





Le Vélo Vert

Created 14 years ago, Le Vélo Vert advocates responsible agricultural practices and high-quality food consumption. MCB has aided Le Vélo Vert in its participation in the Expansion in Organic Market Gardening by establishing a Regional Expertise in the Indian Ocean (EMBEROI) programme aimed at developing a collective approach to the sustainable production and consumption of fruits and vegetables in the Indian Ocean region.

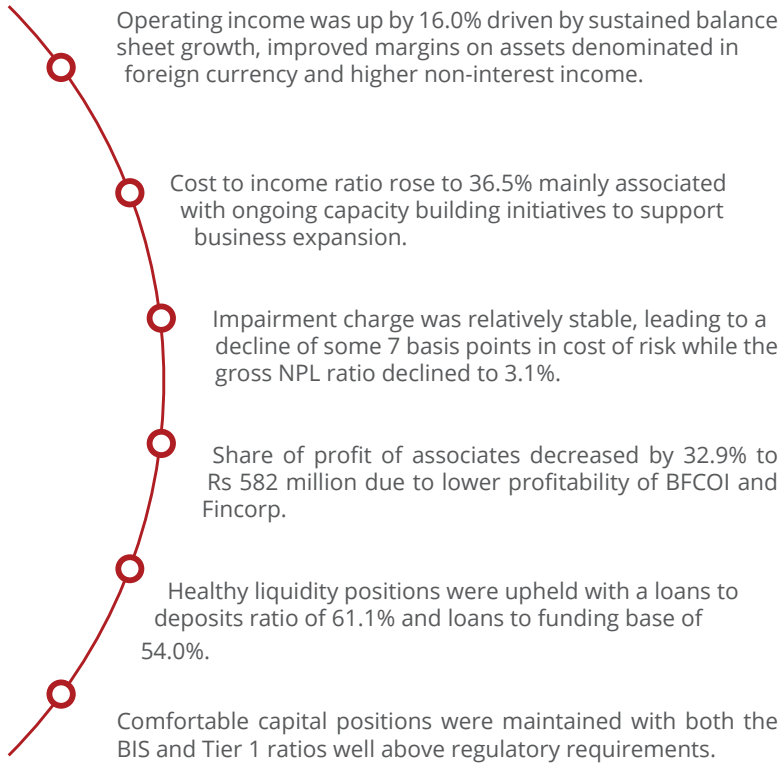
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Overview of results

The Group delivered a strong performance for 2023/24 with operating income increasing by 16.0% to Rs 36,893 million and profits attributable to ordinary shareholders increasing by 13.5% to Rs 16,045 million. Both domestic and international activities contributed to the growth in income, with the foreign-sourced business carried out from Mauritius in particular making a strong contribution to results.

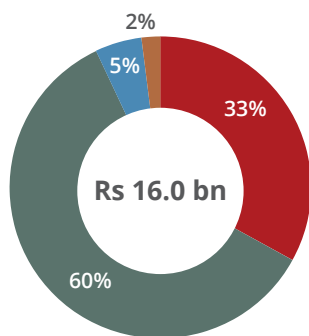
Group financial highlights



Key figures	
Rs 16,045 million <i>(Rs 14,133 million)</i>	Profit attributable to ordinary shareholders
Rs 36,893 million <i>(Rs 31,792 million)</i>	Operating income
Rs 20,321 million <i>(Rs 17,758 million)</i>	Profit before tax
Rs 3,684 million <i>(Rs 3,644 million)</i>	Impairment charge
36.5% <i>(35.4%)</i>	Cost to income ratio
16.6% <i>(16.9%)</i>	ROE
20.5% <i>(19.2%)</i>	BIS ratio

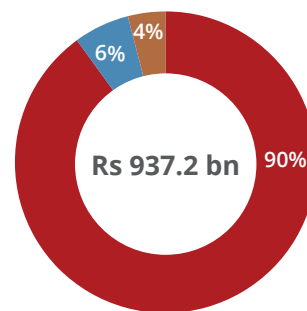
Note: Figures in brackets relate to FY 2022/23

Contribution to Group profit (FY 2023/24)



