

## Consolidated summary statement of financial position as at 31 December 2023

	<b>Unaudited 31-Dec-23 Rs'M</b>	Unaudited 31-Dec-22 Rs'M	Audited 30-Jun-23 Rs'M
<b>ASSETS</b>			
Cash and cash equivalents	82,428	92,011	120,570
Mandatory balances with Central Banks	38,829	29,750	34,984
Derivative financial instruments	1,463	709	1,283
Loans to and placements with banks	25,604	21,349	13,780
Loans and advances to customers	358,892	321,780	349,285
Investment securities	317,628	279,593	267,472
Investments in associates and joint venture	13,401	12,851	13,169
Investment properties	5,087	4,823	5,139
Goodwill and other intangible assets	2,895	2,524	2,799
Property, plant and equipment	7,522	7,261	7,534
Deferred tax assets	3,368	2,362	3,124
Post employee benefit asset	455	-	455
Other assets	12,459	7,601	10,387
<b>Total assets</b>	<b>870,031</b>	<b>782,614</b>	<b>829,981</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
Deposits from banks	27,200	7,140	10,352
Deposits from customers	623,274	570,581	587,414
Derivative financial instruments	1,516	578	1,285
Other borrowed funds	69,733	93,881	87,657
Debt securities	17,802	3,856	15,760
Subordinated liabilities	6,569	1,653	8,172
Preference shares	1,621	2,300	2,300
Current tax liabilities	1,667	1,164	3,135
Deferred tax liabilities	494	398	478
Post employee benefit liability	-	460	-
Other liabilities	20,448	13,327	20,333
<b>Total liabilities</b>	<b>770,324</b>	<b>695,338</b>	<b>736,886</b>
<b>Shareholders' equity</b>			
Stated capital	6,949	4,894	4,907
Retained earnings	76,217	66,145	71,323
Other components of equity	13,203	13,064	13,533
<b>Equity attributable to the equity holders of the parent</b>	<b>96,369</b>	<b>84,103</b>	<b>89,763</b>
Non-controlling interests	3,338	3,173	3,332
<b>Total equity</b>	<b>99,707</b>	<b>87,276</b>	<b>93,095</b>
<b>Total equity and liabilities</b>	<b>870,031</b>	<b>782,614</b>	<b>829,981</b>
<b>CONTINGENT LIABILITIES (NET)</b>	<b>189,895</b>	<b>108,178</b>	<b>125,670</b>

## Consolidated summary statement of profit or loss for the period ended 31 December 2023

	<b>Unaudited Quarter to 31-Dec-23 Rs'M</b>	Unaudited Quarter to 31-Dec-22 Rs'M	<b>Unaudited 6 months to 31-Dec-23 Rs'M</b>	Unaudited 6 months to 31-Dec-22 Rs'M	Audited Year to 30-Jun-23 Rs'M
Interest income using the effective interest method	11,458	7,899	22,324	13,907	33,924
Interest expense	(5,393)	(3,131)	(10,708)	(4,804)	(14,134)
<b>Net interest income</b>	<b>6,065</b>	4,768	<b>11,616</b>	9,103	19,790
Fee and commission income	2,803	2,463	5,388	4,711	9,673
Fee and commission expense	(916)	(784)	(1,754)	(1,473)	(3,067)
<b>Net fee and commission income</b>	<b>1,887</b>	1,679	<b>3,634</b>	3,238	6,606
Other income	1,765	1,627	2,779	2,206	5,396
<b>Operating income</b>	<b>9,717</b>	8,074	<b>18,029</b>	14,547	31,792
Non-interest expense	(3,703)	(2,807)	(6,767)	(5,390)	(11,257)
<b>Operating profit before impairment</b>	<b>6,014</b>	5,267	<b>11,262</b>	9,157	20,535
Net impairment of financial assets	(928)	(983)	(1,799)	(1,696)	(3,644)
<b>Operating profit</b>	<b>5,086</b>	4,284	<b>9,463</b>	7,461	16,891
Share of profit of associates	148	283	305	500	867
<b>Profit before tax</b>	<b>5,234</b>	4,567	<b>9,768</b>	7,961	17,758
Income tax expense	(992)	(649)	(1,927)	(1,236)	(3,445)
<b>Profit for the period</b>	<b>4,242</b>	3,918	<b>7,841</b>	6,725	14,313
<b>Profit for the period attributable to:</b>					
Ordinary equity holders of the parent	4,219	3,901	7,778	6,663	14,133
Non-controlling interests	23	17	63	62	180
	<b>4,242</b>	3,918	<b>7,841</b>	6,725	14,313
<b>Earnings per share:</b>					
Basic (Rs)	16.74	15.99	31.02	27.34	57.67
Diluted (Rs)	16.73	15.99	31.01	27.34	57.66
Basic weighted average number of shares (thousands)	252,080	243,987	250,743	243,696	245,074
Diluted weighted average number of shares (thousands)	252,145	244,033	250,808	243,741	245,126

