



Results for the year ended 30 June 2026

Earnings Call held on Thursday 01 October 2026

[Transcript](#)

CONFERENCE CALL PARTICIPANTS

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MCB Ltd – Chief Executive Officer

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MCB Group Ltd – Chief Finance Officer

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Kersley Gaspard

Investor Relations Officer

The transcript has been edited for better readability.

Jean Michel Ng Tseung

Good day. A very warm welcome to you all at the MCB Group Earnings Call. Thank you, everyone, for joining. Around the table, we have Thierry Hebraud, who is CEO of MCB Limited; Dipak Chummun, the Group CFO; Anbar Jowaheer, the Group Head of Strategic Funding; and Kersley Gaspard, our IR officer.

To start with, I think it's fair to say that financial year 26 was another strong year for the MCB. We have seen solid growth in our operating income, solid growth in profits despite the increase in our corporate taxes. And interestingly, we've also seen some very interesting growth in our balance sheet.

So, this time around, we have adapted the format a little bit at the request of some of our investors who have asked us to provide a little bit more operating environment context. We thought it was also useful to provide you with a bit of colour on the progress we are making on Vision 2030.

So, I will start there, and then I'll pass on to Dipak, who will be sharing with us all the details of the results for the year ended June 30, 2026.



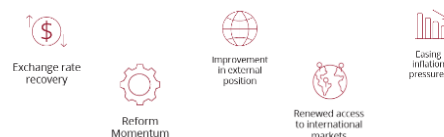
A shock-prone world has become the baseline

Global growth set to moderate amid a more challenging external environment

Growth	2025	2026	2026 Revision (Jul vs Apr)
Global economy	3.5	3.0	▼ 0.1ppt
United States	2.1	2.3	-
Euro Area	1.4	0.9	▼ 0.2ppt
Japan	1.1	0.6	▼ 0.1ppt
United Kingdom	1.4	1.0	▼ 0.2ppt
Sub-Saharan Africa	4.5	4.3	-

Source: IMF WEO April 2025, IMF WEO July 2025

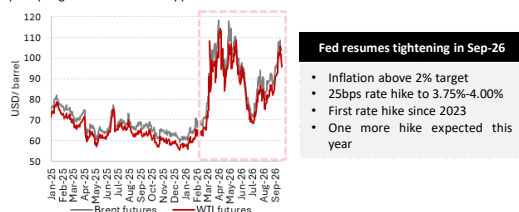
Sub-Saharan Africa began 2026 building on the hard-won stabilisation gains achieved during a strong 2025.



Sub-Saharan Africa's growth is expected to remain resilient at 4.3% in 2026, with performance increasingly diverging between oil exporters and importers.

Disruptions in commodity markets reignite inflationary pressures

The resurgence of tensions have pushed Brent prices towards the 100 USD mark per barrel, lately prompting renewed inflationary pressures



Sources: Statistics Mauritius, Bank of Mauritius and MCB estimates. Fiscal deficit figures pertain to financial year end.

Key markets continue to display resilience



- Stronger external buffers alongside a stable shilling
- Reduced refinancing pressures
- Fiscal consolidation remaining a key vulnerability ahead of 2027 elections



- Improving macroeconomic conditions alongside declining inflation
- Dangote Refinery IPO, reinforcing Nigeria's investment appeal
- 2027 elections remaining the key watchpoint



- Debt stabilisation
- Rating upgrades, reflecting growing confidence in the fiscal consolidation path
- Tangible progress from structural reforms in energy and logistics
- Government of National Unity cohesion remaining the key watchpoint

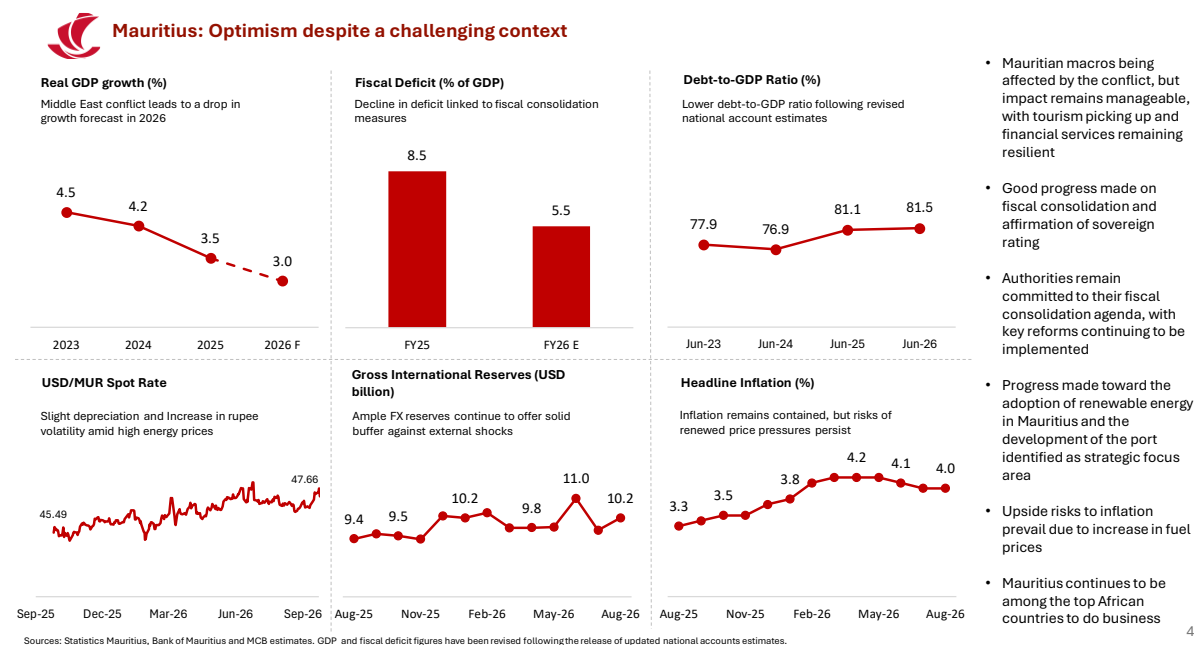
3

First of all, looking at the global economic environment, I'm not providing any new information that you don't already know. The uncertainty remains high. But I think what is interesting is that we are also seeing some good resilience. We've just gone through, and we're still going through, a pretty challenging year with a lot of geopolitical tensions, inflation concerns, commodity volatility, and energy shocks. And what used to be exceptional events are becoming more frequent. We are seeing growth slowing globally. But, once again, economies are proving more resilient than expected. Central banks remain cautious and vigilant.

In Africa, we are seeing some encouraging signs across several markets. Indeed, we are seeing improving sovereign credit stories. We're seeing upgrades and improving outlooks at the level of South Africa, Kenya, Nigeria, Ghana, Egypt, Côte d'Ivoire. Structural reforms, fiscal consolidation, and improving macro fundamentals are increasingly being recognised by the rating agencies.

For us at the MCB, all this reinforces a number of things. First, our confidence in Africa's long-term prospects, as well as the importance of diversification, the importance of strong risk discipline, and our ability to adapt quickly to changing

conditions. This has been a strength of the MCB for many years, and no doubt, it is going to continue to serve us well going forward.



Turning to Mauritius, which is on the next slide, the key message that we derive from this slide is that our home market remains resilient. Of course, we are not immune to global shocks. Middle East tensions and higher oil prices have affected growth expectations and currency volatility.

Nevertheless, the overall picture remains pretty encouraging with some positive fundamentals. Tourism recovery continues. Financial services remain robust. Inflation remains broadly contained. Foreign currency reserves of the country are pretty good. Mauritius remains one of the most attractive places to do business in Africa. We are also pretty much encouraged by the continued commitment of the government to fiscal consolidation.

There is something which is interesting that came out this week. Statistics Mauritius came out with a rebasing of the GDP of the country. As you can see on the screen, the debt-to-GDP ratio, as at the end of June 2026, now stands at 81.5%.

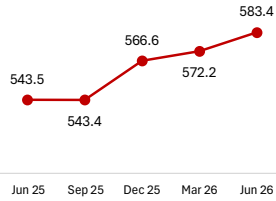
All this is important for the macroeconomic stability of the country. It's important for investor confidence and the long-term competitiveness of our country.