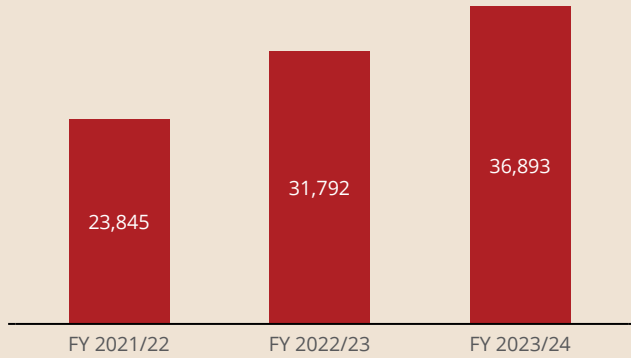
- MCB Ltd - Domestic
- MCB Ltd - Foreign sourced
- Overseas banking subsidiaries & associates
- Non-banking financial & other investments

Asset breakdown by cluster as at June 2024

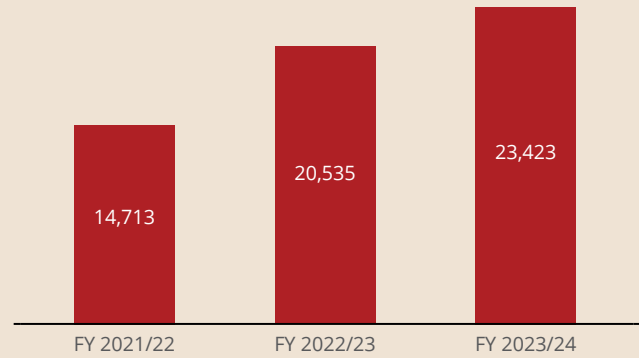


- MCB Ltd
- Overseas banking subsidiaries
- Non-banking financial & other investments

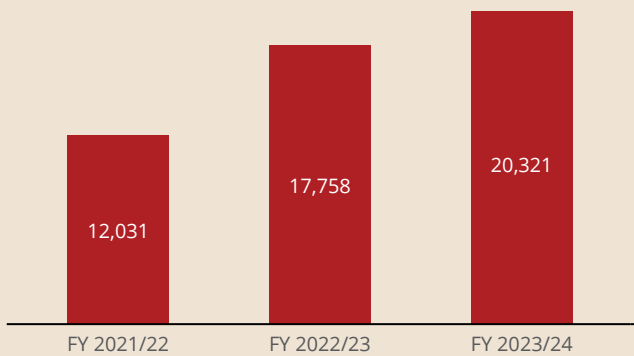
Operating income (Rs m)



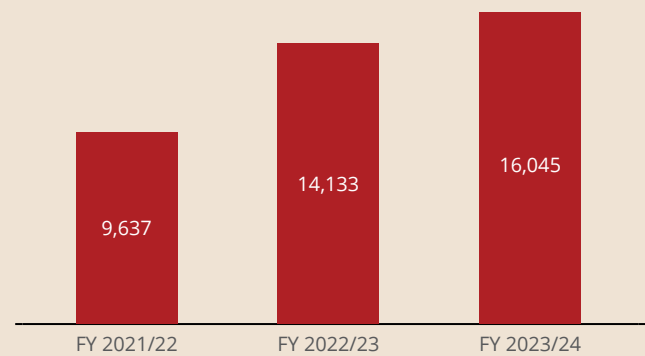
Operating profit before provisions (Rs m)



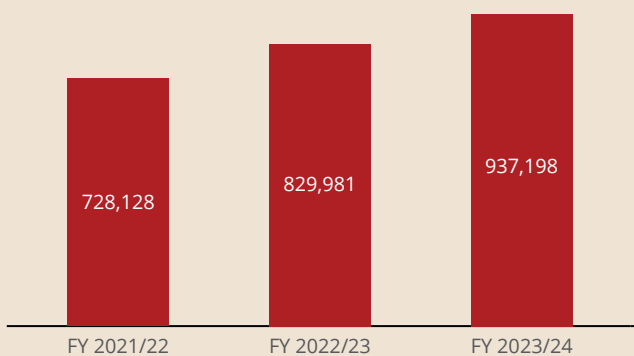
Profit before tax (Rs m)



