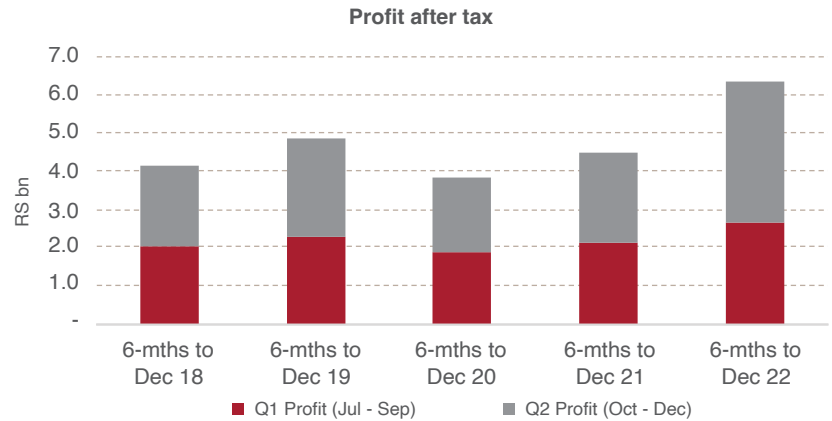


MCB Ltd results for six months ended 31 December 2022

PORT LOUIS, 13 February 2023: MCB Ltd today announced its unaudited results for the 6 months ended 31 December 2022

FINANCIAL HIGHLIGHTS



OPERATING INCOME
Rs 13.1 BN
▲ 24.1%

COST TO INCOME RATIO
34.0 %
▼ 105 bps

PROFIT BEFORE IMPAIRMENT
Rs 8.6 BN
▲ 26.1%

IMPAIRMENT CHARGE
Rs 1.6 BN
▼ 11.9%

TOTAL EQUITY
Rs 71.0 BN
▲ 8.4%

RETURN ON EQUITY
18.2%
▲ 447bps

CAPITAL ADEQUACY RATIO
17.5%
▲ 56bps

LIQUIDITY COVERAGE RATIO
406%
Dec 21: 406%

Changes (in % or bps) are in comparison to Dec 21

OVERALL PERFORMANCE AND OUTLOOK

The bank reported strong results for the half year ended 31 December 2022, with Profit after tax reaching Rs6.3 billion, representing a growth of 41.7%, compared to the same period last year. This performance was driven by both an improvement in Operating income and a reduction in Net impairment of financial assets.

Operating income increased by 24.1% to reach Rs13.1 billion, with a robust performance in Net interest income thanks to improved margins and an increase in volume of trade finance loans and advances. Net fee and commission income and Other Income also showed good progress, driven by Profit on Exchange, Trade finance and Payment activities. Non-interest expense rose by 20.4% to reach Rs4.4 billion resulting in an increase of 26.1% in Operating profit before impairment to reach Rs8.6 billion.

Net impairment of financial assets for the half year ended 31 December 2022 was lower at Rs1.6 billion compared to Rs1.9 billion for the same period last year.

Shareholders' equity went up by 8.4% to reach Rs71.0 billion. The bank's Capital adequacy and Tier 1 ratios remained strong at 17.5% and 16.6% respectively.

The global economy is showing signs of an improvement with the drop in inflation in the US, the re-opening of borders in China and stable energy prices. However, the tightening of monetary policies in most economies is likely to impact growth.

On the local front recovery of the Tourism sector and strong performance in the ICT and Financial services sectors will help support economic growth amidst a high interest rate environment.

The bank will continue to pursue its strategic objectives, focusing on its international diversification within niche areas of expertise whilst remaining a key player in the development of Mauritius.

Statement of profit or loss

Net interest income

Net interest income grew by 23.3% to reach Rs8.5 billion compared to the same period last year with an increase of 12.7% in average interest bearing assets, driven mostly by increase in trade finance loans and advances and improved foreign currency margins despite a higher cost of funding. On the local front, margins dropped slightly with the successive hikes in the Repo having a more significant impact on our large deposit base.

Non-interest income

Net fee and commission income grew by 14.2% to reach Rs2.9 billion boosted by higher revenues from cross-border trade financing & guarantees as well as payment activities, with an increasing shift to digital payments locally impacting positively on cards income.

Other Income increased from Rs1.1 billion to Rs1.7 billion with the positive performance in profits generated from foreign exchange transactions, higher gain in the fair value of foreign equity instruments partially offset by a fall in Mark-to-Market gains from fixed income trading activities.

