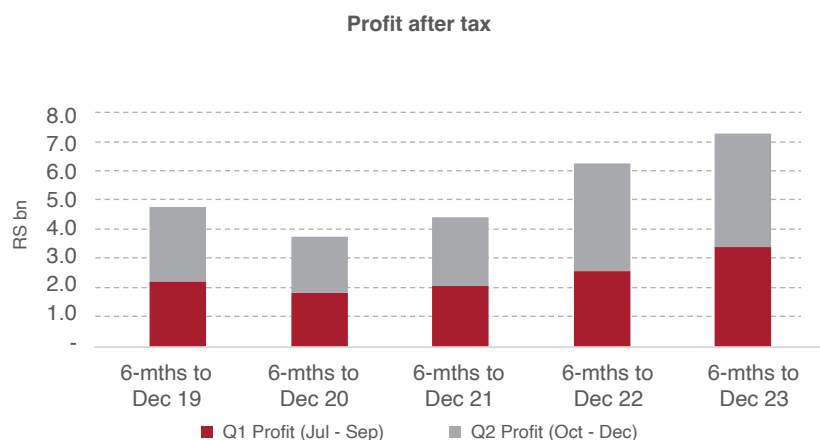
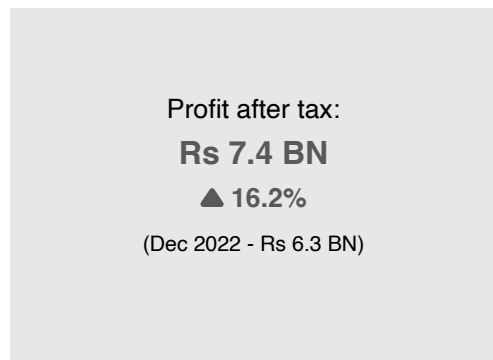


MCB Ltd results for six months ended 31 December 2023

PORT LOUIS, 13 Feb 2024: MCB Ltd today announced its unaudited results for the 6 months ended 31 December 23

FINANCIAL HIGHLIGHTS



OPERATING INCOME
Rs 16.2 BN
▲ 24.2%

COST TO INCOME RATIO
35.4%
▲ 144 bps

PROFIT BEFORE IMPAIRMENT
Rs 10.5 BN
▲ 21.5%

IMPAIRMENT CHARGE
Rs 1.7 BN
▲ 2.1%

TOTAL EQUITY
Rs 80.0 BN
▲ 12.7%

RETURN ON EQUITY
18.8%
▲ 54bps

CAPITAL ADEQUACY RATIO
19.3%
▲ 185bps

LIQUIDITY COVERAGE RATIO
470.3%
406.0% (Dec 22)

Changes (in % or bps) are in comparison to Dec 22

OVERALL PERFORMANCE AND OUTLOOK

The bank maintained a strong performance in the second quarter ended 31st December 2023. For the first half of this financial year, Profit for the period reached Rs 7,356 million, a robust increase of 16.2% compared to the corresponding period of last year. This performance was driven by enhanced core earnings, the full impact of the gradual foreign interest rate hikes witnessed last year and the growing loans and advances portfolio.

Operating Income was up by 24.2% to reach Rs 16,221 million with Net interest income accounting for over 70% of this increase. Net Interest Income rose significantly by 26.1% to reach Rs 10,766 million, due to the increase in loans and advances and a notable improvement in foreign currency margins. Non-interest income also increased strongly by 20.6% compared to the same period last year, to reach Rs 5,455 million, fuelled by elevated trade finance related fees, facility fees, transaction related fees and a boost in foreign exchange trading activities.

Non-Interest Expense increased by 29.5% to Rs 5,747 million with ongoing investment in human capital, the impact of high inflation over the last financial year and a provision made for the planned introduction of the deposit insurance scheme in Mauritius. The cost to income ratio for the period reached 35.4%.

In terms of asset quality, the Net Impairment of Financial Assets amounted to Rs 1,664 million for the first half of this financial year. The Non-Performing to Total Loans ratio continued its downward trend to reach 2.8% with a Specific Provision Coverage Ratio of 63.4%.

Overall the strong operating performance in the second quarter compared to a smaller increase in risk weighted assets, helped further improve the Capital Adequacy and Tier 1 ratios to 19.3% and 16.9%, respectively.

