MUR Million)		
Dividend Paid	68	74	67
Total Debt:	-	-	-
Cash & cash equivalents	142	11	2
Tangible Net worth	516	466	480
PAT margin	98.34%	25.57%	114.04%
Gearing	-	-	-
Interest coverage (EBIDTA/Interest)	851.53	11.50	N/A

In FY21, MCBCM's revenue and PAT were MUR 71 million (FY20: MUR 91 million) and MUR 81 million (FY20: MUR 23 million) respectively. Higher PAT is explained by the absence of large impairment losses, as faced by MCBCM in the previous year. The main source of revenue for MCBCM remains dividends from its subsidiary companies.

MCB Equity Fund Ltd ("MCBEF")

Incorporated in 2005, with a committed capital of USD 100 million (MUR 4 billion), MCB Equity Fund Ltd a private equity fund is a wholly owned subsidiary of MCBG. As on March 31, 2021, MCBEF had an equity investment of more than MUR 4 billion. The fund provides equity and quasi equity to established and fast-growing businesses across Africa. The financial summary of MCB Equity Fund Ltd for is as below:

For the year ended June 30,	FY19	FY20	FY21
	(MUR Million)		
Turnover	78	44	54
EBIDTA	137	30	26
PBT	137	30	14
PAT	137	30	14
GCA	137	30	14
Dividend Paid	5	-	-
Total Debt:	-	-	600
Cash & cash equivalents	104	152	158
Tangible Net worth	3,697	3,726	4,063
EBIDTA margin	177%	68%	48%
PAT margin	177%	68%	25%
Gearing	-	-	0.15

In FY21, MCBEF posted a revenue and PAT of MUR 54 million (FY20: MUR 44 million) and MUR 14 million (FY20: MUR 30 million) respectively. The Net Asset Value of MCB Equity Fund Ltd rose to MUR 4.1 billion at the end of FY21, having realized net profits of MUR 26 million from the disposal of its financial assets. Dividend income amounted to MUR 24 million in FY21 compared to MUR 17 million in FY20.

MCB Factors Ltd ("MCB Factors")

Incorporated on July 09, 2005, MCB Factors is a wholly owned subsidiary of MCBG. MCB Factors is licensed and regulated by the Financial Services Commission of Mauritius as a factoring service provider. MCB Factors is a prominent operator in the field of factoring in Mauritius.

On the domestic market, MCB Factors provides both recourse and non-recourse factoring, with the latter implying protection against debtor's insolvency by availing credit insurance against such invoices. On the international front, Mauritian importers and exporters are offered import and export factoring solutions.

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MCB factors is a member of the Factors Chain International (FCI), a global network of factoring firms. FCI is the Global Representative Body for Factoring and Financing of Open Account, both for Domestic and International Trade Receivables. International factoring is based on the idea of selling a business's outstanding receivables from a buyer (based in international market) to the Factor (based in domestic market). FCI provides a bridge for Export and Import factor when the seller and buyer are in different countries. Thus, reducing the risk of the exporter while offering foreign customers competitive open account terms and gives the opportunity to the importer to buy goods using with no administrative burden and costs and can place orders swiftly.

Currently, MCB Factors manages more than 300,000 invoices per year and following up more than 7,000 debtors on a daily basis. MCB factors offers mainly non-recourse factoring solutions to its clients.

Regulatory capital requirement - As on June 30, 2021 MCB Factors had a networth of MUR 403 million against the statutory requirement of higher of MUR 5 million or 5% of total liabilities (5% of Mur 50 Million– Mur 2.5 Million). Capital structure consists of stated capital (Mur 50 million) and retained earnings (Mur 364 million). The financial summary of MCB Factors Ltd is as below:

For the year ended June 30,	FY19	FY20	FY21
	(MUR Million)		
Turnover	111	92	57
EBIDTA	75	52	21
Interest	18	13	2
PBT	56	39	18
PAT	48	35	15
GCA	49	36	15
Dividend Paid	17	10	25
Total Debt:	405	178	50
<i>Long Term</i>	150	150	-
<i>Short Term</i>	255	28	50
Cash & cash equivalents	-	32	33
Tangible Net worth	388	414	403
EBIDTA margin	67%	57%	36%
PAT margin	44%	38%	26%
Gearing (times)	1.04	0.42	0.12
Total Debt/EBIDTA (times)	5.42	3.10	2.10
Interest coverage (times)	4.11	4.11	9.03

MCB Factors' contribution to Group results for FY21 dropped to MUR 15 million (FY20: MUR 35 million) amidst the ongoing impact of the COVID-19 crisis, resulting mainly from a significant fall in activity, particularly from the hospitality business sector. The level of impairment provisions was mitigated however, with Expected Credit Loss ("ECL") at only MUR 2.4 million (FY20: MUR 4.5 million) on the company's performing asset portfolio.

MCB Microfinance Ltd ("MCB Microfinance")

MCB Microfinance Ltd was launched in July 2016 as a wholly owned subsidiary of MCB Group Ltd. Its aim is to facilitate access to business loans for micro-enterprises and self-employed individuals. Clients have access to three types of micro-loans: (i) working capital loans, which aim at meeting the working capital needs such as raw materials or stock; (ii) investment loans, which are targeted to meet the capital spending requirements of businesses; and (iii) since October 2020, start-up loans to help for the setting up of a micro-enterprise. The financial summary of MCB Microfinance is as below:

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For the year ended June 30,	FY19	FY20	FY21
	(MUR Million)		
Turnover	37	42	36
EBIDTA	-	(10)	(2)
Interest	3	3	3
Depreciation & amortisation	2	4	4
Impairments & reorganisation cost	10	19	4
Loss Before Tax	(5)	(17)	(8)
Loss After Tax	(4)	(14)	(7)
GCA	(2)	(10)	(3)
Dividend Paid	-	-	-
Total Debt	189	183	205
Tangible Net worth	61	72	55
EBIDTA margin	0.69%	-	-
PAT margin	-	-	-
Gearing (times)	3.11	2.54	3.74
Interest coverage (EBIDTA/Interest)	0.10	-	-

As on 30 June 2021, MCB Microfinance's loans stood at around MUR 204 million, of which MUR 150 million is availed from MCBG, which is repayable on demand and is interest free. The balance amount of loan i.e., MUR 55 million is a short-term bank borrowing with a maturity of 1 month at an interest rate of 2.70% (FY20: 2.70%)

MCB Microfinance provides loans which are not secured by any collaterals. Thus, the company has policies to provide allowances for credit impairment on all microfinance loans up to full provisioning after three months. Allowances for credit impairment as on June 30, 2021 increased slightly to MUR 53 million as compared to MUR 50 Million as on June 30, 2020.

MCB Real Assets Ltd ("MCBRA")

Incorporated on August 08, 2017, MCB Real Assets Ltd ("MCBRA") is a wholly owned subsidiary of MCBG. The main activity of the company consists of investment holding. In October 2017, MCBRA acquired 93.4% in Compagnie des Villages de Vacances de L'Isle de France Limitee (COVIFRA- CARE MAU A; Stable), owner of the Club Med hotel resort located at La Pointe aux Canoniers, Mauritius (the 'Resort'). Post-acquisition of the Resort by MCBRA, a lease agreement was signed on October 24, 2017 with Holiday Villages Management Services ("HVMS"). Pursuant to the Lease Agreement, the Resort is rented to HVMS. Since November 2018, COVIFRA is receiving total annual rental income of EUR 7.75 million (MUR 310 million) prior to any inflation indexation.

The Lease Agreement is a 15-year unfurnished EUR denominated triple net, fully repaired and insured lease expiring in October 2032. The rental income under the Lease Agreement is indexed to the Eurozone inflation rate and is backed by an unconditional and irrevocable revolving guarantee from Club Med. The agreement provides for a rental revenue which is independent of the performance of the Resort.

