

## Consolidated summary statement of financial position as at 30 September 2023

	<b>Unaudited 30-Sep-23 Rs'M</b>	Unaudited 30-Sep-22 Rs'M	Audited 30-Jun-23 Rs'M
<b>ASSETS</b>			
Cash and cash equivalents	79,469	65,722	120,570
Mandatory balances with Central Banks	37,006	28,274	34,984
Derivative financial instruments	1,354	737	1,283
Loans to and placements with banks	16,539	22,013	13,780
Loans and advances to customers	365,253	316,904	349,285
Investment securities	294,944	265,959	267,472
Investments in associates and joint venture	13,068	12,222	13,169
Investment properties	4,907	4,470	5,139
Goodwill and other intangible assets	2,835	2,465	2,799
Property, plant and equipment	7,548	7,261	7,534
Deferred tax assets	3,293	2,320	3,124
Post employee benefit asset	455	-	455
Other assets	11,006	6,991	10,387
<b>Total assets</b>	<b>837,677</b>	<b>735,338</b>	<b>829,981</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
Deposits from banks	24,564	6,052	10,352
Deposits from customers	584,878	520,048	587,414
Derivative financial instruments	1,477	603	1,285
Other borrowed funds	78,286	100,234	87,657
Debt securities	18,187	3,849	15,760
Subordinated liabilities	6,477	1,651	8,172
Preference shares	1,855	2,689	2,300
Current tax liabilities	4,057	1,929	3,135
Deferred tax liabilities	464	364	478
Post employee benefit liability	-	460	-
Other liabilities	23,087	15,556	20,333
<b>Total liabilities</b>	<b>743,332</b>	<b>653,435</b>	<b>736,886</b>
<b>Shareholders' equity</b>			
Stated capital	5,875	4,054	4,907
Retained earnings	71,986	62,129	71,323
Other components of equity	13,165	12,573	13,533
<b>Equity attributable to the equity holders of the parent</b>	<b>91,026</b>	<b>78,756</b>	<b>89,763</b>
Non-controlling interests	3,319	3,147	3,332
<b>Total equity</b>	<b>94,345</b>	<b>81,903</b>	<b>93,095</b>
<b>Total equity and liabilities</b>	<b>837,677</b>	<b>735,338</b>	<b>829,981</b>
<b>CONTINGENT LIABILITIES (NET)</b>	<b>191,976</b>	<b>135,702</b>	<b>125,670</b>

## Consolidated summary statement of profit or loss for the period ended 30 September 2023

	<b>Unaudited 3 mths to 30-Sep-23 Rs'M</b>	Unaudited 3 mths to 30-Sep-22 Rs'M	Audited Year to 30-Jun-23 Rs'M
Interest income using the effective interest method	10,866	6,008	33,924
Interest expense	(5,315)	(1,673)	(14,134)
<b>Net interest income</b>	<b>5,551</b>	4,335	19,790
Fee and commission income	2,585	2,189	9,673
Fee and commission expense	(838)	(689)	(3,067)
<b>Net fee and commission income</b>	<b>1,747</b>	1,500	6,606
Other income	1,014	638	5,396
<b>Operating income</b>	<b>8,312</b>	6,473	31,792
Non-interest expense	(3,064)	(2,583)	(11,257)
<b>Operating profit before impairment</b>	<b>5,248</b>	3,890	20,535
Net impairment of financial assets	(871)	(713)	(3,644)
<b>Operating profit</b>	<b>4,377</b>	3,177	16,891
Share of profit of associates	157	217	867
<b>Profit before tax</b>	<b>4,534</b>	3,394	17,758
Income tax expense	(935)	(587)	(3,445)
<b>Profit for the period</b>	<b>3,599</b>	2,807	14,313
<b>Profit for the period attributable to:</b>			
Ordinary equity holders of the parent	3,559	2,762	14,133
Non-controlling interests	40	45	180
	<b>3,599</b>	2,807	14,313
<b>Earnings per share:</b>			
Basic (Rs)	14.27	11.35	57.67
Diluted (Rs)	14.26	11.34	57.66
Basic weighted average number of shares (thousands)	249,406	243,405	245,074
Diluted weighted average number of shares (thousands)	249,499	243,473	245,126

## Consolidated summary statement of comprehensive income for the period ended 30 September 2023

<b>Profit for the period</b>	<b>3,599</b>	2,807	14,313
<b>Other comprehensive (expense)/income:</b>			
Items that will not be reclassified to profit or loss	55	(80)	(32)
Items that may be reclassified subsequently to profit or loss	(400)	(556)	292
<b>Other comprehensive (expense)/income for the period</b>	<b>(345)</b>	(636)	260
<b>Total comprehensive income for the period</b>	<b>3,254</b>	2,171	14,573
<b>Total comprehensive income attributable to:</b>			
Ordinary equity holders of the parent	3,229	2,145	14,331
Non-controlling interests	25	26	242
	<b>3,254</b>	2,171	14,573

