

MCB GROUP LIMITED

Unaudited Interim Consolidated Summary Financial Statements - 30 September 2021

HIGHLIGHTS

- · Rise of 6.9% in net interest income
- Growth of 24.8% in net fee and commission income
- · Decline of 37.3% in 'Other income'
- Operating expenses up by 13.5%
- Impairment charges declined by Rs 403 million; Drop in gross NPL ratio to 3.4%
- Share of profit of associates up by Rs 90 million
- Y-o-y growth of 25.8% in deposits and of 21.3% in gross loans



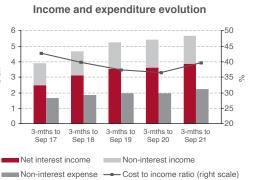
Rs 5.7 bn **4.3%**

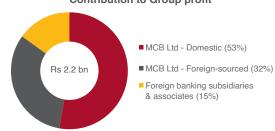
OPERATING

INCOME

IMPAIRMENT CHARGES (INCL. ECL) Rs 0.8 bn **32.8%**

Contribution to Group profit





Note: A negative contribution was recorded from the 'Non-banking financial

Consolidated summary statement of financial position as at 30 September 2021

	30-Sep-21	30-Sep-20	30-Jun-21
	Rs'M	Rs'M	Rs'M
ASSETS			
Cash and cash equivalents	66,250	57,325	108,706
Mandatory balances with Central Banks	25,465	22,106	25,30
Derivative financial instruments	430	1,530	1,08
Loans to and placements with banks	41,757	36,551	39,57
Loans and advances to customers	277,956	239,268	273,39
Investment securities	220,783	162,182	198,53
Investments in associates	12,308	10,999	12,52
Investment properties	4,901	4,626	5,03
Goodwill and other intangible assets	2,210	1,722	2,08
Property, plant and equipment	7,268	6,834	7,19
Deferred tax assets	1,643	1,297	1,51
Post employee benefit asset	1,218	-	1,21
Other assets	8,279	3,482	6,95
Total assets	670,468	547,922	683,13
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Deposits from banks	15,875	6,279	18,06
Deposits from customers	484,230	391,322	485,90
Derivative financial instruments	581	1,363	1,45
Other borrowed funds	68,408	58,616	77,13
Debt securities	4,007	2,010	4,00
Subordinated liabilities	1,879	2,007	1,98
Preference shares	3,396	3,396	3,39
Current tax liabilities	1,655	1,708	1,09

336

14,288

2,776

57,450

12,642

72.868

2.945

75.813

670,468

594.655

344

1,170

12,541

480.756

2,719

52,385

9,548

64.652

2.514

67.166

85,194

347

13,944

2,776

57,746

12,370

72.892

75.796

683,133

133,837

2.904

607.337

Consolidated summary statement of profit or loss for the period ended 30 September 2021

	3 mths to 30-Sep-21	3 mths to 30-Sep-20	Year to 30-Jun-21
	Rs'M	Rs'M	Rs'M
Interest income	4,489	4,300	17,477
Interest expense	(621)	(681)	(2,617)
Net interest income	3,868	3,619	14,860
Fee and commission income	1,843	1,361	5,828
Fee and commission expense	(511)	(294)	(1,368)
Net fee and commission income	1,332	1,067	4,460
Other income	467	745	3,084
Operating income	5,667	5,431	22,404
Non-interest expense	(2,249)	(1,982)	(8,271)
Operating profit before impairment	3,418	3,449	14,133
Net impairment of financial assets	(826)	(1,229)	(4,766)
Operating profit	2,592	2,220	9,367
Share of profit of associates	187	97	372
Profit before tax	2,779	2,317	9,739
Income tax expense	(515)	(386)	(1,500)
Profit for the period	2,264	1,931	8,239
Profit for the period attributable to:			
Ordinary equity holders of the parent	2,240	1,925	8,019
Preference shareholders	-	-	160
Non-controlling interests	24	6	60
	2,264	1,931	8,239