## Consolidated summary statement of comprehensive income for the period ended 31 December 2023

<b>Profit for the period</b>	<b>4,242</b>	3,918	<b>7,841</b>	6,725	14,313
<b>Other comprehensive income/(expense):</b>					
Items that will not be reclassified to profit or loss	15	303	70	223	(32)
Items that may be reclassified subsequently to profit or loss	32	277	(368)	(279)	292
<b>Other comprehensive income/(expense) for the period</b>	<b>47</b>	580	<b>(298)</b>	(56)	260
<b>Total comprehensive income for the period</b>	<b>4,289</b>	4,498	<b>7,543</b>	6,669	14,573
<b>Total comprehensive income attributable to:</b>					
Ordinary equity holders of the parent	4,270	4,445	7,499	6,590	14,331
Non-controlling interests	19	53	44	79	242
	<b>4,289</b>	4,498	<b>7,543</b>	6,669	14,573

## Consolidated summary statement of changes in equity for the period ended 31 December 2023

	Attributable to equity holders of the parent						Non-Controlling Interests	Total Equity
	Stated Capital	Retained Earnings	Capital Reserve	Translation Reserve	Statutory Reserve	Total		
	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M		
<b>At 30 June 2022</b>	<b>3,109</b>	<b>61,612</b>	<b>2,684</b>	<b>1,550</b>	<b>8,957</b>	<b>77,912</b>	<b>3,130</b>	<b>81,042</b>
Profit for the period	-	6,663	-	-	-	6,663	62	6,725
Other comprehensive income/(expense) for the period	-	52	99	(224)	-	(73)	17	(56)
Total comprehensive income/(expense) for the period	-	6,715	99	(224)	-	6,590	79	6,669
Dividends to ordinary shareholders	-	(2,184)	-	-	-	(2,184)	(35)	(2,219)
Shares issued under the Scrip Dividend Scheme	634	-	-	-	-	634	-	634
Issue of shares following the exercise of Group Employee Share Options Scheme	55	-	-	-	-	55	-	55
Issue of shares following the conversion of preference shares	1,096	-	-	-	-	1,096	-	1,096
Transactions with owners	1,785	(2,184)	-	-	-	(399)	(35)	(434)
Transfers/movements in reserves	-	2	(2)	-	-	-	(1)	(1)
<b>At 31 December 2022</b>	<b>4,894</b>	<b>66,145</b>	<b>2,781</b>	<b>1,326</b>	<b>8,957</b>	<b>84,103</b>	<b>3,173</b>	<b>87,276</b>
<b>At 1 July 2022</b>	<b>3,109</b>	<b>61,612</b>	<b>2,684</b>	<b>1,550</b>	<b>8,957</b>	<b>77,912</b>	<b>3,130</b>	<b>81,042</b>
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 into ordinary 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	-	-	-
<b>At 30 June 2023</b>	<b>4,907</b>	<b>71,323</b>	<b>2,655</b>	<b>1,913</b>	<b>8,965</b>	<b>89,763</b>	<b>3,332</b>	<b>93,095</b>
Profit for the period	-	7,778	-	-	-	7,778	63	7,841
Other comprehensive income/(expense) for the period	-	12	69	(360)	-	(279)	(19)	(298)
Total comprehensive income/(expense) for the period	-	7,790	69	(360)	-	7,499	44	7,543
Dividends to ordinary shareholders	-	(2,935)	-	-	-	(2,935)	(38)	(2,973)
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	88	-	-	-	-	88	-	88
Issue of shares following the conversion of preference shares	679	-	-	-	-	679	-	679
Transactions with owners	2,042	(2,935)	-	-	-	(893)	(38)	(931)
Transfers/movements in reserves	-	39	(39)	-	-	-	-	-
<b>At 31 December 2023</b>	<b>6,949</b>	<b>76,217</b>	<b>2,685</b>	<b>1,553</b>	<b>8,965</b>	<b>96,369</b>	<b>3,338</b>	<b>99,707</b>