As on June 30, 2021 the value (valuation done by JLL) of the Resort was Euro 99.5 million (Mur 4,975 million) against a total debt of Euro 56.5 million.

COVIFRA does not have any employee and employees of the subsidiaries within MCB Group manage the day-to-day activities. COVIFRA has a 5-member Board of Directors comprising of 3 members from the MCB Group (with all 3 members having directorship in MCB Group Limited) and 2 Independent Directors.

In line with re-opening of borders in October 2021, COVIFRA has commenced operation from October 15, 2021 and has received all rentals between October-March 2022.

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The financial summary of MCB Real Assets Ltd is as follows:

For the year ended June 30,	FY19	FY20	FY21
	(MUR Million)		
Turnover	76	46	6
EBIDTA	75	45	5
Interest	-	-	6
PAT	75	45	(1)
GCA	75	45	(1)
Debt	-	-	-
Dividend Paid	106	46	-
Cash & cash equivalents	1	1	24
Tangible Net worth	1,461	1,461	1,459
PAT margin	99.50%	98.94%	-

Given that after the notification of the force majeure from Club Med in March 2020 which resulted in COVIFRA not receiving any income, MCBRA received no dividends from its investment in COVIFRA in FY21, as opposed to the MUR 46 million dividends earned in FY20. However, with resumption of Club Med, COVIFRA has started receiving rentals and MCBRA will receive dividend in FY22.

Other Investments – MCBG is involved beyond the traditional financial services field, as gauged by its engagement across several business areas and ancillary undertakings. The Group also has dedicated structures to promote its actions in the Corporate Social Responsibility and philanthropic fields.

Fincorp Investment Ltd ("FIL")

Fincorp Investment Ltd is a subsidiary of MCBG. MCBG holds 57.73% stake in FIL. FIL is a company listed on the Stock Exchange of Mauritius, is an investment company with the following 2 strategic assets:

- (i) **MCB Leasing Ltd**, a leasing company offering both finance and operating leases and a wholly owned subsidiary of FIL and
- (ii) **Promotion and Development Ltd**, an investment company listed with diversified interests including majority stake in Caudan Development Ltd (70.6%) - property company that owns & manages waterfront real estate development in Port Louis and Medine Group (35.1%). Financial summary of FIL is as below:

For the year ended June 30,	FY19	FY20	FY21
	(MUR Million)		
Turnover	502	493	530
EBIDTA	574	323	344
Interest cost	218	218	167
Depreciation & amortisation	135	156	-
Impairments & reorganisation cost	6	10	19
Profit/(Loss) Before Tax	220	(50)	177
Profit/(Loss) After Tax	213	(51)	164
GCA	348	104	164
Dividend Paid	62	73	11
Total Debt:	4,465	5,125	4,571
<i>Long Term</i>	334	627	1,176
<i>Short Term</i>	200	354	-

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For the year ended June 30,	FY19	FY20	FY21
	(MUR Million)		
<i>Deposit from customers (Deposits raised by MCB Leasing)</i>	3,931	4,144	3,395
Cash & cash equivalents	571	250	56
Tangible Net worth	5,982	5,656	6,574
EBIDTA margin	114.25%	65.51%	66.39%
PAT margin	42.41%	-	31.68%
Gearing	0.67	0.91	0.70
Total Debt/EBIDTA	6.03	7.88	13.28
Interest coverage (EBIDTA/Interest)	2.63	1.48	2.06

MCB Leasing Ltd. ("MCBL")

MCB Leasing (formerly Finlease), is a wholly owned subsidiary of FIL and 57.73% subsidiary of MCBG. MCBL started its leasing operations in 2004, as a Non-Banking Deposit Taking Institution (NBDIT) with the main objective to provide leasing facilities (both operating and finance lease) to individuals and corporates by raising deposits from public (individuals and corporates). MCBL is licensed by FSC for its leasing business and authorized by the Bank of Mauritius for its deposit taking business. MCBL, one of the largest leasing companies in Mauritius, provides Finance Lease, Operating Lease and Sale & Leaseback services.