Profit for the period 2.264 1 931 8.239 Other comprehensive income Items that will not be reclassified to 3,086 profit or loss Items that may be reclassified subsequently to profit or loss 120 1,272 Other comprehensive income for 4.358 Total comprehensive income for the period 2,318 12,597 2,072 Total comprehensive income attributable to: Ordinary equity holders of the parent 2,251 12,033 160 Preference shareholders Non-controlling interests 12,597 2,318 2,072 Earnings per share 9.35 Basic (Rs) 33.51

9.34

239,493

239.737

8.05

239,252

239.252

33.48

239,330

239.518

COMMENTS ON RESULTS

Equity attributable to the equity holders of the parent

Deferred tax liabilities

Shareholders' equity

Other liabilities

Total liabilities

Stated capital

Total equity

Retained earnings

Post employee benefit liability

Other components of equity

Non-controlling interests

Total equity and liabilities

CONTINGENT LIABILITIES

Profit attributable to ordinary shareholders increased by 16.4% for the quarter ended September 2021 to Rs 2,240 million, due to an improvement in core earnings and the decrease in net impairment charges recorded in the banking cluster.

Operating income grew by 4.3% to Rs 5,667 million. Net interest income increased by 6.9% to Rs 3,868 million resulting from an expansion in the loan portfolio, notably linked to the international activities of MCB Ltd, despite a contraction in margins. Lower yields were also recorded in the deployment of our excess liquidity domestically, leading to a drop in revenues from Government securities. Net fee and commission income grew by 24.8% to Rs 1,332 million, driven by higher revenues across banking subsidiaries, with a strong performance recorded from regional trade financing and payments activities. On the other hand, 'Other income' declined by 37.3% to Rs 467 million, mainly explained by market volatility giving rise to fair value losses on

Operating expenses increased by 13.5% to Rs 2,249 million, reflecting continued investments in human capital and technology and the impact of the depreciation of the Rupee on the expenses denominated in foreign currencies. As a result, the cost to income ratio rose to 39.7% compared to 36.5% for the corresponding period last year. Impairment charges fell by Rs 403 million to Rs 826 million due to lower provision for expected credit losses ("ECL") during the quarter. The cost of risk, on an annualised basis, stood at 88 basis points of gross loans and advances, compared to 139 basis points in June 2021, while gross NPL ratio declined to 3.4%.

The share of profit of associates rose by Rs 90 million mainly on improved results at the level of BFCOI and Promotion and

Our capitalisation level remains comfortable, with shareholders' funds increasing to Rs 72.9 billion, contributing to a capital adequacy ratio of 18.4%, of which 17.0% in the form of Tier 1.

The exit of Mauritius from the FATF grey list, which should trigger the removal of the country from the EU black list, and the pick-up in tourism amidst the full-fledged reopening of our borders recently are positive developments that should contribute to the domestic economic recovery. However, uncertainties still prevail considering the evolution of the Covid-19 pandemic both locally and globally. Against this backdrop, the Group will continue to closely monitor the evolution of the situation while pursuing on of its strategic obje

By order of the Board

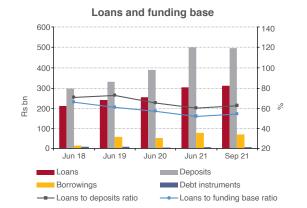
12 November 2021

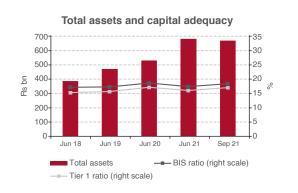
Diluted (Rs)

Basic weighted average number of shares (thousands)

Diluted weighted average number of shares (thousands)







Note: Capital adequacy ratios are based on Basel III

FINANCIAL SOUNDNESS INDICATORS (%)

