

Consolidated summary statement of financial position as at 31 March 2024

	Unaudited 31-Mar-24 Rs'M	Unaudited 31-Mar-23 Rs'M	Audited 30-Jun-23 Rs'M
ASSETS			
Cash and cash equivalents	102,572	132,324	120,570
Mandatory balances with Central Banks	39,848	35,429	34,984
Derivative financial instruments	1,316	1,042	1,283
Loans to and placements with banks	12,220	17,952	13,780
Loans and advances to customers	359,900	336,814	349,285
Investment securities	331,462	249,129	267,472
Investments in associates and joint venture	13,740	13,301	13,169
Investment properties	5,230	5,149	5,139
Goodwill and other intangible assets	2,915	2,560	2,799
Property, plant and equipment	7,536	7,367	7,534
Deferred tax assets	3,644	2,431	3,124
Post employee benefit asset	455	637	455
Other assets	14,009	9,844	10,387
Total assets	894,847	813,979	829,981
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Deposits from banks	29,772	7,352	10,352
Deposits from customers	638,106	590,066	587,414
Derivative financial instruments	1,152	972	1,285
Other borrowed funds	67,688	92,365	87,657
Debt securities	18,837	1,841	15,760
Subordinated liabilities	6,778	8,028	8,172
Preference shares	1,621	2,300	2,300
Current tax liabilities	2,095	1,560	3,135
Deferred tax liabilities	518	437	478
Other liabilities	23,368	17,155	20,333
Total liabilities	789,935	722,076	736,886
Shareholders' equity			
Stated capital	6,975	4,907	4,907
Retained earnings	80,754	70,265	71,323
Other components of equity	13,728	13,510	13,533
Equity attributable to the equity holders of the parent	101,457	88,682	89,763
Non-controlling interests	3,455	3,221	3,332
Total equity	104,912	91,903	93,095
Total equity and liabilities	894,847	813,979	829,981
CONTINGENT LIABILITIES (NET)	185,034	125,402	125,670

Consolidated summary statement of profit or loss for the period ended 31 March 2024

	Unaudited 3 months to 31-Mar-24	Unaudited 3 months to 31-Mar-23	Unaudited 9 months to 31-Mar-24	Unaudited 9 months to 31-Mar-23	Audited Year to 30-Jun-23
	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M
Interest income using the effective interest method	11,499	9,401	33,823	23,308	33,924
Interest expense	(5,236)	(4,189)	(15,944)	(8,993)	(14,134)
Net interest income	6,263	5,212	17,879	14,315	19,790
Fee and commission income	2,634	2,334	8,022	7,045	9,673
Fee and commission expense	(985)	(801)	(2,739)	(2,274)	(3,067)
Net fee and commission income	1,649	1,533	5,283	4,771	6,606
Other income	1,828	1,700	4,607	3,906	5,396
Operating income	9,740	8,445	27,769	22,992	31,792
Non-interest expense	(3,194)	(2,813)	(9,961)	(8,203)	(11,257)
Operating profit before impairment	6,546	5,632	17,808	14,789	20,535
Net impairment of financial assets	(942)	(790)	(2,741)	(2,486)	(3,644)
Operating profit	5,604	4,842	15,067	12,303	16,891
Share of profit of associates	94	104	399	604	867
Profit before tax	5,698	4,946	15,466	12,907	17,758
Income tax expense	(1,120)	(811)	(3,047)	(2,047)	(3,445)
Profit for the period	4,578	4,135	12,419	10,860	14,313
Profit for the period attributable to:					
Ordinary equity holders of the parent	4,573	4,114	12,351	10,777	14,133
Non-controlling interests	5	21	68	83	180
	4,578	4,135	12,419	10,860	14,313
Earnings per share:					
Basic (Rs)	18.07	16.69	49.11	44.06	57.67
Diluted (Rs)	18.06	16.69	49.08	44.05	57.66
Basic weighted average number of shares (thousands)	253,060	246,456	251,509	244,603	245,074
Diluted weighted average number of shares (thousands)	253,221	246,499	251,670	244,646	245,126

Consolidated summary statement of comprehensive income for the period ended 31 March 2024

Profit for the period	4,578	4,135	12,419	10,860	14,313
Other comprehensive income:					
Items that will not be reclassified to to profit or loss	100	(195)	170	28	(32)
Items that may be reclassified subsequently to profit or loss	501	673	133	394	292
Other comprehensive income for the period	601	478	303	422	260
Total comprehensive income for the period	5,179	4,613	12,722	11,282	14,573
Total comprehensive income attributable to:					
Ordinary equity holders of the parent	5,061	4,567	12,560	11,157	14,331
Non-controlling interests	118	46	162	125	242
	5,179	4,613	12,722	11,282	14,573

Consolidated summary statement of changes in equity for the period ended 31 March 2024

