MCB Group Limited
06 August 2025

Rating

Facilities/Instruments	Amount (MUR Million)	Rating[1]	Rating Action
Bond Issue	**2,000**	**CARE MAU AAA; Stable**	Reaffirmed
Bond Issue	**2,500**	**CARE MAU AAA; Stable**	Reaffirmed

Rating Rationale

The ratings of MCB Group Limited continue to derive strength from The Mauritius Commercial Bank Ltd ["MCB Ltd" – CARE MAU AAA (Is); Stable], which is a 100% subsidiary and has an established track 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, a dominant position making it a Domestic Systematically Important Bank (D-SIB), as qualified by the Bank of Mauritius (BOM).

The ratings favourably factor 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 ratings derive further strength from 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 ratings are also supported by the leading positions of other group entities across the banking & non-banking segments both in and outside of Mauritius.

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 resulting in the consolidated GNPA rising above 5%
- Weakening in capitalisation level resulting into the consolidated CAR falling below 16%

Financial performance for MCB Group Limited

Given that MCB Ltd constitute above 90% of the profitability and total assets of the Group, the consolidated performance of MCBG is therefore strongly linked to that of MCB 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 which contributed to the non-interest income increasing 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

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

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 4% over the past four years and has improved to 2.8% as on 30 June 2024 from 3% at end of FY23

For the nine months ending 31 March 2025, net interest income for MCBG increased by 13.1%, driven primarily by a year-on-year growth in interest earning assets, while Net fee and commission income rose by 17.1% resulting from higher arrangement fees and increased revenue from payments, trade finance and wealth management activities. Lower specific provisioning and successful recoveries during the period resulted in 11% lower provisions for the period. Overall, the profitability of MCBG increased by 16% from MUR 12,419 million in 9MFY24 to MUR 14,401 million for 9MFY25.

Consolidated GNPA remained stable at 3.1% as on 31 March 2025, while consolidated Tier I and total CAR remained comfortable at 19.9% and 22.4% respectively as on same date.

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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.

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.