

Consolidated summary statement of financial position as at 31 December 2021

	31-Dec-21	31-Dec-20	30-Jun-21
	Rs'M	Rs'M	Rs'M
ASSETS			
Cash and cash equivalents	98,772	65,323	108,706
Mandatory balances with Central Banks	26,818	22,758	25,301
Derivative financial instruments	395	1,243	1,083
Loans to and placements with banks	18,013	35,048	39,579
Loans and advances to customers	293,049	250,618	273,399
Investment securities	230,063	170,266	198,530
Investments in associates	12,578	11,379	12,525
Investment properties	4,852	4,788	5,032
Goodwill and other intangible assets	2,278	1,822	2,089
Property, plant and equipment	7,292	6,759	7,199
Deferred tax assets	1,799	1,567	1,519
Post employee benefit asset	1,218	-	1,218
Other assets	8,301	5,662	6,953
Total assets	705,428	577,233	683,133
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Deposits from banks	4,721	13,637	18,069
Deposits from customers	503,839	413,441	485,903
Derivative financial instruments	341	1,269	1,454
Other borrowed funds	95,493	57,868	77,136
Debt securities	4,008	2,007	4,007
Subordinated liabilities	1,897	2,009	1,984
Preference shares	3,396	3,396	3,396
Current tax liabilities	991	1,186	1,097
Deferred tax liabilities	343	343	347
Post employee benefit liability	-	1,170	-
Other liabilities	11,464	11,914	13,944
Total liabilities	626,493	508,240	607,337
Shareholders' equity			
Stated capital	3,086	2,747	2,776
Retained earnings	60,518	54,246	57,746
Other components of equity	12,306	9,446	12,370
Equity attributable to the equity holders of the parent	75,910	66,439	72,892
Non-controlling interests	3,025	2,554	2,904
Total equity	78,935	68,993	75,796
Total equity and liabilities	705,428	577,233	683,133
CONTINGENT LIABILITIES	180,029	109,504	133,837

Consolidated summary statement of profit or loss for the period ended 31 December 2021

	Quarter to 31-Dec-21	Quarter to 31-Dec-20	6 mths to 31-Dec-21	6 mths to 31-Dec-20	Year to 30-Jun-21
	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M
Interest income calculated using the effective interest method	4,536	4,238	8,939	8,464	17,148
Interest income - others	30	80	116	154	329
Interest expense	(837)	(636)	(1,458)	(1,317)	(2,617)
Net interest income	3,729	3,682	7,597	7,301	14,860
Fee and commission income	2,327	1,435	4,170	2,796	5,828
Fee and commission expense	(691)	(380)	(1,202)	(674)	(1,368)
Net fee and commission income	1,636	1,055	2,968	2,122	4,460
Other income	997	733	1,464	1,478	3,084
Operating income	6,362	5,470	12,029	10,901	22,404
Non-interest expense	(2,283)	(2,074)	(4,532)	(4,056)	(8,271)
Operating profit before impairment	4,079	3,396	7,497	6,845	14,133
Net impairment of financial assets	(1,078)	(1,128)	(1,904)	(2,357)	(4,766)
Operating profit	3,001	2,268	5,593	4,488	9,367
Share of profit of associates	288	83	475	180	372
Profit before tax	3,289	2,351	6,068	4,668	9,739
Income tax expense	(480)	(406)	(995)	(792)	(1,500)
Profit for the period	2,809	1,945	5,073	3,876	8,239
Profit for the period attributable to:					
Ordinary equity holders of the parent	2,660	1,859	4,900	3,784	8,019
Preference shareholders	80	80	80	80	160
Non-controlling interests	69	6	93	12	60
	2,809	1,945	5,073	3,876	8,239

Consolidated summary statement of comprehensive income for the period ended 31 December 2021

Profit for the period	2,809	1,945	5,073	3,876	8,239
Other comprehensive income/(expense):					
Items that will not be reclassified to profit or loss	176	243	110	125	3,086
Items that may be reclassified subsequently to profit or loss	(80)	(295)	40	(36)	1,272
Other comprehensive income/(expense) for the period	96	(52)	150	89	4,358
Total comprehensive income for the period	2,905	1,893	5,223	3,965	12,597
Total comprehensive income attributable to:					
Ordinary equity holders of the parent	2,737	1,759	4,988	3,866	12,033
Preference shareholders	80	80	80	80	160
Non-controlling interests	88	54	155	19	404
	2,905	1,893	5,223	3,965	12,597
Earnings per share:					
Basic (Rs)	11.10	7.77	20.46	15.82	33.51
Diluted (Rs)	11.10	7.77	20.45	15.81	33.48
Basic weighted average number of shares (thousands)	239,604	239,256	239,548	239,254	239,330
Diluted weighted average number of shares (thousands)	239,682	239,397	239,626	239,395	239,518

Consolidated summary statement of changes in equity for the period ended 31 December 2021