Non-interest expense

Non-interest expense increased by 20.4% to reach Rs4.4 billion driven mostly by staff related expenses. This is in line with additional recruitments in specialised areas within the bank in order to support our strategic initiatives and higher salary compensation for cost of living. The bank also invested further to strengthen its technological capabilities. Cost to income ratio remained lower than last year at 34.0% as operating income grew at a higher pace than non-interest expense.

Impairment

Net impairment of financial assets were lower than last year by 11.9% reaching Rs1.6 billion, representing an annualised cost of risk of 86 basis points of gross loans. Gross Non performing Loans ratio dropped to 3.3% compared to 3.5% for the same period last year.

Share of profit of associates

The Share of profit of associates increased to Rs0.4 billion with a higher contribution from SG Mozambique.

Profit for the period

Profit for the period rose by 41.7% to Rs6.3 billion as the higher Operating income and lower Net impairment of financial assets largely offset the increase in non-interest expense.

Statement of financial position

Total assets

Total assets grew from Rs640.9 billion to Rs716.6 billion between December 2021 and December 2022 representing a growth of 11.8%. This was generated largely by a growth in Loans and advances to customers and Investment securities with the deployment of excess liquidity.

Loans and advances

Loans and advances to customers grew by 9.9% to reach Rs301.9 billion compared to the same period last year largely on account of its short-term energy & commodities business activities.

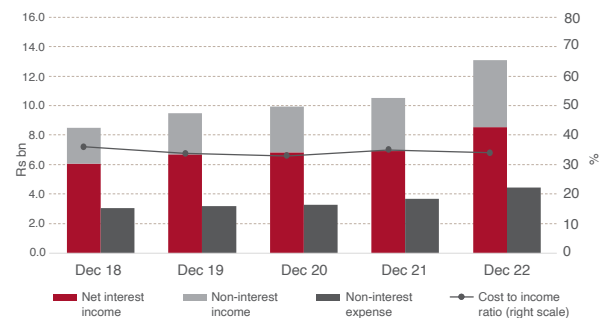
Funding and liquidity

Total deposits from banks and customers increased by 14.2% to reach Rs542.9 billion as at 31 December 2022 with a significant inflow of short term deposits in the second quarter while 'Other borrowed funds', including interbank borrowings, repo transactions and syndicated facilities remained stable at Rs92.2 billion. This resulted in a drop in our loans to deposits ratio to 61.4% while the total loans to funding base ratio, including borrowings, went down to 52.5%. The bank remained well funded and highly liquid with a liquidity coverage ratio standing at 406% as at 31 December 2022.

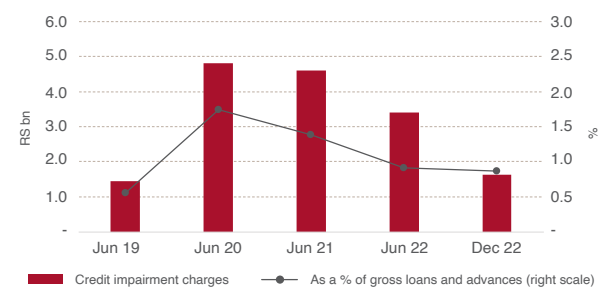
Capital position

Shareholders' equity grew by 8.4% to reach Rs71.0 billion, supported by the rise in retained earnings net of a dividend pay-out of Rs2.0 billion in September 2022. The Bank's Capital adequacy and Tier 1 ratios remained strong at 17.5% and 16.6% respectively and comfortably above the minimum regulatory requirements.

Income and expenditure evolution



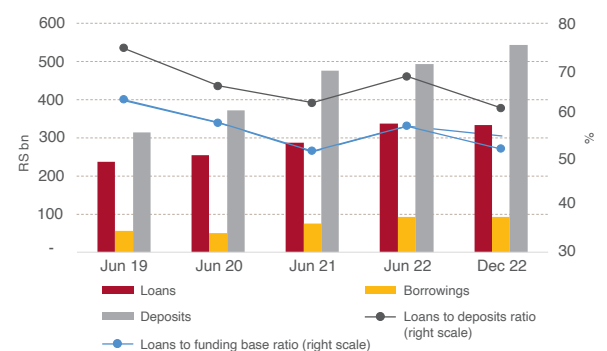
Credit impairment charges* & credit quality



