

MCB Group results for the six months ended 31 December 2024

14th February 2025: MCB Group Limited today announced its unaudited results for the six months of FY 2024/25.

HIGHLIGHTS

- Net interest income up by 16.7%;
- Increase of 20.4% in non-interest income;
- Rise of 8.9% in operating expenses;
- Drop of 9.9% in impairment charges; Gross NPL ratio stable at 2.9%
- Decline of Rs 75 million in share of profit of associates;
- Year-on-year growth of 13.3% in gross loans and advances and 18.6% in total deposits

PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

Rs 10.0 bn

▲ 28.8%

RETURN ON EQUITY

18.4%

▲ 181 bps

OPERATING INCOME

Rs 21.3 bn

▲ 18.1%

TOTAL ASSETS

Rs 1,010.8 bn

▲ 16.5%

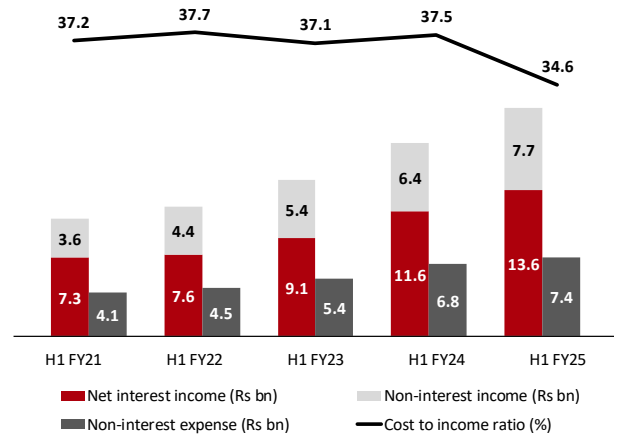
Commenting on the results, Jean Michel NG TSEUNG (Group Chief Executive - MCB Group Ltd) said:

“The Group recorded a strong performance, with profit attributable to ordinary shareholders increasing by 28.8% to Rs 10.0 billion, corresponding to a return on equity of 18.4%. In line with the strengthening of both our domestic and international franchises, the Group’s balance sheet exceeded the one-trillion rupee mark in December 2024. Our risk profile remains strong and this contributed to the affirmation of MCB Ltd’s investment grade credit rating although the rating outlook has changed to negative in line with rating action at country level. Asset quality metrics improved and the Group continues to maintain solid capital and liquidity buffers, which provide us with ample headroom to continue growing our business.”

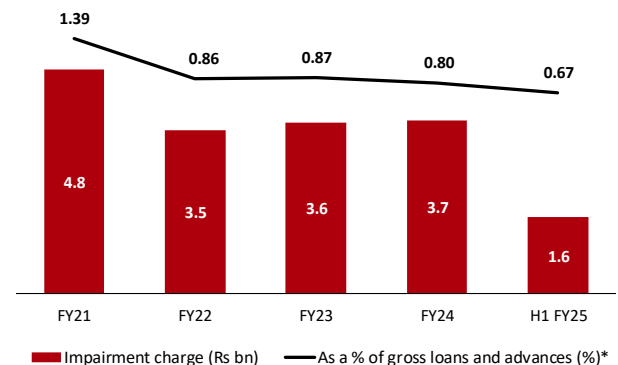
Financial Performance

- Operating income grew by 18.1% supported by the growth of both domestic and foreign banking activities.
- Net interest income increased by 16.7%, reflecting growth in interest earning assets in both rupee and foreign currency, along with improved interest margins principally on rupee denominated investment securities.
- Net fee and commission income rose by 12.4%, driven by payment, lending and trade finance activities.
- ‘Other income’ grew by 30.9%, driven by increased foreign exchange transaction volumes and higher fair value gains on equity financial instruments. Of note, the Visa and MasterCard shares held by MCB Ltd were acquired by MCB Group Ltd in November 2024 and going forward any change in fair value of these securities will be accounted for in Other Comprehensive Income.
- Non-interest expense increased by 8.9% in line with the Group’s continued investment in human capital and technology.
- Net impairment charges declined by 9.9% to Rs 1,620 million as a result of higher recoveries made during the period under review. Consequently, the cost of risk for the period was 0.67%, 13 basis points lower than the corresponding period last year. Gross NPL ratio stood at 2.9% for the period.

Income and expenditure evolution



Impairment charge



*Relates to loans & advances (including corporate notes and bonds)

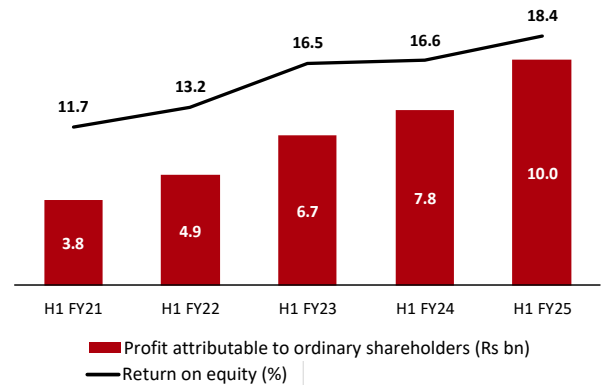
Note: Impairment charge for H1 FY25 relates to the six months ended Dec 24 and the ratio has been annualised.