MCBL raises deposits from customers and offers fixed and floating interest rate term deposits over periods ranging from 1 to 72 months.

Below is the financial summary of MCB Leasing:

For the year ended June 30,	FY19	FY20	FY21
	(MUR Million)		
Interest Income from leases	477	471	456
Interest expenses	176	180	135
Depreciation & amortisation	139	160	155
Impairments & reorganisation cost	6	10	19
PAT	91	54	61
GCA	230	214	216
Dividend Paid	40	51	22
Total Debt:	3,931	4,187	3,524
<i>Deposits</i>	3,931	4,143	3,395
<i>Long Term</i>	-	44	129
Cash & cash equivalents	99	393	56
Tangible Net worth	625	631	691
PAT margin	19%	11%	13%
Gearing (times)	6.29	6.63	5.10
Interest coverage (EBIDTA/Interest)	2.34	2.19	2.69
GNPA	2.1%	2.2%	3.2%
CAR	14%	15%	21.04%

In FY21, MCBL's operations continued to be impacted by the prevailing uncertainties in the operating environment, with the lockdown periods curtailing the expansion of the leasing market. The lease portfolio of the company contracted by 1.8% to reach Rs 3,882 million (FY20: MUR 3,955 million), with the finance lease portfolio down by 3.7% to MUR 3,162 million and operating leases up by 7.3% to stand at MUR 720 million.

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MCB Consulting Services Ltd (“MCBCS”)

Incorporated in 2014, MCB Consulting Services Ltd is a wholly owned subsidiary of MCBG. MCBCS delivers sustainable solutions to companies to enable them to achieve their innovation and business development goals. MCB Consulting Services Ltd is spearheading more than 50 projects from 20 different countries, predominantly across the African, Asian and Middle East regions. MCBCS achieve a record high profit after tax, following a growth of 76% in FY21 when compared to the same period last year.

MCB Institute of Finance Ltd (“MCBIF”)

MCBIF is born out of a shared vision of MCB Group (holding 80% stake) and Unicity Education Hub. MCBIF provides students and professionals alike with the financial know-how via carefully selected courses in partnership with high-caliber educational institutions. Since inception to June 2020, MCBIF has registered 434 student enrolments in total, featuring participation from banks and corporates both locally and overseas (from countries such as Seychelles, Madagascar, Zimbabwe, Malawi, Botswana and Gabon). MCBIF is a profitable and debt free company. Amidst the pandemic-induced environment, MCB IF’s operations suffered a shortfall of MUR 10.3 million in revenue for FY21.

MCB Forward Foundation (“MCBFF”)

The MCB Forward Foundation wholly owned subsidiary of MCBG is the vehicle responsible for fulfilling its corporate social responsibility of MCBG group. As per the legislation on CSR, companies in Mauritius are required to contribute 2% of their PAT to support organisations engaged in CSR activities. As per Government policy, 75% of that amount are to be deposited to Mauritius Revenue Authority and balance 25% to be used for CSR activity. In FY21, MCBFF incurred an aggregate amount of around Mur 54.7 million on a wide range of projects. MCBFF is a debt free company.

Industry Risk

As of June 30, 2021, The Mauritian banking industry comprised of 19 banks, of which 5 local banks, 12 foreign banks-predominantly subsidiaries and a few branches, 1 is a joint venture, and 1 is licensed as a private bank. All the banks are licensed by the Bank of Mauritius to carry out banking business locally and internationally. The market remains dominated by the two largest banks, namely: The Mauritius Commercial Bank (MCB) Ltd and The State Bank of Mauritius (SBM) Ltd, both accounting for total assets of MUR 971.4 billion in aggregate.

Throughout the first half of 2020, due to the impact of the COVID 19 crisis, the BOM had to step in accommodative monetary policies (slashing the Key Repo Rate to 1.85% amongst others) to maintain the financial stability of the economy. This however, had created an excess liquidity of MUR 59 billion as at December 2020.