Mauritian Banking Sector: Stable and resilient

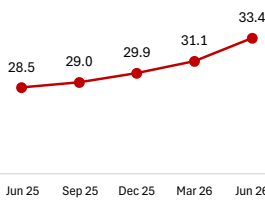
Domestic Credit (Rs bn)

Continued growth in local credit



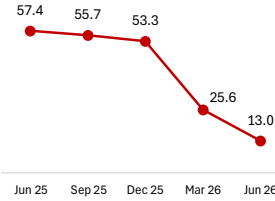
FCY Deposit Pool (USD bn)

Foreign deposit pool remains strong



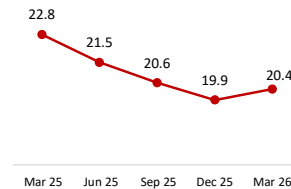
Excess Liquidity (Rs bn)

Excess liquidity on a declining trend following increase in issuances in early 2026



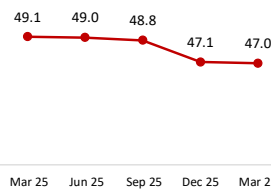
Capital Adequacy (%)

Banks in Mauritius maintain solid capital buffers



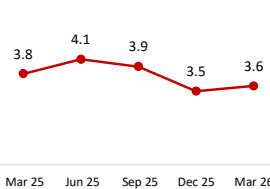
Liquid Assets (% of total assets)

Liquidity in the banking sector remains strong



Non-Performing Loans (%)

Low level of NPL reflect sound risk management



Sources: Bank of Mauritius and MCB Staff estimates

5

Turning to the banking sector, what we can say is that it is entering this period from a position of strength. The banking system remains healthy and resilient. Credit growth continues. Liquidity remains comfortable. We have robust capital buffers. We have comfortable liquidity, relatively low NPL levels, and all this augurs pretty well for us at MCB.

Just summing up, the global environment remains uncertain but remains resilient. Africa continues to offer attractive opportunities. Mauritius remains resilient. The banking sector remains fundamentally strong. Against this backdrop, MCB delivered another year of strong performance as we continue to execute our long-term strategic ambitions.



Executing Vision 2030

Lead in our home markets

- Enhanced value propositions for individuals, MSMEs and corporates as well as in the non-banking field
- Increased our sustainable finance credit line in Mauritius to Rs 25 billion
- Expanded digital payments and self-service through our mobile banking application
- Improved customer journeys, including lending, prepaid cards and trade finance
- Strengthened capabilities in our Home Markets through branch, platform and product enhancements in Madagascar, Seychelles and Maldives

Building a top-tier African Corporate and Investment Banking and Private Banking Institution

- Deepened expertise across energy, infrastructure, commodities, structured finance and private equity while growing our portfolio
- Completed several foreign currency funding initiatives including USD 400 million bond issuance and USD 450 million syndicated loan
- Launched USD 1 billion African trade finance credit line
- Expanded trading and market-making capabilities across G10 and African currencies, supported by the establishment of the Africa Trading Desk
- Built additional capacity in our hubs and exploring new jurisdictions

Win in the workplace

- Renewed Great Place to Work Certification, reflecting continued progress in employee engagement, trust and workplace culture
- Launched Beyond, the Group's employer brand focusing on meaningful impact and growth
- Expanded leadership development programmes and strengthened talent pipelines
- Formalised inclusion through the Group-wide DEI Charter and promote engagement through reinforced wellbeing initiatives

6

I think this leads us very well now to my next theme, which is about Vision 2030. Vision 2030, you will recall, was unveiled back in June 2025. It's about 15 months since we launched Vision 2030, and what is actually coming out of this is that we are seeing that our strategy is increasingly translating into tangible outcomes.

When it comes to the first pillar of our Vision 2030, leading in our home markets, we are actually seeing strong progress in our core markets. We are seeing pretty robust growth in operating income, up more than 15% in FY 2025-2026. Lending activities as well are doing pretty well, with our loan portfolio growing double digit in the year that just ended.

What is also very comforting is that on the non-financial side, we are seeing improved customer experience and employee engagement. We've seen tremendous improvement in our NPS scores and in our employee trust indicators. For us, the focus remains deeper client relationships, better customer experience, and simpler journeys.

And one important milestone worth mentioning is the recruitment of our new CIO and our new CXO. At our executive level, we can say that these two guys are, no doubt, providing us with greater confidence about the future operating model of our banking group. They're also, no doubt, helping us accelerate our thinking on data, digital, and AI-enabled banking that will, no doubt, help us to build the capabilities needed for the next decade.

In terms of sustainable finance, we continue to develop our sustainable offering and expertise. We recently increased our sustainable finance line to Rs 25 billion, and we are, no doubt, seeing more tangible conversation between the bank and our clients. We also expect some significant investments coming up in those photovoltaic farms.

You will recall that, at long last, we have the CEB, our Central Electricity Board, launching a tender for utility-scale PV farms. Notwithstanding that, we have quite a lot of projects in the pipeline insofar as the Carbon Neutral Industrial Sector (CNIS) schemes are concerned. For us at the MCB, our ambition is to build the capabilities that will be needed for the next decade.

When it comes to the second pillar of our Vision 2030, which is about building a leading African CIB and Private Banking franchise, as I mentioned earlier on, Africa remains a major growth opportunity. We are seeing strong momentum in energy, infrastructure, commodities, and structured finance.

We've completed a number of successful strategic funding transactions recently that's also allowing us to accompany our lending growth more serenely. We recently launched the \$1 billion African trade finance program and established the Africa trading desk this year. We are continuously investing in expanding our capabilities in our key hubs. For us at the MCB, we are increasingly being recognized as a leading CIB banking partner across Africa, building scale while maintaining discipline required to succeed.

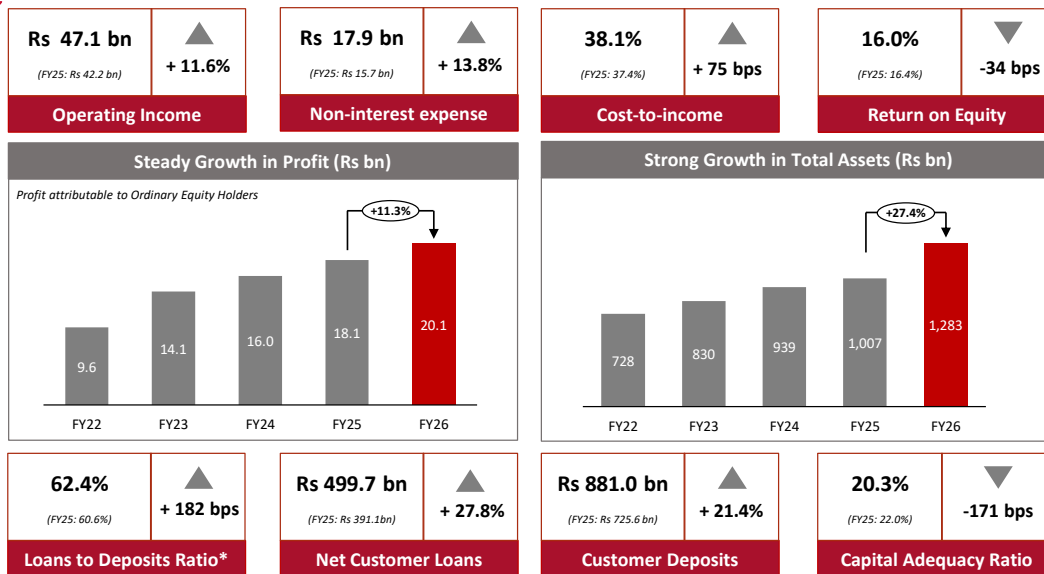
Just a few words now on the third pillar, which is winning in the workplace. Like in any other organization, people remain central. We're continuing to invest in talent, leadership, culture, and all the organizational capabilities. And we are continuing to see encouraging progress during the year. We renewed our Great Place to Work certification and Equal-Salary certification as well. We also launched our employer brand, Beyond. We strengthened the talent pipeline, and we formalized our DEI commitments. And for us at the MCB, we have as our motto, winning in the workplace helps us to win in the marketplace.

As a closing message before I pass on to Dipak, the most encouraging aspect is that the investments that we have been making over the recent years are now delivering tangible results: stronger customer engagement, stronger employee engagement, growing business volumes, and better capabilities across the group. All this will help us to ensure the sustainable long-term growth of our group. While we still have much to accomplish, we are, no doubt, making steady progress towards our Vision 2030 ambitions, and we remain confident about the opportunities ahead.

That's what I wanted to cover today. Let me now hand over to Dipak, who will take us through the financial results in more details. Dipak?



MCB GROUP - At a glance



*Refers to net customer loans and advances (including corporate notes) to customer deposits

8

Thank you very much, Jean-Michel. Good afternoon, everyone. I'll now take you through financial results for the year ended June 2026.