The global economy has been relatively more resilient than previously thought with inflation declining steadily and growth holding up. Yet, the pace of global expansion remains slow while risks to commodity prices and supply chains prevail in view of renewed geopolitical tensions. As such, interest rates are likely to remain at current levels until the second half of calendar year 2024. In the African region, although a gradual improvement in macroeconomic imbalances is foreseen, economic conditions remain challenging in several countries with the still elevated cost of living and high debt burden, for instance, continuing to weigh on their activities.

Locally, the economy should pursue its expansion driven by the good performance in tourism, financial services and the ICT sectors amongst others. That said, volatile conditions on the international scene would continue to warrant attention. The bank remains committed to pursuing its strategic objectives, focusing on international expansion within its niche areas of expertise while continuing to play a pivotal role in the sustainable development of Mauritius and beyond.

Bank Management Statement

Statement of profit or loss

Net interest income

The bank generated a Net interest income of Rs 10,766 million for the period representing a growth of 26.1% compared to the corresponding period last year. This increase was fuelled by a 12% expansion in the average interest earning assets, stemming from both local and foreign loan portfolios and enhanced foreign currency margin with the full impact of the gradual foreign interest rate hikes witnessed last year.

Non-interest income

The net fee and commission income experienced a robust growth of 15.6%, reaching Rs 3,310 million. This increase was driven by elevated trade finance related activities and payment services as well as facility fees, in line with growth in the loan portfolios. Other income climbed from Rs 1,661 million to Rs 2,145 million. This rise is attributed to a strong performance in foreign exchange proprietary trading activities and fair value gain on equity instruments.

Non-interest expense

Non-interest expense increase of 29.5% to a total of Rs 5,747 million, was mainly due to the rise in staff-related costs arising from additional recruitment, cost of living adjustment and a provision made for the planned introduction of the deposit insurance scheme in Mauritius. The cost to income ratio for the period reached 35.4% compared to 34.0% for the same period last year.

Impairment

Net impairment of financial assets for the first half year ended 31st December 2023 was at Rs 1,664 million compared to Rs 1,630 million in the corresponding period last year, with an increase in specific provision partly offset by ECL transfers. As such the Non Performing Loans ratio and annualized cost of risk (as a % of gross loans and advances) stood at of 2.8% and 0.8% respectively.

Share of profit of associates

The Share of profit of associates is lower mainly on account of lower contribution from BFCOI & SG Mozambique.

Profit for the period

Profit for the period rose by 16.2% to Rs 7,356 million versus a rise of 22.1% in profit before tax of Rs 9,004 million as a result of the changes in the tax rates and higher levy applicable.

Statement of financial position

Total assets

The bank's total assets reached Rs 797.3 billion, reflecting a notable increase of 11.3% when compared to December 2022. This growth was primarily driven by the expansion of loans and advances to customers, as well as investment securities and short term placements to absorb the excess liquidity.

Loans and advances

Loans and advances to customers grew by 11.7% to reach Rs 337.4 billion compared to the same period last year driven by both local and international segments.

Funding and liquidity

Total deposits from banks and customers increased by 13.4% to reach Rs 615.7 billion as at 31st December 2023 in line with our strategy to raise foreign deposits and the local excess liquidity environment.

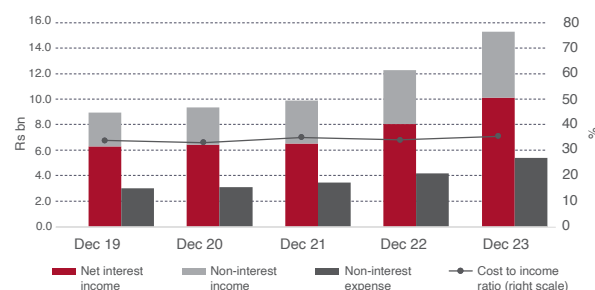
Total borrowings were slightly lower at Rs 85.9 billion versus Rs 92.7 billion for the same period last year due to reduction of USD 500 million in our syndicated borrowings partly mitigated by an increasing mix of debt securities and subordinated liabilities.

The bank loans to deposits ratio (customers) reached 57.7% while the total loans to funding base ratio went down to 50.3%. The bank remained well funded and highly liquid with a liquidity coverage ratio standing at 470.3% as at 31st December 2023.

