GROUP MANAGEMENT STATEMENT

MCB Group results for the nine months ended 31 March 2024

14th May 2024: MCB Group Limited today announced its unaudited results for the nine months ended March 2024.

HIGHLIGHTS

- Increase of 24.9% in net interest income;
- Growth of 14.0% in non-interest income;
- Rise of 21.4% in operating expenses;
- Impairment charges up by 10.3%; Gross NPL down to 3.2%;
- Drop of Rs 205 million in share of profit of associates;
- Year-on-year growth of 3.9% in gross loans and 11.8% in deposits.

PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	OPERATING INCOME
Rs 12.4 bn	**Rs 27.8 bn**
▲ **14.6%**	▲ **20.8%**

RETURN ON EQUITY	TOTAL ASSETS
17.2%	**Rs 894.8 bn**
▼ **3 bps**	▲ **9.9%**

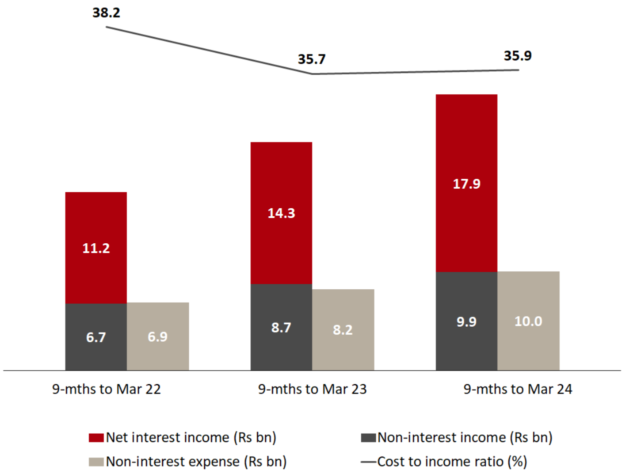
Commenting on the results, Jean Michel NG TSEUNG (Group Chief Executive - MCB Group Ltd) said:

"The Group delivered a strong set of results for the nine months ended March 2024 with profit attributable to ordinary shareholders increasing by 14.6% to Rs 12.4 billion. Alongside benefitting from the high global interest rate environment, core earnings were further boosted by sustained growth in business activities within the banking cluster. We upheld a robust risk profile with a stable cost of risk and NPL ratio while maintaining a strong capital position as evidenced by a Tier 1 ratio of 18.6%. The Group's solid fundamentals and performance continue to allow us to provide sustainable returns to our shareholders. Indeed, we are pleased to declare an interim dividend of Rs 9.50 per share in 2024 (Rs 8.50 in 2023).''

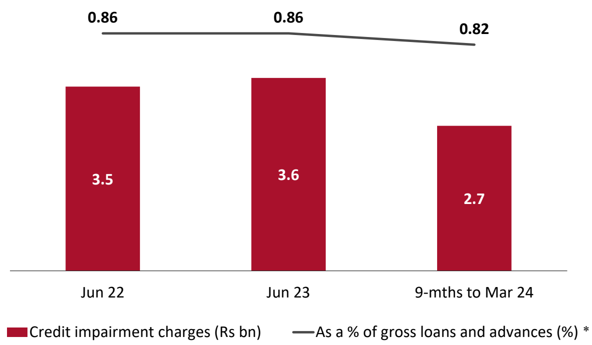
Financial Performance

- Operating income grew by 20.8% to Rs 27,769 million, on the back of a resilient domestic performance and an enhanced contribution from international activities within the banking cluster.
- Net interest income increased by 24.9% as a result of a broad-based expansion of the Group's interest-earning assets, both in rupee and foreign currency, and improved margins. While our international operations continued to be positively impacted by high interest rates, interest margins locally also improved amidst higher yields on rupee-denominated investment securities.
- Net fees and commission income rose by 10.7% on account of higher revenues from trade financing, payments and wealth management services.
- Other income was up by 17.9% driven by enhanced profits from dealing in foreign currencies and fair value gains on equity financial instruments.
- The continued investment in human capital and technology and the provisions made in respect of the planned introduction of the Deposit Insurance Scheme in Mauritius contributed to a 21.4% increase in non-interest expenses. The Group's cost-to-income ratio stood at 35.9% for the nine months ended March 2024 compared to 35.7% in the corresponding period last year.
- Impairment charges increased by 10.3% to Rs 2,741 million, resulting in an annualised cost of risk of 82 basis points.
- The share of profit of associates dropped by Rs 205 million due to the subdued performance of BFCOI and Société Générale Moçambique in particular.