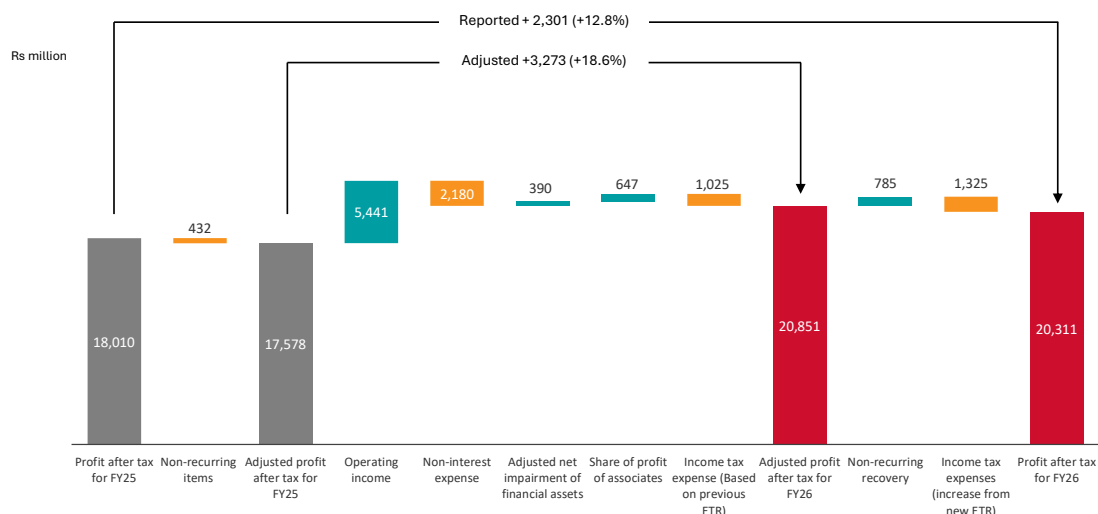
Some high-level figures at a glance. Our operating income has increased by 11.6% to Rs 47.1 billion. Non-interest expense, also known as opex, has increased by 13.8% to Rs 17.9 billion. Cost-to-income ratio, consequently, slightly up by 75 basis points from 37.4% to 38.1%.

Return on equity is at 16% compared to 16.4% last year. Loan-to-deposit ratio is up to 62.4%. Net customer loans are up as at the year-end by 27.8% to close to Rs 500 billion. Customer deposits are equally at year end by 21.4% to Rs 881 billion. Capital adequacy ratio is at 20.3% compared to 22% the year before.

You can see in the middle two bar charts there's been a steady growth over the last five financial years in our profit. Our profit attributable to ordinary shareholders at the end of FY26 sits at Rs 20.1 billion. We've broken a new threshold, representing a growth of 11.3%. Our total assets sit at close to Rs 1.3 trillion, a growth of 27.4% compared to the year before as at year end. These are spot numbers.



Adjusted for non-recurring items and changes in tax legislation, the Group delivered 18.6% increase in profit after tax (PAT)



Note: Non-recurring adjustments include the non-recurring fair value gains on Visa and Mastercard shares of Rs 549m and the write down of assets held by one of PAD's associates (Caudan) of Rs 117m.

9

Taking you through a waterfall chart analysing the profit after tax between the two years, at the two extremities, you have the profit after tax reported for FY25 in gray on the left and on the far right, profit after tax for FY26. You can see the reported growth right on top sits at 12.8% for PAT.

The adjustments in the middle refer to non-recurring items. On the left-hand side, in 2025, we had two items which we considered non-recurring. One was a gain we made on our holding of Master and Visa card shares, which is non-recurring. And we had reported a loss of Rs 110 million relating to a share of loss on valuation of a property that was impacted by a cyclone a couple of years ago. So, again, a one-off. So the combination of the two gives you Rs 432 million of non-recurring items on the left-hand side.

Then you've got normalised growth in operating income, growth in costs, a slight decline in normalised impairments of assets, an increase in share of profit from associates, and an increase in tax, given that the normalised profit before tax is up.

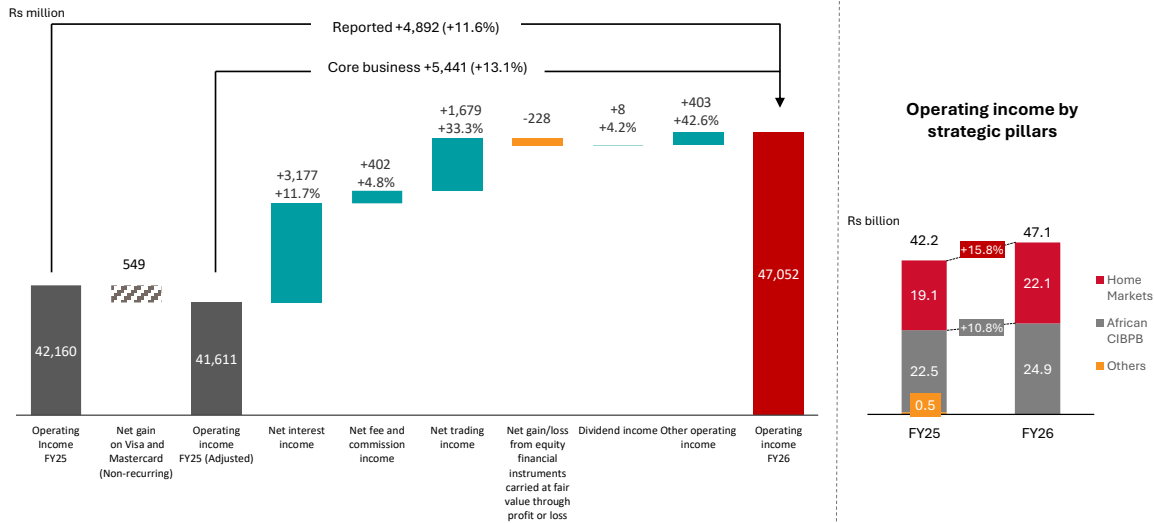
Then on the right-hand side, there was a one-off, a recovery that we've considered one-off. It was for a debt that was impaired a long-time ago and that we had completely provisioned in Stage 3, which after a long number of years of negotiation and legal work, we've managed to recover Rs 785 million, which we didn't expect to recover for a very long time. That was good news. It added to our reported numbers, but we don't consider that as normalised level of business activity in the recovery space.

Then on the far right, you'll see a figure on this chart showing Rs 1.325 billion. This is effectively the year-on-year differential in tax relating to the changes in Mauritian tax legislation. The overall tax charge is that Rs 1.325 billion on the far right and Rs 1,025 million that you see in the middle. If you add the two numbers together, that would give you the overall tax charge for the year, split between the delta on a flat tax rate on the left-hand side and the impact of the one-off increase on the right-hand side.

If I take the business performance on a like-for-like basis, you'll see an adjusted increase in profit after tax of 18.6%. I hope I was clear on that. Feel free to ask questions if you have any on this topic at the end of the presentation.



Whilst reported operating income showed a growth of 11.6%, core business revenue increased by 13.1%



10

The next slide takes you through a similar analysis on income. Just a few seconds ago, I talked about the non-recurring gains on Visa and Mastercard, which we reported last year. That's the Rs 549 million that we've adjusted to arrive at an adjusted operating income for FY25.

Then the other blocks represent the performance, the underlying performance blocks year-on-year. We've had an increase of close to Rs 3.2 billion in net interest income, representing 11.7% increase for that line, an increase of 4.8% on fee and commission income, increase of 33.3% in net trading income, which represents both proprietary trading, as well as customer activity.

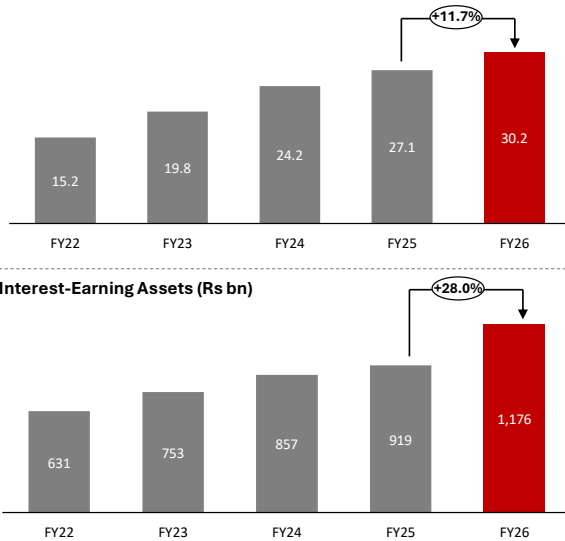
We've seen a loss in fair value in some of the instruments that we carry, and we've got an increase of Rs 403 million in other operating income.

The chart on the far right will give you a breakdown between home markets performance year-on-year and African CIBPB. Jean-Michel already alluded to the number for home markets, but you can see an increase of 15.8% year-on-year and an overall increase of 10.8% for our African CIB business. The Rs 0.5 billion in orange just represents that one-off non-recurring, which we put there so that the numbers can add up.

