

## MCB Group results for the first semester ended 31 December 2023

PORT LOUIS, 14<sup>th</sup> February 2024: MCB Group Limited today announced its unaudited results for the first semester of FY 2023/24.

### HIGHLIGHTS

- Increase of 27.6% in net interest income;
- Growth of 17.8% in non-interest income;
- Rise of 25.5% in operating expenses;
- Impairment charges up by 6.1%; Gross NPL down to 3.1%;
- Decline of Rs 195 million in share of profit of associates;
- Year-on-year growth of 10.5% in gross loans and 12.6% in deposits.

### PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

**Rs 7.8 bn**  
▲ 16.7%

### OPERATING INCOME

**Rs 18.0 bn**  
▲ 23.9%

### IMPAIRMENT CHARGES

**Rs 1.8 bn**  
▲ 6.1%

### ASSETS

**Rs 870.0 bn**  
▲ 11.2%

Commenting on the results, Jean Michel NG TSEUNG (Group Chief Executive - MCB Group Ltd) said:

"The Group achieved a solid performance for the half-year ended December 2023 with profits attributable to ordinary shareholders increasing by 16.7% to Rs 7,778 million. This has been driven by an enhanced contribution from our international activities, which continued to benefit from high interest rates.

The key highlights of the semester results are summarised hereunder:

- Operating income increased by 23.9% to Rs 18,029 million, with:
  - Net interest income growing by 27.6% on the back of an expansion in our interest-earning assets and improved margins particularly on foreign currency assets;
  - Net fee and commission income increasing by 12.2% on account of higher fees from regional trade financing, lending and payments activities in the banking cluster; and
  - Other income up by 26.0% following higher profits from dealing in foreign currencies coupled with gains from equity financial instruments held at fair value.
- Non-interest expenses rose by 25.5% in line with our continued investment in technology and human capital, the impact of inflation and a provision made for the planned introduction of the Deposit Insurance Scheme in Mauritius.
- Impairment charges were up by 6.1% to Rs 1,799 million with the cost of risk for the half-year ended December 2023 dropping to 80 basis points, compared to 86 basis points for the same period in the previous year. Gross NPL ratio stood at 3.1%.
- The share of profit of associates declined by 39.0% to Rs 305 million due to the subdued performance of both BFCOI and Société Générale Mozambique.
- The tax charge for the period increased by 55.9% to Rs 1,927 million reflecting higher profits and the impact of the recent changes in Mauritian tax laws.
- The Group capitalisation level strengthened with shareholders' funds increasing by 14.6% to Rs 96 billion. The BIS and Tier 1 ratios as at December 2023 stood well above minimum regulatory requirements at 20.5% and 17.9% respectively.

### Outlook

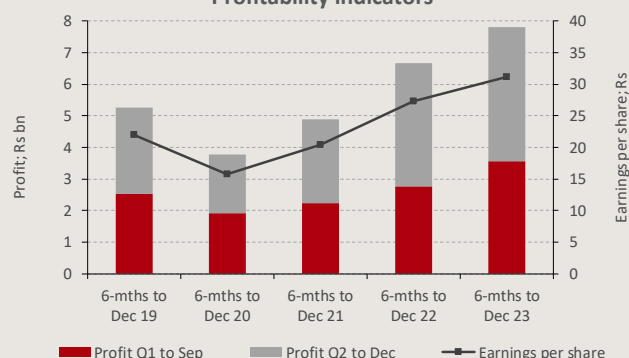
Latest observations indicate that the global economy has been more resilient than previously thought with inflation declining steadily and growth holding up. However, the pace of global growth remains slow while risks to supply chains and commodity prices continue to prevail in view of heightened geopolitical tensions. In this context, interest rates are likely to remain at current levels until the second half of 2024.

In the African region, although a gradual improvement in macroeconomic imbalances is foreseen, economic conditions remain challenging in several countries with persistently high cost of living and debt level. Locally, the economy should pursue its expansion, largely driven by the good performance in the tourism, financial services and the ICT sectors. The ongoing volatility on the international front will continue to warrant attention. The Group will consequently continue to closely monitor key developments in the operating environment while consolidating its core business fundamentals and diligently executing its planned international diversification strategy.

