GROUP MANAGEMENT STATEMENT

MCB Group results for the first quarter ended 30 September 2024

13th November 2024: MCB Group Limited today announced its unaudited results for the first quarter of FY 2024/25.

HIGHLIGHTS

- Net interest income up by 21.1%;
- Increase of 32.3% in non-interest income;
- Rise of 14.5% in operating expenses;
- Impairment charge up by 17.7%; Gross NPL ratio stable at 3.1%;
- Share of profit of associates declined by 5.7%;
- Year-on-year growth of 3.1% in gross loans and advances and 14.3% in deposits

PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	OPERATING INCOME
Rs 4.8 bn	**Rs 10.4 bn**
▲ 35.2%	**▲ 24.8%**
RETURN ON EQUITY	**TOTAL ASSETS**
18.3%	**Rs 932.6 bn**
▲ 261 bps	**▲ 11.3%**

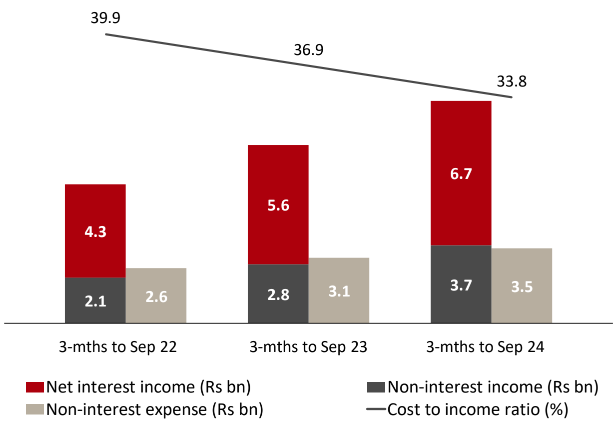
Commenting on the results, Jean Michel NG TSEUNG (Group Chief Executive - MCB Group Ltd) said:

"We started the financial year with a robust performance in the first quarter of the financial year 2024/25, with profit attributable to ordinary shareholders increasing by 35.2% to Rs 4,811 million, in line with improved performance within the banking and non-banking financial clusters. This has led to a rise in our return on equity to 18.3%. The Group continues to maintain a robust risk profile with stable asset quality and a strong capital position as evidenced by a Tier 1 ratio of 18.8%. We are well positioned to navigate the dynamic operating context and remain committed to pursuing our strategic priorities with the aim to support our customers and deliver sustainable returns to our shareholders."

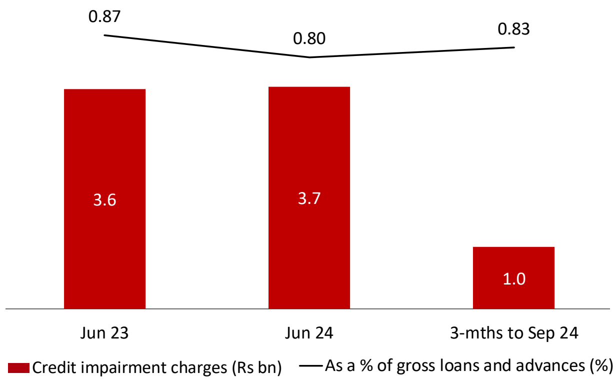
Financial Performance

- Operating income grew by 24.8% driven by a broad-based improvement in core earnings, reflecting the continued expansion of foreign banking operations in particular as well as the enhanced contribution from the non-banking financial cluster.
- Net interest income rose by 21.1% as a result of a year-on-year increase in the average interest-earning assets, driven by the continued growth in the international loan book and investment securities portfolio. This performance was also supported by an improvement in margins on the overall loan book and rupee-denominated investment securities portfolio.
- Net fee and commission income was up by 11.2% reflecting the growth in trade finance and payment activities as well as higher contribution from MCB Capital Markets.
- Other income grew by 68.5% due to an increase in profits from foreign currency dealings and fair value gains on equity financial instruments as compared to a loss on these instruments recorded one year earlier.
- Non-interest expense increased by 14.5% as a result of higher staff cost related to an increase in headcount and provisions made for the introduction of the Deposit Insurance Scheme in Mauritius. The cost-to-income ratio for the quarter to September 2024 worked out at 33.8% compared to 36.9% in the corresponding period last year.

Income and expenditure evolution



Impairment charge



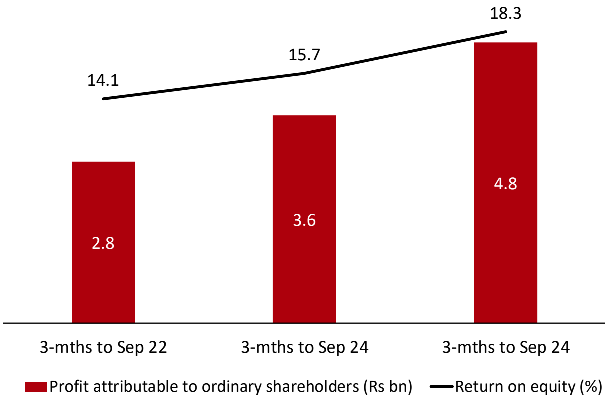
**Relates to loans & advances (including corporate notes and bonds)*
Note: Impairment charge for Sep 24 relates to the three months ended Sep 24 and the ratio has been annualised.

