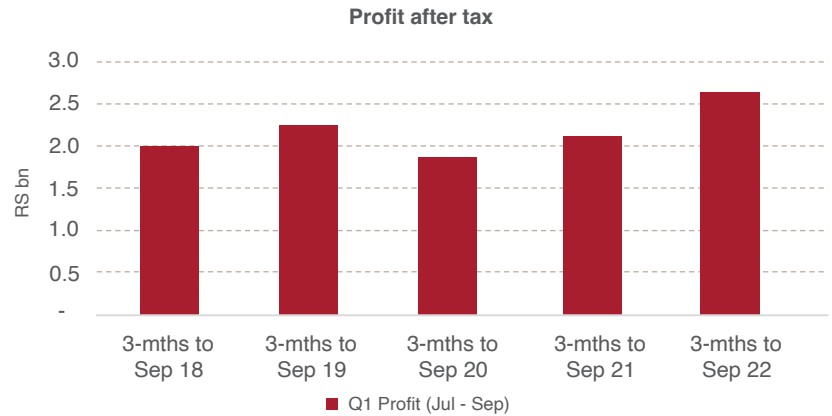


Results for three months ended 30 September 2022

**PORT LOUIS, 11 November 2022:** MCB Ltd today announced its unaudited results for the 3 months ended 30 September 2022

## FINANCIAL HIGHLIGHTS

Profit after tax:  
**Rs 2.7 BN**  
▲ **+24.8%**  
(Sep 2021 - Rs 2.1 bn)



**OPERATING INCOME**  
**Rs 5.8 BN**  
▲ **+15.4%**

**COST TO INCOME RATIO**  
**36.0%**  
▼ **-33bps**

**PROFIT BEFORE IMPAIRMENT**  
**Rs 3.7 BN**  
▲ **+16.0%**

**IMPAIRMENT CHARGE**  
**Rs 0.7 BN**  
▼ **-9.9%**

**TOTAL EQUITY**  
**Rs 67.0 BN**  
▲ **+6.2%**

**RETURN ON EQUITY**  
**15.7%**  
▲ **+239bps**

**CAPITAL ADEQUACY RATIO**  
**17.2%**  
▼ **-70bps**

**LIQUIDITY COVERAGE RATIO**  
**291.7%**  
▼ **Sep21: 371.6%**

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

## OVERALL PERFORMANCE AND OUTLOOK

The bank reported strong results for the three months ended 30 September 2022, with Profit after tax of Rs2.7 billion, representing a growth of 24.8%, compared to the same period last year. This performance was driven by both an improvement in Operating profit and a reduction in Net impairment of financial assets.

Operating income increased by 15.4% to reach Rs5.8 billion, with a robust performance in Net interest income, Net fee and commission income and Other Income. Non-interest expense rose by 14.4% to reach Rs2.1 billion resulting in an increase in Operating profit before impairment of 16.0% to reach Rs3.7 billion.

Net impairment of financial assets for the three months ended 30 September 2022 dropped to Rs0.7 billion compared to Rs0.8 billion for the same period last year.

Deposits from banks and customers rose by Rs23.0 billion to reach Rs493.5 billion whilst Loans and advances to customers increased by Rs37.4 billion to reach Rs297.7 billion.

Shareholder's equity went up by 6.2% to reach Rs67.0 billion. The bank's Capital adequacy and Tier 1 ratios remained strong at 17.2% and 16.2% respectively.

The Russia-Ukraine conflict has weakened prospects for the global economy with continuing supply chain disruptions, rising inflation and aggressive interest rate rises.

This is likely to spill over on most of our industry sectors although the extent of these impacts remain uncertain. However, the bank will continue to pursue its strategic objectives with the diversification of its revenue lines, provide support to the local economy and remain a key player in the development of Mauritius and beyond.

## Statement of profit or loss

### Net interest income

Net interest income grew by 14.1% to reach Rs4.0 billion compared to the same period last year with an increase of 10% in average interest bearing assets and improved overall margins despite a higher cost of funding. On the local front, margins were relatively lower mainly due to the rise in Repo being more significant on our large deposit book coupled with the deployment of our excess liquidity in lower yielding Treasury bills and Government bonds.

### Non-interest income

Net fee and commission income grew by 16.5% to reach Rs1.3 billion boosted by higher revenues from cross-border trade financing & payment activities. Cards income benefitted from the re-opening of borders and there was an increasing shift to digital payments locally.

