



EFG Hermes Investor presentation

March 2022





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Established some 183 years ago...

The Group is an **integrated regional banking and financial services provider** with presence abroad spanning **10 countries**, offering customised products and services to a wide range of clients through its **local & foreign subsidiaries, associates and representative/advisory offices**

Our stock profile



No. 1 on local stock exchange

Market share ~ **28%**



Market capitalisation

~ **USD 1.8 billion**



Broad & diversified base

> **22,000** shareholders

Key facts and figures



Total assets ~ **USD 16 billion**



Workforce > **3,700**



Customers ~ **1.1 million**



> **400** correspondent banks

Our channels and digital platforms



Branches/Kiosks **63**



ATMs **214**



Internet Banking subscribers
> **296,500**



MCB Juice* subscribers
> **413,000**

*Mobile banking app



Credit ratings

Agency	Long term/ Short term	Outlook
Moody's Investor Service	Baa3/P-3	Negative

MCB Ltd is investment-grade rated and is among the few financial institutions rated as such in sub-Saharan Africa

Credentials and recognition

Domestic market shares

As at December 2021

Credit to the economy



Local currency deposits



● MCB Ltd

Accolades

Africa

16th in Africa
in terms of Tier 1 capital
The Banker Top 1000
World Banks, June 2021

1st in East Africa
in terms of Tier 1 capital
The Banker Top 1000
World Banks, June 2021

94th in Africa
in terms of market capitalisation
African Business Top 250 Companies,
May 2021

Leading Regional Bank
in terms of operating
income and profitability
L'Eco Austral, Top 500 Regional,
Edition 2020

5th Strongest Bank in Africa
by Balance Sheet
The Asian Banker 500 Largest
and Strongest Banks Rankings 2020

27th in Africa
in terms of assets
Jeune Afrique, Top 200 Banks,
The Africa Report, October 2020

World

622nd in the world
in terms of Tier 1 capital
The Banker Top 1000 World Banks, June 2021

Mauritius

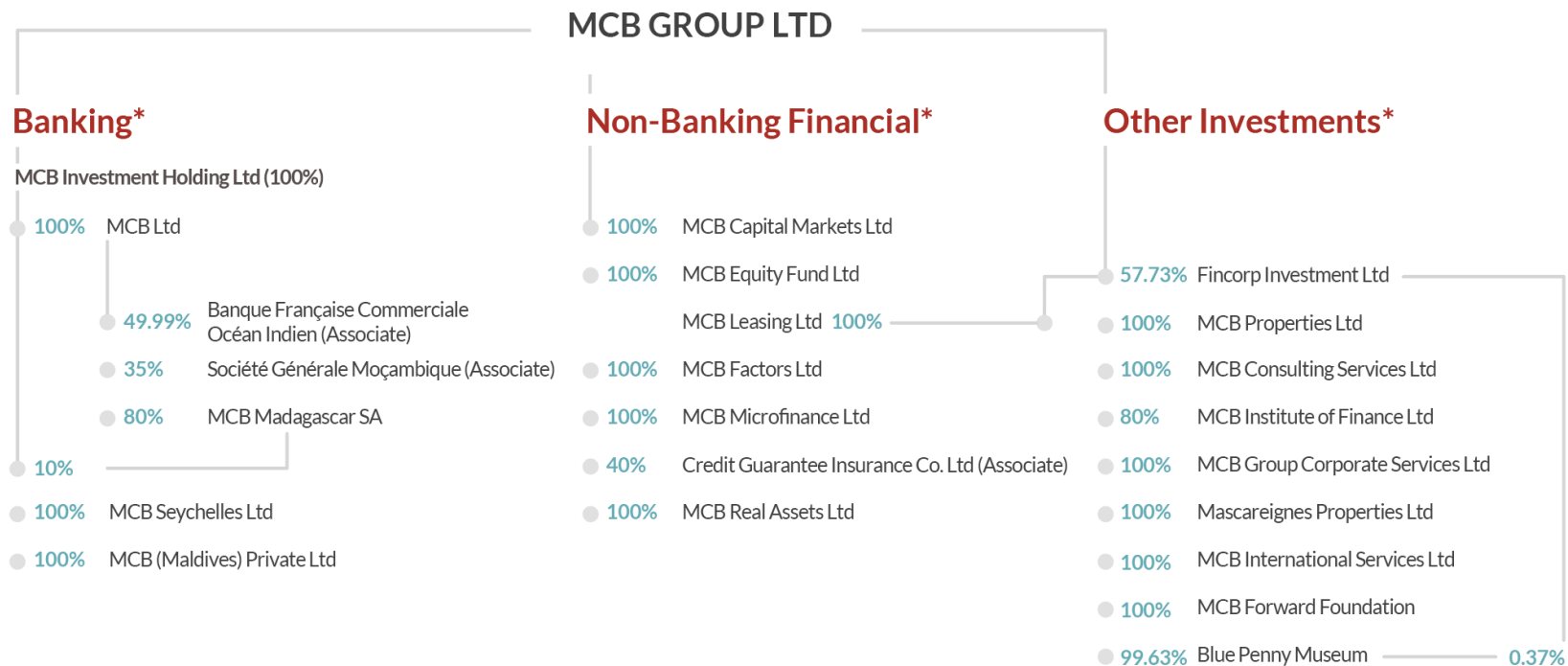
Winner in the
'Sustainability'
category
PwC Corporate
Reporting Awards
2020

