

Consolidated summary statement of financial position as at 30 September 2022

	<b>Unaudited 30-Sep-22 Rs'M</b>	Unaudited 30-Sep-21 Rs'M	Audited 30-Jun-22 Rs'M
<b>ASSETS</b>			
Cash and cash equivalents	65,722	66,250	73,294
Mandatory balances with Central Banks	28,274	25,465	27,896
Derivative financial instruments	737	430	477
Loans to and placements with banks	22,013	41,757	23,375
Loans and advances to customers	316,904	277,956	325,613
Investment securities	265,959	220,783	239,684
Investments in associates	12,222	12,308	12,356
Investment properties	4,470	4,901	4,799
Goodwill and other intangible assets	2,465	2,210	2,488
Property, plant and equipment	7,261	7,268	7,329
Deferred tax assets	2,320	1,643	2,181
Post employee benefit asset	-	1,218	-
Other assets	6,991	8,279	8,636
<b>Total assets</b>	<b>735,338</b>	<b>670,468</b>	<b>728,128</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
Deposits from banks	6,052	15,875	6,979
Deposits from customers	520,048	484,230	518,677
Derivative financial instruments	603	581	536
Other borrowed funds	100,234	68,408	94,995
Debt securities	3,849	4,007	3,848
Subordinated liabilities	1,651	1,879	1,793
Preference shares	2,689	3,396	3,396
Current tax liabilities	1,929	1,655	1,295
Deferred tax liabilities	364	336	386
Post employee benefit liability	460	-	460
Other liabilities	15,556	14,288	14,721
<b>Total liabilities</b>	<b>653,435</b>	<b>594,655</b>	<b>647,086</b>
<b>Shareholders' equity</b>			
Stated capital	4,054	2,776	3,109
Retained earnings	62,129	57,450	61,612
Other components of equity	12,573	12,642	13,191
<b>Equity attributable to the equity holders of the parent</b>	<b>78,756</b>	<b>72,868</b>	<b>77,912</b>
Non-controlling interests	3,147	2,945	3,130
<b>Total equity</b>	<b>81,903</b>	<b>75,813</b>	<b>81,042</b>
<b>Total equity and liabilities</b>	<b>735,338</b>	<b>670,468</b>	<b>728,128</b>
<b>CONTINGENT LIABILITIES (NET)</b>	<b>135,702</b>	<b>143,450</b>	<b>126,118</b>

Consolidated summary statement of profit or loss for the period ended 30 September 2022

	<b>Unaudited 3 mths to 30-Sep-22 Rs'M</b>	Unaudited 3 mths to 30-Sep-21 Rs'M	Audited Year to 30-Jun-22 Rs'M
Interest income using the effective interest method	<b>6,008</b>	4,498	18,455
Interest expense	<b>(1,673)</b>	(666)	(3,264)
<b>Net interest income</b>	<b>4,335</b>	3,832	15,191
Fee and commission income	<b>2,248</b>	1,843	8,584
Fee and commission expense	<b>(689)</b>	(511)	(2,514)
<b>Net fee and commission income</b>	<b>1,559</b>	1,332	6,070
Other income	<b>579</b>	503	2,584
<b>Operating income</b>	<b>6,473</b>	5,667	23,845
Non-interest expense	<b>(2,583)</b>	(2,249)	(9,132)
<b>Operating profit before impairment</b>	<b>3,890</b>	3,418	14,713
Net impairment of financial assets	<b>(713)</b>	(826)	(3,481)
<b>Operating profit</b>	<b>3,177</b>	2,592	11,232
Share of profit of associates	<b>217</b>	187	799
<b>Profit before tax</b>	<b>3,394</b>	2,779	12,031
Income tax expense	<b>(587)</b>	(515)	(2,070)
<b>Profit for the period</b>	<b>2,807</b>	2,264	9,961
<b>Profit for the period attributable to:</b>			
Ordinary equity holders of the parent	<b>2,762</b>	2,240	9,637
Preference shareholders	-	-	160
Non-controlling interests	<b>45</b>	24	164
	<b>2,807</b>	2,264	9,961
<b>Earnings per share:</b>			
Basic (Rs)	<b>11.35</b>	9.35	40.14
Diluted (Rs)	<b>11.34</b>	9.34	40.13
Basic weighted average number of shares (thousands)	<b>243,405</b>	239,493	240,064
Diluted weighted average number of shares (thousands)	<b>243,473</b>	239,737	240,119