- Share of profit of associates dropped by Rs 75 million due to the subdued performance of both BFCOI and Fincorp.
- Tax charge for the period increased by 27.8% to Rs 2,462 million in line with growth in profits.
- Profit attributable to ordinary shareholders were up by 28.8% to Rs 10,015 million, with the contribution from foreign-sourced activities of MCB Ltd standing at 59% of Group profits.

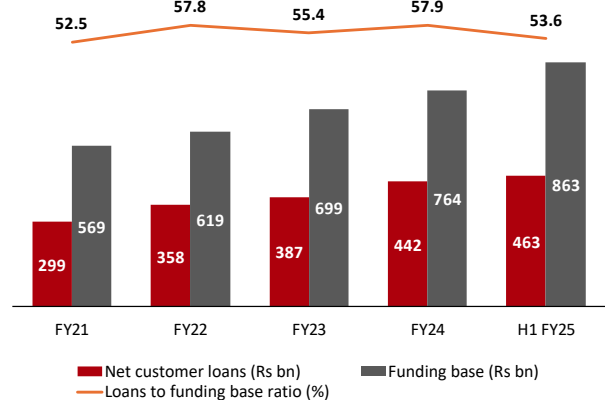
Financial position

- Gross loans and advances recorded a year-on-year growth of 13.3% to Rs 494.2 billion driven by the expansion of both the rupee and foreign currency lending portfolios. Higher disbursements to the domestic corporate and retail segments supported the expansion of the domestic loans and advances portfolio. On the international front, improved business activity in the 'Energy and Commodities' and the 'Global and International Corporates' segments also contributed to the growth in the loan book. Of note, asset quality improved with the gross NPL ratio decreasing to 2.9%.
- Total deposits increased by 18.6% year-on-year to Rs 769.2 billion on account of a rise in both rupee and foreign currency deposits, in line with continued efforts to mobilising foreign currency funding. Conversely, 'other borrowed funds' declined slightly to Rs 68.3 billion. The loan-to-deposit and loan-to-funding base ratios stood at 62.1% and 53.6% respectively for the period under review.
- The Group continued to maintain a strong level of capital with shareholders' funds increasing by 16.6% to Rs 112.3 billion. The BIS and Tier 1 ratios as at December 2024 increased to 21.2% and 18.7% respectively, well above regulatory limits.

Profit attributable to ordinary shareholders

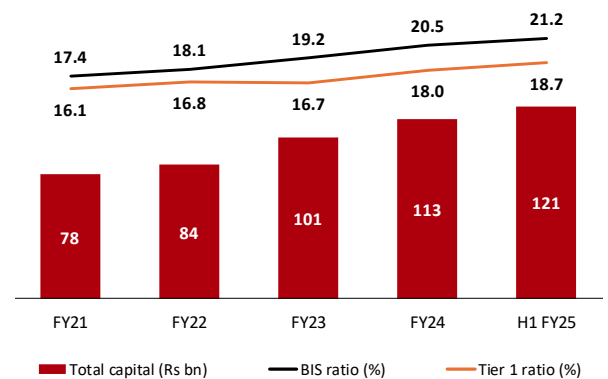


Loans and funding base



Note: Net customer loans include net corporate notes and funding base excludes bank deposits.

Total capital and capital adequacy



Note: Capital adequacy ratios are based on Basel III

Outlook

The global economy faces persistent challenges and uncertainties. Ongoing conflicts and rising trade tensions may hinder trade growth. High debt burdens and climate shocks are also weighing on economic prospects. With divergent growth and inflation paths, the US is likely to ease monetary policy more slowly than the Euro area. In Africa, economic growth is projected to pick up, supported by the progress on reform implementation, although some vulnerabilities are likely to exist.

On the local front, Moody's Ratings has affirmed Mauritius' Baa3 ratings while changing the outlook from stable to negative. The Key Rate has recently been raised by 50 basis points to 4.5%, which should help in tackling inflation and help reduce interest rate differentials with major currencies to support the rupee.

The Group will continue to monitor key developments in the operating environment whilst prudently executing its strategic initiatives to sustain business growth. In the short term, the Group remains well positioned to deliver a strong performance for the current financial year.



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Cautionary statement regarding forward-looking statements

This release has been prepared to assist the shareholders to assess the Board's strategies and their potential of success. The statements contained herein may include declarations of future expectations and other forward-looking statement that are based on management's current views and assumptions. These involve risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements

Readers are advised not to place undue reliance on the forward-looking statements relating to the Group's business strategy, plans, objectives and financial positions as these statements rely on assumptions and hypotheses which inherently represent an accuracy of risk. Actual results, performance and events may differ from those in such statements due to general evolution of economic, political and industry conditions, interest rate levels, currency exchange rates as well as changes in laws and regulations and the extent of competition and technological factors. In addition, MCB Group Ltd. does not undertake to update any forward-looking statement that may be made from time to time by the organisation or on its behalf.

For more information, please contact the Investor Relations Unit on (230) 202-5134 / (230) 202-5558 or investor.relations@mcbgroup.com