Best Bank in
Mauritius
Euromoney Awards
for Excellence 2021

Best Innovation in
Retail Banking
Mauritius
International Banker
2021

Best
Commercial Bank
Mauritius
International Banker
2021

Excellence
Award 2020
Attributed by
Citibank for MCB's
USD straight-through
processing



* Relate to clusters

Following an agreement signed between MCB Group and Hightech Payment Systems (HPS) in February 2021, the latter has acquired MCB Group's 80% stake in ICPS Ltd, with the transaction being concluded on 7 April 2021.



Our strategic intents



1 Strengthen our domestic position

2 Expand our non-bank activities

3 Grow our international footprint

Embedding sustainability as a key value driver

Maximise long-term value creation for our multiple stakeholders

General thrusts

Preserve the image, reputation and franchise of the Group

Medium to long term priorities

- Help **promote socio-economic development** and yield a **positive impact on society** and the **environment** across geographies in which we are present
- Position the Group as a **competitive regional financial player**, while reinforcing risk oversight
- Actively and thoughtfully pursue our **Africa Strategy**, alongside exploring business avenues beyond
- Enrich the appeal of our value proposition, backed by an **innovative mindset** and **convenient digital channels**
- Capitalise on **synergies** and **partnerships** within the organisation and with external parties

Our main areas of strength and differentiation





Strengthen our domestic position

- Help build back the country better by financing key projects, support its transition to a greener economy and promote responsible entrepreneurship
- Deliver a world-class customer experience through digital and reinforce our position as a strong and innovative payments provider
- Enhance value proposition across market segments and deepening of customer relationships and services
- Boost cross-selling opportunities by leveraging organisational synergies and internal data & analytics capabilities



Expand our non-bank activities

- Widening our market involvement
- Consolidating our positioning across long-established business areas while diversifying our activities
- Expanding our distribution channels by seeking strategic alliances with selected partners



Grow our international footprint

- Position MCB as a prominent player within the Energy & Commodities segment and gradually build an African Power and Infrastructure franchise
- Deepen relationships with regional and international corporates and private equity funds while leveraging the Mauritian jurisdiction
- Develop stronger and more meaningful partnerships with regional banks and financial institutions in line with our 'Bank of Banks' strategy
- Transform MCB as a lead arranger for dedicated deals, while boosting syndication with Financial Institutions (FI)
- Enhance our transactional value proposition and bolster the Bank's Global markets offerings by providing adapted trading, liquidity and structuring solutions
- Expand our Private Banking and Wealth Management (PBWM) activities by providing a wider range of sophisticated investment solutions and dedicated advisory services



Strengthen our domestic position

- Supporting clients during the Covid-19 pandemic through advice and **provisions of moratorium loans** and **concessionary facilities**
- Enriched our value proposition to individual clients – e.g. new features on our mobile app **'MCB Juice'** including **housing loan applications** and the launch of our unsecured loan providing instant approval and same day disbursement
- **Strengthened** the **SME ecosystem** through innovative solutions – e.g. banking app 'Juice Pro', set-up of the first digital SME lending product, Express Overdraft, while forging business partnerships
- Launched the **'Next Best Offer'** in an effort to boost sales effectiveness; an advanced analytics tool which allows for **cross-selling opportunities based on customer profiles**
- Operationalisation of our **new Payments Organisation** regrouping all cards and other payments services to boost innovation capabilities and enrich our payment offering
- Provision of **'Green loans'**, with a cumulative disbursement of **EUR 7.7 million** under the **3rd line of credit with AFD**