## Consolidated summary statement of changes in equity for the period ended 30 September 2023

	Attributable to equity holders of the parent						Non-Controlling Interests	Total Equity
	Stated Capital	Retained Earnings	Capital Reserve	Translation Reserve	Statutory Reserve	Total		
	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M		
<b>At 1 July 2022</b>	<b>3,109</b>	<b>61,612</b>	<b>2,684</b>	<b>1,550</b>	<b>8,957</b>	<b>77,912</b>	<b>3,130</b>	<b>81,042</b>
Profit for the period	-	2,762	-	-	-	2,762	45	2,807
Other comprehensive expense for the period	-	-	(106)	(511)	-	(617)	(19)	(636)
Total comprehensive income/(expense) for the period	-	2,762	(106)	(511)	-	2,145	26	2,171
Dividends to ordinary shareholders	-	(2,183)	-	-	-	(2,183)	(8)	(2,191)
Dividends to preference shareholders	-	(63)	-	-	-	(63)	-	(63)
Shares issued under the Scrip Dividend Scheme	234	-	-	-	-	234	-	234
Issue of shares following conversion of preference shares into ordinary shares	707	-	-	-	-	707	-	707
Issue of shares following the exercise of Group Employee Share Options Scheme	4	-	-	-	-	4	-	4
Transactions with owners	945	(2,246)	-	-	-	(1,301)	(8)	(1,309)
Transfers/movements in reserves	-	1	(1)	-	-	-	(1)	(1)
<b>At 30 September 2022</b>	<b>4,054</b>	<b>62,129</b>	<b>2,577</b>	<b>1,039</b>	<b>8,957</b>	<b>78,756</b>	<b>3,147</b>	<b>81,903</b>
<b>At 1 July 2022</b>	<b>3,109</b>	<b>61,612</b>	<b>2,684</b>	<b>1,550</b>	<b>8,957</b>	<b>77,912</b>	<b>3,130</b>	<b>81,042</b>
Profit for the year	-	14,133	-	-	-	14,133	180	14,313
Other comprehensive (expense)/income for the year	-	(168)	3	363	-	198	62	260
Total comprehensive income for the year	-	13,965	3	363	-	14,331	242	14,573
Dividends to ordinary shareholders	-	(4,278)	-	-	-	(4,278)	(40)	(4,318)
Issue of shares following conversion of preference shares into ordinary shares	1,096	-	-	-	-	1,096	-	1,096
Shares issued under the Scrip Dividend Scheme	634	-	-	-	-	634	-	634
Issue of shares following the exercise of Group Employee Share Options Scheme	68	-	-	-	-	68	-	68
Transactions with owners	1,798	(4,278)	-	-	-	(2,480)	(40)	(2,520)
Transfers/movements in reserves	-	24	(32)	-	8	-	-	-
<b>At 30 June 2023</b>	<b>4,907</b>	<b>71,323</b>	<b>2,655</b>	<b>1,913</b>	<b>8,965</b>	<b>89,763</b>	<b>3,332</b>	<b>93,095</b>
Profit for the period	-	3,559	-	-	-	3,559	40	3,599
Other comprehensive income/(expense) for the period	-	-	63	(393)	-	(330)	(15)	(345)
Total comprehensive income/(expense) for the period	-	3,559	63	(393)	-	3,229	25	3,254
Dividends to ordinary shareholders	-	(2,933)	-	-	-	(2,933)	(38)	(2,971)
Shares issued under the Scrip Dividend Scheme	515	-	-	-	-	515	-	515
Issue of shares following conversion of preference shares into ordinary shares	445	-	-	-	-	445	-	445
Issue of shares following the exercise of Group Employee Share Options Scheme	8	-	-	-	-	8	-	8
Transactions with owners	968	(2,933)	-	-	-	(1,965)	(38)	(2,003)
Transfers/movements in reserves	-	37	(38)	-	-	(1)	-	(1)
<b>At 30 September 2023</b>	<b>5,875</b>	<b>71,986</b>	<b>2,680</b>	<b>1,520</b>	<b>8,965</b>	<b>91,026</b>	<b>3,319</b>	<b>94,345</b>

