

MCB Group

Continued strong momentum

9M25 results

MCB Group (MCB) delivered a robust set of results for the nine months to end March 2025 (9M25), with net profit rising by 16.2% y-o-y. This was underpinned by an expansion in interest earning assets, both in rupee and foreign currency. Asset quality remained resilient, with a low and improving non-performing loan (NPL) ratio and healthy provision coverage, reflecting prudent risk management. Profitability remained solid, with return on equity edging up to 17.4% (+0.2pp y-o-y), highlighting MCB's continued ability to deliver strong returns in a stable domestic environment. At the same time, MCB has plenty of room to further expand its loan book based on its healthy loan-to-deposit ratio and strong capital base.

Year end	NII (MURm)	EPS (MUR)	DPS (MUR)	ROE (%)	P/E (x)	Yield (%)
6/21	14,665	33.48	16.75	11.8	13.6	3.7
6/22	15,191	40.13	13.90	12.8	11.4	3.0
6/23	19,790	57.66	20.25	16.9	7.9	4.4
6/24	24,239	63.65	23.00	16.6	7.2	5.0

Note: NII is net interest income. EPS as reported by the company.

MCB has room for further growth

MCB continued to expand its balance sheet, with interest-earning assets rising 11.1% y-o-y to MUR899bn. Growth was primarily driven by a 15% increase in liquid assets, supported by strong accumulation of both local sovereign bonds (local liquid assets increased by 19% y-o-y) and US Treasuries (foreign liquid assets increased by 11% y-o-y). The group's gross loan book grew by 7.6% y-o-y, with the Mauritian segment, up 11%, leading the expansion. Despite this growth, MCB retains significant capacity for further lending, with its loan-to-deposit ratio at a conservative 59.6%, down 3.6pp y-o-y, suggesting ample headroom to deploy capital into credit expansion.

Solid asset quality and capital base underscore stability

The group continues to demonstrate robust asset quality across its lending portfolio. Although NPLs increased modestly by 2.5% y-o-y to MUR14.2bn, this translated into a lower gross NPL ratio of 3.1% (down from 3.2% at end-Q324), reflecting healthy underlying loan growth. Importantly, the group has strengthened its provisioning position, with the specific coverage ratio rising to 79.8% from 63.7%, signalling a strong buffer to absorb potential credit losses. Despite this higher provisioning, MCB maintained cost discipline, with the cost of risk improving by 17bp y-o-y to a low 0.63% on a 9M25 basis, underscoring the resilience and quality of its credit portfolio.

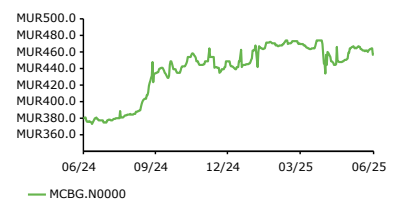
The capital base remains solid, with the capital adequacy ratio improving by 1.3pp y-o-y to 22.4%, well above the regulatory threshold of 15%. Similarly, the Tier 1 ratio increased to 19.9% (up 1.3pp y-o-y), compared to 13% required by the regulator, which supports MCB's growth ambitions.

Financials

9 June 2025

Price	MUR457.00
Market cap	MUR120,340m
	€0.016/MUR
Shares in issue	259.3m
Free float	93.0%
Code	MCBG.N0000
Primary exchange	MAU
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	(0.7)	(2.9)	23.5
52-week high/low	MUR475.3		MUR364.5

Business description

MCB Group (MCB) is an integrated financial services provider headquartered in Mauritius. MCB operates one of the largest banks in Africa with about MUR1tn (£17bn) in assets. It provides financing to endeavours predominantly in Africa. Founded in 1838, it is one of the oldest banks in the world in terms of continuous operations.

Next events

Declaration of interim dividend	July 2025
FY25 results	September 2025

Analysts

Milosz Papst	+44 (0)20 3077 5700
Michal Mordel	+44 (0)20 3077 5700

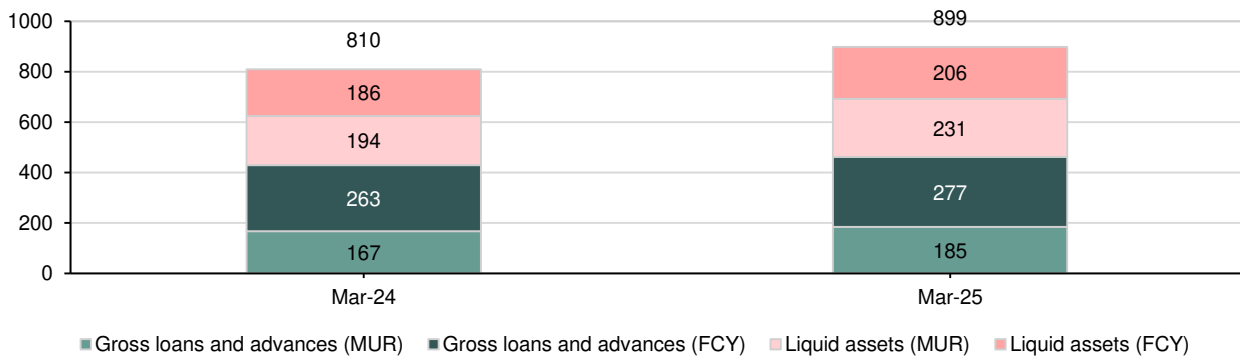
financials@edisongroup.com
[Edison profile page](#)