Expand our non-bank activities

- **MCB Equity Fund Ltd** partnering with Metier-led consortium to invest **USD 36 million** in Africa Mobile Networks Ltd (currently operating across 10 countries)
- Reinforced positioning of **MCB Capital Markets Ltd** in Mauritius and in the region
 - Established itself as a **leading finance transaction advisor and arranger** in respect of corporate finance on the domestic scene
 - Continued **build-up of assets under management**
- Enhanced relationships and customised solutions for MCB Factors Ltd and MCB Microfinance Ltd clients to assist them in the current difficult context
- Continued business expansion by **MCB Consulting Ltd** in terms of new clients and economic sector; awarded recently **'Best Regional Delivery Partner'** by Temenos
- **MCB Leasing Ltd** launched its **'Green lease'** which provides another layer of support to its customers in promoting an eco-friendly consumption



Grow our international footprint

- Further entrenched our commodity trade finance activity and **positioning** within the **Oil & Gas upstream** value chain, and played an increasing role in financing key infrastructure projects across Africa
- **Reviewed** our **global & international corporate client** portfolio and enhanced our commercial strategy to address their needs and the related entire ecosystem
- Continued to promote the **'Bank of Banks' initiative**, partnering with and assisted 80 financial institutions worldwide in FY 2020/21 (including 65 in Africa)
- Developed stronger business networks with financial institutions while strengthening our position as lead arranger; successfully raised a **syndication facility of USD 1 billion** on the global financial markets
- Reinforced our **PBWM** presence in the region leveraging our Representative Offices and developing a strong network/relationship with **foreign External Asset Managers**
- **Upgraded** our **Dubai's Representative Office license** to **Advisory Office**



Pillar1

The development of a vibrant and sustainable economy

SDGs impacted



Pillar2

The protection and valorisation of our cultural and environmental heritage



Pillar3

The promotion of individual and collective well-being



Main initiatives*

- Support to local entrepreneurs via the **'Lokal is Beautiful'** scheme
- Launch of **'Punch'**, an online platform to connect entrepreneurs with companies/service providers to help them grow their business
- Kick-off of a project to set-up a **sustainable finance framework** with the help of an external consultant; and the integration of **climate risks** into our business risk management amongst others
- Launch of the **Klima Neutral 2050 report** with MCB committed to influence the transition towards achieving **net zero carbon emissions** by 2050.
- Our **direct energy, water and paper consumption**, and **greenhouse emissions** monitored against targets
- 'Green loan' financing in partnership with **Agence Française de Développement**
- **No new financing of coal infrastructure & trade and new-coal fired power plants** as from 2022
- Commitment to invest **EUR 5m** over the period 2021-2040 in the **Livelihoods Carbon Fund 3**
- **Rs 38.5 million** spent on **19 projects** during FY 2020/21 by **MCB Forward Foundation**, in support of communities and vulnerable groups
- Set-up of an **Employee Solidarity Fund** to support employees and their families impacted by adverse, unexpected events
- Provision of a **supporting unit** comprising an in-house psychologist and wellness coordinators to help employees during lockdown period
- Establishment of the Group's **Gender Equality Charter** to promote gender equality
- Launch of an **online learning platform** for staff
- Extension of **maternity leave** from **14 to 18 weeks** and **paternity leave** from **5 to 10 days** respectively

RESPONSIBLE BEHAVIOUR



* Read more on the Group's initiatives in the Sustainability Report on our website. Link: <https://www.mcbgroup.com/en/annual-report-2021/sustainability>

More information on MCB's approach to sustainability on slides 25 to 27



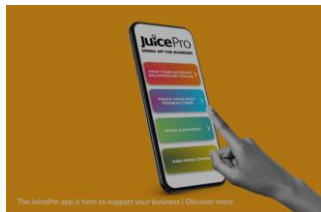
MCB Ltd: Zoom on selected digital channels and platforms

The Bank embarked on a **Digital Transformation Programme** in 2018, with the objective to deliver a world-class customer experience through digital

Some recent achievements



Launch of the **SWIFT Global Payment Innovation (GPI) Tracker**. This new feature is accessible on **SmartApprove**, a platform allowing customers to approve transactions faster and on the go.



MCB JuicePro (mobile app for SMEs)

2,600 accounts opened via the application during FY 2020/21 (representing **83%** of total SME accounts opened)



Mortgage

The Bank refined the appeal of its mortgage solution with the launch of a new app for housing loan requests.

Superior customer experience through digitalisation

Acceleration in the adoption of **digital forms of payment** triggered by the pandemic...