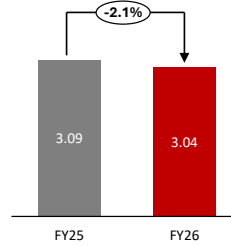


Net Interest Income (NII) – Y-o-Y growth supported by the rise in interest earnings assets

Net Interest Income (Rs bn)

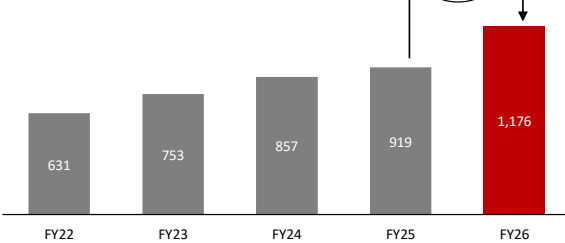


Net Interest Margin (%)

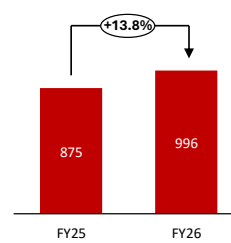


Net interest Margin: Net interest income as a % of average interest earning assets

Interest-Earning Assets (Rs bn)



Average Interest-Earning Assets (Rs bn)



Note: Figures reported are end-of-period balances

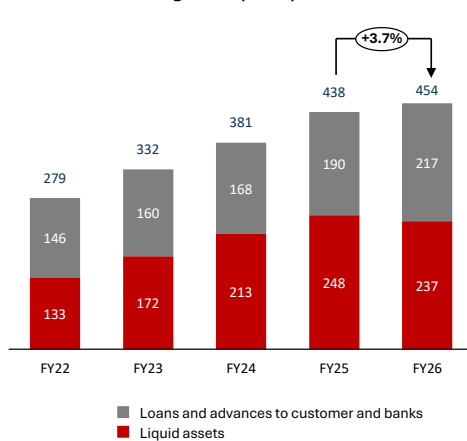
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A deep dive into net interest income at overall group level. So, net interest income has increased by 11.7% with an average interest-earning asset increase of 13.8% offset by a slight decline overall in margins of 2.1%.

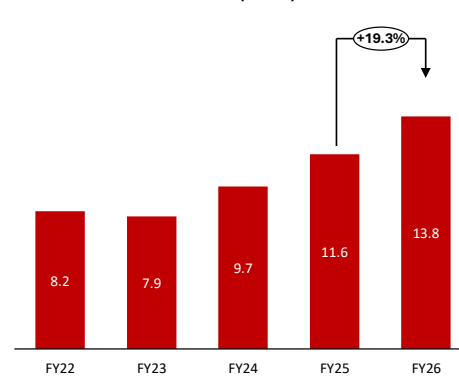


MUR NII – Increase driven by loan and liquid assets growth and reinvestment in govies at higher rates

MUR interest-earning assets(Rs bn)



MUR net Interest Income (Rs bn)



■ Loans and advances to customer and banks
■ Liquid assets

Note: Figures reported are end of period balances. Average balance of interest-earning assets increased by 10.9% year on year.

12

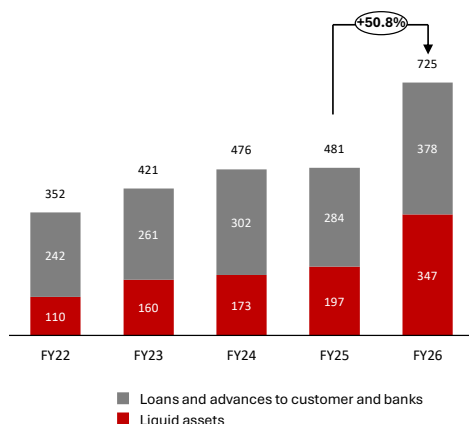
Coming to Mauritian rupee net interest income. You can see that the balance sheet for MUR overall has increased by 3.7% on a spot basis, split between loans and advances and liquid assets. Some movement there, but not significant. On the flipside, we've seen an increase in MUR NII of 19.3%.

We've benefited from higher margins on liquid assets, maturing securities have been invested at higher rates. On the customer side, margins have dropped slightly due to some level of competition and lower preferential rates being offered on sustainable finance facilities.

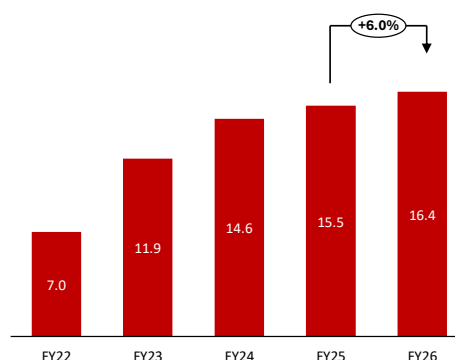


FCY NII – Increase driven in interest-earning assets growth

FCY interest-earning assets(Rs bn)



FCY net Interest Income (Rs bn)



Note: Figures reported are end of period balances. Average balance of interest-earning assets increased by 17.5% year on year.

13

Now, we look at foreign currency net interest income. You can see that our foreign currency interest-earning assets have increased year-on-year by 50.8%. This is the year-end spot balance comparison. There's a small note at the bottom that indicates that our average balance of interest-earning assets have actually increased by 17.5% year-on-year. This is when you look at the full-year average balance for the year.

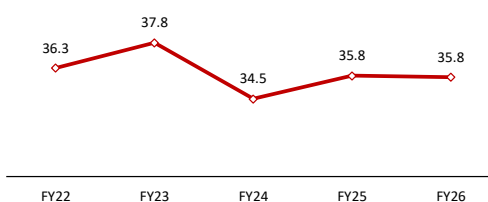
Our net interest income in foreign currency has increased by 6.0%. That is the result of a 17.5% year-on-year growth in interest-earning assets on average offset by decline in margins on foreign currency.



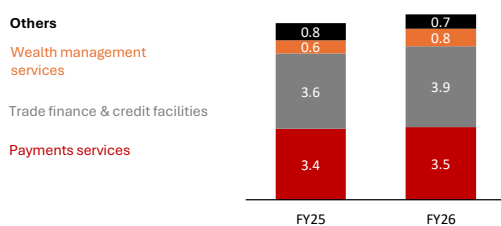
Non-interest income - Growth driven by higher trading income and net fees and commissions

Non-Interest Income (Figures in Rs bn)	FY25	FY26	%Δ Y-o-Y
Net Fee and Commission Income	8.5	8.9	4.8%
Net trading income	5.0	6.7	33.3%
Other Income	1.6	1.2	-22.8%
Total Non-Interest Income	15.1	16.8	11.4%

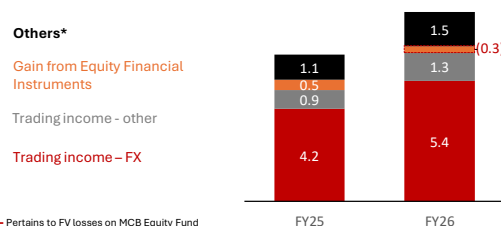
Non-interest income to operating income ratio (%)



Net fee and commission income (Rs bn)



Net trading and other income (Rs bn)



Note: Figures may not add up due to rounding

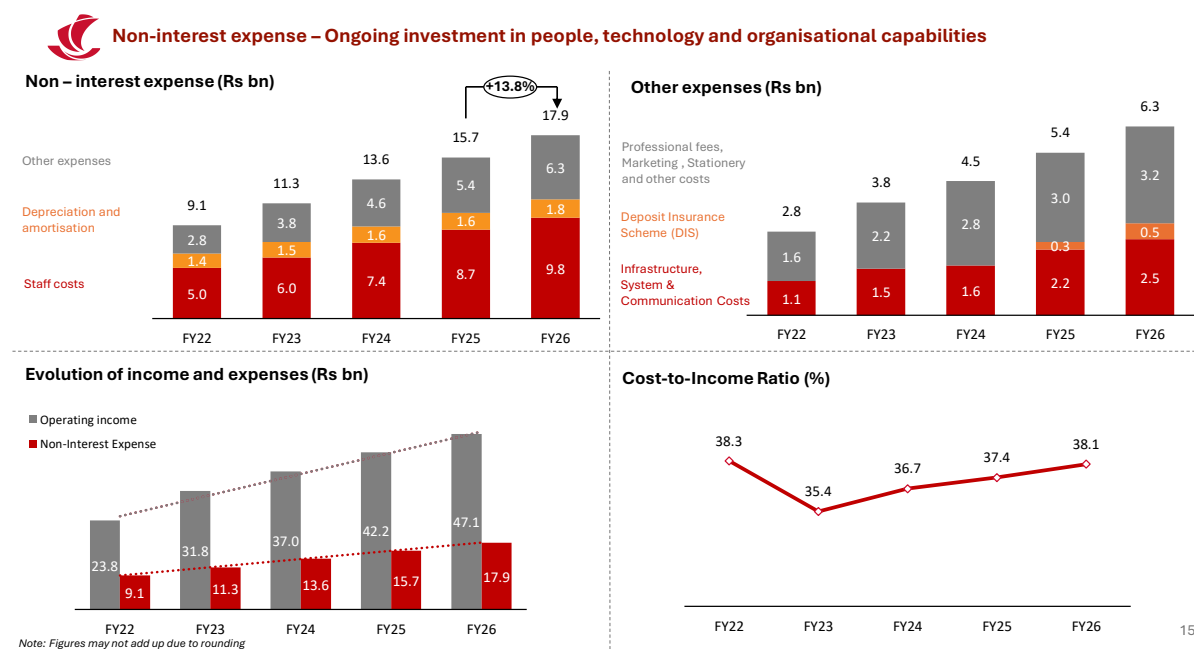
--- Pertains to FV losses on MCB Equity Fund
 * Includes dividend income and other operating income

14

Coming to non-interest income. We show an increase of 11.4% year-on-year overall on fee, commission, and trading income, with net fee and commission income representing 4.8% and trading income shows an increase of 33.3% year-on-year.

Obviously, it goes without saying with a certain amount of volatility, the trading income has shown a fairly significant growth with a combination of high volumes and slightly higher margins generated.

