GROUP MANAGEMENT STATEMENT

MCB Group results for the financial year ended 30 June 2024

27th September 2024: MCB Group Limited today announced its audited financial results for the year ended June 2024.

HIGHLIGHTS

- Increase of 22.5% in net interest income;
- Growth of 5.4% in non-interest income;
- Rise of 19.7% in operating expenses;
- Impairment charge up by 1.1%; Gross NPL down to 3.1%;
- Drop of Rs 285 million in share of profit of associates;
- Year-on-year growth of 12.9% in gross loans and 18.3% in deposits.

PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	OPERATING INCOME
Rs 16.0 bn	**Rs 36.9 bn**
▲ **13.5%**	▲ **16.0%**
RETURN ON EQUITY	**TOTAL ASSETS**
16.6%	**Rs 937.2 bn**
▼ **23 bps**	▲ **12.9%**

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

"The successful implementation of our strategy enabled us to sustain a robust financial performance this year. Growth in income was supported by our continuously improved domestic offering and further expansion of our foreign-sourced activities, the latter in particular making a strong contribution to Group profits.

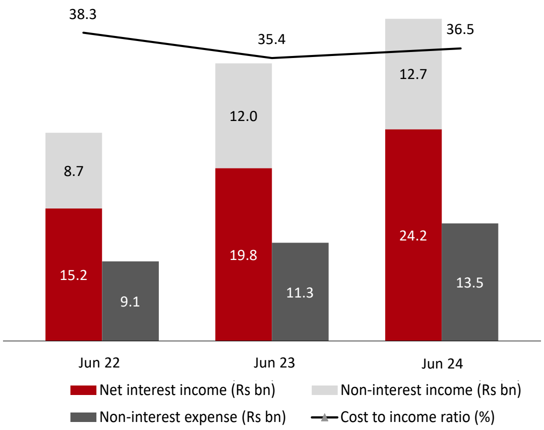
Our results also reflect the strength of our business model and risk management framework which led to improvements in asset quality, a reinforced capital position, and a healthy liquidity and funding profile. Our sound fundamentals allowed us to increase our dividend payout to Rs 23.00 for FY 2023/24, thereby delivering on our commitment to provide improving returns to our shareholders.

Our success however goes beyond just financial returns. Guided by our purpose, we remained committed to making a positive impact on our stakeholders. We have strived to support our clients in attaining their goals through tailored solutions and continued to invest in digital solutions to enhance customer experience. I am also pleased with our efforts in supporting local economies, promoting entrepreneurship and actively contributing to the green transition through our sustainability initiatives. I am profoundly grateful to our people for their contribution to our success and we are continuously seeking to promote a workplace where everyone can succeed and grow."

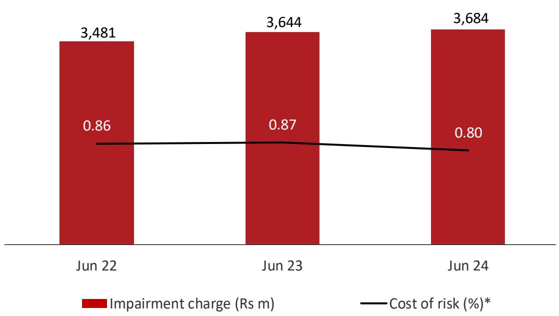
Financial Performance

- The Group delivered a strong performance for FY 2023/24 with profit attributable to ordinary shareholders increasing by 13.5% to Rs 16,045 million, with the share of MCB Ltd's foreign-sourced income standing at some 60% thereof.
- Operating income grew by 16.0% to Rs 36,893 million, driven by enhanced performance in the banking cluster amidst the high interest rate environment.
- 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 high USD interest rates. On the other hand, margins on Mauritian rupee denominated assets dropped slightly.
- Net fee and commission income rose by 11.3% primarily due to the higher revenues generated in trade finance and payments activities within the banking cluster.
- Net trading income went up by 14.9% as a result of higher profits from dealings in foreign currencies on the back of increased business activities. Other revenues declined due to lower net fair value gains on equity financial instruments as well as a one-off loss of Rs 241 million arising from the disposal of the Group's stake in Société Générale Moçambique S.A.

Income and expenditure evolution



Impairment charge



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

- Non-interest expenses increased by 19.7% explained by:
  - higher staff cost resulting from our investment in human capital and adjustments made to salaries and benefits during the year;
  - the increase in amortisation cost associated with the Group's continued investment in technology;
  - growth in 'other expenses' resulting from higher technology cost, the impact of inflation and rupee depreciation as well as higher operational risk losses.

  The Group's cost-to-income ratio stood at 36.5% for FY 2023/24 compared to 35.4% in FY 2022/23.

- Impairment charge increased by 1.1% to Rs 3,684 million, corresponding to a cost of risk of 80 basis points on gross loans and advances compared to 87 basis points one year earlier. Gross NPL stood at 3.1%.