MCB Juice



397,566 users

+19.0% y.o.y

+30.4% 3-year CAGR

24 million transactions

+53.0% y.o.y

6,129 merchants

+147.2% y.o.y

Internet Banking



264,139 users

+8.1% y.o.y

2.9 million transactions

+2.4% y.o.y



... whilst encouraging customers to opt for the **low-touch way to pay** for their safety

~ 5 million contactless transactions

+407.5% y.o.y

>75% of merchant POS devices are contactless



+55.6% y.o.y

Debit cardholders transacting online



+35.8% y.o.y

Merchants offering online payments

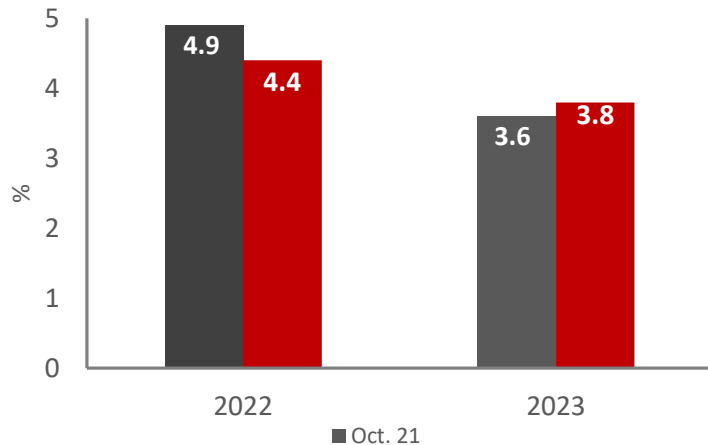




Economic outlook



Real GDP growth



Growth projections across key markets of Mauritius

	2020	2021 (e)	2022 (f)	2023 (f)
United States	-3.4	5.6	4.0	2.6
Euro Area	-6.4	5.2	3.9	2.5
<i>Germany</i>	-4.6	2.7	3.8	2.5
<i>France</i>	-8.0	6.7	3.5	1.8
<i>Italy</i>	-8.9	6.2	3.8	2.2
United Kingdom	-9.4	7.2	4.7	2.3
China	2.3	8.1	4.8	5.2
India	-7.3	9.0	9.0	7.1
Sub-Saharan Africa	-1.7	4.0	3.7	4.0

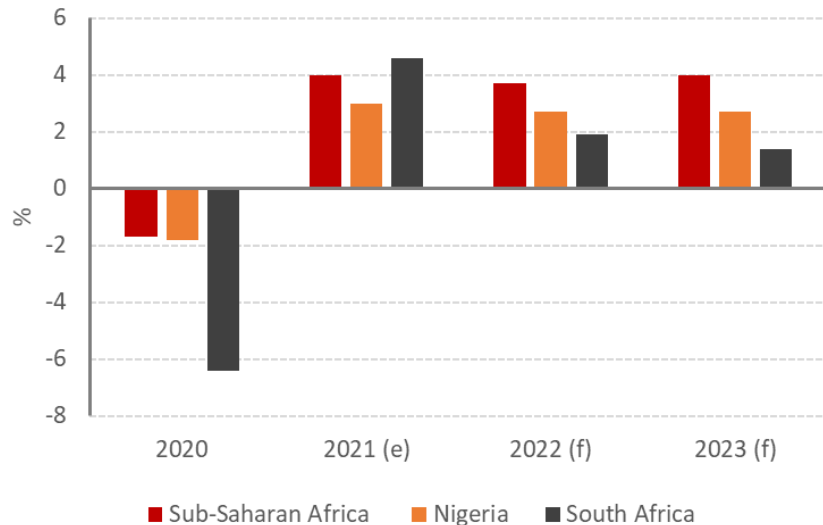
Dynamics shaping the global outlook





... that are weighing on the immediate outlook for Sub-Saharan Africa ...

Real GDP growth



- Real GDP growth in the sub-Saharan African region is, on average, projected to pickup by 3.7% in 2022.
- The immediate outlook continues to be impacted by low vaccination, limited policy space and elevated debt levels.
- In light of a softer-than-expected performance in the second half of 2021 as well as a weaker investment outlook on account of subdued business sentiment, South Africa's 2022 growth forecast was downgraded by 30 basis points to 1.9%.
- The unchanged 2022 projection for Nigeria at 2.7% reflects offsetting effects – while the better outcome in the second half of last year, especially in the non-oil sector, is expected to continue in 2022, external headwinds (such as Omicron), are likely to counter-balance the strong momentum.