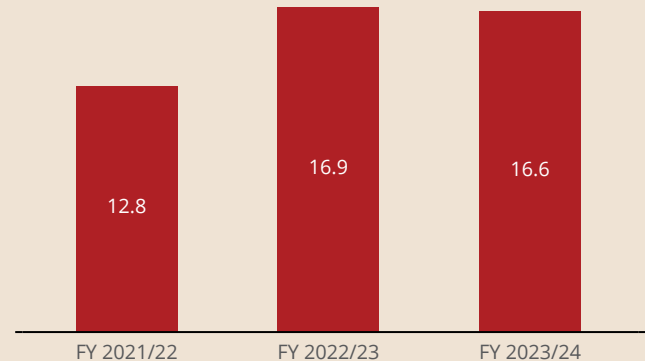
Profit attributable to ordinary shareholders (Rs m)



Total assets (Rs m)



ROE (%)



Income statement analysis

Net interest income	As a % of average earning assets	
	FY 2022/23	FY 2023/24
Rs 24,239 million (+4,449 million)	2.9%	3.0%

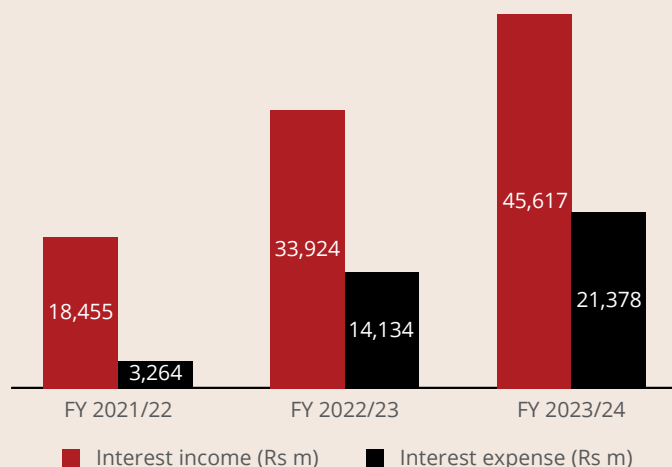
Net interest income increased by 22.5% as a result of the continued expansion of our interest-earning assets and improved foreign currency margins linked mainly to the high USD interest rate environment. Conversely, margins on Mauritian rupee denominated assets dropped slightly.

Non-interest income	As a % of operating income	
	FY 2022/23	FY 2023/24
Rs 12,654 million (+652 million)	37.8%	34.3%

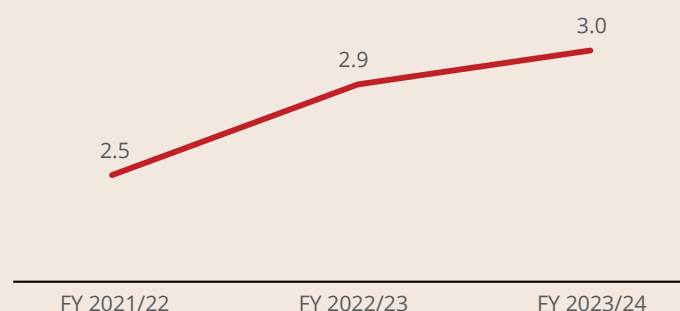
Non-interest income increased by 5.4% with the growth in net fee and commission income and trading income being partly offset by a dampened performance in other revenue captions as explained below:

- Net fee and commission income rose by 11.3% mainly due to higher fees linked to the trade finance and payment activities;
- Net trading income went up by 14.9% as a result of higher profits from dealing in foreign currencies on the back of increased business activities;
- The Group recorded lower net fair value gains of Rs 336 million on equity financial instruments as well as a one-off loss of Rs 241 million arising from the disposal of its stake in Société Générale Moçambique S.A. after exercising its tag along right to dispose of these shares. The share purchase agreement was signed in May 2024 and the transaction was concluded in August 2024.

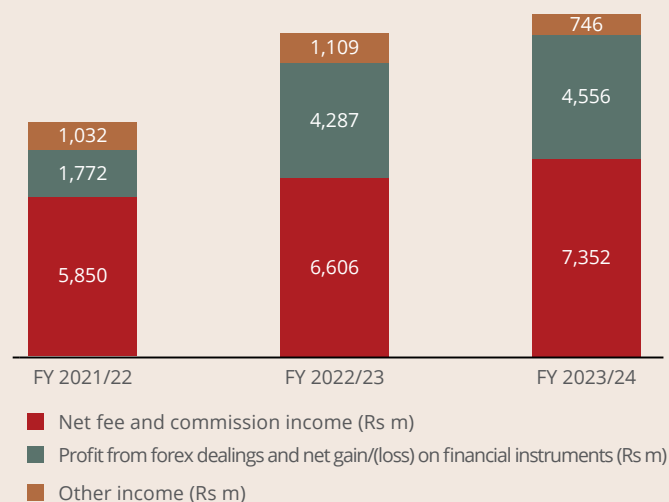
Net interest income



Net interest income to average earning assets



Breakdown of non-interest income



Operating expenses	Cost to income ratio	
	FY 2022/23	FY 2023/24
Rs 13,470 million (+2,213 million)	35.4%	36.5%