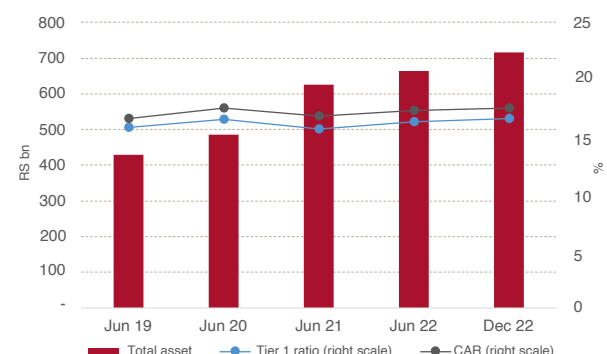
* Relate to loans & advances (including corporate notes)

Note: impairment charges for Dec 22 relate to six months while the ratio has been annualised

Loans and funding base



Total asset and capital adequacy



Interim unaudited condensed statement of financial position as at 31 December 2022

	31-Dec-22	31-Dec-21	30-Jun-22
	Rs'M	Rs'M	Rs'M
	Unaudited	Unaudited	Audited
ASSETS			
Cash and cash equivalents	82,745	88,479	64,594
Mandatory balances with Central Bank	25,410	23,295	24,146
Derivative financial instruments	667	342	438
Loans to and placements with banks	22,156	19,100	23,934
Loans and advances to customers	301,933	274,722	306,648
Investment securities	262,646	212,766	222,823
Investment in subsidiary	118	118	118
Investments in associates	6,009	5,993	5,569
Intangible assets	1,962	1,688	1,896
Property, plant and equipment	4,865	5,007	4,951
Deferred tax assets	1,955	1,437	1,804
Post employee benefit asset	-	1,218	-
Other assets	6,166	6,741	7,596
Total assets	716,632	640,906	664,517
LIABILITIES AND SHAREHOLDER'S EQUITY			
Liabilities			
Deposits from banks	9,375	7,788	11,318
Deposits from customers	533,540	467,674	481,103
Derivative financial instruments	535	288	497
Other borrowed funds	92,199	92,016	92,755
Subordinated liability	540	789	684
Current tax liabilities	974	870	1,148
Post employee benefit liability	460	-	460
Other liabilities	8,016	5,984	9,799
Total liabilities	645,639	575,409	597,764
Shareholder's equity			
Stated capital	8,880	8,880	8,880
Retained earnings	52,520	47,636	48,161
Other components of equity	9,593	8,981	9,712
Total equity	70,993	65,497	66,753
Total equity and liabilities	716,632	640,906	664,517
CONTINGENT LIABILITIES (NET)	103,758	141,504	120,441

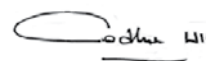
These interim financial statements were approved by the Board of Directors and authorised for issue on the 13 February 2023.



Alain LAW MIN
Director
Chief Executive Officer



Jean-Francois DESVAUX DE MARIGNY
Director
Chairperson - Board of Directors



Uday GUJADHUR
Director
Chairperson Audit Committee

Interim unaudited condensed statement of profit or loss for the period ended 31 December 2022

	Quarter to 31-Dec-22	Quarter to 31-Dec-21	6 mths to 31-Dec-22	6 mths to 31-Dec-21	Year to 30-Jun-22
	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Interest income using the effective interest method	7,377	3,945	12,894	7,962	16,470
Interest expense	(2,867)	(547)	(4,358)	(1,037)	(2,537)
Net interest income	4,510	3,398	8,536	6,925	13,933
Fee and commission income	2,208	1,974	4,100	3,505	7,233
Fee and commission expense	(663)	(597)	(1,237)	(997)	(2,057)
Net fee and commission income	1,545	1,377	2,863	2,508	5,176
Other income	1,163	686	1,661	1,089	1,745
Operating income	7,218	5,461	13,060	10,522	20,854
Non-interest expense	(2,333)	(1,845)	(4,439)	(3,686)	(7,343)
Operating profit before impairment	4,885	3,616	8,621	6,836	13,511
Net impairment of financial assets	(900)	(1,040)	(1,630)	(1,850)	(3,392)
Operating profit	3,985	2,576	6,991	4,986	10,119
Share of profit of associates	252	147	382	287	475
Profit before tax	4,237	2,723	7,373	5,273	10,594
Income tax expense	(556)	(378)	(1,041)	(804)	(1,646)
Profit for the period	3,681	2,345	6,332	4,469	8,948
Earnings per share (Rs)	4.15	2.64	7.13	5.03	10.08
Weighted average number of shares (thousands)	887,960	887,960	887,960	887,960	887,960