Consolidated summary statement of comprehensive income for the period ended 30 September 2022

<b>Profit for the period</b>	<b>2,807</b>	2,264	9,961
<b>Other comprehensive (expense)/income:</b>			
Items that will not be reclassified to profit or loss	<b>(80)</b>	(66)	(1,360)
Items that may be reclassified subsequently to profit or loss	<b>(556)</b>	120	(34)
<b>Other comprehensive (expense)/income for the period</b>	<b>(636)</b>	54	(1,394)
<b>Total comprehensive income for the period</b>	<b>2,171</b>	2,318	8,567
<b>Total comprehensive income attributable to:</b>			
Ordinary equity holders of the parent	<b>2,145</b>	2,251	8,150
Preference shareholders	-	-	160
Non-controlling interests	<b>26</b>	67	257
	<b>2,171</b>	2,318	8,567

## Consolidated summary statement of changes in equity for the period ended 30 September 2022

	Attributable to equity holders of the parent						Non-Controlling Interests Rs'M	Total Equity Rs'M
	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 1 July 2021</b>	<b>2,776</b>	<b>57,746</b>	<b>2,754</b>	<b>1,555</b>	<b>8,061</b>	<b>72,892</b>	<b>2,904</b>	<b>75,796</b>
Profit for the period	-	2,240	-	-	-	2,240	24	2,264
Other comprehensive income/(expense) for the period	-	58	(76)	29	-	11	43	54
Total comprehensive income/(expense) for the period	-	2,298	(76)	29	-	2,251	67	2,318
Dividends to ordinary shareholders	-	(2,275)	-	-	-	(2,275)	(26)	(2,301)
Transactions with owners	-	(2,275)	-	-	-	(2,275)	(26)	(2,301)
Transfers/movements in reserves	-	(319)	-	-	319	-	-	-
<b>At 30 September 2021</b>	<b>2,776</b>	<b>57,450</b>	<b>2,678</b>	<b>1,584</b>	<b>8,380</b>	<b>72,868</b>	<b>2,945</b>	<b>75,813</b>
<b>At 1 July 2021</b>	<b>2,776</b>	<b>57,746</b>	<b>2,754</b>	<b>1,555</b>	<b>8,061</b>	<b>72,892</b>	<b>2,904</b>	<b>75,796</b>
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	-
<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	-	2,762	-	-	-	2,762	45	2,807
Other comprehensive expense for the period	-	-	(106)	(511)	-	(617)	(19)	(636)
Total comprehensive income/(expense) for the period	-	2,762	(106)	(511)	-	2,145	26	2,171
Dividends to ordinary shareholders	-	(2,183)	-	-	-	(2,183)	(8)	(2,191)
Dividends to preference shareholders	-	(63)	-	-	-	(63)	-	(63)
Shares issued under the Scrip Dividend Scheme	234	-	-	-	-	234	-	234
Issue of shares following conversion of preference shares into ordinary shares	707	-	-	-	-	707	-	707
Issue of shares following the exercise of Group Employee Share Options Scheme	4	-	-	-	-	4	-	4
Transactions with owners	945	(2,246)	-	-	-	(1,301)	(8)	(1,309)
Transfers/movements in reserves	-	1	(1)	-	-	-	(1)	(1)
<b>At 30 September 2022</b>	<b>4,054</b>	<b>62,129</b>	<b>2,577</b>	<b>1,039</b>	<b>8,957</b>	<b>78,756</b>	<b>3,147</b>	<b>81,903</b>