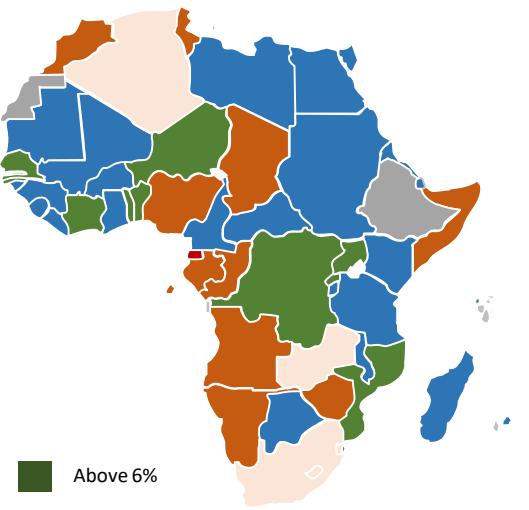
(e) Estimate (f) Forecast

Sources: IMF, World Economic Outlook Update, January 2022



... although over the medium-term, the continent's potential remains undiminished

Average real GDP growth rates for 2022-2026



- Above 6%
- Between 4% and 6%
- Between 2% and 4%
- Between 0% and 2%
- Below 0%
- Insufficient data

Source: IMF WEO Oct 2021

Africa Mega Trends

<p>Population </p> <ul style="list-style-type: none"> - Young and fast-growing population - Population expected to double to over 2 billion by 2050 - In the next 10 to 15 years, more than half of global new labour market entrants will be from SSA 	<p>Rising Consumption </p> <p>Burgeoning middle income 66% growth by 2030</p> <p>Financial inclusion </p> <p>400 Fintechs (80% of them Made in Africa)</p>	<p>Regional Integration </p> <p>African Continental Free Trade Area</p> <p>Market of 1.3 billion people with a GDP of over USD 3.4 trillion</p>
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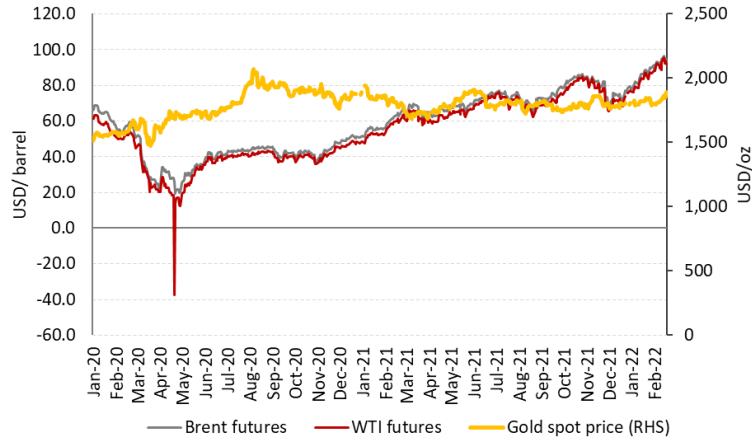
Financing Gap & sectoral trends	<p>Financial services</p> <p>Trade finance gap USD 120 billion</p>	<p>Healthcare</p> <p>Preparing for next pandemic Public health investment - Tens of billions of dollars to close gap till 2030</p> <p>Annual financing gap USD 370 billion</p>	<p>Infrastructure</p> <p>Funding Gap USD 130-170 billion</p> <p>Power USD 30-50 billion</p> <p>Water supply and sanitation USD 56-66 billion</p> <p>Road and transport USD 35-47 billion</p>	<p>Technology & innovation</p> <p>Broadband expenditure gap (2030) USD 100 billion</p> <p>Additional 167 million subscribers over the period to 2025 (SSA)</p>
	<p>Housing & urbanisation</p> <p>Urban residents (by 2048) 1.4 billion</p>	<p>Financial asset</p> <p>AUM to reach USD 1.6 trillion by 2025: CAGR 9.5%</p>		

Key opportunities	Oil & Gas	Trade finance	Renewable Energy	Agri-finance	Asset and Wealth management	Online and mobile banking	E-commerce
	Real Estate	Financing manufacturers	Healthcare	Financing Telcos	Financing Water suppliers		

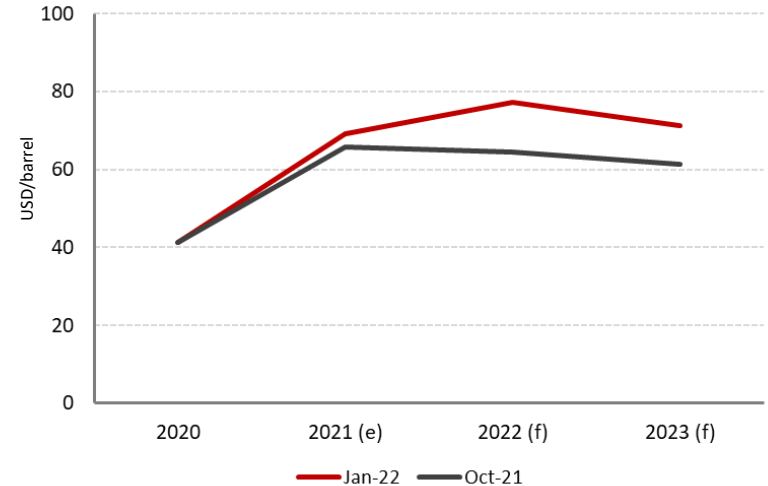


Commodity prices have risen on the back of demand-supply mismatches and heightened geopolitical tensions