MCB Group is a research client of Edison Investment Research Limited

Sustained strong profitability

MCB reported a 13.1% y-o-y increase in net interest income for 9M25, driven by strong portfolio growth. The local interest earnings have risen by 20.1%, supported by higher yields on rupee-denominated government securities. Foreign currency income rose by 8.6%, with growth tempered by lower returns on liquid assets (including cash balances) and a shift in asset mix: liquid assets now represent 43% of the foreign currency portfolio, up 2pp y-o-y. The rising share of term deposits in the funding base also contributed to a moderation in net interest margin, which declined by 15bp y-o-y to 3.0% in Q325. The key rate in Mauritius was kept unchanged at 4.5% at the last meeting of the Monetary Policy Committee in May 2025, in response to moderating economic activity and lessening inflationary pressure. The key rate was subject to gradual increases from 2.0% in 2022 in response to global inflationary pressures.

Exhibit 1: Interest earning assets (MURbn)



Source: MCB. Note: MUR, Mauritian rupee operations. FCY, foreign currency operations.

Meanwhile, non-interest income performed well, with net fee and commission income up 17.1% y-o-y, supported by increased activity in loan structuring, trade finance, payments and wealth management. This drove a 13.4% increase in overall operating income to MUR31.5bn. Despite a 13.0% y-o-y rise in non-interest expenses (mainly from higher staff costs), MCB's cost-to-income ratio improved slightly to 35.7% (down 0.2pp). Net profit rose 16.2% y-o-y, with return on equity reaching a strong 17.4%, up from 17.2% in 9M24.

Exhibit 2: 9M25 results highlights (MURbn, unless stated otherwise)

	9M25	9M24
Net interest income	20.2	17.9
Net interest margin (annualised)	3.00%	3.15%
Cost of risk (annualised)	0.63%	0.80%
Net fee and commission income	6.2	5.3
Pre-tax profit	18.0	15.5
Net income	14.4	12.4
ROE	17.4%	17.2%
CIR	35.7%	35.9%
Capital Adequacy Ratio	22.4%	21.1%
Net loans to deposit ratio	59.6%	63.2%
Net customer loans growth (y-o-y)	6.2%	6.0%
Customer deposits growth (y-o-y)	13.5%	11.8%

Source: MCB. Note: ROE, return on equity. CIR, cost-to-income ratio.

Global uncertainty weighs on valuations

In line with the broader volatility seen across frontier and emerging markets, the Mauritian stock exchange experienced a brief period of investor nervousness in early April following the unexpected announcement of proposed US tariffs. The SEMDEX Index dropped after the US administration proposed imposing a 40% tariff on imports from Mauritius on 2 April

2025, reaching a low on 18 April, 9.0% below the end-March level (in MUR). Although the proposal initially triggered significant concern due to its potential impact on the country's export-dependent sectors, sentiment was somewhat calmed when the implementation of tariffs was postponed for 90 days, and currently the SEMDEX is 2.3% below the end-March 2025 level. The implementation of tariffs remains uncertain following the US trade court's intervention in the process.

Despite the US being among Mauritius's key export destinations (ranking third), the overall trade impact is expected to be limited given the country's broad export base (the US accounted for around 10% of total exports in both 2023 and 2024). In 2024, Europe remained the largest trading partner, absorbing 42% of Mauritius's exports, while 32% of imports were directed to African markets. This diversified trade exposure provides a buffer against external shocks from any single market and supports the medium-term resilience of the Mauritian economy.

MCB's share price followed a similar pattern, and the shares remain 3.7% below the end-March level (initially dropping by 8.3% in MUR terms). The current share price implies a 1.0x price-to-book ratio and price to last 12 months earnings of 6.3x.

General disclaimer and copyright

This report has been commissioned by MCB Group and prepared and issued by Edison, in consideration of a fee payable by MCB Group. Edison Investment Research standard fees are £60,000 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

Accuracy of content: All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

Exclusion of Liability: To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out or in connection with the access to, use of or reliance on any information contained on this note.

No personalised advice: The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

Investment in securities mentioned: Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Copyright 2025 Edison Investment Research Limited (Edison).

Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.