## Consolidated summary statement of cash flows for the period ended 30 September 2022

	<b>Unaudited 3 mths to 30-Sep-22 Rs'M</b>	Unaudited 3 mths to 30-Sep-21 Rs'M	Audited Year to 30-Jun-22 Rs'M
<b>Operating activities</b>			
<b>Net cash flows from trading activities</b>	<b>(7,084)</b>	13,373	31,772
<b>Net cash flows from other operating activities</b>	<b>1,089</b>	(55,174)	(63,231)
Dividends received from associates	18	18	457
Dividends paid to ordinary shareholders	(1,185)	(1,736)	(3,765)
Dividends paid to preference shareholders	-	-	(160)
Dividends paid to non-controlling interests in subsidiaries	(8)	(26)	(32)
Income tax paid	(112)	(84)	(2,247)
<b>Net cash flows from operating activities</b>	<b>(7,282)</b>	(43,629)	(37,206)
<b>Net cash flows from investing activities</b>	<b>(343)</b>	(580)	(1,650)
<b>Net cash flows from financing activities</b>	<b>(191)</b>	237	(211)
<b>Decrease in cash and cash equivalents</b>	<b>(7,816)</b>	(43,972)	(39,067)
Net cash and cash equivalents brought forward	70,774	108,768	108,768
Effect of foreign exchange rate changes	(129)	518	1,073
<b>Net cash and cash equivalents carried forward</b>	<b>62,829</b>	65,314	70,774

## COMMENTS ON RESULTS

Profit attributable to ordinary shareholders increased by 23.3% for the quarter ended September 2022 to Rs 2,762 million, reflecting a continuing improvement in core earnings within the banking cluster.

Operating income grew by 14.2% to Rs 6,473 million. Net interest income rose by 13.1%, reflecting the expansion in our foreign currency loan book and investment securities portfolio as well as rising interest rates globally contributing to improved yields on our interest-bearing assets. A drop in margins has been recorded on our investment securities locally in the wake of interest rate hikes by the Central Bank, giving rise to an increase in the cost of our deposits while yields on our investment securities take longer to be repriced. Net fee and commission income grew by 17.0% to Rs 1,559 million, supported by higher revenues across banking subsidiaries, with a strong performance recorded in payment activities and regional trade financing. In spite of fair value losses on equity investments due to market volatility, 'other income' went up by 15.1% mainly due to enhanced performance by MCB Real Assets and increased profit arising from dealing in foreign currencies.

Operating expenses increased by 14.9% as a result of continued investment in human capital and technological capabilities, as well as the impact of higher inflation. The cost to income ratio edged up to 39.9% compared to 39.7% for the corresponding period last year. Impairment charges fell by Rs 113 million to Rs 713 million, representing an annualised cost of risk of 67 basis points of gross loans and advances, compared to 86 basis points in June 2022. Gross NPL ratio remained relatively stable at 3.6%.

The share of profit of associates rose by Rs 30 million due to improved results by Promotion and Development Ltd and Société Générale Moçambique.

The Group continues to be well capitalised with a capital adequacy ratio of 18.1%, of which 16.8% in the form of Tier 1 and keeps displaying healthy liquidity positions, with a total loans to deposits ratio of 66.4% and a total loans to funding base ratio of 55.3%, when including borrowings. At Bank level, the US dollar Liquidity Coverage Ratio remained well above the regulatory norm.

### Outlook

Whilst economic activity across presence countries gained further traction mainly on the back of the rebound in tourism, the operating environment is likely to be challenging in the period ahead. The impact of the war in Ukraine and aggressive monetary policy tightening amidst the persistently high inflationary environment are expected to contribute to a broad-based and significant slowdown in the world economy, with the IMF having further downgraded growth prospects in 2023. As we continue to assess the implications of this difficult context for our operations, we remain focused on pursuing the implementation of our strategic pillars alongside gearing up our enablers for growth.

By order of the Board

14 November 2022

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 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](http://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.*