Operating expenses increased by 19.7% on account of:

- A 24.5% increase in staff expenses resulting from increased headcount and adjustments made to salaries and benefits during the year;
- A 7.7% rise in amortisation cost associated with the Group's continued investment in technology;
- A 19.0% growth in 'other expenses' resulting from higher technology costs, impact of inflation, the effect of depreciation of the rupee on USD denominated expenses as well as higher operational risk losses. Of note, the introduction of the Deposit Insurance Scheme in Mauritius did not materialise as anticipated, with its application to be now effective in FY 2024/25.

As a result, the cost to income ratio increased by 1.1 percentage points to 36.5%.

Impairment charge	As a % of loans and advances	
	FY 2022/23	FY 2023/24
Rs 3,684 million (+40 million)	0.87%	0.80%

Despite an increase in specific provisions, net impairment charge increased only slightly, in line with significant recoveries and favourable ECL movements. The cost of risk in relation to loans and advances declined by 7 basis points to 0.80%.

Share of profit of associates	As a % of profit for the year	
	FY 2022/23	FY 2023/24
Rs 582 million (-285 million)	6.1%	3.6%

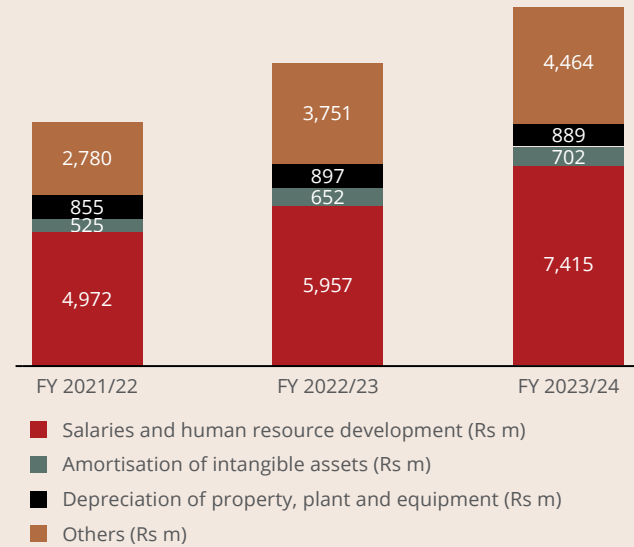
Share of profit of associates fell by 32.9% mainly reflecting the lower profitability of Fincorp and BFCOI. Of note, the results of BFCOI in FY 2022/23 were positively impacted by recoveries that led to provision releases.

Tax expenses	Effective tax rate*	
	FY 2022/23	FY 2023/24
Rs 4,126 million (+681 million)	21.2%	21.0%

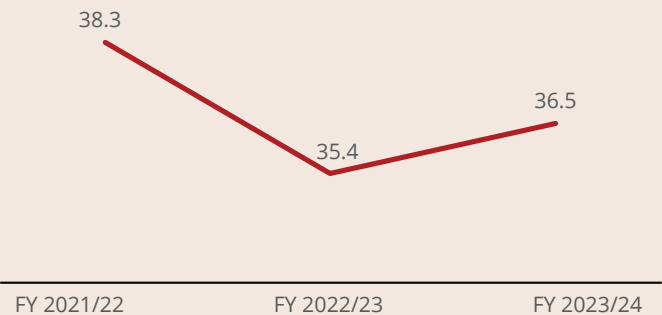
The tax charge for the year increased by 19.8% in line with the growth in profit before tax.