- Share of profit of associates fell by 32.9% reflecting the lower profitability of Fincorp and BFCOI.

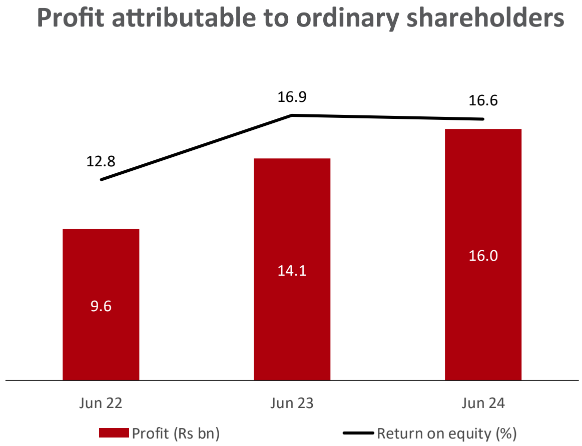
- The tax charge for the period increased by 19.8% in line with the growth in profit before tax.

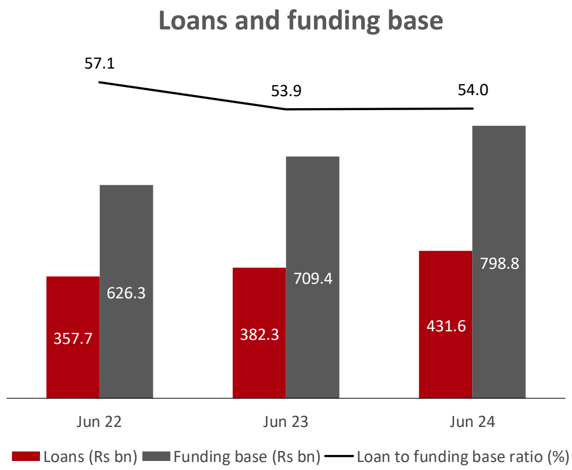
Balance Sheet

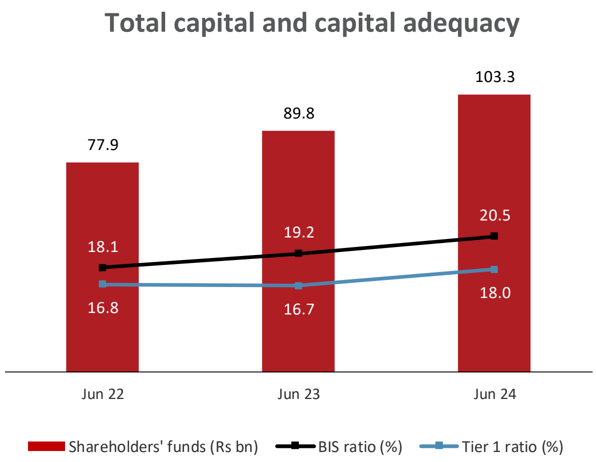
- Gross loans increased by 12.9% to Rs 431.6 billion, supported by a rise across most entities within the banking cluster, in particular from the cross-border loan portfolio of MCB Ltd linked to the growth of its 'Energy and Commodities' and 'Global and International Corporates' segments.

- Total deposits increased by 18.3% to Rs 706.9 billion in FY 2023/24, in line with ongoing efforts to mobilise foreign currency funding. Debt securities increased by 16.4% as a result of the issuance of floating rate notes of a notional amount of Rs 2.5 billion in August 2023. Despite an additional credit facility of USD 400 million through a sustainability-linked loan with a consortium of international banks in March 2024, ''other borrowed funds'' declined by 24.0% due to the repayment of some facilities.

- Shareholders' funds grew by 15.0% to Rs 103.3 billion resulting from the rise of Rs 10.8 billion in retained earnings, the conversion of preference shares and the issuance of scrip shares in lieu of cash dividends. As a result, the overall BIS ratio and Tier 1 ratio increased to 20.5% and 18.0% respectively.







Note: Capital adequacy ratios are based on Basel III

Outlook

Whilst interest rate cuts by major central banks amidst declining inflation are likely to support the global economy, growth therein is set to remain fragile in view of persisting geopolitical tensions. Across Africa, a gradual pickup is underway although the high public debt levels and foreign currency shortages continue to warrant attention, with the sovereign rating of some key economies being downgraded lately. In Mauritius, the economic momentum is being sustained by strong construction activity and the solid performance of tourism and financial services, amongst others. As we continue to navigate a continuously changing operating environment, the Group will remain focused on executing its strategy prudently and will continue to invest in its growth enablers. We therefore remain cautiously confident about the Group's ability to maintain a resilient financial performance for the forthcoming year, barring unforeseen events.

mcbgroup.com

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.