

## MCB Group

H126 results

### A decent first half demonstrates resilience

MCB Group (MCBG) reported H126 operating income growth of 7.7% boosted by strong trading growth (+48%), with net interest income increasing modestly (+4%) to MUR14.1bn. PBT grew 15.4% y-o-y to MUR14.5bn. The company's core business grew faster than the headline figures suggest, as H125 results included one-off gains from Visa and Mastercard shares. Operating expense growth was high (+17%), mainly driven by higher staff costs, which caused the cost to income ratio to rise 3pp to 37.8% for H126. The company believes staff costs growth is set to moderate in H226. The effective income tax rate rose 6pp to 26%, driven by changes in Mauritian tax laws. We have kept our forecasts unchanged, as the decent growth was largely counterbalanced by the previously flagged increase in taxation. Despite this, the stock continues to trade below its historical valuation range.

Year end	NII (MURm)	EPS (MUR)	DPS (MUR)	ROE (%)	P/E (x)	Yield (%)
6/24	24,239	63.65	23.00	16.6	6.8	5.3
6/25	27,052	70.13	25.50	16.4	6.2	5.9
6/26e	29,026	69.65	25.50	15.4	6.2	5.9
6/27e	31,562	75.99	27.36	15.9	5.7	6.3

Note: NII is net interest income. EPS is fully diluted as defined by the company.

MCBG's management delivered a clear presentation of the H126 results on 20 February. It highlighted core business revenues increased by 10.5%, more than the 7.7% indicated by the reported figures. This is largely due to a MUR549m gain on Visa and MasterCard shares booked last year. Fx sales and other trading income increased 47.9% to MUR3.7bn, and management believes that this performance is both recurring and sustainable. Staff costs were the main driver of higher costs in the period, yet these should moderate as MCBG moves to optimise the current staff pool in the business.

MCBG's cost of risk dropped significantly to 11bp due to a recovery of a legacy exposure booked at MCB Ltd. However, going forward the cost of risk should remain within the historical range of 70–80bp. The income tax expense increased c 54% to MUR3.8bn as a result of previously flagged changes in the Mauritian tax code. This equates to a c 26% effective tax rate, which the company believes will be in place for the next two to three years. Decent overall H126 EPS growth of 3.5% to MUR40.36 encapsulates the opposing forces on MCBG's P&L.

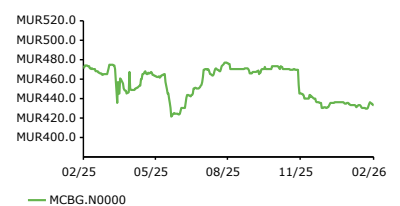
Valuation upside remains, in our view. MCBG's share price reacted positively to the H1 results, but the stock still trades below 6x FY27 EPS, at a discount to the company's historical trading range of c 6.0–8.0x 12-month forward EPS. We believe a 7.0x multiple is warranted, which equates to a share price of MUR532. For a deeper investigation into the MCBG story please see our recently published [initiation report](#).

#### Financials

23 February 2026

<b>Price</b>	<b>MUR434.50</b>
<b>Market cap</b>	<b>MUR114,678m</b>
Shares in issue	263.9m
Free float	93.0%
Code	MCBG.N0000
Primary exchange	MAU
Secondary exchange	N/A

#### Share price performance



#### Business description

MCB Group (MCBG) is an integrated financial services provider headquartered in Mauritius. MCBG operates one of the largest banks in Africa with about MUR1tn (\$22bn) 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.

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