As restrictions eased during the fourth quarter of 2020 and economic activities picked up, the BOM resumed issuances of its securities and by March 2021 the level of excess liquidity average only MUR 39.4 billion. With effective measures from commercial banks and government support the ratio of Non-Performing Loans which was at 5.0% in March 2021 witnessed an improvement and was expected to reach 4.5% in September 2021.

Deposits continues to be the main source of funding for the banking system and banks’ assets were mostly tied up into loans & advances, and investments in government/ central bank securities.

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Mauritius, like most other countries around the world, has not been spared by the global pandemic and its economy shrank by 14.9% during 2020, a decline mostly led by the leisure & hospitality, construction and manufacturing industries. Following a brief period during which Mauritius achieved the status of 'Covid free' and economic activities gradually retrieved pace, the hope of a return to the pre-pandemic levels were halted by the resurgence of infection cases and the country was again faced with a lockdown from 10th March to 30th April 2021. However, with continued government support in terms of Wage Assistance Scheme and Self- Employed Assistance Scheme, moratorium periods granted on repayment of loans and interest, consumer and business balance sheets remained strong which helped the banking industry remain stable. On the back of wide deployment of the vaccination campaign, lifting of restrictions on local citizens and the removal of international restrictions to welcome foreigners in the country, the Mauritian economy registered a 3.6% growth in 2021. This growth was driven by retail trade, construction, financial & insurance, and leisure & hospitality.

The banking sector has also benefited from a healthy and stable consumer spending and business investments as demonstrated by the growth in total assets at 30 June 2021 for the two largest banks namely; The Mauritius Commercial Bank Limited (+28.4%) and SBM Bank (Mauritius) Ltd (+12.7%).

As part of its systemic risk monitoring, the BOM carried out an assessment in June 2021 to measure the systemic importance of banks and the resultant capital surcharge to be maintained by them. It determined the same five banks – namely, The Mauritius Commercial Bank Limited, SBM Bank (Mauritius) Ltd, Absa Bank (Mauritius) Limited, The Hongkong and Shanghai Banking Corporation Limited (Branch) and AfrAsia Bank Limited – as systemically important for the jurisdiction. These Domestic Systemically Important Banks (D-SIBs) maintained adequate capital buffers, inclusive of their respective D-SIB capital surcharges. Despite the COVID-19 impact, the D-SIBs maintained sound asset quality and remained profitable as at end-September 2021. They were also sufficiently funded, with LCR well above the regulatory requirement of 100 per cent.

Moreover, the banks will need to abide to additional capital requirement in the form of Capital Conservation Buffer (CCB), which is designed to ensure that banks build up capital buffers outside periods of stress which can be drawn down as and when losses are incurred. This additional capital requirement of 2.5 is expected to further protect the robustness of the Mauritian banking sector and the economy.

Notwithstanding the above positive factors, certain effects of the global pandemic are not expected to subside in the near term, and same has been worsen with the war in Ukraine. Indeed, supply bottlenecks, higher freight costs and rising energy costs, coupled with the weakening of the Mauritian Rupee towards other major currencies are weighing heavily on the economy in terms of sustained rising prices. Year-on-year (Y-o-y) inflation worked out to 10.7% in May 2022 while Headline inflation for the 12-months ending May 2022 was at 7.7%.

These headwinds in terms of rising prices prompted the Bank of Mauritius to act by raising the Key Repo Rate twice since the beginning of 2022 with a first hike of 15 basis points in March 2022 and a 25 basis points increase in June 2022. The current Key Repo Rate stands at 2.25% p.a.

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Prospects

MCBG's revenue, profitability and debt repayment ability are majorly dependent on the performance of the banking vertical of MCBG and more so on the performance of MCB Bank. Despite the subsidiaries in the non-banking segment also paying dividends to the holding company, their contribution remains marginal compared to the dividend payment from MCB Bank. Hence, for the repayment of the Bond Issue, the performance and dividend payment by MCB Bank will assume significant importance. Accordingly, the prospects of MCBG depends on the performance and dividend payment ability of MCB Bank.