- Impairment charge increased by 17.7% resulting mainly from lower recoveries made during the quarter when compared to the same period last year. This resulted in an annualised cost of risk of 83 basis points.
- The share of profit of associates declined by 5.7% to Rs 148 million with the improved contribution from BFCOI being offset by a dampened performance at the level of Promotion and Development Group.
- The tax charge for the period increased by 21.7% in line with the growth in profits and the introduction of the Corporate Climate Responsibility Levy in Mauritius.
- Profit attributable to ordinary shareholders increased by 35.2% to Rs 4,811 million compared to the corresponding period last year, with the contribution from foreign-sourced activities of MCB Ltd standing at 56%.

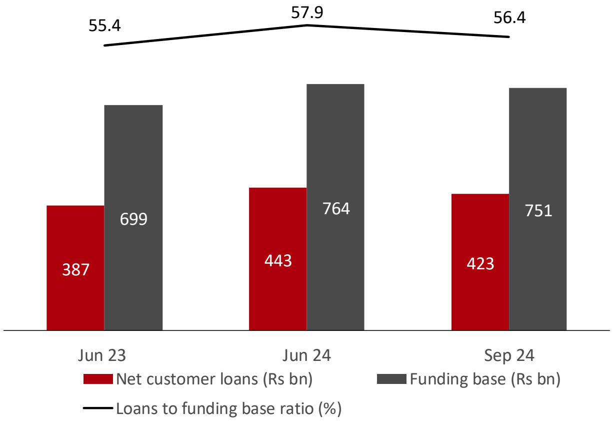
Balance Sheet

- Gross loans and advances increased to Rs 454 billion as at September 2024, representing a year-on-year growth of 3.1%. This performance was supported by a broad-based expansion across the banking cluster, with the foreign currency loan book in particular maintaining its growth momentum. As regards asset quality, the gross NPL ratio stood at 3.1%.
- Total deposits increased by 14.3% on a year-on-year basis to Rs 697 billion as at 30 September 2024, reflecting a rise in both rupee and foreign currency deposits, in line with the efforts to mobilise foreign currency funding. 'Other borrowed funds' declined by 17.5% to Rs 65 billion following the repayment of some facilities as part of the Group's asset and liabilities management. As a result, the Group's customer loan-to-deposit and loan-to-funding base ratios stood at 64.1% and 56.4% respectively.
- Shareholder's funds grew by 16.1% to Rs 106 billion resulting from the increase in retained earnings and the issuance of scrip shares issued under the Group's scrip dividend scheme. Overall, the BIS and Tier 1 ratios stood at 21.2% and 18.8%, well above regulatory limits.

Profit attributable to ordinary shareholders

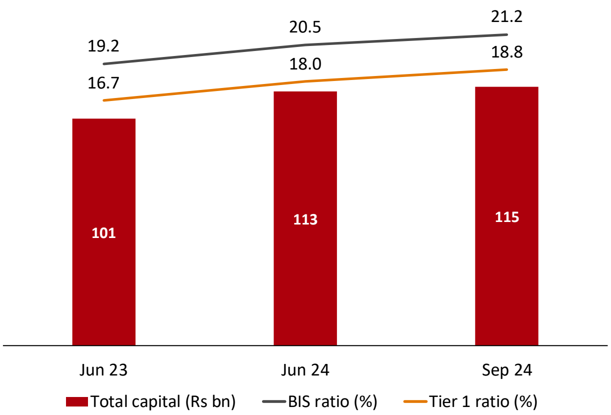


Loans and funding base



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

Total capital and capital adequacy



Note: Capital adequacy ratios are based on Basel III

Outlook

Global growth has been resilient in the face of multiple economic challenges, regional conflicts, geopolitical tensions and extreme weather events, with projections suggesting it will remain steady. The recent decline in inflation has allowed central banks to pursue monetary policy easing. However, the outlook remains clouded by downside risks in view of escalating regional conflicts, especially in the Middle East, and the impact they could have on global trade. Whilst growth in Africa is expected to be supported by ongoing reforms, some volatility is expected to persist due to complex macroeconomic challenges. The Group will continue to execute its strategic initiatives with prudence, aiming to sustain its business growth while supporting its customers and delivering sustainable returns to its shareholders. We also anticipate a deceleration in the growth of our results over the forthcoming quarters as interest margins from our international activities start to decline, in line with the anticipated continuing drop in interest rates across international markets.

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