	Attributable to equity holders of the parent					Total	Non-Controlling Interests	Total Equity
	Stated Capital	Retained Earnings	Capital Reserve	Translation Reserve	Statutory Reserve			
	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M			
At 1 July 2022	3,109	61,612	2,684	1,550	8,957	77,912	3,130	81,042
Profit for the period	-	10,777	-	-	-	10,777	83	10,860
Other comprehensive income/(expense) for the period	-	55	(126)	451	-	380	42	422
Total comprehensive income/(expense) for the period	-	10,832	(126)	451	-	11,157	125	11,282
Dividends to ordinary shareholders	-	(2,184)	-	-	-	(2,184)	(34)	(2,218)
Issue of shares following the conversion of preference 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	(2,184)	-	-	-	(386)	(34)	(420)
Transfers/movements in reserves	-	5	(6)	-	-	(1)	-	(1)
At 31 March 2023	4,907	70,265	2,552	2,001	8,957	88,682	3,221	91,903
At 1 July 2022	3,109	61,612	2,684	1,550	8,957	77,912	3,130	81,042
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	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	-	-	-
At 30 June 2023	4,907	71,323	2,655	1,913	8,965	89,763	3,332	93,095
Profit for the period	-	12,351	-	-	-	12,351	68	12,419
Other comprehensive (expense)/income for the period	-	(24)	81	152	-	209	94	303
Total comprehensive income for the period	-	12,327	81	152	-	12,560	162	12,722
Dividends to ordinary shareholders	-	(2,934)	-	-	-	(2,934)	(39)	(2,973)
Issue of shares following the conversion of preference shares	679	-	-	-	-	679	-	679
Shares issued under the Scrip Dividend Scheme	1,275	-	-	-	-	1,275	-	1,275
Issue of shares following the exercise of Group Employee Share Options Scheme	114	-	-	-	-	114	-	114
Transactions with owners	2,068	(2,934)	-	-	-	(866)	(39)	(905)
Transfers/movements in reserves	-	38	(38)	-	-	-	-	-
At 31 March 2024	6,975	80,754	2,698	2,065	8,965	101,457	3,455	104,912

Consolidated summary statement of cash flows for the period ended 31 March 2024

	Unaudited 9 months to 31-Mar-24 Rs'M	Unaudited 9 months to 31-Mar-23 Rs'M	Audited Year to 30-Jun-23 Rs'M
Operating activities			
Net cash flows from trading activities	11,957	8,872	15,785
Net cash flows from other operating activities	(21,677)	51,985	22,916
Dividends received from associates	81	90	501
Dividends paid to ordinary shareholders	(3,755)	(2,735)	(2,734)
Dividends paid to non-controlling interests in subsidiaries	(39)	(34)	(40)
Income tax paid	(4,570)	(1,970)	(2,408)
Net cash flows from operating activities	(18,003)	56,208	34,020
Net cash flows from investing activities	(971)	(1,316)	(2,260)
Net cash flows from financing activities	1,180	6,211	17,733
(Decrease)/Increase in cash and cash equivalents	(17,794)	61,103	49,493
Net cash and cash equivalents brought forward	120,409	70,774	70,774
Effect of foreign exchange rate changes	(56)	264	142
Net cash and cash equivalents carried forward	102,559	132,141	120,409
Cash and cash equivalents as shown in the statement of cash flows			
Cash and cash equivalents	102,572	132,324	120,570
Allowance for credit impairment	52	91	60
Short term borrowed funds	(65)	(274)	(221)
Net cash and cash equivalents	102,559	132,141	120,409

COMMENTS ON RESULTS

Group profits attributable to ordinary shareholders grew by 14.6% to Rs 12,351 million on the back of a resilient domestic performance and an enhanced contribution from international activities within the banking cluster.

The key highlights of the nine-month results are summarised hereunder:

- Operating income grew by 20.8% to Rs 27,769 million with:
 - Net interest income increasing by 24.9% as a result of a broad-based expansion of the Group's interest-earning assets, both in rupee and foreign currency terms, and improved margins. While our international operations continued to be positively impacted by high interest rates, interest margins locally also improved amidst higher yields on rupee-denominated investment securities;
 - Net fees and commission income rising by 10.7% on account of higher revenues from trade financing, payments and wealth management services;
 - Other income growing by 17.9%, driven by enhanced profits from dealing in foreign currencies and fair value gains on equity financial instruments.
- Non-interest expenses increased by 21.4% resulting from the Group's continued investment in human capital and technology and the provisions made in respect of the planned introduction of the Deposit Insurance Scheme in Mauritius.
- Impairment charges increased by 10.3% to Rs 2,741 million, resulting in an annualised cost of risk of 82 basis points.
- The share of profit of associates dropped by Rs 205 million due to the subdued performance of BFCOI and Société Générale Moçambique in particular. Of note, the Group exercised its tag along right to dispose of its 35% stake in Société Générale Moçambique S.A. alongside Société Générale S.A. to Vista Group Holdings S.A. and signed a Share Purchase Agreement on 10th of May 2024 to this effect. The latter is subject to the fulfilment of a number of conditions precedent.
- The tax charge for the period increased by 48.9% on a year-on-year basis due to higher profits and the recent changes in the Mauritian tax laws.

The Group continues to maintain a strong capitalisation level with shareholders' funds growing by 14.4% on a year-on-year basis to Rs 101.5 billion. The BIS and Tier 1 ratios as at March 2024 stood at 21.1% and 18.6% respectively, well above the minimum regulatory requirements.

OUTLOOK

The global economy has continued to be resilient amidst the ongoing difficult challenges. Despite a slow decline in inflation, it still exceeds targets in many countries in a context of heightened geopolitical tensions, which are impacting commodity prices. Consequently, interest rates are likely to remain high for longer than previously anticipated.

In Africa, conditions are improving gradually but several economies face multiple challenges, including currency pressures and a heavy debt burden. In Mauritius, the economy is set to pursue its expansion in 2024, supported by a robust performance in the tourism, financial services and construction sectors. Despite the unsteady global environment, the Group's financial performance is expected to maintain its current robust trend for the balance of the current financial year.

By order of the Board

14 May 2024

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 audited 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.