Other Income increased from Rs0.4 billion to Rs0.5 billion with the positive performance in profits generated from foreign exchange transactions being partially offset by a loss in the fair value of foreign equity instruments and a fall in Mark-to-Market gains from trading activities.

### Non-interest expense

Non-interest expense increased by 14.4% to reach Rs2.1 billion driven mostly by staff related expenses. This is in line with additional recruitments in specialist 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 36.0% as operating income grew at a higher pace than non-interest expense.

### Impairment

Net impairment of financial assets were lower than last year by 9.9% reaching Rs0.7 billion, representing an annualised cost of risk of 74 basis points of gross loans. Gross Non performing Loans ratio increased from 3.1% to 3.3% compared to the same period last year.

### Share of profit of associates

The Share of profit of associates was lower at Rs130m with a slightly lower contribution from BFCOI.

### Profit for the period

Profit for the period rose by 24.8% to Rs2.7 billion as the higher Operating income and lower Net impairment of financial assets largely offset the increase in cost base.

## Statement of financial position

### Total assets

Total assets grew from Rs610.6 billion to Rs672.2 billion between September 2021 and September 2022 representing a growth of 10.1%. 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 14.3% to reach Rs297.7 billion compared to the same period last year with a greater mix in foreign currency largely on account of its short-term energy & commodities business activities.

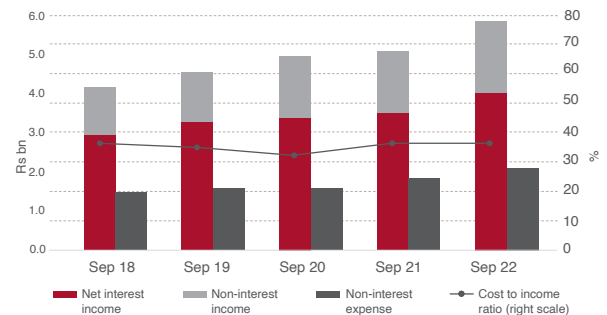
### Funding and liquidity

Total deposits from banks and customers increased by 4.9% to reach Rs493.5 billion as at 30 September 2022. 'Other borrowed funds' went up by 49.3% to reach Rs98.3 billion. These additional borrowings, which were in form of interbank borrowings, repo transactions and syndicated facilities, were sourced to support our international activities. As a result, the total loans to deposits ratio stood at 66.4% while the total loans to funding base ratio, including borrowings, reached 55.7%. The bank remained well funded and highly liquid with a liquidity coverage ratio standing at 292% as at 30 September 2022.

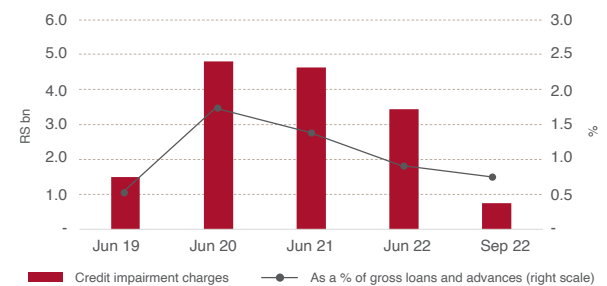
### Capital position

Shareholders' equity grew by 6.2% to reach Rs67.0 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 17.2% and 16.2% respectively and comfortably above the minimum regulatory requirements.

### Income and expenditure evolution



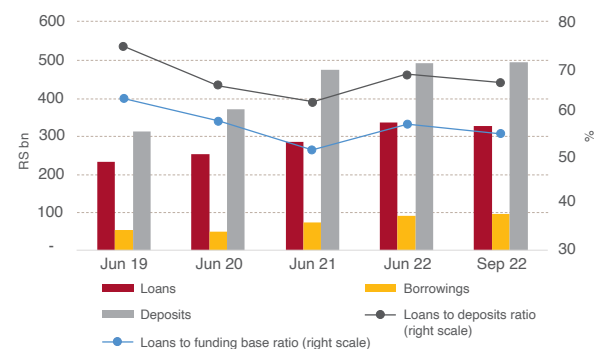
### Credit impairment charges\* & credit quality