The fee and commission income was supported by payments and wealth management activities, which showed steady growth from year to year.



We now look at Slide 15 on non-interest expenses. This has increased by 13.8% to Rs 17.9 billion overall, reflecting continued investment in people, technology, and organisational capabilities, some of which Jean-Michel already referred to in his opening speech. Our staff costs have increased by 13.1%, driven by higher headcount, as well as inflationary increases.

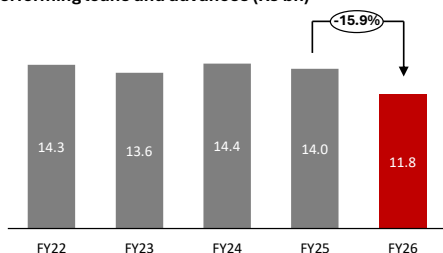
Our IT costs increased by 19.2%, reflecting investment in technology including more licenses as we've increased our capacity. We also have pricing in dollars combined with a slight impact of the depreciating rupee. All of this combining to give a 19.2% increase in tech costs.

The premium for deposit insurance increased to Rs 537 million during the year compared to an initial contribution of Rs 256 million in FY25. That's shown in the other expense chart on the top right. Cost-to-income ratio has consequently increased by 75 basis points to 38.1% overall.

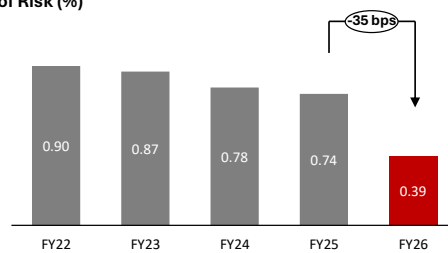


Asset quality – Improvement in Gross NPL and cost of risk

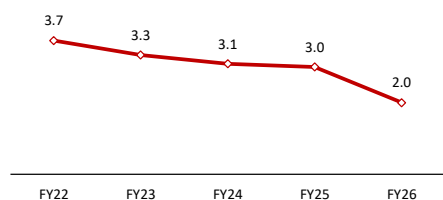
Non-performing loans and advances (Rs bn)



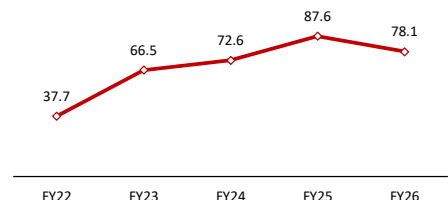
Cost of Risk (%)



Gross NPL ratio



Specific provision coverage ratio (%)



NPL: Non-performing loans and corporate notes as a % of gross loans and corporate notes

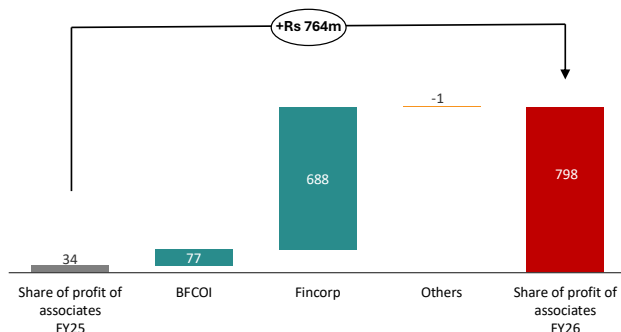
Specific Provision Coverage Ratio: Stage 3 provision on loans and corporate notes as % of stage 3 gross loans and corporate notes

16

A look at asset quality and cost of risk. Our non-performing loans, following the recoveries and write-offs we made during the year, have gone down to Rs 11.8 billion, representing a decline of 15.9%. Cost of risk, helped by the one-off recovery during the year, is down to 39 basis points compared to 74 basis points last year. We often say on similar calls that our normalized cost of risk is circa 70 basis points. Our gross NPL ratio sits at 2% compared to 3% last year, and our specific provision coverage ratio sits at 78% compared to 87.6% last year.



Associates – Increase explained by improved performance of PAD and BFCOI



Share of profit of associates increased to Rs 798 million compared to Rs 34 million in FY25 due to:

- lower impairment charge at BFCOI
- Improvement in the performance of Fincorp's associates, namely Promotion and Development Ltd (PAD). Of note, the Group recorded a share of loss from PAD last year due to the one-off write-down of property value linked to damage caused by a cyclone in 2024.

17

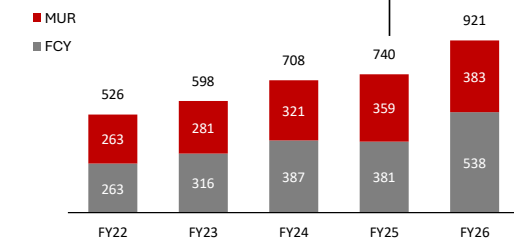
Profit from associates. We've seen an increase in profits from BFCOI, which benefited from lower impairment charges, and a significant shift in the share of profits accounted for under Fincorp as they've actually been profitable this year compared to recording a loss in the previous year. As previously mentioned, in the prior year, Fincorp had also incurred a downward property revaluation following the cyclone damage in 2024, which I alluded to earlier when talking about

normalized PAT. The underlying performance of the business increased during FY26, supported by property transactions at Médine, as well as better rental growth and occupancy in their Caudan Waterfront properties too.

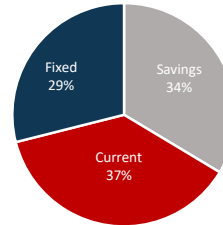


Funding and liquidity – Growth in funding base driven by higher deposits and additional borrowings

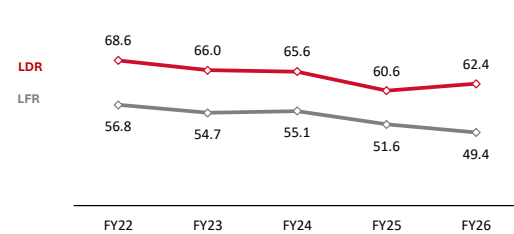
Deposit (Rs bn)



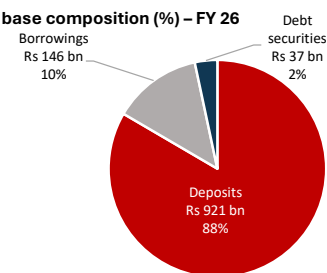
Deposit mix (%) – FY 26



Liquidity ratios (%)



Funding base composition (%) – FY 26



18

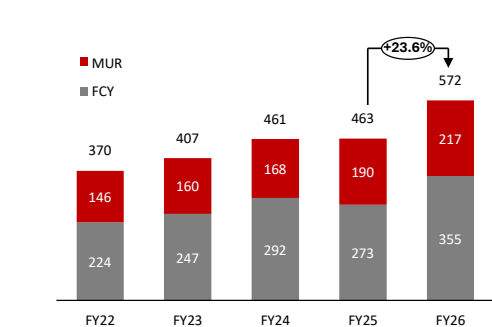
Let's take a look at funding and liquidity. Our deposit base has grown by 24.5% overall, split there between Mauritian rupee and foreign currency, with a slightly bigger, nuanced growth in foreign currency, in particular in the final quarters of the year. Our liquidity ratio remain comfortable-- so, LDR at 62.4% and LFR at 49.4%.

You can see on the charts on the right-hand side that our deposit base and funding base are fairly diversified. So, deposit mix between current, savings, and fixed, roughly a third each, and our funding base is largely deposit-driven. 88% is deposit-driven, with 10% borrowings and 2% from debt securities.



Gross loans and advances – Growth recorded across the Group's strategic pillar

Gross customer loans and advances (Rs bn)

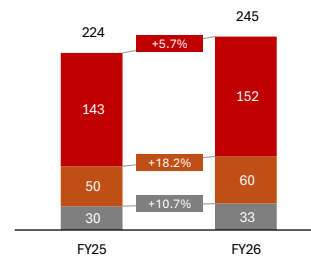


Home Markets (Rs bn)

Mauritian & Regional Corporates

Retail & Business Banking

Overseas Banking Subsidiaries



African CIBPB (Rs bn)

Commodity Trade Finance

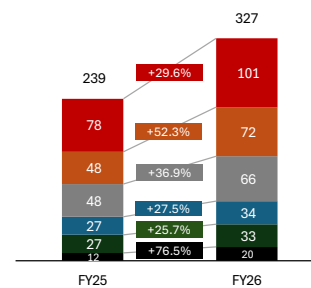
Natural Resource Financing

Global & International Corporates

Power & Infrastructure

Private Wealth Management

FI and Capital Markets



Note: Gross customer loans and advances includes corporate notes

Note: Figures may not add up due to rounding

19

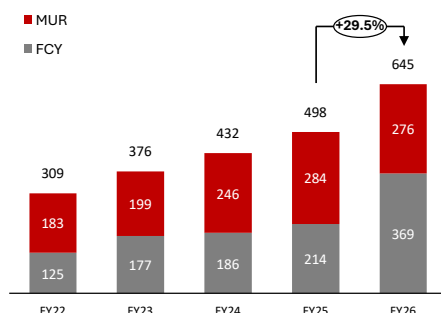
Gross loans and advances. Rapid growth recorded across the group during the year. You can see an increase of 23.6% overall, with the splits shown on the chart. Again, more rapid growth in foreign currency loans, in particular in the commodity trade finance space and natural resource financing space, as well as global and international corporates space. Other sectors have also grown by double digits, contributing to this overall increase.