## Consolidated summary statement of cash flows for the period ended 31 December 2023

	<b>Unaudited 6 months to 31-Dec-23 Rs'M</b>	Unaudited 6 months to 31-Dec-22 Rs'M	Audited Year to 30-Jun-23 Rs'M
<b>Operating activities</b>			
<b>Net cash flows from trading activities</b>	<b>3,952</b>	5,272	15,785
<b>Net cash flows from other operating activities</b>	<b>(34,671)</b>	21,046	22,916
Dividends received from associates	<b>81</b>	90	501
Dividends paid to ordinary shareholders	<b>(3,755)</b>	(2,735)	(2,734)
Dividends paid to non-controlling interests in subsidiaries	<b>(38)</b>	(35)	(40)
Income tax paid	<b>(3,628)</b>	(1,536)	(2,408)
<b>Net cash flows from operating activities</b>	<b>(38,059)</b>	22,102	34,020
<b>Net cash flows from investing activities</b>	<b>(802)</b>	(752)	(2,260)
<b>Net cash flows from financing activities</b>	<b>1,167</b>	(178)	17,733
<b>(Decrease)/Increase in cash and cash equivalents</b>	<b>(37,694)</b>	21,172	49,493
Net cash and cash equivalents brought forward	<b>120,409</b>	70,774	70,774
Effect of foreign exchange rate changes	<b>(449)</b>	(352)	142
<b>Net cash and cash equivalents carried forward</b>	<b>82,266</b>	91,594	120,409

## COMMENTS ON RESULTS

The Group achieved a solid performance for the half-year ended December 2023 with profits attributable to ordinary shareholders increasing by 16.7% to Rs 7,778 million. This has been driven by an enhanced contribution from our international activities, which continued to benefit from high interest rates.

The key highlights of the semester results are summarised hereunder:

- Operating income increased by 23.9% to Rs 18,029 million, with:
  - Net interest income growing by 27.6% on the back of an expansion in our interest-earning assets and improved margins particularly on foreign currency assets;
  - Net fee and commission income increasing by 12.2% on account of higher fees from regional trade financing, lending and payments activities in the banking cluster; and
  - Other income up by 26.0% following higher profits from dealing in foreign currencies coupled with gains from equity financial instruments held at fair value.
- Non-interest expenses rose by 25.5% in line with our continued investment in technology and human capital, the impact of inflation and a provision made for the planned introduction of the Deposit Insurance Scheme in Mauritius.
- Impairment charges were up by 6.1% to Rs 1,799 million with the cost of risk for the half-year ended December 2023 dropping to 80 basis points, compared to 86 basis points for the same period in the previous year. Gross NPL ratio stood at 3.1%.
- The share of profit of associates declined by 39.0% to Rs 305 million due to the subdued performance of both BFCOI and Société Générale Mozambique.
- The tax charge for the period increased by 55.9% to Rs 1,927 million reflecting higher profits and the impact of the recent changes in Mauritian tax laws.

The Group capitalisation level strengthened with shareholders' funds increasing by 14.6% to Rs 96 billion. The BIS and Tier 1 ratios as at December 2023 stood well above minimum regulatory requirements at 20.5% and 17.9% respectively.

## OUTLOOK

Latest observations indicate that the global economy has been more resilient than previously thought with inflation declining steadily and growth holding up. However, the pace of global growth remains slow while risks to supply chains and commodity prices continue to prevail in view of heightened geopolitical tensions. In this context, interest rates are likely to remain at current levels until the second half of 2024.

In the African region, although a gradual improvement in macroeconomic imbalances is foreseen, economic conditions remain challenging in several countries with persistently high cost of living and debt level. Locally, the economy should pursue its expansion, largely driven by the good performance in the tourism, financial services and the ICT sectors. The ongoing volatility on the international front will continue to warrant attention. The Group will consequently continue to closely monitor key developments in the operating environment while consolidating its core business fundamentals and diligently executing its planned international diversification strategy.

The pace of growth of the Group's net profits is expected to continue to slow down over the next few quarters as net interest margins stabilise in comparison to the corresponding periods of the prior financial year. Despite the above-referred prevailing global uncertainties, the Board remains cautiously confident in the achievement of its expectations regarding the operating performance of the Group for the full year, barring major unforeseen events.

By order of the Board

14 February 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](http://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.*