Evolution of commodity prices



Oil price projections as per the IMF



- Recently, oil prices hit a more than seven-year high, as an outage on a pipeline from Iraq to Turkey increased concerns about an already tight supply outlook amid worrisome geopolitical tensions in Russia and the United Arab Emirates.
- Meanwhile, gold price advanced higher as a sell-off in Wall Street driven by geopolitical tensions over Ukraine bolstered its safe-haven appeal.

(e) Estimate (f) Forecast

Sources: IMF, World Economic Outlook Update, January 2022, IMF, World Economic Outlook, October 2021, Goldhub, Investing.com



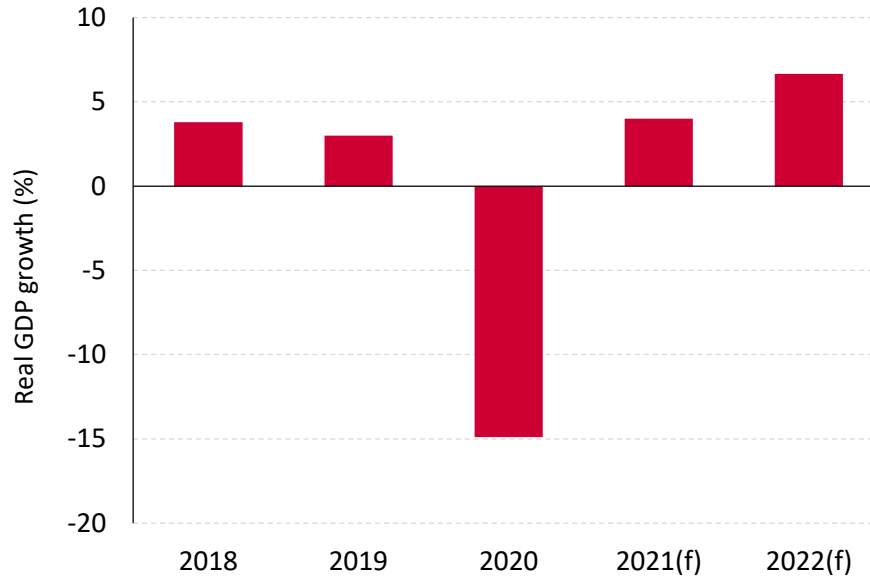
Main economic indicators						
	Unit	2018	2019	2020	2021 ⁽¹⁾	2022 ⁽¹⁾
<u>Real sector</u>						
GVA at basic prices	Rs bn	422	438	379	407	449
GDP at market prices	Rs bn	481	498	430	461	508
GVA growth (at basic prices)	%	3.6	3.2	-14.7	3.9	6.7
GDP growth (at market prices)	%	3.8	3.0	-14.9	4.0	6.7
Gross Domestic Saving	% GDP	9.0	8.8	8.2	8.4	8.8
Gross Fixed Capital Formation	% GDP	18.8	19.6	17.9	19.3	19.6
Private sector investment	% GDP	14.2	14.3	13.6	14.9	14.9
Public sector investment	% GDP	4.5	5.3	4.3	4.4	4.7
Headline inflation	Dec, %	3.2	0.5	2.5	4.0	3.9
Unemployment rate	average, %	6.9	6.7	9.2	8.9	7.8
<u>Fiscal sector</u>						
Budget balance	FY, % GDP	-3.2	-3.2	-13.6	-6.0	-6.0
Budgetary Central Government debt	FY, % GDP	57.0	57.8	75.0	87.2	79.6
Public sector gross debt	FY, % GDP	63.4	65.3	83.4	96.2	88.7
<u>External sector</u>						
Balance of visible trade	% GDP	-23.3	-24.1	-22.2	-28.3	-26.9
Current account balance	% GDP	-3.9	-5.4	-12.6	-13.6	-12.7
<u>Memorandum item:</u>						
Per capita GDP	USD	11,124	11,058	8,665	8,784	9,136

