The Mauritius Commercial Bank Limited

30 May 2025

Rating

Facilities/Instruments	Amount (MUR Million)	Rating[1]	Rating Action
Issuer Rating	**Not Applicable**	**CARE MAU AAA (Is); Stable**	Reaffirmed

Rating Rationale

The issuer rating of The Mauritius Commercial Bank Limited ("MCB Ltd") continues to factor in the bank's high systemic importance, given its status as a Domestic Systematically Important Bank (D-SIB) by the Bank of Mauritius (BOM), and the established track record of the Bank as the leading banking institution in Mauritius with strong market position of around 40% share of domestic credit to the economy and 49% share of local currency deposits.

The rating favourably factors in MCB Ltd.'s significant expansion into overseas markets, as reflected by the increasing dollarization of its balance sheet, which provides partial insulation against a potential downturn in the Mauritian economy, continuous expansion in the loans & advances portfolio while credit risk remains largely mitigated leading to improving levels of non-performing assets, and the healthy capitalisation level which has further strengthened during FY24 boosting the loss-absorption capacity of the Bank.

The rating is also supported by the robust liquidity buffer of the Bank, the stable funding profile largely constituting of low-cost current account & savings account (CASA) deposits while also having access to other funding sources, consistent healthy income generation track record, its strong management team with extensive business acumen and the Bank's commitment to its sustainability linked initiatives.

The rating of MCB Ltd also factors in the concentration risk of exposure to oil & gas sector.

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:

- Deterioration in asset quality with the GNPA rising above 4%
- Weakening of the CAR below 16%

Financial performance for The Mauritius Commercial Bank Ltd

Supported by the continuous expansion in its loan & advances book, MCB Ltd registered a significant 35.28% growth in interest income during FY24. The Bank is also continuing its diversification of revenue mix as shown by the non-interest income which increased by 14.85% mainly on the back of higher fees & commission and FX dealing income. Impairment cost remained stable with a marginal decrease of 5.43% being observed in FY24. The above factors combined resulted in the PAT of MCB increasing by 19.19% to reach MUR 15,446 million in FY24 from MUR 12,959 million in FY23.

The strong profitability boosted the CAR of the Bank to 19.80% as on 30 June 2024 compared to 18.30% earlier, hence providing the Bank with additional cushion to protect its depositors from potential losses materialising from credit risks.

In terms of the quality of its assets, MCB continues to maintain a healthy loan portfolio as shown by its GNPA which remained below the 4% over the past four years and has improved to 2.8% as on 30 June 2024 from 3% at end of FY23. To further mitigate the risk of potential losses from the non-performing assets, the Bank makes provision for the deterioration in credit quality of these assets resulting in the net NPA being reduced to 1% at end of FY24.

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

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CRAF's ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

Annexure I

Rating Symbols
Long /Medium-term Issuer Rating

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

CRAF's Issuer Rating (CIR) reflects the overall credit risk of the issuer. The rating scale has been aligned with the long-term instrument rating scale ranging from AAA(Is) (Highest Safety) to D(Is) (Default). 'Is' suffix indicates 'Issuer Rating'
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.

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.