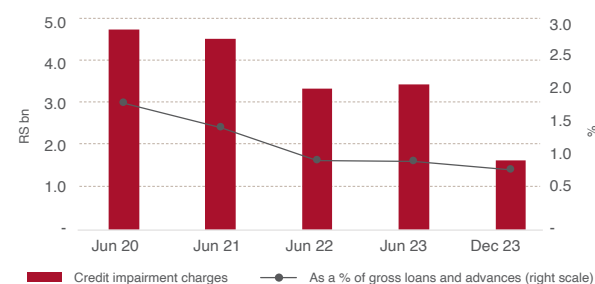
Capital position

Shareholders' equity grew by 12.7% to reach Rs 80.0 billion supported by the rise in retained earnings net of a dividend pay-out. Our capital adequacy and Tier 1 ratios further boosted to 19.3% and 16.9% respectively in the second quarter as our risk weighted assets grew at a slower pace.

Income and expenditure evolution



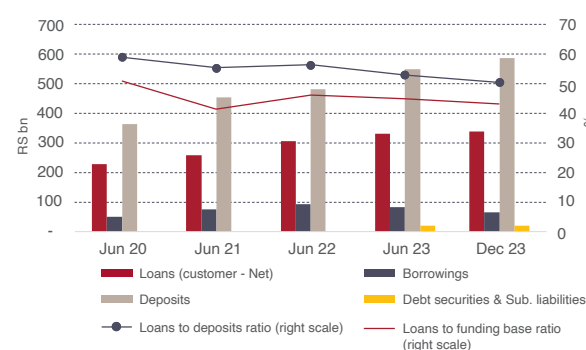
Credit impairment charges* & credit quality



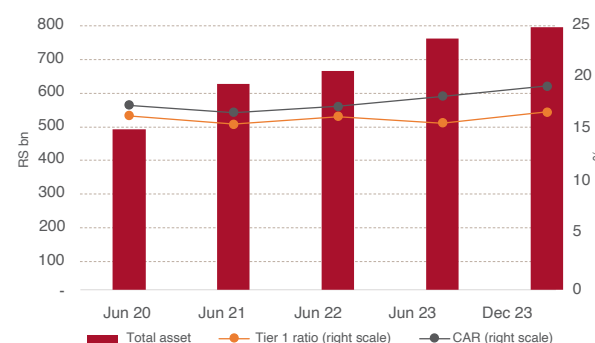
* Relate to loans & advances (including corporate notes)

Note: impairment charges for Dec 23 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 2023

	31-Dec-23	31-Dec-22	30-Jun-23
	Rs'M	Rs'M	Rs'M
	Unaudited	Unaudited	Audited
ASSETS			
Cash and cash equivalents	74,960	82,745	113,609
Mandatory balances with Central Bank	34,740	25,410	30,639
Derivative financial instruments	1,457	667	1,214
Loans to and placements with banks	25,893	22,156	14,092
Loans and advances to customers	337,394	301,933	329,650
Investment securities	295,297	262,646	247,405
Investment in subsidiary	118	118	118
Investments in associates	6,203	6,009	6,084
Intangible assets	2,295	1,962	2,211
Property, plant and equipment	4,994	4,865	5,003
Deferred tax assets	2,964	1,955	2,710
Post employee benefit asset	455	-	455
Other assets	10,528	6,166	8,422
Total assets	797,298	716,632	761,612
LIABILITIES AND SHAREHOLDER'S EQUITY			
Liabilities			
Deposits from banks	31,376	9,375	15,752
Deposits from customers	584,416	533,540	547,586
Derivative financial instruments	1,510	535	1,216
Other borrowed funds	66,038	92,199	84,422
Debt securities	13,319	-	13,759
Subordinated liabilities	6,569	540	7,059
Current tax liabilities	1,355	974	2,872
Post employee benefit liability	-	460	-
Other liabilities	12,694	8,016	13,552
Total liabilities	717,277	645,639	686,218
Shareholder's equity			
Stated capital	8,880	8,880	8,880
Retained earnings	61,293	52,520	56,625
Other components of equity	9,848	9,593	9,889
Total equity	80,021	70,993	75,394
Total equity and liabilities	797,298	716,632	761,612
CONTINGENT LIABILITIES (NET)	184,644	103,758	121,559

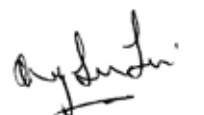
These financial statements were approved by the Board of Directors and authorised for issue on the 13 February 2024.