Financial Performance - MCB Group Limited (Standalone)

MUR Million

For the year ended June 30,	FY18	FY19	FY20	FY21
	Audited			
Total Dividend income	2,923	3,370	2,100	2,191
Total income	2,925	3,376	2,120	2,585
Operating expenses	135	162	164	148
Interest expenses	268	288	217	72
EBDITA	2,790	3,214	1,958	2,437
PBT	2,519	2,923	1,738	2,365
PAT	2,519	2,923	1,737	2,365
Equity capital	2,548	2,608	2,719	2,776
Net worth	5,578	5,981	5,978	6,525
Total assets	13,252	13,890	12,552	16,855
Solvency Ratios				
Overall gearing ratio (times)	1.2	1.1	1.1	1.3
Interest Coverage - after provisions (times)	10.4	11.1	9.0	33.8
Operating Efficiency (%)				
Fund Based Income/Average Total Assets	24.0	24.9	16.0	15.2
Total Income/Average Total Assets	24.0	24.9	16.0	17.6
Op. expenses/Av. Total Assets	1.1	1.2	1.2	1.0
Operating Expense/Total Income	0.05	0.05	0.08	0.06
Interest Expense/Average Total Assets	2.2	2.1	1.6	0.5
Interest cost/Total income	9.2	8.5	10.3	2.8
Profitability Ratios (%)				
PAT margin	86.1	86.6	81.9	91.5
ROI	27.6	28.4	17.4	18.2
ROTA	20.7	21.5	13.1	16.1
RONW	46.5	50.6	29.0	37.8

MCB Bank is the major dividend paying subsidiary of MCBG which has a long history of consistent dividend payment (around 40% of the profit annually) and dividend payment has also increased steadily over last 15 years prior to FY20, in line with higher profit. In FY21 MCB Bank paid dividend of MUR 2,000 million. The higher dividend payment from MCB Bank was the result of higher profit generated by the bank during the tenure, which in turn translated to higher profit for MCBG (standalone).

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Financial Performance - MCB Group Limited (Consolidated)**MUR Million**

For the year ended June 30,	FY18	FY19	FY20	FY21
	Audited			
Total interest income	15,113	18,841	19,995	17,477
Total income	22,449	27,460	28,944	26,389
Total operating expenses	7,027	7,939	7,792	8,271
Interest expenses	4,384	5,885	5,586	2,617
Impairment of financial asset	1,330	1,597	5,076	4,766
PAT	7,241	9,545	7,994	8,239
Total Debt	21,977	64,471	63,950	86,523
Deposits	297,719	331,500	391,869	503,972
Total Debt and Deposits	319,696	395,971	455,819	590,495
Advances	218,219	246,713	259,069	312,978
Equity capital	2,548	2,608	2,719	2,776
Net worth	53,528	58,558	64,860	74,804
Total assets	385,131	469,955	530,436	681,044
Growth Ratios (%)				
Deposits	8.3	11.3	17.8	29.0
Advances	11.1	13.1	5.0	20.8
Total Assets	11.9	22.0	12.9	28.4
Total Income	7.3	22.3	5.4	(8.8)
PAT	7.3	31.8	(16.2)	3.1
Solvency Ratios				
Overall gearing ratio (including deposits)	6.1	6.9	7.1	8.0
Interest Coverage - after provisions (times)	3.3	3.2	3.5	6.4
Operating Efficiency (%)				
Fund Based Income/Average Total Assets	4.1	4.6	4.3	2.7
Total Income/ Average Total Assets	6.2	6.4	5.8	3.9
Operating Expense. /Total Income	0.69	0.71	0.72	0.68
Interest Expense. / Average Total Assets	1.2	1.4	1.1	0.4
Interest cost/Total income	19.5	21.4	19.3	9.9
Interest expense/ Average Int bearing liabilities	2.3	2.6	2.1	1.6
Interest on deposits/ Average. Deposits	2.2	2.2	1.8	1.1
Profitability Ratios (%)				
PAT margin	32.3	34.8	27.6	31.2
ROTA	2.0	2.2	1.6	1.2
Net Interest Margin	2.9	3.0	2.9	2.2
RONW	14.5	17.3	13.2	11.2