* Note: The effective tax rate is based on pre-tax profit adjusted for fair value gains on equity financial instruments and share of profit of associates

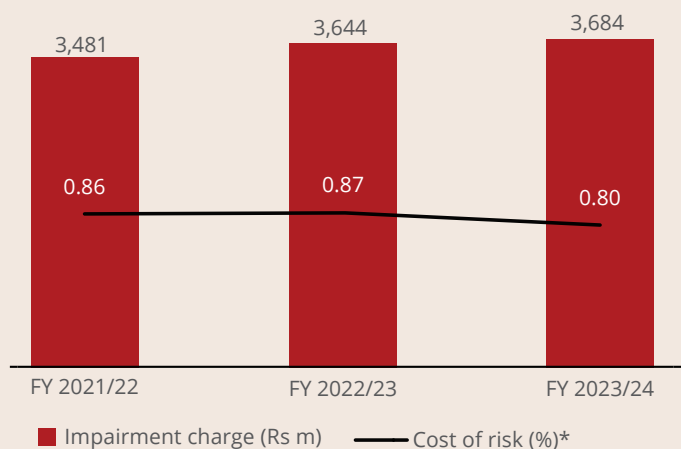
Breakdown of operating expenses



Cost to income ratio



Impairment charge



* relates to loans and advances (including corporate notes and bonds)

Financial position statement analysis

Gross loans	Gross NPL	
	As at 30 Jun 23	As at 30 Jun 24
Rs 431.6 billion		
(+49.3 billion)	3.3%	3.1%

The Group reported an increase of 12.9% in gross loans during FY 2023/24, supported by a rise across most entities within the banking cluster. Specifically, a growth of 11.5% was recorded at the level of MCB Ltd over the period. This was principally linked to an expansion in its international loan book with the cross-border loan portfolio growing by 28.7%, underpinned by further expansion at the level of the 'Energy and Commodities' and 'Global and International Corporates' business lines. On the domestic front, although lending to individuals rose by 11.1% linked to the growth in mortgages and other retail loan portfolios, the overall domestic loan book decreased by 5.0% to Rs 151.6 billion on account of a drop in loans to the corporate segment. On the other hand, the Bank increased its investments in corporate notes, contributing to a further rise at the level of the Group.

As regards asset quality, the gross NPL and net NPL ratios improved to 3.1% and 0.9% respectively.

Funding base	Loans to funding base ratio	
	As at 30 Jun 23	As at 30 Jun 24
Rs 798.8 billion		
(+89.5 billion)	53.9%	54.0%

Total deposits of the Group increased by 18.3% to Rs 706.9 billion as at June 2024. In particular, MCB Ltd recorded a rise of 19.9% reflecting sustained efforts to mobilise foreign currency funding leading to a rise in FCY deposits of 25.5% to Rs 357.4 billion while rupee deposits grew at a lower rate of 14.2% to Rs 317.9 billion. Debt securities of the Group increased by 16.4% following the issuance of floating rate notes of a notional amount of Rs 2.5 billion under the Group's Multi-Currency Note Programme in August 2023. Although the Bank secured a USD 400 million sustainability-linked syndicated loan with a consortium of international banks, other borrowed funds declined by 24.0% due to the repayment of some facilities amidst the significant rise in deposits, reflecting our effective assets and liabilities management.

The Group's loans to funding base ratio increased marginally to 54.0% as at June 2024.