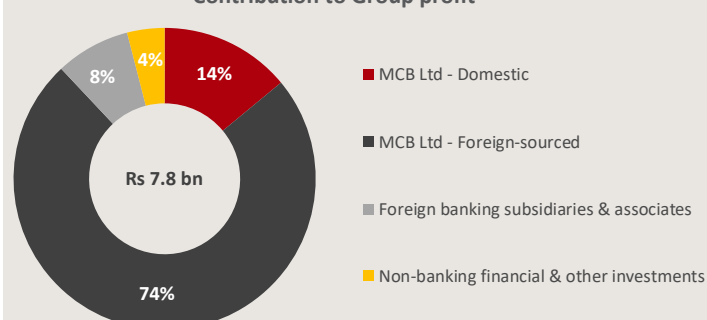
The pace of growth of the Group's net profits is expected to continue to slow down over the next few quarters as net interest margins stabilise in comparison to the corresponding periods of the prior financial year. Despite the above-referred prevailing global uncertainties, the Board remains cautiously confident in the achievement of its expectations regarding the operating performance of the Group for the full year, barring major unforeseen events."

## Financial performance

### Profitability indicators



### Contribution to Group profit



# Group Management Statement

## Profit or loss statement

### Net interest income

Net interest income grew by 27.6% reflecting the broad-based expansion of the Group's interest-earning assets as well as improved interest margins thereon. This performance is attributed to the growth in foreign currency denominated loans, investment portfolio and placements combined with enhanced margins as a result of high interest rate environment in the foreign currency markets.

### Non-interest income

Net fee and commission income increased by 12.2% on the back of higher fees from regional trade financing, lending and payments activities. Other income was up by 26.0% reflecting higher profits from dealing in foreign currencies and fair value gains on equity financial instruments.

### Operating expenses

Non-interest expenses rose by 25.5% in line with our continued investment in technology and human capital, the impact of inflation and a provision made for the planned introduction of the Deposit Insurance Scheme in Mauritius. The Group's cost-to-income ratio stood at 37.5% for the half-year ended December 2023 compared to 37.1% over the corresponding period last year.

### Impairment

Impairment charges were up by 6.1% to Rs 1,799 million with the cost of risk for the semester ended December 2023 dropping to 80 basis points compared to 86 basis points for the same period in the previous year.

### Share of profit of associates

The share of profit of associates declined by 39.0% to Rs 305 million due to subdued performance of both BFCOI and Société Générale Mozambique.

### Tax

The tax charge for the period increased by 55.9% to Rs 1,927 million reflecting higher profits and the impact of the recent changes in Mauritian tax laws.

### Profit

Group profits attributable to ordinary shareholders increased by 16.7% to Rs 7,778 million, supported mainly by the enhanced contribution from our international activities.

## Financial position statement

### Loans and advances

Gross loans of the Group registered a year-on-year growth of 10.5% to Rs 391.9 billion as at 31 December 2023, driven primarily by an expansion of our foreign currency loan book linked to trade finance and cross-border lending activities. When including corporate notes, gross loans and advances grew by 13.7% over the period under review. As regards asset quality, the gross and net NPL ratios stood at 3.1% and 1.2% respectively.