As previously mentioned, the home markets contributed fairly nicely to our revenue growth of 15.8% overall, and you can see why with the balance sheet growth there under retail and business banking, Mauritian and regional corporates, as well as our overseas banking subsidiaries.

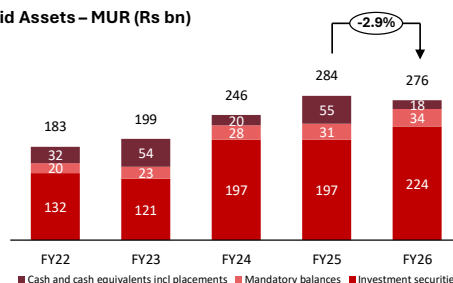


Liquid assets – Excess liquidity deployed in short-term treasury bills and balances with banks

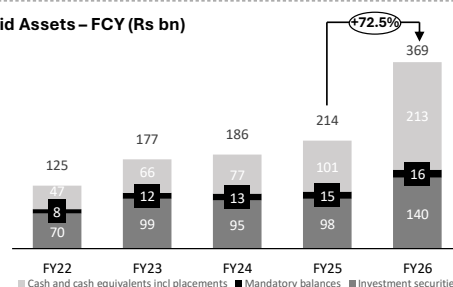
Total liquid assets (Rs bn)



Liquid Assets – MUR (Rs bn)



Liquid Assets – FCY (Rs bn)



Note: Figures may not add up due to rounding

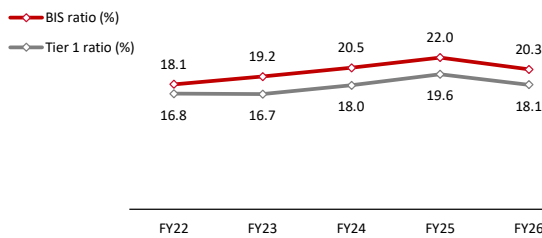
20

Liquid assets. Our overall liquid assets have grown by 29.5% to Rs 644.8 billion. Our rupee liquid assets dropped by 2.9% as liquidity was deployed into the domestic loan book that was growing, which I talked about on the previous slide, whilst, on the flip side, the foreign currency liquid assets increased by quite a significant amount, 72.5%, in particular in the final quarter, as we were preparing ourselves for the growth in loans and advances that we also saw earlier and making sure we have all the balance sheet ratios in check.

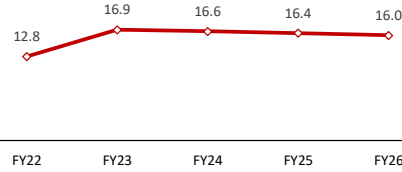


Capital adequacy and ROE – Drop in CAR due to significant loan expansion and ROE impacted by the higher tax charges

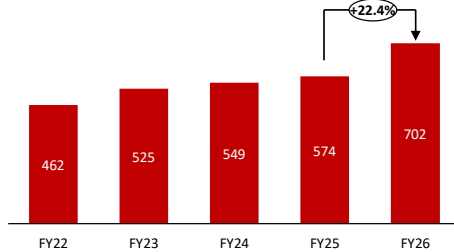
Capital Adequacy Ratio (%)



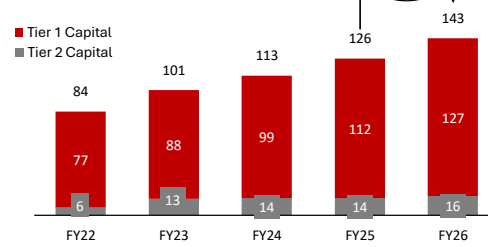
Return on Equity (%)



Risk-Weighted Assets (Rs bn)



Total Capital (Rs bn)

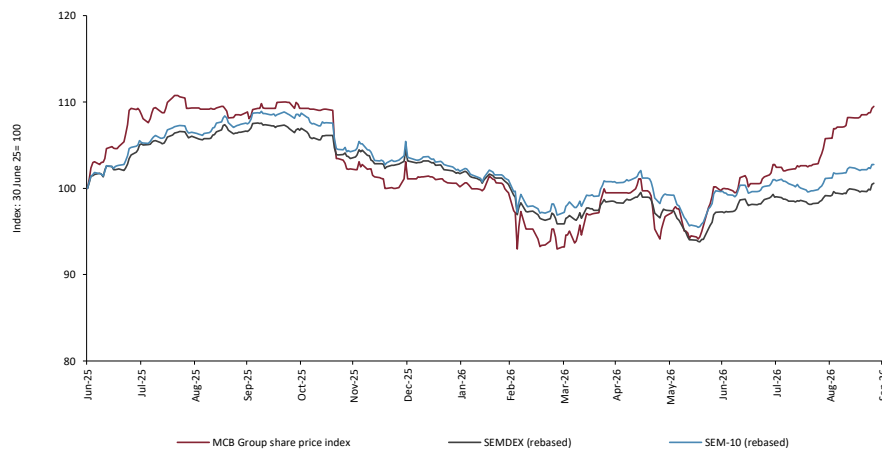


21

Our capital adequacy, the chart on the top left-hand side, our capital adequacy ratio at the year-end sat at 20.3%, our tier one ratio at 18.1%. Return on equity for the year, top right-hand chart, you can see fairly steady in the 16% range, FY '26 showing a 16% ROE. Not to be surprised, risk-weighted assets have increased by 22.4% at the year-end as a result of the growth in underlying loans and advances, and our capital base has increased by 12.9% for the year.



MCB Group share price evolution



22

The final slide showing the share price evolution throughout the course of the year. There was a decline somewhere midway through the year. You can see as the year has progressed and beyond the end of financial year, the share price has come back. As at the end of FY26, we're roughly at the same level we were at in the previous FY25.

This concludes my financial presentation. We'll now open up to you for questions. Thank you very much.

Operator

The first question is from the line of Timothy Wambu with Absa. Please go ahead.

Timothy Wambu (Absa Stockbrokers)

Yes, thank you. Good afternoon and thank you very much for the presentation and taking time to answer our questions. Thank you again for the very detailed presentation. I think there's a lot of information that you've provided this time around.

My first question is on the strong loan growth that we've seen from Q3 and full year, and thank you for the breakdown that you're providing on Slide 19. My question is, what's the view on this momentum being carried over into 2027? Maybe just elaborate a bit more on what is natural resource financing. Where exactly is this being deployed, this lending?

My second question is in the brief results that were shared before this presentation, it shows bond trading income of about Rs 1.1 billion. Then also under other operating income, there's a strong Rs 1.3 billion that I think maybe you need to provide a bit of color as to what exactly is in that Rs 1.3 billion in other operating income.

My third question is you've grown your funding base quite a bit. You've issued more debt, \$400 million Eurobond, and also there's this growth in other borrowings. Just speak on the reasons why you've grown your funding, and maybe the nature of the other borrowings. What exactly constitutes the other borrowings?

I think I'll pause there, and then maybe come back for more questions. Thank you.

Thierry Hebraud

Okay, I will take the first question about the loan growth, particularly the acceleration of loan growth in Q3 and Q4 of the financial year. There are several reasons behind. First of all, the CTF business, as you know, since the start of the Middle East conflict in February, there has been a sharp increase in the pricing of oil and gas, which has directly impacted our CTF business.

To simplify the understanding, the cost of tanker used to be \$60 million, it became suddenly \$100-\$120 million, which, for the same volume transported, doubled the financial flows connected and so the financing. We had to follow our clients in this growth. We couldn't follow each and every client. Thus, we had to make a certain prioritization in our customer relationship. We couldn't just double, you know, our exposure in this business, but this is one part of the growth of the loan portfolio.

It is not the only one. Actually, we have seen a growing momentum in the Power and Infra, in the Global and International Corporates, as well as in the Natural Resources Financing segment. This has fueled the growth of our balance sheet, which is the new base for the financial year 2026-2027.

We believe that our strategy, which is very focused on a certain number of sectors and where exposures are very well structured and secured, is going to continue. I used to say, sorry for what I'm going to say, but for us, in Africa, sky is the limit.

The needs of this market in terms of lending is so huge that for a bank like us, for the size of our bank, taking a share of this market, even a small market share, means quite substantial growth of our balance sheet, and this is connected. We will continue to grow. I cannot tell you the percentage. It's a discussion we have with our Board on every budget.

We want to be careful as well because we have balance sheet management at the same time, that is, funding and capital that we have to take into consideration. We want to remain serious and steady in our growth but not grow our businesses too fast. That's part of the management that we have to take care of. We have the risk appetite including sector and country limits which helps manage risks associated with balance sheet growth

We are reaching a point today where from a period that we were booking and keeping everything in our book, to step-by-step distributing a part of our loan portfolio to manage our balance sheet. We are not, as many international banks are, we

are not in the originate to distribute business. We are far from that, but we have improved our syndication team in order to put in place and to accelerate our distribution engine, giving us more capacity to develop relationships with our clients.