## Consolidated summary statement of cash flows for the period ended 30 September 2023

	<b>Unaudited 3 mths to 30-Sep-23 Rs'M</b>	Unaudited 3 mths to 30-Sep-22 Rs'M	Audited Year to 30-Jun-23 Rs'M
<b>Operating activities</b>			
<b>Net cash flows from trading activities</b>	<b>3,680</b>	(7,084)	15,785
<b>Net cash flows from other operating activities</b>	<b>(43,966)</b>	1,089	22,916
Dividends received from associates	18	18	501
Dividends paid to ordinary shareholders	(1,598)	(1,185)	(2,734)
Dividends paid to non-controlling interests in subsidiaries	(10)	(8)	(40)
Income tax paid	(198)	(112)	(2,408)
<b>Net cash flows from operating activities</b>	<b>(42,074)</b>	(7,282)	34,020
<b>Net cash flows from investing activities</b>	<b>(393)</b>	(343)	(2,260)
<b>Net cash flows from financing activities</b>	<b>1,115</b>	(191)	17,733
<b>(Decrease)/Increase in cash and cash equivalents</b>	<b>(41,352)</b>	(7,816)	49,493
Net cash and cash equivalents brought forward	120,409	70,774	70,774
Effect of foreign exchange rate changes	(67)	(129)	142
<b>Net cash and cash equivalents carried forward</b>	<b>78,990</b>	62,829	120,409

## COMMENTS ON RESULTS

The Group delivered a robust financial performance in the first quarter of the financial year to 30 September 2023, with profit attributable to ordinary shareholders increasing by 28.9% compared to the corresponding quarter in FY 2022/23 to Rs 3,559 million, reflecting the continuing growth of our international operations and the high interest rate environment.

The key highlights of the results of the first quarter are as follows:

- Operating income grew by 28.4% to Rs 8,312 million.
  - Net interest income rose by 28.1% driven by improved yields on our interest-earning assets in foreign currency benefiting from the high interest rate environment and the expansion in our foreign currency loan book. Conversely, following successive increases in the key rate, net interest margins on rupee-denominated earning assets dropped mainly as a result of the cost of deposits rising more rapidly than the yield on investment securities which take longer to be repriced.
  - Net fee and commission income grew by 16.5% to Rs 1,747 million, driven by regional trade financing, lending and payment activities in the banking cluster.
  - 'Other income' rose by 58.9%, mainly due to an increase in profit on forex and lower fair value losses on equity financial instruments.
- Investment in technology and human capabilities, coupled with the impact of high inflation on operating costs, resulted in an increase of 18.6% in non-interest expenses to Rs 3,064 million. However, given the higher growth in revenue, the cost-to-income ratio dropped to 36.9%, compared to 39.9% for the corresponding period last year.
- Impairment charges increased by 22.2% to Rs 871 million, representing an annualised cost of risk of 79 basis points and reflecting the increase in specific provision coverage to 72%. Gross NPL ratio remained relatively stable at 3.1%.
- The share of profit of associates declined by Rs 60 million to Rs 157 million as a result of reduced contribution from both BFCOI and Promotion and Development Group.
- The tax charge for the period increased by 59.3% to Rs 935 million, in line with increased profits and the impact of the recent changes in tax laws in Mauritius.

Our capitalisation level has improved with shareholders' funds increasing to Rs 91 billion, contributing to a capital adequacy ratio of 19.7%, of which 17.1% in the form of Tier 1.

## OUTLOOK

The pace of growth of the Group's net profits is expected to slow down over the next few quarters as net interest margins start to stabilise in the subsequent quarters of FY 2023/24 compared to the corresponding periods of the previous financial year.

The global economic environment is set to remain challenging and volatile in view of the heightened geopolitical uncertainty caused by rising tensions in the Middle East. While cooling inflation trends have allowed most central banks to slow the pace of tightening, interest rates are set to stay higher for longer given the gradual disinflation pace. Economic activity is consequently expected to be subdued in key markets. Against this backdrop, African economies continue to face multiple pressures, namely on their exchange rates, debt levels and sovereign ratings although macroeconomic imbalances are gradually narrowing. Locally, the economy continues to sustain its growth path, supported by continued expansion in tourism, financial services and the construction sector but remains exposed to the testing global economic landscape.

Notwithstanding the global uncertainties, the Board remains cautiously confident about achieving its expectations regarding operating performance for the full year.

By order of the Board

14 November 2023

The unaudited interim consolidated summary financial statements comply with IAS 34 and have been prepared using the same accounting policies as those adopted in the financial statements for the year ended 30 June 2023.

Where necessary, comparative figures have been amended to conform with changes in presentation or in accounting policies.

Copies of the unaudited interim consolidated summary financial statements are available to the public, free of charge, upon request to the Company Secretary at the registered office of the Company, 9-15, Sir William Newton Street, Port-Louis and can be viewed on our website: **mcbgroup.com**

The statement of direct and indirect interests of officers of the Company required under rule 8(2)(m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 is available upon request, free of charge, at the registered office of the Company.

*This communiqué is issued pursuant to Listing Rule 12.20 and Securities Act 2005.*

*The Board of Directors of the MCB Group Limited accepts full responsibility for the accuracy of the information contained in this communiqué.*