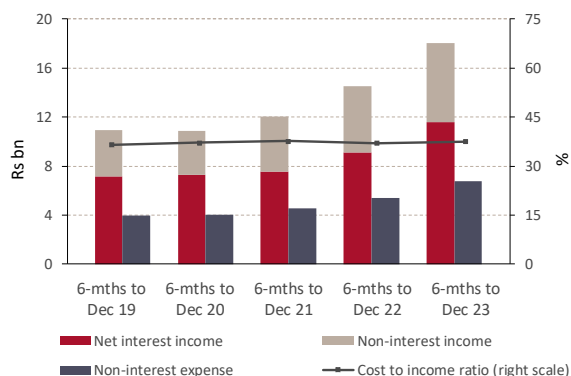
### Funding and liquidity

Total deposits of the Group increased by 12.6% to Rs 650.5 billion, reflecting an increase in both rupee and foreign currency deposits. Debt securities increased to Rs 17.8 billion on account of the issuance of MCB Ltd's Senior Unsecured Notes of USD 300 million as part of its Global Medium Term Note programme and the issuance of MCB Group's Unsecured Floating Rate Notes of Rs 2.5 billion on the Stock Exchange of Mauritius. Conversely, 'other borrowed funds' declined by 25.8% to Rs 69.7 billion as a result of the repayment of some facilities associated with the Group's asset and liabilities management. The Group's loan-to-deposit and loan-to-funding base ratios stood at 60.2% and 52.6% respectively.

### Capital Position

Shareholders' funds grew by 14.6% to Rs 96.4 billion, resulting from the rise in retained earnings, the conversion of preference shares into ordinary shares and new shares issued under the Group's scrip dividend scheme. Overall, the BIS and Tier 1 ratios remain well above minimum regulatory requirements at 20.5% and 17.9% respectively.

## Income and expenditure evolution

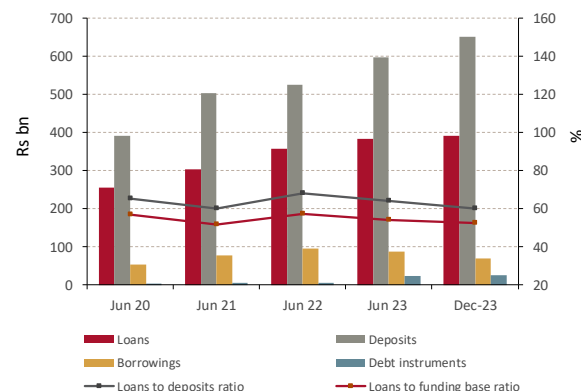


## Credit impairment charges and credit quality

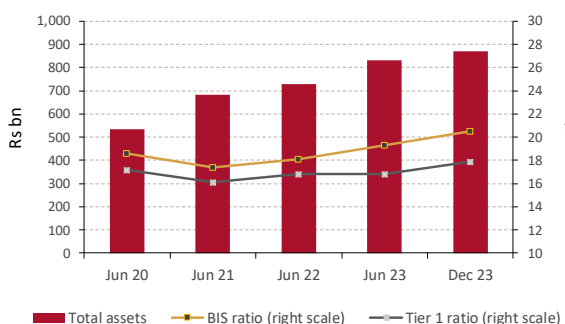


Note:  
(i) Relates to loans & advances (including corporate notes)  
(ii) Impairment charges for Dec 23 relate to six months while the ratio has been annualised

## Loans and funding base



## Total assets and capital adequacy



Note: Capital adequacy ratios are based on Basel III

## Financial soundness indicators (%)

	Dec-23	Jun-23	Dec-22
<b>Profitability</b>			
Return on average total assets <sup>1</sup>	1.8	1.8	1.8
Return on average equity <sup>1</sup>	16.7	16.9	16.5
Return on average Tier 1 capital <sup>1</sup>	17.2	17.1	16.7
<b>Efficiency</b>			
Cost-to-income	37.5	35.4	37.1
<b>Asset quality</b>			
Gross NPL/Gross loans and advances	3.1	3.2	3.5
Net NPL/Net loans and advances	1.2	1.1	1.8
<b>Liquidity</b>			
Liquid assets <sup>2</sup> /Total assets	45.9	44.5	47.3
Loans to deposits	60.2	64.0	61.4
Loans to deposits and borrowings <sup>3</sup>	52.6	53.9	52.4
<b>Capital adequacy</b>			
BIS risk adjusted ratio <sup>4</sup>	20.5	19.2	20.5
<i>o/w Tier 1</i> <sup>4</sup>	17.9	16.7	17.9