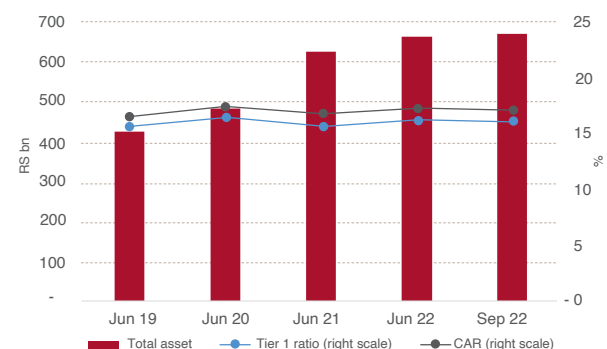
\* Relate to loans & advances (including corporate notes)

Note: impairment charges for Sep 22 relate to three 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 30 September 2022

	<b>30-Sep-22</b>	30-Sep-21	30-Jun-22
	<b>Rs'M</b>	Rs'M	Rs'M
	<b>Unaudited</b>	Unaudited	Audited
<b>ASSETS</b>			
Cash and cash equivalents	57,772	58,518	64,594
Mandatory balances with Central Bank	24,330	22,135	24,146
Derivative financial instruments	705	380	438
Loans to and placements with banks	22,843	42,926	23,934
Loans and advances to customers	297,688	260,335	306,648
Investment securities	249,148	204,630	222,823
Investment in subsidiary	118	118	118
Investments in associates	5,358	5,850	5,569
Intangible assets	1,884	1,607	1,896
Property, plant and equipment	4,875	5,084	4,951
Deferred tax assets	1,937	1,301	1,804
Post employee benefit asset	-	1,218	-
Other assets	5,587	6,540	7,596
<b>Total assets</b>	<b>672,245</b>	<b>610,642</b>	<b>664,517</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>			
<b>Liabilities</b>			
Deposits from banks	8,101	19,782	11,318
Deposits from customers	485,349	450,651	481,103
Derivative financial instruments	571	532	497
Other borrowed funds	98,346	65,877	92,755
Subordinated liability	541	771	684
Current tax liabilities	1,763	1,568	1,148
Post employee benefit liability	460	-	460
Other liabilities	10,087	8,338	9,799
<b>Total liabilities</b>	<b>605,218</b>	<b>547,519</b>	<b>597,764</b>
<b>Shareholder's equity</b>			
Stated capital	8,880	8,880	8,880
Retained earnings	48,787	44,948	48,161
Other components of equity	9,360	9,295	9,712
<b>Total equity</b>	<b>67,027</b>	<b>63,123</b>	<b>66,753</b>
<b>Total equity and liabilities</b>	<b>672,245</b>	<b>610,642</b>	<b>664,517</b>
<b>CONTINGENT LIABILITIES (NET)</b>	<b>129,683</b>	<b>138,222</b>	<b>120,441</b>

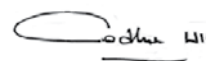
These financial statements were approved by the Board of Directors and authorised for issue on the 11 November 2022.



**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 30 September 2022

	<b>3 mths to 30-Sep-22</b>	3 mths to 30-Sep-21	Year to 30-Jun-22
	<b>Rs'M</b>	Rs'M	Rs'M
	<b>Unaudited</b>	Unaudited	Audited
Interest income using the effective interest method	5,517	4,017	16,470
Interest expense	(1,491)	(490)	(2,537)
<b>Net interest income</b>	<b>4,026</b>	<b>3,527</b>	<b>13,933</b>
Fee and commission income	1,892	1,531	7,233
Fee and commission expense	(574)	(400)	(2,057)
<b>Net fee and commission income</b>	<b>1,318</b>	<b>1,131</b>	<b>5,176</b>
<b>Other income</b>	<b>498</b>	<b>403</b>	<b>1,745</b>
<b>Operating income</b>	<b>5,842</b>	<b>5,061</b>	<b>20,854</b>
<b>Non-interest expense</b>	<b>(2,106)</b>	<b>(1,841)</b>	<b>(7,343)</b>
<b>Operating profit before impairment</b>	<b>3,736</b>	<b>3,220</b>	<b>13,511</b>
Net impairment of financial assets	(730)	(810)	(3,392)
<b>Operating profit</b>	<b>3,006</b>	<b>2,410</b>	<b>10,119</b>
Share of profit of associates	130	140	475
<b>Profit before tax</b>	<b>3,136</b>	<b>2,550</b>	<b>10,594</b>
Income tax expense	(485)	(426)	(1,646)
<b>Profit for the period</b>	<b>2,651</b>	<b>2,124</b>	<b>8,948</b>
<b>Earnings per share (Rs)</b>	<b>2.99</b>	<b>2.39</b>	<b>10.08</b>
<b>Weighted average number of shares (thousands)</b>	<b>887,960</b>	<b>887,960</b>	<b>887,960</b>