So that's a little bit what I could answer for this first question. This is the international business. I want to mention as well that the local business has grown also. The loan portfolio in the local business has grown, and this is rather gaining market share in our home market in terms of lending, be it in retail banking, mortgage loans, or on the corporate banking business. There has been quite aggressive pricing war in this local market because of the huge liquidity available.

We, for years, were hesitating to enter into this pricing war. We have decided that we couldn't be out because this is part of the cross-selling we are doing for the generation of other fees and businesses with our clients. By entering into this competition, we have gained market share, and we have repositioned ourselves, which explains the growth of what we call local market loan portfolio.

Jean Michel Ng Tseung

Thierry, maybe you can talk a little bit about the natural resource financing as well?

Thierry Hebraud

Yes, about natural resource financing, we are diversifying our portfolio as well in natural resources. Actually, you remember that we launched, two years ago, a diversification in metals and mining. I would say today that we are there. We are now in our, between brackets, "business as usual," a lending bank in metals and mining. We have diversified as well from the oil sector by increasing gas financing.

A bit more complicated, to be honest with you, because the gas business in Africa is smaller. It's a bit more complicated, but our activity for the diversification in natural resource financing business is part of it. Of course, we are financing energy and renewable energy in the continent, which is also part of our strategy.

Dipak Chummun

I'll take the other questions, if I may. You had another question about the trading income. The trading income line that you see with Rs 6.7 billion, let me try to get to the Slide 14. So, the net trading income consists primarily of FX trading and FX sales. A large portion of it is actually FX sales to clients and the margins we generate from the deals. With extra volatility during the year and greater underlying transaction values, we've had the opportunity to increase our FX sales quite significantly...

Thierry Hebraud

Particularly in the African market. Let's put this clear. This is by the development of our African trading desk that we have substantially increased the trading activity in the currencies, and on the G10 strategy as well in Africa. To give you an example, we are the major African Bank working with the Groupe Société Générale in Africa on trading African currencies with them, bigger than some South African Banks. Sorry for that, but we do more business with Société Générale than some of the large South African banks. As you know, we are partners with Société Générale. But, yes, the African business is a main source of the development of the trading activity of our financial markets.

Dipak Chummun

Then, I think you asked a question about the increase in other income, that was mainly related from some gains realized on early redemption on certain financial instruments that we held. That was really what was in the delta.

Timothy Wambu (Absa Stockbrokers)

Is that different from bond income when you say other financial instruments?

Dipak Chummun

Yes. Correct.

Timothy Wambu (Absa Stockbrokers)

Could you maybe tell us which financial instruments those are, if you're able to divulge?

Dipak Chummun

Corporate bonds which were held at amortised cost.

Jean Michel Ng Tseung

Yeah, there were corporate bonds that we invested in and the issuer actually refinanced the bond, and when we were repaid, we made a profit on the bond.

Dipak Chummun

Yeah. There were a couple of other smaller ones as well.

Timothy Wambu (Absa Stockbrokers)

Okay. And then just on the other borrowings, the nature of the other borrowings?

Dipak Chummun

That's mainly syndicated loans with banks. We have some repos as well with banks.

Jean Michel Ng Tseung

Yeah, repos. That's mainly repos and syndicated loans with banks, including those from Proparco, AFD, DEG. There are a few sustainable finance lines that we raised from these DFIs. That's mainly what it's made up of. Debt securities are the bonds that we raised that's listed on the London Stock Exchange. We have now two issuances that we have completed there, one for USD 400 million and the other one for USD 300 million, yeah?

Dipak Chummun

Yes

Jean Michel Ng Tseung

That's \$700 million of bond in issuance

Thierry Hebraud

Yeah, maybe a comment I would add on that. You can wonder, you can question why have we gone to the market to raise additional funding, which is more costly? It's because when we took the decision in our ALCO. There was the momentum when oil prices, you know, rocketed, that we had to face the situation with no clear view where we were going.

The truth is that we have succeeded, by the end of the year, to increase substantially the client deposit base, but that was not so obvious at that time, and we decided to secure our funding with accelerating the bond issuance and other borrowings that we had in our plans.

So, that explains the decision we had taken, but we have to know as well that we succeeded at the end of the year to accelerate client deposits, particularly from our oil and gas portfolio clients, but as well from the GIC segment, Global and International Corporate, clients.

I would like to say that these deposits are quite stable. They are still with us. There is now a fluctuation of around USD400 million plus or minus, but that has created a new level of client deposit in our balance sheet, which is recurrent and stable. There is the perception from our clients that we are a safe bank, and this has led to an increase in deposits.

Dipak Chummun

And we went to the market to raise long-term financing. We've got certain ratios that we manage to as part of our asset liability management prudential norms. To manage our stable funding ratio, we went to the market and raised long-term funding to reduce liquidity risk. Especially in volatile markets, you're not 100% sure how markets are going to behave. Relying on short-term or medium-term liquidity can be hazardous.

Jean Michel Ng Tseung

And so, we're playing a prudent game. We don't mind giving away a little bit of margin, but it creates a name for ourselves because we're in the market. In fact, the market is expecting us to tap into them more frequently. We've got a good rating. We've got a huge amount of interest in our paper. Initially, we asked to raise \$400 million at 6.15%, but the interest was close to \$900 million.

Timothy Wambu (Absa Stockbrokers)

Great. Yeah, so I think Thierry danced around the question, but it appears you're looking at strong double-digit loan growth in the near term. I think that's the feeling that I'm getting. Thank you.

Operator

The next question is from the line of Charles Patterson with Barca Capital LLC. Please go ahead.

Charles Patterson (Barca Capital LLC)

Hey, guys. Thanks for doing the call and congrats on good results. I also want to thank you guys for the continued great disclosure and the expanded disclosure. It's really, really helpful, particularly with the international business. So, thanks for that.

If I could ask maybe a follow-up just quickly on the NIM compression in the international business. If I understand you correctly, you're saying you are shifting the mix of funding for the hard currency, and that's more costly.

So, is this a permanent reduction in NIM or how should we think about, understanding also rates are maybe going upwards and that maybe impacts the NIM in the short term, can you just help us understand where you think margins in the international business will normalize? And then I have some other questions as well, but I think that'd be a good a good place to start.

Thierry Hebraud

On the international business, let's say foreign currency business rather, there are the two sides, assets and liabilities. On the assets side, because of the increasing of SOFR that we are observing right now, it will have natural pressure on the client margins. There will probably still be a squeeze in client margins.

But on the liabilities side of the balance sheet, it is very positive for us because a big part of our clients' funding is in current accounts, and we don't remunerate current accounts. So, that has a positive trend on the margin on deposits in our foreign currency deposits in Mauritius. So, that's, you know, a mix of negative and positive effects on our overall margin.

For the loan portfolio, I tend to think that there is a competitive market. Even if there is room for everyone, the increasing interest rates, I would say, almost mathematically, put pressure on the margin we are able to charge to our clients.

Charles Patterson (Barca Capital LLC)

Okay. Sorry, I don't totally understand. So, it sounds like on the liability side, normally, that's where the pressure with rising rates comes from. It sounds like you're saying there's pressure on the asset side from higher rates. I don't totally understand.

Thierry Hebraud

We charge more of course, but with a lower margin. Let's imagine, I mean, if SOFR moves by 50 basis points, we are going to increase our rate by 30, 40 basis points, overall. So, this is what we have always observed when interest rates increase. When the SOFR is decreasing, we have more capacity to charge more margin. When the SOFR is increasing, we have less capacity to translate and to transfer that increase completely to the client. On the liability side, again, we don't remunerate the current accounts on our balance sheet, so increasing interest rates is, for us, just profit.

Jean Michel Ng Tseung

What it actually means is that our margin, net interest margin on the foreign currency lending would be under a little bit of pressure when interest rate goes up, but the net interest margin on our excess liquidity will actually benefit from this because in our excess liquidity, we have quite a bit of those deposits, which are in the form of current accounts. The increase in interest rates, whether it's on treasury bills or on the loan book, would not be necessarily matched by an equivalent increase in our funding costs because quite a bit of our funding is in the form of current accounts, which are not remunerated.

Charles Patterson (Barca Capital LLC)

Okay. So, is this a temporary, as rates are moving, but then you re-price the portfolio and over time that NIM normalizes? Or are you saying that in structurally higher interest rate environments, you just can't pass it all through so your NIMs get tighter in foreign currency?

Jean Michel Ng Tseung

Well, when you look at it globally speaking, don't just look at it on the lending side, but globally speaking, when interest rates go up, our net interest margin in foreign currency will improve. That improvement, yes, I mean, as you mentioned, we have a higher funding cost because we have raised funding on the market, which is costing us more. So, it would likely one would cancel out the other.