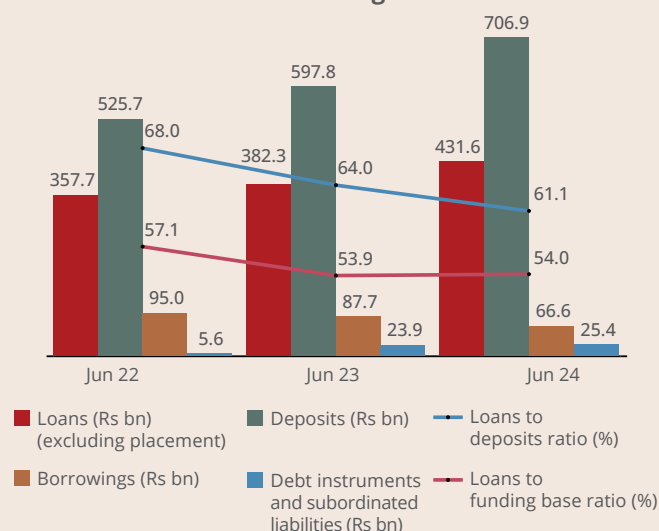
Loans and advances

June 2024	Gross loans	
	Rs m	Y.o.y. growth (%)
Loans to customers	417,839	13.6
Agriculture and fishing	6,393	(32.9)
Manufacturing	22,597	31.0
Tourism	27,281	(12.1)
Transport	10,344	16.7
Construction	18,815	17.6
Financial and business services	62,102	23.7
Traders	156,599	28.9
<i>of which Petroleum and Energy products</i>	127,909	37.2
Personal and professional	56,409	9.5
<i>of which credit cards</i>	1,427	39.3
<i>of which housing</i>	42,986	9.2
Global Business Licence holders	15,442	(35.3)
Others	41,857	10.0
<i>of which Energy and Commodities Asset-Backed financing</i>	15,082	(11.9)
Loans to banks	13,756	(5.6)
Total	431,595	12.9

June 2024	Gross loans and advances	
	Rs m	Y.o.y. growth (%)
Loans to customers	417,839	13.6
Loans to banks	13,756	(5.6)
Gross loans	431,595	12.9
Corporate notes/bonds	44,257	15.5
Total loans and advances	475,852	13.1

Note: Figures may not add up to totals due to rounding

Loans and funding base



Investment securities and Cash & cash equivalents	Liquid assets to total assets	
	As at 30 Jun 23	As at 30 Jun 24
Rs 425.1 billion		
(+50.5 billion)	45.1%	45.4%

With the funding base growing at a faster rate than loans and advances, total liquid assets increased by 13.5% to Rs 425.1 billion. Investment securities, excluding corporate notes and bonds, went up by 33.1% while cash and cash equivalents dropped particularly in rupee terms, reflecting effective deployment of excess liquidity. There was also a sizeable rise in short-term placements with foreign banks.

Overall, the liquid assets as a percentage of the Group's funding base stood at 53.2% as at June 2024 compared to 52.8% one year earlier. Banking subsidiaries generally maintained healthy liquidity positions, with MCB Ltd displaying comfortable liquidity ratios in both rupee terms and foreign currencies.

Shareholders' funds	Return on equity	
	As at 30 Jun 23	As at 30 Jun 24
Rs 103.3 billion		
(+13.5 billion)	16.9%	16.6%

Shareholders' funds increased by 15.0% to Rs 103.3 billion in line with a Rs 10.8 billion rise in retained earnings, the conversion of preference shares into ordinary shares, and the issue of scrip shares in lieu of cash dividend. Concurrently, with the effective management of the risk-weighted assets, the overall capital adequacy ratio and Tier 1 ratio improved to 20.5% and 18.0% respectively as at June 2024.

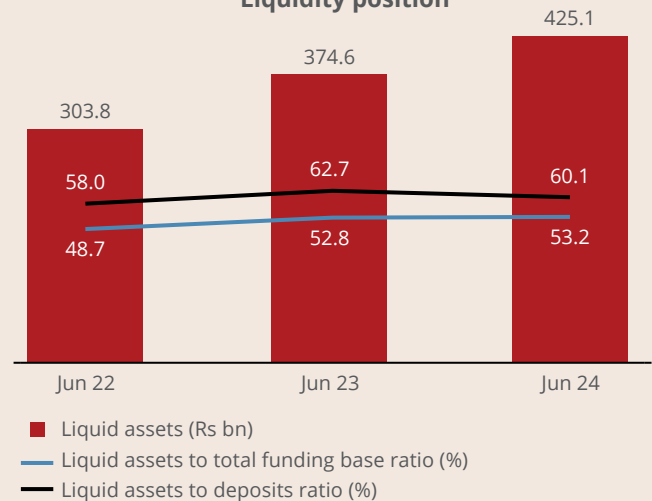
Dividend per share	Dividend payout	
	As at 30 Jun 23	As at 30 Jun 24
Rs 23.00		
(+2.75)	35.1%	36.1%

A final dividend of Rs 13.50 was declared in September payable in December 2024 after an interim dividend of Rs 9.50 was paid in July 2024, bringing the total dividend per share to Rs 23.00. The dividend payout ratio for the year worked out at 36.1%.