⁽¹⁾ MCB revised forecasts

Note: The above estimates and projections are based on information available until 28th January 2022
Sources: Statistics Mauritius, Ministry of Finance & Economic Development, Bank of Mauritius & MCB staff estimates



Real GDP growth at market prices (%)



- Real GDP growth attaining **6.7%** as per our baseline scenario.
- This performance would be underpinned by a recovery across all sectors
 - Strong rebound in tourism
 - Upturn in construction amidst boost to public and private investment
 - Export-oriented enterprises to benefit from pickup in demand from key markets
 - ICT and financial services industries to uphold a robust expansion



Financial performance



Key financial indicators – Income Statement

	6 months to Dec 2020 Rs m	6 months to Dec 2021 Rs m	Dec 21/ Dec 20 Change %
Net interest income	7,301	7,597	4.1
Net fee and commission income	3,600	4,432	23.1
Operating income	10,901	12,029	10.3
Non-interest expense	4,056	4,532	11.7
Operating profit before impairment	6,845	7,497	9.5
Net impairment of financial assets	2,357	1,904	-19.2
Operating profit	4,488	5,593	24.6
Share of profit of associates	180	475	163.9
Income tax expense	792	995	25.6
Profit for the period	3,876	5,073	30.9
Profit for the period attributable to ordinary equity holders	3,784	4,900	29.5



Key financial indicators – Statement of financial position

	6 months to Dec 2020 Rs m	6 months to Dec 2021 Rs m	Dec 21/ Dec 20 Change %
Total assets	577,233	705,428	22.2
Cash and cash equivalents*	65,323	98,772	51.2
Investment securities	170,266	230,063	35.1
Net loans	285,666	311,062	8.9
Total deposits	427,078	508,560	19.1
Equity	66,439	75,910	14.3

* Includes placements



All figures are in percentage

	Dec 2020	Jun 2021	Dec 2021
Profitability			
Return on average total assets ¹	1.4	1.3	1.4
Return on average equity ¹	11.7	11.8	13.2
Return on average Tier 1 capital ¹	11.6	11.9	13.4
Efficiency			
Cost-to-income	37.2	36.9	37.7
Asset quality			
Gross NPL/Gross loans and advances	3.7	3.6	3.8
Net NPL/Net loans and advances	2.3	2.3	2.1
Liquidity			
Liquid assets ² /Total assets	43.0	47.2	45.8
Loans to deposits	65.4	60.2	63.9
Loans to deposits and borrowings ³	57.2	51.7	53.3
Capital adequacy			
Shareholders equity to assets	11.5	10.7	10.8
BIS risk adjusted ratio ⁴	17.6	17.4	17.9
<i>o/w Tier 1</i> ⁴	16.2	16.1	16.5

¹ Annualised for December

² In the computation, liquid assets comprise cash, balances with BoM, placements, T-Bills, Government securities and bonds

³ Borrowings include debt instruments

⁴ Based on Basel III

* More details on the Group's latest financial performance in our Earnings Call presentation on our website