Income and expenditure evolution



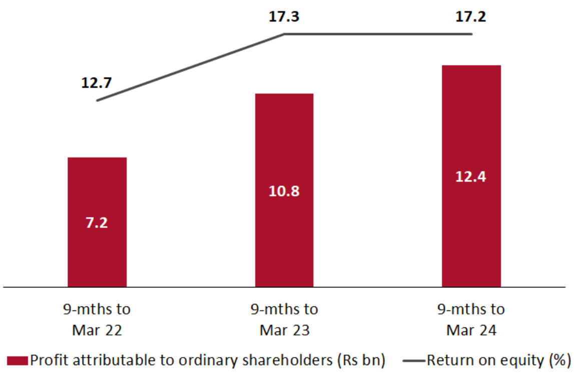
Credit impairment charges and credit quality



**Relate to loans & advances (including corporate notes)*
Note: Impairment charges for Mar 24 relate to the nine months ended Mar 24 while the ratio has been annualised

- Of note, the Group exercised its tag along right to dispose of its 35% stake in Société Générale Moçambique S.A. alongside Société Générale S.A. to Vista Group Holdings S.A. and signed a Share Purchase Agreement on 10th of May 2024 to this effect. The latter is subject to the fulfilment of a number of conditions precedent.
- The tax charge for the period increased by 48.9% on a year-on-year basis due to higher profits and the recent changes in the Mauritian tax laws.
- Profit attributable to ordinary shareholders for the nine months ended March 2024 went up by 14.6% to Rs 12,351 million, with the share of MCB Ltd's foreign-sourced income standing at some 68% thereof.

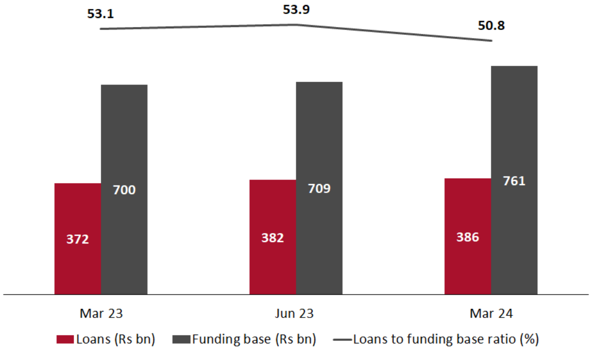
Profit attributable to ordinary shareholders



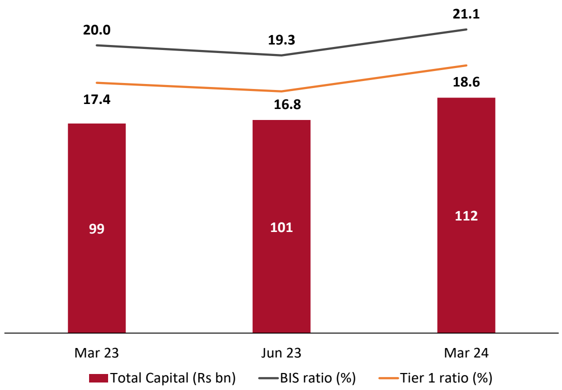
Balance Sheet

- The Group's gross loans grew by 3.9% to Rs 386.4 billion as at March 2024, mainly linked to the expansion of our international loan book. When including corporate notes, loans and advances grew by 6.0% over the period under review. As regards asset quality, the Group's gross NPL ratio stood at 3.2% as at March 2024.
- Deposits increased by 11.8% to Rs 667.9 billion reflecting an increase in both rupee deposits and foreign currency deposits, supported by the ongoing efforts to mobilise foreign currency funding. Debt securities increased to Rs 18.8 billion as a result of the issuance of MCB Ltd's Senior Unsecured Notes of a notional amount of USD 300 million and the issuance of the Group's Unsecured Floating Rate Notes for a notional amount of Rs 2.5 billion. Despite an additional credit facility of USD 400 million through a sustainability-linked loan in March 2024, "Other borrowed funds" declined by 26.7% to Rs 67.7 billion following the repayment of some other facilities.
- Shareholders' funds grew by 14.4% on year-on-year basis to Rs 101.5 billion due to the rise in retained earnings, the issuance of new ordinary shares under the Group's scrip dividend scheme and the conversion of preference shares. Overall, the BIS and Tier 1 ratios stood at 21.1% and 18.6% respectively, well above regulatory limits.

Loans and funding base



Total capital and capital adequacy



Note: Capital adequacy ratios are based on Basel III

Outlook

The global economy has continued to be resilient amidst the ongoing difficult challenges. Despite a slow decline in inflation, it still exceeds targets in many countries in a context of heightened geopolitical tensions, which are impacting commodity prices. Consequently, interest rates are likely to remain high for longer than previously anticipated.

In Africa, conditions are improving gradually but several economies face multiple challenges, including currency pressures and a heavy debt burden. In Mauritius, the economy is set to pursue its expansion in 2024, supported by a robust performance in the tourism, financial services and construction sectors. Despite the unsteady global environment, the Group's financial performance is expected to maintain its current robust trend for the balance of the current financial year.

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