Interim unaudited condensed statement of comprehensive income for the period ended 31 December 2022

Profit for the period	3,681	2,345	6,332	4,469	8,948
Other comprehensive income/(expense):					
Items that will not be reclassified to profit or loss:					
Net fair value (loss)/gain on equity investments	(63)	83	(78)	124	124
Share of other comprehensive income from associates	52	24	52	24	24
Remeasurement of defined benefit pension plan, net of deferred tax	-	-	-	-	(1,529)
	(11)	107	(26)	148	(1,381)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	308	(24)	5	(158)	(360)
Reclassification adjustments on disposal of debt investments at fair value	-	-	-	-	7
Net fair value loss on debt instruments	(12)	(54)	(46)	(58)	(23)
	296	(78)	(41)	(216)	(376)
Other comprehensive income/(expense) for the period	285	29	(67)	(68)	(1,757)
Total comprehensive income for the period	3,966	2,374	6,265	4,401	7,191

Interim unaudited condensed statement of changes in equity for the period ended 31 December 2022

	Stated Capital	Retained Earnings	Capital Reserve	Translation Reserve	Statutory Reserve	Total Equity
	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M
At 1 July 2021	8,880	45,343	51	1,033	7,989	63,296
Profit for the period	-	4,469	-	-	-	4,469
Other comprehensive income/(expense) for the period	-	24	66	(158)	-	(68)
Total comprehensive income/(expense) for the period	-	4,493	66	(158)	-	4,401
Dividends	-	(2,200)	-	-	-	(2,200)
Transactions with owner	-	(2,200)	-	-	-	(2,200)
At 31 December 2021	8,880	47,636	117	875	7,989	65,497
At 1 July 2021	8,880	45,343	51	1,033	7,989	63,296
Profit for the year	-	8,948	-	-	-	8,948
Other comprehensive (expense)/income for the year	-	(1,505)	108	(360)	-	(1,757)
Total comprehensive income/(expense) for the year	-	7,443	108	(360)	-	7,191
Dividends	-	(3,734)	-	-	-	(3,734)
Transactions with owner	-	(3,734)	-	-	-	(3,734)
Transfer to statutory reserve	-	(891)	-	-	891	-
At 30 June 2022	8,880	48,161	159	673	8,880	66,753
Profit for the period	-	6,332	-	-	-	6,332
Other comprehensive income/(expense) for the period	-	52	(124)	5	-	(67)
Total comprehensive income/(expense) for the period	-	6,384	(124)	5	-	6,265
Dividends	-	(2,025)	-	-	-	(2,025)
Transactions with owner	-	(2,025)	-	-	-	(2,025)
At 31 December 2022	8,880	52,520	35	678	8,880	70,993

Interim unaudited condensed statement of cash flows for the period ended 31 December 2022

	6 mths to 31-Dec-22	6 mths to 31-Dec-21	Year to 30-Jun-22
	Rs'M	Rs'M	Rs'M
	Unaudited	Unaudited	Audited
Operating activities			
Net cash flows from trading activities	5,273	15,082	29,366
Net cash flows from other operating activities	20,441	(21,605)	(60,654)
Dividends received from associates	-	-	383
Dividends paid	(3,559)	(4,200)	(4,200)
Income tax paid	(1,366)	(1,213)	(1,906)
Net cash flows from operating activities	20,789	(11,936)	(37,011)
Net cash flows from investing activities	(542)	(653)	(1,353)
Net cash flows from financing activities	(179)	(96)	(286)
Increase/(Decrease) in cash and cash equivalents	20,068	(12,685)	(38,650)
Net cash and cash equivalents brought forward	62,559	101,209	101,209
Net cash and cash equivalents carried forward	82,627	88,524	62,559

The Interim unaudited condensed financial statements have been prepared in accordance with the Bank of Mauritius Guideline on Public Disclosure of Information, IAS 34 - Interim Financial Reporting and 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.

The Board of Directors of the Mauritius Commercial Bank Limited accepts full responsibility for the accuracy of the information contained in this communiqué.