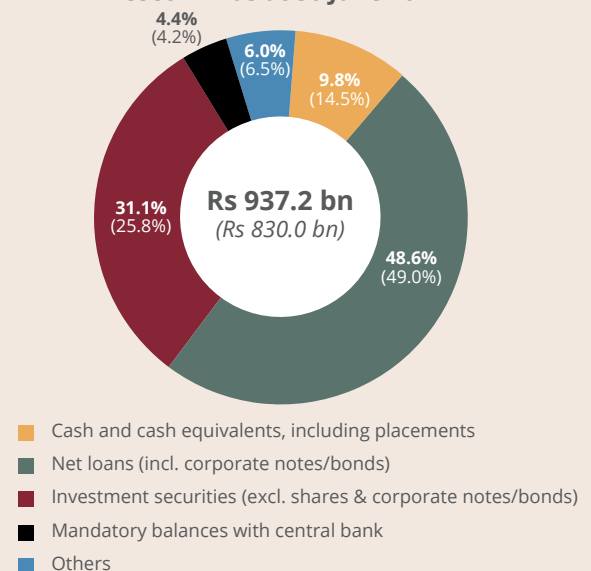
Outlook for FY 2024/25

Global growth is expected to remain steady, supported by lower inflation and gradual interest rate cuts from major central banks. However, geopolitical tensions could intensify, affecting the economic outlook across countries where we operate. In Mauritius, the economic momentum is set to be sustained, driven by strong construction activity and the solid performance of tourism and financial services, amongst others. As we continue to navigate a globally dynamic operating environment, the Group will remain focused on executing its strategy prudently, whilst continuing to invest in growth enablers and strengthening its risk management framework. We therefore remain cautiously confident about the Group's ability to maintain a resilient financial performance for the forthcoming year, barring unforeseen events.

Liquidity position

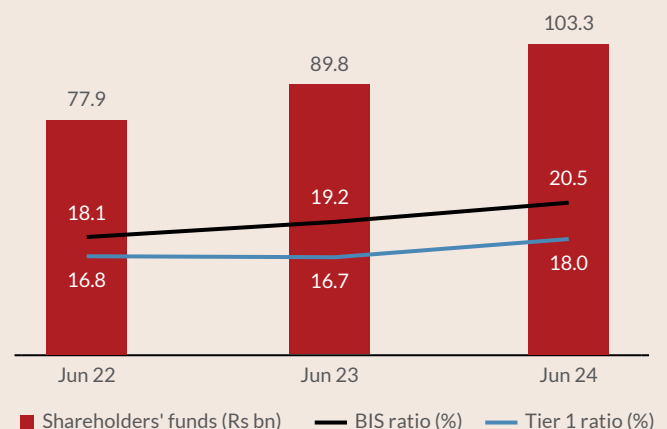


Asset mix as at 30 June 2024



Note: Figures in brackets relate to FY 2022/23

Shareholders' funds and capital adequacy



Note: Capital adequacy figures are based on Basel III

Group financial summary

Key financial indicators

	Jun-24	Jun-23	Jun-22
Statement of profit or loss (Rs m)			
Operating income	36,893	31,792	23,845
Operating profit before impairment	23,423	20,535	14,713
Operating profit	19,739	16,891	11,232
Profit before tax	20,321	17,758	12,031
Profit attributable to ordinary equity holders of the parent	16,045	14,133	9,637
Statement of financial position (Rs m)			
Total assets	937,198	829,981	728,128
Total loans (gross)	431,595	382,333	357,686
Investment securities	345,677	267,472	239,684
Total deposits	706,859	597,766	525,656
Subordinated liabilities	7,057	8,172	1,793
Other borrowed funds	66,579	87,657	94,995
Debt securities	18,342	15,760	3,848
Shareholders' funds	103,259	89,763	77,912
Performance ratios (%)			
Return on average total assets	1.8	1.8	1.4
Return on average equity	16.6	16.9	12.8
Loans to deposits ratio	61.1	64.0	68.0
Cost to income ratio	36.5	35.4	38.3
Capital adequacy ratios (%)			
BIS risk adjusted ratio	20.5	19.2	18.1
<i>of which Tier 1</i>	<i>18.0</i>	<i>16.7</i>	<i>16.8</i>
Asset quality			
Non-performing loans (Rs m)	14,436	13,636	14,331
Gross NPL ratio (%)	3.1	3.3	3.7
Cost of risk (%)	0.80	0.87	0.86

Notes:

(i) Capital adequacy ratios are based on Basel III

(ii) Cost of risk pertains to loans and advances

