

Consolidated summary statement of financial position as at 31 March 2023

	Unaudited 31-Mar-23 Rs'M	Unaudited 31-Mar-22 Rs'M	Audited 30-Jun-22 Rs'M
ASSETS			
Cash and cash equivalents	132,324	80,953	73,294
Mandatory balances with Central Banks	35,429	26,687	27,896
Derivative financial instruments	1,042	1,554	477
Loans to and placements with banks	17,952	22,257	23,375
Loans and advances to customers	336,814	314,864	325,613
Investment securities	249,129	235,828	239,684
Investments in associates	13,301	12,809	12,356
Investment properties	5,149	4,907	4,799
Goodwill and other intangible assets	2,560	2,341	2,488
Property, plant and equipment	7,367	7,227	7,329
Deferred tax assets	2,431	1,919	2,181
Post employee benefit asset	637	1,218	-
Other assets	9,844	8,389	8,636
Total assets	813,979	720,953	728,128
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Deposits from banks	7,352	6,854	6,979
Deposits from customers	590,066	522,126	518,677
Derivative financial instruments	972	1,204	536
Other borrowed funds	92,365	87,445	94,995
Debt securities	1,841	4,007	3,848
Subordinated liabilities	8,028	1,777	1,793
Preference shares	2,300	3,396	3,396
Current tax liabilities	1,560	1,092	1,295
Deferred tax liabilities	437	358	386
Post employee benefit liability	-	-	460
Other liabilities	17,155	11,309	14,721
Total liabilities	722,076	639,568	647,086
Shareholders' equity			
Stated capital	4,907	3,110	3,109
Retained earnings	70,265	62,899	61,612
Other components of equity	13,510	12,286	13,191
Equity attributable to the equity holders of the parent	88,682	78,295	77,912
Non-controlling interests	3,221	3,090	3,130
Total equity	91,903	81,385	81,042
Total equity and liabilities	813,979	720,953	728,128
CONTINGENT LIABILITIES (NET)	125,402	157,061	126,118

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

	Unaudited Quarter to 31-Mar-23 Rs'M	Unaudited Quarter to 31-Mar-22 Rs'M	Unaudited 9 mths to 31-Mar-23 Rs'M	Unaudited 9 mths to 31-Mar-22 Rs'M	Audited Year to 30-Jun-22 Rs'M
Interest income using the effective interest method	9,401	4,432	23,308	13,396	18,455
Interest expense	(4,189)	(807)	(8,930)	(2,205)	(3,264)
Net interest income	5,212	3,625	14,378	11,191	15,191
Fee and commission income	2,403	2,085	7,237	6,255	8,584
Fee and commission expense	(801)	(642)	(2,274)	(1,844)	(2,514)
Net fee and commission income	1,602	1,443	4,963	4,411	6,070
Other income	1,631	889	3,714	2,384	2,584
Operating income	8,445	5,957	23,055	17,986	23,845
Non-interest expense	(2,813)	(2,331)	(8,203)	(6,863)	(9,132)
Operating profit before impairment	5,632	3,626	14,852	11,123	14,713
Net impairment of financial assets	(790)	(957)	(2,486)	(2,861)	(3,481)
Operating profit	4,842	2,669	12,366	8,262	11,232
Share of profit of associates	104	93	604	568	799
Profit before tax	4,946	2,762	12,970	8,830	12,031
Income tax expense	(811)	(442)	(2,047)	(1,437)	(2,070)
Profit for the period	4,135	2,320	10,923	7,393	9,961
Profit for the period attributable to:					
Ordinary equity holders of the parent	4,114	2,323	10,777	7,223	9,637
Preference shareholders	-	-	63	80	160
Non-controlling interests	21	(3)	83	90	164
	4,135	2,320	10,923	7,393	9,961
Earnings per share:					
Basic (Rs)	16.69	9.66	44.06	30.11	40.14
Diluted (Rs)	16.69	9.66	44.05	30.10	40.13
Basic weighted average number of shares (thousands)	246,456	240,509	244,603	239,896	240,064
Diluted weighted average number of shares (thousands)	246,499	240,581	244,646	239,968	240,119

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

Profit for the period	4,135	2,320	10,923	7,393	9,961
Other comprehensive income/(expense):					
Items that will not be reclassified to profit or loss	(195)	84	28	194	(1,360)
Items that may be reclassified subsequently to profit or loss	673	21	394	61	(34)
Other comprehensive income/(expense) for the period	478	105	422	255	(1,394)
Total comprehensive income for the period	4,613	2,425	11,345	7,648	8,567
Total comprehensive income attributable to:					
Ordinary equity holders of the parent	4,567	2,360	11,157	7,348	8,150
Preference shareholders	-	-	63	80	160
Non-controlling interests	46	65	125	220	257
	4,613	2,425	11,345	7,648	8,567