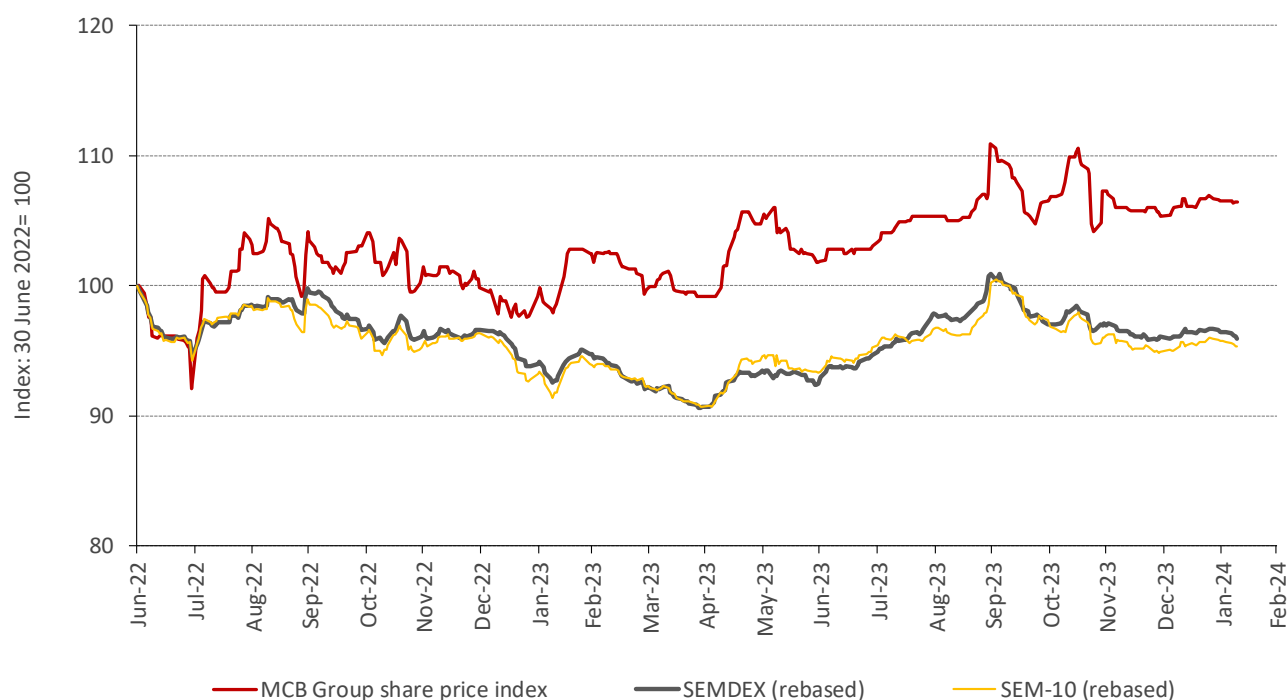
<sup>1</sup> Annualised for December

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

<sup>3</sup> Borrowings include debt instruments

<sup>4</sup> Based on Basel III

## MCB Group share price performance





[www.mcbgroup.com](http://www.mcbgroup.com)

**Cautionary statement regarding forward-looking statements**

This release has been prepared to assist the shareholders to assess the Board's strategies and their potential of success. The statements contained herein may include declarations of future expectations and other forward-looking statements that are based on management's current views and assumptions. These involve risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements

Readers are advised not to place undue reliance on the forward-looking statements relating to the Group's business strategy, plans, objectives and financial positions as these statements rely on assumptions and hypotheses which inherently represent an accuracy of risk. Actual results, performance and events may differ from those in such statements due to general evolution of economic, political and industry conditions, interest rate levels, currency exchange rates as well as changes in laws and regulations and the extent of competition and technological factors. In addition, MCB Group Ltd. does not undertake to update any forward-looking statement that may be made from time to time by the organisation or on its behalf.

For more information, please contact the Investor Relations Unit on (230) 202-5134 / (230) 202-5558 or [investor.relations@mcbgroup.com](mailto:investor.relations@mcbgroup.com)