GROUP MANAGEMENT STATEMENT

MCB Group results for the first semester to 31 December 2022

PORT LOUIS, 14 February 2023: MCB Group Limited today announced its unaudited results for the first semester of FY 2022/23.

HIGHLIGHTS

- Rise of 21.1% in net interest income
- Growth of 13.2% in net fee and commission income
- 'Other income' up by 39.3%
- Increase of 18.9% in operating expenses
- Impairment charges down by Rs 208 million; Gross NPL ratio stood at 3.5%
- Share of profit of associates up by Rs 25 million
- Y-o-y growth of 13.6% in deposits and 9.0% in gross loans

PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	OPERATING INCOME
Rs 6.7 bn	**Rs 14.6 bn**
▲ **36.0%**	▲ **21.5%**
IMPAIRMENT CHARGES	**ASSETS**
Rs 1.7 bn	**Rs 782.6 bn**
▼ **10.9%**	▲ **10.9%**

Commenting on the results, Pierre Guy Noël (Chief Executive - MCB Group Ltd) said:

"Group profits attributable to ordinary shareholders for the semester to 31 December 2022 stood at Rs 6,663 million, representing an increase of 36.0% compared to the corresponding period last year. This performance was largely driven by an improvement in our core earnings and a drop in net impairment charges. Contribution from foreign-sourced income stood at above 65% of Group profits.

Operating income grew by 21.5% to Rs 14,610 million. Net interest income rose by 21.1% to Rs 9,166 million, mainly explained by improved margins linked to the rise in interest rates globally and the expansion of our foreign currency loan book while interest margins on local investment securities declined on average. Net fee and commission income grew by 13.2% to Rs 3,361 million, backed by higher revenues from payment and regional trade financing activities in the banking cluster. 'Other income' rose by 39.3%, mainly due to an increase in profit arising from dealing in foreign currencies and to a higher contribution from MCB Real Assets Ltd.

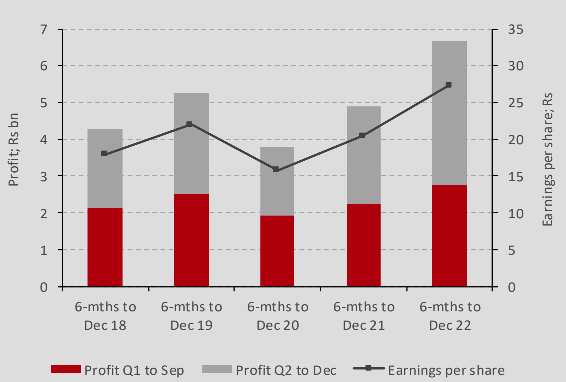
Operating expenses increased by 18.9%, reflecting ongoing investment in human capital and the impact of higher inflation. Given the relatively higher increase in revenues, the cost to income ratio improved to 36.9% compared to 37.7% for the corresponding period last year. Impairment charges fell by 10.9% to Rs 1,696 million, representing an annualised cost of risk of 84 basis points of gross loans and advances. The gross Non-Performing Loan ratio declined to 3.5% from 3.7% in June 2022.

Our capitalisation level remains comfortable with shareholders' funds increasing to Rs 84.1 billion, contributing to a capital adequacy ratio of 18.6%, of which 17.2% in the form of Tier 1.

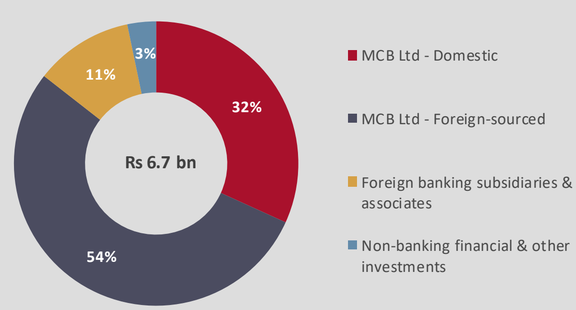
The recent upgrade by the IMF of its global outlook for 2023 is indicative of a relative improvement in economic conditions, including inter alia, China's reopening, the easing of energy prices and the abating inflationary pressures particularly in the US. However, the operating environment remains uncertain with the balance of risks being tilted to the downside. Growth in key markets is expected to slow down markedly this year amidst significant monetary tightening undertaken to fight inflation, as well as the continuing effect of the war in Ukraine. In Mauritius, the economy is set to maintain its recovery process but continues to face some key challenges, for instance, linked to persistently high inflation, which has led to successive increases in the policy rate. Whilst the latter is likely to impact our clients and activities, the rise of international interest rates and the implementation of our strategic initiatives should contribute to a strong performance in this financial year."