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

	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 2021	2,776	57,746	2,754	1,555	8,061	72,892	2,904	75,796
Profit for the period	-	7,303	-	-	-	7,303	90	7,393
Other comprehensive income/(expense) for the period	-	129	(75)	71	-	125	130	255
Total comprehensive income/(expense) for the period	-	7,432	(75)	71	-	7,428	220	7,648
Dividends to ordinary shareholders	-	(2,277)	-	-	-	(2,277)	(32)	(2,309)
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	86	-	-	-	-	86	-	86
Transactions with owners	334	(2,357)	-	-	-	(2,023)	(32)	(2,055)
Transfers/movements in reserves	-	78	(80)	-	-	(2)	(2)	(4)
At 31 March 2022	3,110	62,899	2,599	1,626	8,061	78,295	3,090	81,385
At 1 July 2021	2,776	57,746	2,754	1,555	8,061	72,892	2,904	75,796
Profit for the year	-	9,797	-	-	-	9,797	164	9,961
Other comprehensive (expense)/income for the year	-	(1,506)	24	(5)	-	(1,487)	93	(1,394)
Total comprehensive income/(expense) for the year	-	8,291	24	(5)	-	8,310	257	8,567
Dividends to ordinary shareholders	-	(3,462)	-	-	-	(3,462)	(32)	(3,494)
Dividends to preference shareholders	-	(160)	-	-	-	(160)	-	(160)
Shares issued under the Scrip Dividend Scheme	247	-	-	-	-	247	-	247
Issue of shares following the exercise of Group Employee Share Options Scheme	86	-	-	-	-	86	-	86
Transactions with owners	333	(3,622)	-	-	-	(3,289)	(32)	(3,321)
Transfers/movements in reserves	-	(803)	(94)	-	896	(1)	1	-
At 30 June 2022	3,109	61,612	2,684	1,550	8,957	77,912	3,130	81,042
Profit for the period	-	10,840	-	-	-	10,840	83	10,923
Other comprehensive income/(expense) for the period	-	55	(126)	451	-	380	42	422
Total comprehensive income/(expense) for the period	-	10,895	(126)	451	-	11,220	125	11,345
Dividends to ordinary shareholders	-	(2,184)	-	-	-	(2,184)	(34)	(2,218)
Dividends to preference shareholders	-	(63)	-	-	-	(63)	-	(63)
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
Issue of shares following the conversion of preference shares	1,096	-	-	-	-	1,096	-	1,096
Transactions with owners	1,798	(2,247)	-	-	-	(449)	(34)	(483)
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

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

	Unaudited 9 mths to 31-Mar-23 Rs'M	Unaudited 9 mths to 31-Mar-22 Rs'M	Audited Year to 30-Jun-22 Rs'M
Operating activities			
Net cash flows from trading activities	8,935	16,089	31,772
Net cash flows from other operating activities	51,985	(38,195)	(63,231)
Dividends received from associates	90	73	457
Dividends paid to ordinary shareholders	(2,735)	(3,765)	(3,765)
Dividends paid to preference shareholders	(63)	(80)	(160)
Dividends paid to non-controlling interests in subsidiaries	(34)	(32)	(32)
Income tax paid	(1,970)	(1,818)	(2,247)
Net cash flows from operating activities	56,208	(27,728)	(37,206)
Net cash flows from investing activities	(1,316)	(1,414)	(1,650)
Net cash flows from financing activities	6,211	201	(211)
Increase/(Decrease) in cash and cash equivalents	61,103	(28,941)	(39,067)
Net cash and cash equivalents brought forward	70,774	108,768	108,768
Effect of foreign exchange rate changes	264	549	1,073
Net cash and cash equivalents carried forward	132,141	80,376	70,774

COMMENTS ON RESULTS

The Group delivered a strong financial performance for the nine months ended 31 March 2023 with 'Group profits attributable to ordinary shareholders' growing by 49.2% to Rs 10,777 million, on the back of the continued robust contribution of our international activities, with the share of foreign-sourced income, now standing at some 66% of Group profits.

Operating income increased by 28.2% to Rs 23,055 million with an improved performance across business segments, in line with our diversification strategy. Net interest income recorded a solid growth of 28.5% driven by the increase in interest rates and the resulting improved margins on our interest-earning assets in foreign currency, as well as an expansion in our foreign loan book and investment securities portfolio. Conversely, interest margins on the MUR investment securities dropped following the successive increases in the cost of our deposits during the period. Net fee and commission income grew by 12.5% to Rs 4,963 million, supported by the continued growth in regional trade financing and payment activities in the banking cluster. 'Other income' went up by 55.8% mainly due to higher profits arising from dealing in foreign currencies and fair value gains on equity financial instruments.

The Group continued to invest significantly in human capital and technology, which, coupled with the impact of higher inflation, led to an increase in operating expenses of 19.5% to Rs 8,203 million. However, given the strong growth in income, the cost-to-income ratio dropped to 35.6% compared to 38.2% for the corresponding period last year. Impairment charges fell by 13.1% to Rs 2,486 million, representing an annualised cost of risk of 78 basis points on gross loans and advances. Gross NPL ratio remained relatively stable at 3.6%.

The share of profit of associates rose by Rs 36 million due to improved results at the level of BFCOI and Société Générale Moçambique.

The Group continues to be well capitalised backed by its robust performance and the recent issuance of a Basel III compliant Tier 2 capital instrument of USD 147 million, with its capital adequacy ratio standing at 20.0%, of which 17.4% in the form of Tier 1. Additionally, the Group has maintained a healthy level of liquidity positions, with a total loans to deposits ratio of 62.2% and a total loans to funding base ratio of 53.1%, when including borrowings. At Bank level, the US dollar Liquidity Coverage Ratio remained well above the regulatory norm.

OUTLOOK

The growth momentum on the global scene has been disrupted by the impact of persistently high inflation rates, as well as the recent turmoil in the banking sector, arising from the aggressive monetary policy stance implemented by central banks worldwide. Thus, whilst continuing its recovery, the Mauritian economy will still be subject to a highly uncertain external context. The latter is also exacerbating inherent challenges in key regional economies, although prospects for the medium-term remain promising. Against this backdrop, the Group will closely monitor developments in its operating environment and will pursue its international diversification strategy in a prudent manner by capitalising on inroads made in niche segments. We remain focused on reinforcing our growth enablers and, in this respect, the Bank recently closed its first USD 300 million senior unsecured notes issuance under its USD 3 billion Global Medium-Term Note Programme listed on the International Securities Market of the London Stock Exchange.

By order of the Board

12 May 2023

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 2022.

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.