	Sep-21	Jun-21	Sep-20
Profitability			
Return on average total assets1	1.3	1.3	1.4
Return on average equity ¹	12.3	11.8	12.1
Return on average Tier 1 capital1	12.5	11.9	11.9
Efficiency			
Cost-to-income	39.7	36.9	36.5
Asset quality*			
Gross NPL/Gross loans and advances	3.4	3.6	4.1
Net NPL/Net loans and advances	2.0	2.3	2.6
Liquidity			
iquid assets2/Total assets	45.0	47.2	44.3
oans to deposits	62.4	60.2	64.7
_oans to deposits and borrowings³	54.3	51.7	55.9
Capital adequacy			
Shareholders equity to assets	10.9	10.7	11.8
BIS risk adjusted ratio⁴	18.4	17.4	18.2
o/w Tier 1 ⁴	17.0	16.1	16.8

^{*}June 2021 figures restated

Consolidated summary statement of changes in equity for the period ended 30 September 2021

	Attributable to equity holders of the parent				_			
	Stated Capital	Retained Earnings	Capital Reserve	Translation Reserve	Statutory Reserve	Total	Non-Controlling Interests	Total Equity
	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M
At 1 July 2020	2,719	50,460	2,226	193	6,947	62,545	·	65,094
Profit for the period	-	1,925	-	-	-	1,925		1,931
Other comprehensive income/(expense) for the period		<u> </u>	35	147	-	182		141
Total comprehensive income/(expense) for the period		1,925	35	147		2,107		2,072
At 30 September 2020	2,719	52,385	2,261	340	6,947	64,652	2,514	67,166
At 1 July 2020	2,719	50,460	2,226	193	6,947	62,545	2,549	65,094
Profit for the year	-	8,179	-	-	-	8,179	60	8,239
Other comprehensive income for the year	-	2,108	544	1,362	-	4,014	344	4,358
Total comprehensive income for the year	-	10,287	544	1,362	-	12,193	404	12,597
Dividends to ordinary shareholders	-	(1,736)	-	-	-	(1,736) (22)	(1,758)
Dividends to preference shareholders	-	(160)	-	-	-	(160) -	(160)
Impact of disposal of subsidiary	-	-	-	-	-	-	(21)	(21)
Issue of shares following the exercise of Group Employee Share Options Scheme	57	-	-	-	-	57	-	57
Transactions with owners	57	(1,896)	-	-	-	(1,839) (43)	(1,882)
Transfers/movements in reserves	-	(1,105)	(16)	-	1,114	(7) (6)	(13)
At 30 June 2021	2,776	57,746	2,754	1,555	8,061	72,892	2,904	75,796
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	-	-	
At 30 September 2021	2,776	57,450	2,678	1,584	8,380	72,868	2,945	75,813

Consolidated summary statement of cash flows for the period ended 30 September 2021

	3 mths to 30-Sept-21	3 mths to 30-Sept-20	Year to 30-Jun-21
	Rs'M	Rs'M	Rs'M
Operating activities			
Net cash flows from trading activities	13,373	4,295	2,848
Net cash flows from other operating activities	(55,174)	(17,464)	35,533
Dividends received from associates	18	-	134
Dividends paid to ordinary shareholders	(1,736)	-	-
Dividends paid to preference shareholders	-	-	(160)
Dividends paid to non-controlling interests in subsidiaries	(26)	-	(22)
Income tax paid	(84)	(152)	(2,341)
Net cash flows from operating activities	(43,629)	(13,321)	35,992
Net cash flows from investing activities	(580)	(375)	(1,310)
Net cash flows from financing activities	237	(89)	1,809
(Decrease)/Increase in cash and cash equivalents	(43,972)	(13,785)	36,491
Net cash and cash equivalents brought forward	108,768	71,141	71,141
Effect of foreign exchange rate changes	518	(150)	1,136
Net cash and cash equivalents carried forward	65,314	57,206	108,768

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 2021.

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.

Annualised for September
 In the computation, liquid assets comprise cash, balances with BoM, placements, T-Bills, Government securities and bonds

Borrowings include debt instruments
Based on Basel III