Interim unaudited condensed statement of comprehensive income for the period ended 30 September 2022

<b>Profit for the period</b>	<b>2,651</b>	<b>2,124</b>	<b>8,948</b>
<b>Other comprehensive expense:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Net fair value (loss)/gain on equity investments	(15)	41	124
Share of other comprehensive income of associates	-	-	24
Remeasurement of defined benefit pension plan, net of deferred tax	-	-	(1,529)
	<b>(15)</b>	<b>41</b>	<b>(1,381)</b>
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations	(303)	(134)	(360)
Reclassification adjustments on disposal of debt investments at fair value	-	-	7
Net fair value loss on debt instruments	(34)	(4)	(23)
	<b>(337)</b>	<b>(138)</b>	<b>(376)</b>
<b>Other comprehensive expense for the period</b>	<b>(352)</b>	<b>(97)</b>	<b>(1,757)</b>
<b>Total comprehensive income for the period</b>	<b>2,299</b>	<b>2,027</b>	<b>7,191</b>

Interim unaudited condensed statement of changes in equity for the period ended 30 September 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
<b>At 1 July 2021</b>	<b>8,880</b>	<b>45,343</b>	<b>51</b>	<b>1,033</b>	<b>7,989</b>	<b>63,296</b>
Profit for the period	-	2,124	-	-	-	2,124
Other comprehensive income/(expense) for the period	-	-	37	(134)	-	(97)
Total comprehensive income/(expense) for the period	-	2,124	37	(134)	-	2,027
Dividends	-	(2,200)	-	-	-	(2,200)
Transactions with owner	-	(2,200)	-	-	-	(2,200)
Transfer to statutory reserve	-	(319)	-	-	319	-
<b>At 30 September 2021</b>	<b>8,880</b>	<b>44,948</b>	<b>88</b>	<b>899</b>	<b>8,308</b>	<b>63,123</b>
<b>At 1 July 2021</b>	<b>8,880</b>	<b>45,343</b>	<b>51</b>	<b>1,033</b>	<b>7,989</b>	<b>63,296</b>
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	-
<b>At 30 June 2022</b>	<b>8,880</b>	<b>48,161</b>	<b>159</b>	<b>673</b>	<b>8,880</b>	<b>66,753</b>
Profit for the period	-	2,651	-	-	-	2,651
Other comprehensive expense for the period	-	-	(49)	(303)	-	(352)
Total comprehensive income/(expense) for the period	-	2,651	(49)	(303)	-	2,299
Dividends	-	(2,025)	-	-	-	(2,025)
Transactions with owner	-	(2,025)	-	-	-	(2,025)
<b>At 30 September 2022</b>	<b>8,880</b>	<b>48,787</b>	<b>110</b>	<b>370</b>	<b>8,880</b>	<b>67,027</b>

Interim unaudited condensed statement of cash flows for the period ended 30 September 2022

	<b>3 mths to 30-Sep-22</b>	3 mths to 30-Sep-21	Year to 30-Jun-22
	<b>Rs'M</b>	Rs'M	Rs'M
	<b>Unaudited</b>	Unaudited	Audited
<b>Operating activities</b>			
Net cash flows from trading activities	<b>(7,565)</b>	12,214	29,366
Net cash flows from other operating activities	<b>2,232</b>	(52,583)	(60,654)
Dividends received from associates	-	-	383
Dividends paid	<b>(1,534)</b>	(2,000)	(4,200)
Income tax paid	<b>(3)</b>	(1)	(1,906)
<b>Net cash flows from operating activities</b>	<b>(6,870)</b>	(42,370)	(37,011)
<b>Net cash flows from investing activities</b>	<b>(223)</b>	(364)	(1,353)
<b>Net cash flows from financing activities</b>	<b>(179)</b>	(96)	(286)
Decrease in cash and cash equivalents	<b>(7,272)</b>	(42,830)	(38,650)
Net cash and cash equivalents brought forward	<b>62,559</b>	101,209	101,209
<b>Net cash and cash equivalents carried forward</b>	<b>55,287</b>	58,379	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 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.*