Charles Patterson (Barca Capital LLC)

Okay. Got it. So, it sounds like this is a sort of the level of margin that you expect to be at. So, any subsequent growth in the book will result in commensurate growth in net interest income, roughly. Is that the right way to think about it?

Dipak Chummun

If interest rates increase, there will be some positive impact overall when you blend the customer and liquid assets portfolios. It's the opposite of what happened last year compared to the year before. For FY26 versus FY25, there's a decline of, I think, 80 basis points on average for SOFR, and we've seen a, in basis points terms, approximately 30-40 basis points, if I recollect, decline in our overall margins when you take the mix of assets and deposits.

Charles Patterson (Barca Capital LLC)

Got it. Okay. I guess the other question is, if I'm reading this correctly, it looks like off-balance sheet growth was pretty good, which I guess would be LCs and guarantees. My understanding is that flows through fee and commission income, but there wasn't much growth in that line item. What am I missing there?

Dipak Chummun

Yeah, the underlying growth was there, but we were adversely impacted by a couple of counterparts which sit in certain countries where their country rating had improved during the course of last year, and there were some other banking institutions, in particular from the Middle East, that came and grabbed some market share. So, some of our business, you could say, eroded to the other banks because we couldn't match the pricing that they were offering.

Charles Patterson (Barca Capital LLC)

Okay. So, it sounds like, in general, the market is getting more competitive, both in lending and in LOCs, guarantees, things like that. Is that correct?

Dipak Chummun

Yes, correct.

Charles Patterson (Barca Capital LLC)

Okay, interesting. And then, is the international business a lower, as per my understanding is a very low-risk business. So, as it becomes a bigger portion of your business, is it possible that maybe the cost of risk actually is structurally lower? You sort of implied that this is like a one-off very low cost of risk.

Dipak Chummun

I think what I said earlier was that the, if you like, underlying overall portfolio cost of risk that we expect is roughly 70 basis points. This year it was lower because we made a fairly big one-off recovery for a very long-outstanding debt that was sitting in NPL for a very long time, a stage three asset, which had been fully provided for. So, now that we've recovered some of that money, it's topped off the NPL list. It's topped off the provision list, and that's why you see the NPL ratio go down and the specific provision coverage ratio go down.

Charles Patterson (Barca Capital LLC)

But is the international business generally a lower risk business?

Dipak Chummun

A large part of what we're providing for are our ECL, so it's statistical calculation of our expected credit losses based on the loans we have booked.

Thierry Hebraud

Our distressed loan portfolio is a legacy portfolio. We have few, very few, new entrants in this portfolio. So our local business is really corporate lending, retail lending, mortgage, which are not very risky, to be honest with you. But our international business is very structured as well, very secured.

We are, you know, when we speak about portfolio, we should speak about clients, identified clients, anchor clients. We do not lend for lending. We lend because we have a relationship. And we have a long-term view on our counterparties, and this is very structured lending in the African continent, and we have very well covered system of risk management.

So, you know, if you take track record over the past the last 10 years, I mean, the distressed loan portfolio, more or less, is the same, coming from the legacy loans portfolio, not very active in terms of new entrants from the business we have developed internationally over the last 5-10 years

Dipak Chummun

Like I said, the large recovery that we made during the course of the year was a legacy file.

Thierry Hebraud

Yes. It has been proven over the last 10 years. NPL from the international business is quite stable.

Charles Patterson (Barca Capital LLC)

Okay. If I could, with one more question. So obviously, the growth is really, really strong in profits before, you know, adjusting for the sort of one-off increase in taxes. So, it points to sort of after we lap on this very strong growth in net profits in general. But I'm curious, can you structurally offset I mean, it implies that without the tax increase, your ROEs

would have been much higher. So, I'm wondering, you know, it looks like your cost-to-income ratio has increased. Is there any opportunity to push more efficiency on cost-to-income ratio to sort of offset the tax increase?

Thierry Hebraud

If you take the cost-to-income ratio, we are at 38%. Is it a bad cost-to-income ratio when almost, you know, 60% of your business is a CIB business? Look at comparative CIB banks' cost-to-income ratio. I believe we are much lower than the typical cost-to-income ratio of a CIB bank.

We have increased our costs due staffing in order to cope with the increasing volume, complexity of our businesses, and this is true in the CIB and in retail banking. This had a strong impact on customer experience with an improvement in our Net Promoter Score (NPS). We see NPS improvements in all our businesses when we compare to two to three years ago. And that's, you know, connected to these investments we have made in human resources, expertise and capacity to deliver.

The other main source of cost is, of course, in IT development, where we have increasing costs in the cloud and digitalization. AI will increase our costs definitely, but AI should also improve our efficiency as well at a certain moment. It should optimize our way of working and our businesses. So, there will be some savings at that time.

Are we there now, next year? No. We are still in this growing cost phase. But you will observe that these growing costs are bringing substantial growth in revenues. So, till we are in this situation, this is positive. As far as staff is concerned, I think we have reached the optimum.

For this year, we have very limited recruitment of new staff because we have completed our exercise of coping with the needs we had. So, we are now at a comfortable level

Charles Patterson (Barca Capital LLC)

Okay. You start to be at a comfortable level on in like a nominal cost or in a cost-to-income ratio? So, if it's just nominal cost and you continue to grow at this pace, I would imagine that you start to have sort of scale benefits that push down.

Thierry Hebraud

AI and digitalization will continue to increase our costs. So we are still probably not at the cost-to-income ratio where we would say, "Okay, that will not grow anymore." No. We have the possibility of increasing cost-to-income ratio within the next two, three years. Cost-to-income ratio will still be under pressure, but these are costs connected to the IT and AI investments.

Charles Patterson (Barca Capital LLC)

Can I ask if this is like the international business, is that structurally I guess if I -- it's hard to find good comparables for this business, but the few that I found seem to have relatively high cost-to-income ratios. Is this a structurally maybe the bankers have to be a higher cost labour or the customers are higher touch? Just is it a higher cost-to-income ratio business in general?

Jean Michel Ng Tseung

Not necessarily, but the recruitments we are making at the moment are more experienced people. We are actually recruiting quite a few even outside of Mauritius, and it does cost us more. We're beefing up the team, and you're talking about CIB here.

Charles Patterson (Barca Capital LLC)

Wonderful. Okay. Thanks, guys. I really appreciate you taking the time to do the call and congratulations again on really good figures.

Operator

We have a follow-up question from Timothy Wambu. Please go ahead.

Timothy Wambu (Absa Stockbrokers)

Yeah, thank you. Some questions just more along macros. Maybe just give us the current read or rather the current lay of the land with regards to the fiscal progress. Thank you for indicating that those are the projections that are there for the fiscal deficit, but what's the what's the feeling on the ground currently?

And then also, given the disruptions in the supply of fuel globally, I'm just wondering how is Mauritius getting by? Is there any risk to shortage of fuel, for instance, or do you have some sort of arrangements, some of the oil trading companies? Thank you.

Jean Michel Ng Tseung

Okay. I'll take this one. Couple of things on the fiscal front. First of all, as you've probably heard, the government is putting fiscal responsibility on top of their agenda. I think they want to do their utmost best so that we don't get downgraded by the rating agencies.

So for example, on the pension front, we've restructured our what we call state pension which is a non-funded plan. But there has been a lot of backlash, and the government had to fine-tune their plan and removed one of the two important features of that pension reform, and they backed down on something that they call the means test.

It doesn't mean that they won't come back to it again, but it was a difficult time for the government in relation to that. But this actually shows that government is taking it seriously in terms of making sure that our debt metrics are under control.

I don't know if you would remember there was a slide at the beginning. There has been a rebasing of our GDP, and that's done once every five years. And as we speak now, the debt-to-GDP is currently at 81.5%. You will recall at the last earnings call the debt-to-GDP was at 90%.

So, I think it helps. All this helps, and the government is conscious that a downgrade of the country is not necessarily going to be a good thing for the country. So, they are making the necessary effort in terms of fiscal consolidation.

As regards oil, the government has signed a contract with India. So, I don't think that, as we speak now, we have any sort of imminent risk of a potential oil shortage in Mauritius because we have a contract that we have signed with an Indian refinery to supply oil to the country.

Timothy Wambu (Absa Stockbrokers)

Thanks. And is El Niño a sort of risk that's been floated, one that could impact Mauritius?

Jean Michel Ng Tseung

Well, it's true that, and I think it's not just Mauritius, but in many parts of the world, we are seeing very long-lasting droughts. Our reservoirs are quite badly impacted. We are, at the moment, in the dry season. So we are a little bit worried about rainfall. So we have to wait until December for the rainy season to start. Between now and December, I mean, it is no doubt an area of concern for us as we speak.

Timothy Wambu (Absa Stockbrokers)

Great, thank you.

Operator

Ladies and gentlemen, that concludes today's event. Thank you for joining us.

Jean Michel Ng Tseung

Once again a very big thank you to all the participants of this earnings call. I very much appreciate your presence. Thank you all for your questions, and we look forward to our next earning call, which is in just a few weeks' time, mid-November. So, thank you to all, and see you soon. Bye-bye.