Financial performance

Profitability indicators



Contribution to Group profit



Profit or loss statement

Net interest income

Net interest income rose by 21.1% to Rs 9,166 million, mainly explained by the rise in interest rates globally and the expansion of our foreign currency loan book while interest margins on investment securities locally declined on average.

Non-interest income

Net fee and commission income grew by 13.2% to Rs 3,361 million, backed by higher revenues from payment and regional trade financing activities in the banking cluster as well as an enhanced performance recorded by some non-banking entities. 'Other income' rose by 39.3%, underpinned by an increase in profit arising from dealing in foreign currencies as well as higher contribution from MCB Real Assets Ltd.

Operating expenses

Operating expenses increased by 18.9%, reflecting ongoing investment in human capital and the impact of higher inflation. The cost to income ratio declined to 36.9% compared to 37.7% for the corresponding period last year.

Impairment

Impairment charges fell by 10.9% to Rs 1,696 million, representing an annualised cost of risk of 84 basis points of gross loans and advances. The gross Non-Performing Loan ratio declined to 3.5%, compared to 3.7% in June 2022.

Share of profit of associates

Our share of profit of associates grew by Rs 25 million, mainly due to improved results from Société Générale Moçambique.

Profit

Group profits attributable to ordinary shareholders for the half year to 31 December 2022 increased by 36.0% to Rs 6,663 million, notably boosted by the enhanced performance at the level of the banking cluster.

Financial position statement

Loans and advances

Gross loans of the Group registered a year-on-year growth of 9.0% to Rs 354.5 billion as at 31 December 2022, mainly supported by the expansion in our international trade finance loans and advances.

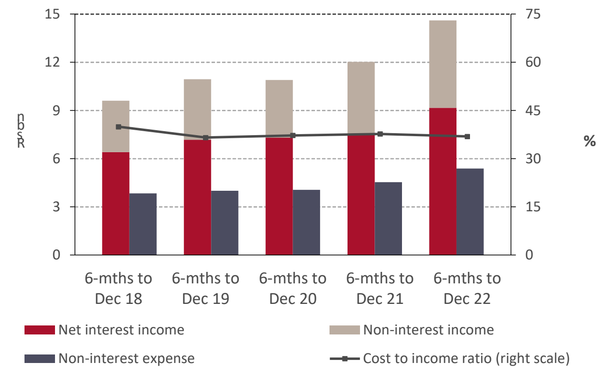
Funding and liquidity

Total deposits of the Group increased by 13.6% to Rs 577.7 billion as at 31 December 2022, underpinned by a rise in foreign currency deposits. As a result, the total loans to deposits ratio stood at 61.4% while the total loans to funding base ratio, when including borrowings, reached 52.4%, reflecting adequate liquidity position.

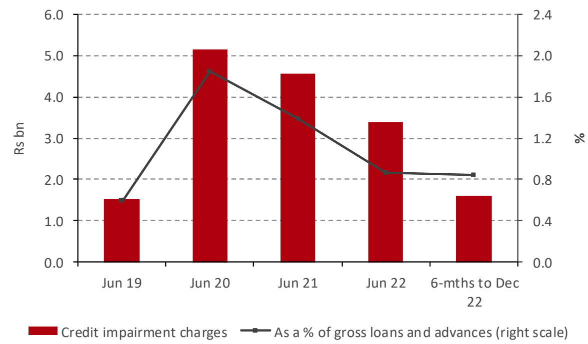
Capital position

Shareholders' funds grew by 10.8% to Rs 84.1 billion, resulting from the rise in retained earnings, the conversion of preference shares into ordinary shares as well as the issue of scrip shares in lieu of dividend over the period under review. Overall, BIS ratio and Tier 1 ratio stood at 18.6% and 17.2% respectively, thus remaining comfortably above the minimum regulatory requirements.