	Attributable to equity holders of the parent							
	Stated Capital	Retained Earnings	Capital Reserve	Translation Reserve	Statutory Reserve	Total	Non-Controlling Interests	Total Equity
	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M
At 1 July 2020	2,719	50,460	2,226	193	6,947	62,545	2,549	65,094
Profit for the period	-	3,864	-	-	-	3,864	12	3,876
Other comprehensive income for the period	-	-	65	17	-	82	7	89
Total comprehensive income for the period	-	3,864	65	17	-	3,946	19	3,965
Dividends to non-controlling interests in subsidiary	-	-	-	-	-	-	(14)	(14)
Dividends to preference shareholders	-	(80)	-	-	-	(80)	-	(80)
Issue of shares following the exercise of Group Employee Share Options Scheme	28	-	-	-	-	28	-	28
Transactions with owners	28	(80)	-	-	-	(52)	(14)	(66)
Share of transfer by associate	-	2	(2)	-	-	-	-	-
At 31 December 2020	2,747	54,246	2,289	210	6,947	66,439	2,554	68,993
At 1 July 2020	2,719	50,460	2,226	193	6,947	62,545	2,549	65,094
Profit for the year	-	8,179	-	-	-	8,179	60	8,239
Other comprehensive income for the year	-	2,108	544	1,362	-	4,014	344	4,358
Total comprehensive income for the year	-	10,287	544	1,362	-	12,193	404	12,597
Dividends to ordinary shareholders	-	(1,736)	-	-	-	(1,736)	(22)	(1,758)
Dividends to preference shareholders	-	(160)	-	-	-	(160)	-	(160)
Impact of disposal of subsidiary	-	-	-	-	-	-	(21)	(21)
Issue of shares following the exercise of Group Employee Share Options Scheme	57	-	-	-	-	57	-	57
Transactions with owners	57	(1,896)	-	-	-	(1,839)	(43)	(1,882)
Transfers/movements in reserves	-	(1,105)	(16)	-	1,114	(7)	(6)	(13)
At 30 June 2021	2,776	57,746	2,754	1,555	8,061	72,892	2,904	75,796
Profit for the period	-	4,980	-	-	-	4,980	93	5,073
Other comprehensive income/(expense) for the period	-	72	(4)	20	-	88	62	150
Total comprehensive income/(expense) for the period	-	5,052	(4)	20	-	5,068	155	5,223
Dividends to ordinary shareholders	-	(2,277)	-	-	-	(2,277)	-	(2,277)
Dividends to non-controlling interests in subsidiary	-	-	-	-	-	-	(32)	(32)
Dividends to preference shareholders	-	(80)	-	-	-	(80)	-	(80)
Shares issued under the Scrip Dividend Scheme	248	-	-	-	-	248	-	248
Issue of shares following the exercise of Group Employee Share Options Scheme	62	-	-	-	-	62	-	62
Transactions with owners	310	(2,357)	-	-	-	(2,047)	(32)	(2,079)
Transfers/movements in reserves	-	77	(80)	-	-	(3)	(2)	(5)
At 31 December 2021	3,086	60,518	2,670	1,575	8,061	75,910	3,025	78,935

Consolidated summary statement of cash flows for the period ended 31 December 2021

	6 mths to 31-Dec-21	6 mths to 31-Dec-20	Year to 30-Jun-21
	Rs'M	Rs'M	Rs'M
Operating activities			
Net cash flows from trading activities	16,306	5,322	2,848
Net cash flows from other operating activities	(21,714)	(7,912)	35,533
Dividends received from associates	73	-	134
Dividends paid to ordinary shareholders	(3,765)	-	-
Dividends paid to preference shareholders	(80)	(80)	(160)
Dividends paid to non-controlling interests in subsidiaries	(32)	(14)	(22)
Income tax paid	(1,374)	(1,354)	(2,341)
Net cash flows from operating activities	(10,586)	(4,038)	35,992
Net cash flows from investing activities	(1,027)	(885)	(1,310)
Net cash flows from financing activities	301	(115)	1,809
(Decrease)/Increase in cash and cash equivalents	(11,312)	(5,038)	36,491
Net cash and cash equivalents brought forward	108,768	71,141	71,141
Effect of foreign exchange rate changes	565	(755)	1,136
Net cash and cash equivalents carried forward	98,021	65,348	108,768

COMMENTS ON RESULTS

Group profits attributable to ordinary shareholders for the half year to 31 December 2021 stood at Rs 4,900 million, representing an increase of 29.5% compared to the corresponding period last year. This performance was driven by an improvement in our core earnings and a drop in net impairment charges.

Operating income grew by 10.3% to Rs 12,029 million. Net interest income increased by only 4.1% despite the significant expansion in the Group's interest bearing assets. This reflects the lower yields recorded in the deployment of our excess liquidity domestically as well as lower interest margins generated on our loan portfolio, whose expansion was geared principally towards short term advances and commodity trade finance loans. Net fee and commission income rose by 39.9%, boosted by higher revenues from trade financing and payment activities. 'Other Income' declined slightly due to market volatility.

In line with continuing investment to strengthen our technological capabilities, operating expenses were up by 11.7% to Rs 4,532 million, leading to an increase in our cost to income ratio to 37.7% compared to 37.2% for the corresponding period in the previous year.

Net impairment charges fell by 19.2% to Rs 1,904 million, representing an annualised cost of risk of 103 basis points of gross loans and advances. The gross Non-Performing Loan ratio increased to 3.8%, compared to 3.6% in June 2021.

Our share of profit of associates grew by Rs 295 million on the back of the higher contributions from BFCOI and PAD Group.

Our capitalisation level remains comfortable with shareholders' funds increasing to Rs 75.9 billion, contributing to a capital adequacy ratio of 17.9%, of which 16.5% in the form of Tier 1.

Outlook

The operating context is still uncertain, as evidenced by the recent downgrade in the global growth prospects by the IMF, prompted by the emergence of the Omicron variant and the persisting supply chain disruptions, which are contributing to heightened inflationary pressures. The environment is thus likely to remain challenging for the local economy, with the pace and strength of its recovery being subject to the evolution of the global macro-economic parameters, the upturn in the tourism industry and the ramifications of rising inflation. Against this backdrop, the Group will anchor its growth performance on its diversification strategy while continuing to play an active role in helping the local economic rebound.

By order of the Board

11 February 2022

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 2021.

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: www.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.