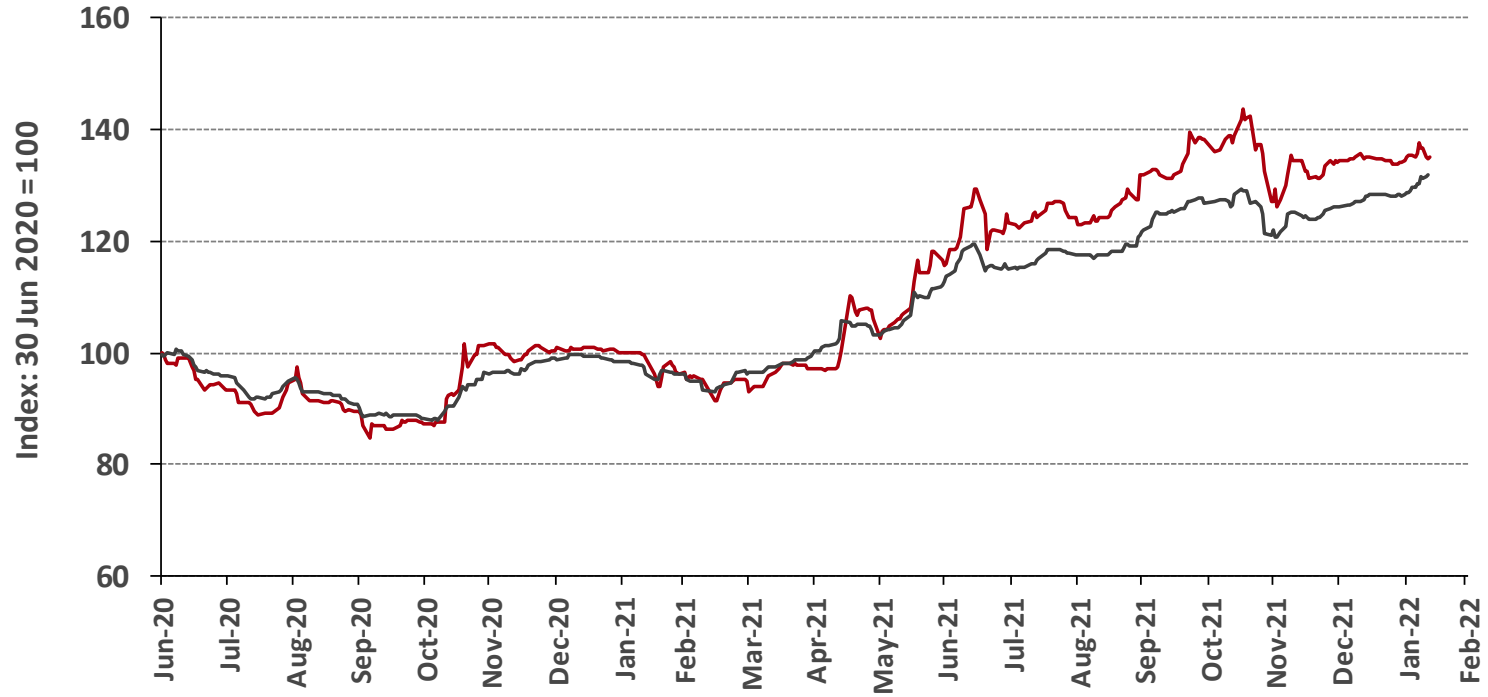
Link: <https://www.mcbgroup.com/en/investor-centre/events-presentations>



Share price performance



MCBG share price performance



The Group is assigned a **BBB** ESG rating



Constituent of SEM Sustainability Index (SEMSI)



Our approach to sustainability

Our responsibility is to create sustainable prosperity for our customers, communities, people, and the countries in which we operate.

Approach founded on the **material issues** of MCB Group and Mauritius and is underpinned by

international principles, standards and frameworks

adopted by MCB

In addition to the **UN Sustainable Development Goals (SDGs)**, the Group's way of doing business is also governed by 3 main set principles:-

- **UN Global Compact**
- **Equator Principles**
- **UN Environment Programme Finance Initiative Principles for Responsible Banking**

The approach also includes an **assessment** and **management** of **several aspects** such as human rights, labour, environment, climate, natural resources and culture, amongst others, throughout the organisation's value chain.

In 2018, MCB Group launched its **Corporate Sustainability Programme, Success Beyond Numbers**

The programme revolves around initiatives executed under the following 3 pillars:-

1. The development of a vibrant and sustainable economy
2. The protection and valorisation of our cultural and environmental heritage
3. The promotion of individual and collective well-being





Engaging Board and Executives

Board commitment and monitoring by the Remuneration, Corporate Governance, Ethics and Sustainability Committee, together with people participating at various levels, show our **strong dedication** to **achieving sustainability**

- ✓ A **Corporate Sustainability Committee** - comprising directors of both MCB Group and MCB Ltd - has been created in January 2021.
- ✓ A dedicated **Sustainability Team** - driven by the **Head of Communication and Corporate Sustainability** and comprising members with subject expertise, has been set up since 2019 in a view to ensuring the integration of sustainability practices into the business.

Governance structure

BOARD OF DIRECTORS

Remuneration, Corporate Governance, Ethics & Sustainability Committee (RCGESC)

Corporate Sustainability Committee (CSC)

(a sub-committee of the RCGESC)

Sustainability Strategic Council (SSC)

Sustainability Coordinating Team (SCT)

Mandates

- The **RCGESC** monitors the **Corporate Sustainability Programme**.
- The **CSC** assists the RCGESC in the discharge of their duties to monitor the progress of the Corporate Sustainability Programme. It also assesses all aspects relating to sustainable development as well as ensuring implementation of strategies.
- The **SSC** ensures that initiatives are in line with the sustainability programme and approves budget for their implementation. *The SSC is composed of Chief Executives (Bank & Group), Heads of Strategic Business Units and the Sustainability Team.*
- The **SCT** discusses on sustainability ideas and shares the progress on ongoing projects. It also validates projects that need to be presented to the SSC. *The SCT is composed of various Heads of Business Units and the Sustainability Team.*



Investor Relations Unit

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THANK YOU