Financial Performance - MCB Group Limited (Consolidated)**MUR Million**

For the period ended March 31,	9MFY21	9MFY22
Interest Income	13,007	13,658
Total Income	19,683	22,149
Interest Expenses	1,974	2,319
Net Interest Income	11,033	11,249
Impairment charges	3,430	2,861
PAT	6,154	7,393
Deposits	462,512	528,980
Tangible Net Worth	68,457	79,044
Advances	308,922	337,121
Investments	189,279	253,544
CAR (%)	17.0%	18.3%

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Details of Instrument

1. Details of Bond Issue

Instrument	Amount (MUR Million)	Repayment
Long term Bond	2,000	Bullet Repayment in FY28 (MUR 2,000 million)

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CARE Ratings (Africa) Private Limited

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Annexure I

Rating Symbols

Long /Medium-term Instruments

Symbols	Rating Definition
CARE MAU AAA	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry lowest credit risk.
CARE MAU AA	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry very low credit risk.
CARE MAU A	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry low credit risk.
CARE MAU BBB	Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry moderate credit risk.
CARE MAU BB	Instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU B	Instruments with this rating are considered to have high risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU C	Instruments with this rating are considered to have very high risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU D	Instruments with this rating are in default or are expected to be in default soon.

Modifiers { "+" (plus) / "-" (minus) } can be used with the rating symbols for the categories CARE MAU AA to CARE MAU C. The modifiers reflect the comparative standing within the category. A suffix of '(SO)' may be added to the rating indicating that the instrument / facility is a "Structured Obligation". A prefix of 'Provisional' may be added to a 'SO' rating indicating that the rating is subject to completion of certain conditions.

Rating Outlook

The rating outlook can be 'Positive', 'Stable' or 'Negative'.

A 'Positive' outlook indicates an expected upgrade in the credit ratings in the medium term on account of expected positive impact on the credit risk profile of the entity in the medium term.

A 'Negative' outlook would indicate an expected downgrade in the credit ratings in the medium term on account of expected negative impact on the credit risk profile of the entity in the medium term.

A 'Stable' outlook would indicate expected stability (or retention) of the credit ratings in the medium term on account of stable credit risk profile of the entity in the medium term.

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About CARE Ratings (Africa) Private Limited:

CARE Ratings (Africa) Private Limited (CRAF) is the first credit rating agency to be licensed by the Financial Services Commission of Mauritius in May 2015. It is also recognized by Bank of Mauritius as External Credit Assessment Institution (ECAI) from May 2016. CRAF is also licensed by Capital Markets Authority of Kenya to operate as a Credit Rating Agency in Kenya. CRAF intends to expand across other geographies in Africa with Mauritius as its hub of operations. With an equitable position in the Mauritius capital market, CARE Ratings (Africa) Private Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.

CRAF's shareholders are CARE Ratings Limited, African Development Bank, MCB Equity Fund and SBM (NFC) Holdings Limited.

CRAF gets its technical support in the areas such as rating systems and procedures, methodologies, etc. from CARE Ratings Limited on an ongoing basis. CARE Ratings Limited, with an established track record of rating companies over almost three decades, follows a robust and transparent rating process that leverages its domain and analytical expertise backed by the methodologies congruent with the international best practices.

CRAF's Rating Committee consist of full-time members comprising of Senior Rating officials from CARE Ratings Limited and a panel of experienced professionals from Mauritius and African Development Bank.

CRAF has had a pivotal role to play in developing bank debt and capital market instruments including MMIs, corporate bonds and structured credit.

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