Income and expenditure evolution

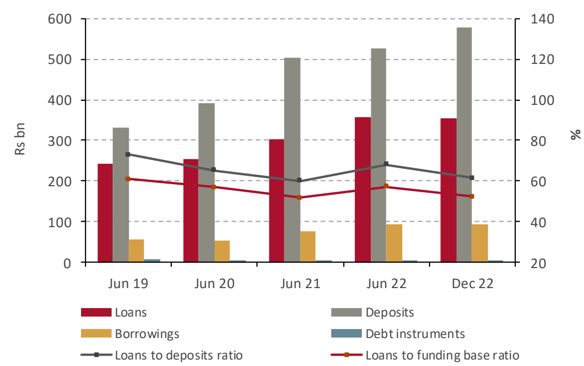


Credit impairment charges* and credit quality

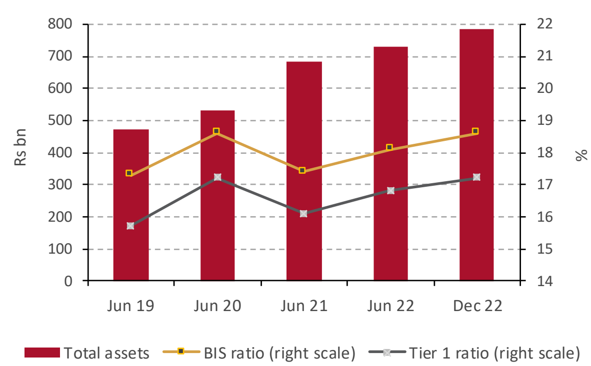


**Relate to loans & advances (including corporate notes)*
Note: Impairment charges for Dec 22 relate to six months while the ratio has been annualised

Loans and funding base



Total assets and capital adequacy



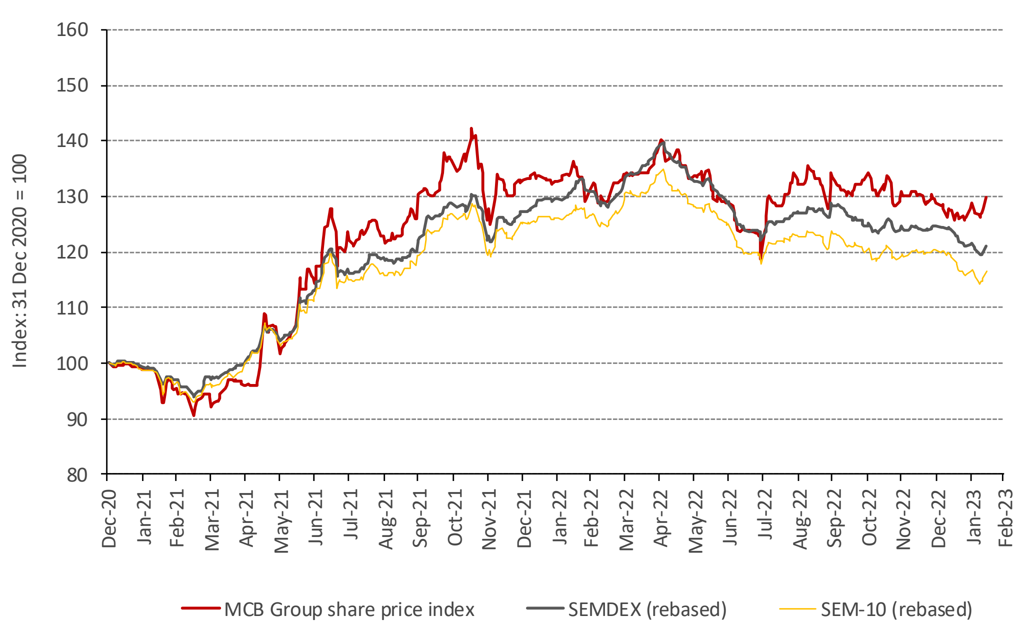
Note: Capital adequacy ratios are based on Basel III

Financial soundness indicators (%)

	Dec-22	Jun-22	Dec-21
Profitability			
Return on average total assets[1]	1.8	1.4	1.4
Return on average equity[1]	16.5	12.8	13.2
Return on average Tier 1 capital[1]	16.7	12.9	13.4
Efficiency			
Cost-to-income	36.9	38.3	37.7
Asset quality			
Gross NPL/Gross loans and advances	3.5	3.7	3.8
Net NPL/Net loans and advances	1.8	2.4	2.1
Liquidity			
Liquid assets[2]/Total assets	47.3	41.7	45.8
Loans to deposits	61.4	68.0	63.9
Loans to deposits and borrowings[3]	52.4	57.1	53.3
Capital adequacy			
Shareholders equity to assets	10.7	10.7	10.8
BIS risk adjusted ratio[4]	18.6	18.1	17.9
o/w Tier 1[4]	*17.2*	*16.8*	*16.5*

[1] Annualised rate 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

MCB Group share price performance



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