Thierry HEBRAUD
Director
Chief Executive Officer



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



Su Lin ONG
Director
Chairperson Audit Committee

Interim unaudited condensed statement of profit or loss for the period ended 31 December 2023

	Quarter to 31-Dec-23 Rs'M Unaudited	Quarter to 31-Dec-22 Rs'M Unaudited	6 months to 31-Dec-23 RS'M Unaudited	6 months to 31-Dec-22 RS'M Unaudited	Year to 30-Jun-23 RS'M Audited
Interest income using the effective interest method	10,769	7,377	21,016	12,894	31,739
Interest expense	(5,181)	(2,867)	(10,250)	(4,358)	(13,259)
Net interest income	5,588	4,510	10,766	8,536	18,480
Fee and commission income	2,477	2,208	4,776	4,100	8,414
Fee and commission expense	(766)	(663)	(1,466)	(1,237)	(2,570)
Net fee and commission income	1,711	1,545	3,310	2,863	5,844
Other income	1,348	1,163	2,145	1,661	3,794
Operating income	8,647	7,218	16,221	13,060	28,118
Non-interest expense	(3,170)	(2,333)	(5,747)	(4,439)	(9,242)
Operating profit before impairment	5,477	4,885	10,474	8,621	18,876
Net impairment of financial assets	(870)	(900)	(1,664)	(1,630)	(3,520)
Operating profit	4,607	3,985	8,810	6,991	15,356
Share of profit of associates	108	252	194	382	544
Profit before tax	4,715	4,237	9,004	7,373	15,900
Income tax expense	(814)	(556)	(1,648)	(1,041)	(2,941)
Profit for the period	3,901	3,681	7,356	6,332	12,959
Earnings per share (Rs)	4.39	4.15	8.28	7.13	14.59
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 2023

Profit for the period	3,901	3,681	7,356	6,332	12,959
Other comprehensive income/(expense):					
Items that will not be reclassified to profit or loss:					
Net fair value (loss)/gain on equity investments	(39)	(63)	44	(78)	(38)
Share of other comprehensive income of associates	12	52	12	52	54
Remeasurement of defined benefit pension plan, net of deferred tax	-	-	-	-	(224)
	(27)	(11)	56	(26)	(208)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	161	308	(80)	5	294
Net fair value loss on debt instruments	(5)	(12)	(5)	(46)	(79)
	156	296	(85)	(41)	215
Other comprehensive income/(expense) for the period	129	285	(29)	(67)	7
Total comprehensive income for the period	4,030	3,966	7,327	6,265	12,966

Interim unaudited condensed statement of changes in equity for the period ended 31 December 2023

	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 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
At 1 July 2022	8,880	48,161	159	673	8,880	66,753
Profit for the year	-	12,959	-	-	-	12,959
Other comprehensive (expense)/income for the year	-	(170)	(117)	294	-	7
Total comprehensive income/(expense) for the year	-	12,789	(117)	294	-	12,966
Dividends	-	(4,325)	-	-	-	(4,325)
Transactions with owner	-	(4,325)	-	-	-	(4,325)
At 30 June 2023	8,880	56,625	42	967	8,880	75,394
Profit for the period	-	7,356	-	-	-	7,356
Other comprehensive income/(expense) for the period	-	12	39	(80)	-	(29)
Total comprehensive income/(expense) for the period	-	7,368	39	(80)	-	7,327
Dividends	-	(2,700)	-	-	-	(2,700)
Transactions with owner	-	(2,700)	-	-	-	(2,700)
At 31 December 2023	8,880	61,293	81	887	8,880	80,021



Interim unaudited condensed statement of cash flows for the period ended 31 December 2023

	6 months to 31-Dec-23	6 months to 31-Dec-22	Year to 30-Jun-23
	Rs'M	Rs'M	Rs'M
	Unaudited	Unaudited	Audited
Net cash flows from operating activities	(37,848)	20,789	32,751
Net cash flows from investing activities	(546)	(542)	(1,386)
Net cash flows from financing activities	(299)	(179)	19,719
(Decrease)/Increase in cash and cash equivalents	(38,693)	20,068	51,084
Net cash and cash equivalents brought forward	113,643	62,559	62,559
Net cash and cash equivalents carried forward	74,950	82,627	113,643
Cash and cash equivalents as shown in the statement of cash flows			
Cash and cash equivalents	74,960	82,745	113,609
Allowances for credit impairment	39	69	34
Short term borrowed funds	(49)	(187)	-
Net cash and cash equivalents	74,950	82,627	113,643

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 2023.

The financial information has been extracted from the interim unaudited condensed financial statements for the period ended 31 December 2023 and are available upon request to the Company Secretary at the registered office of the Company.

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.