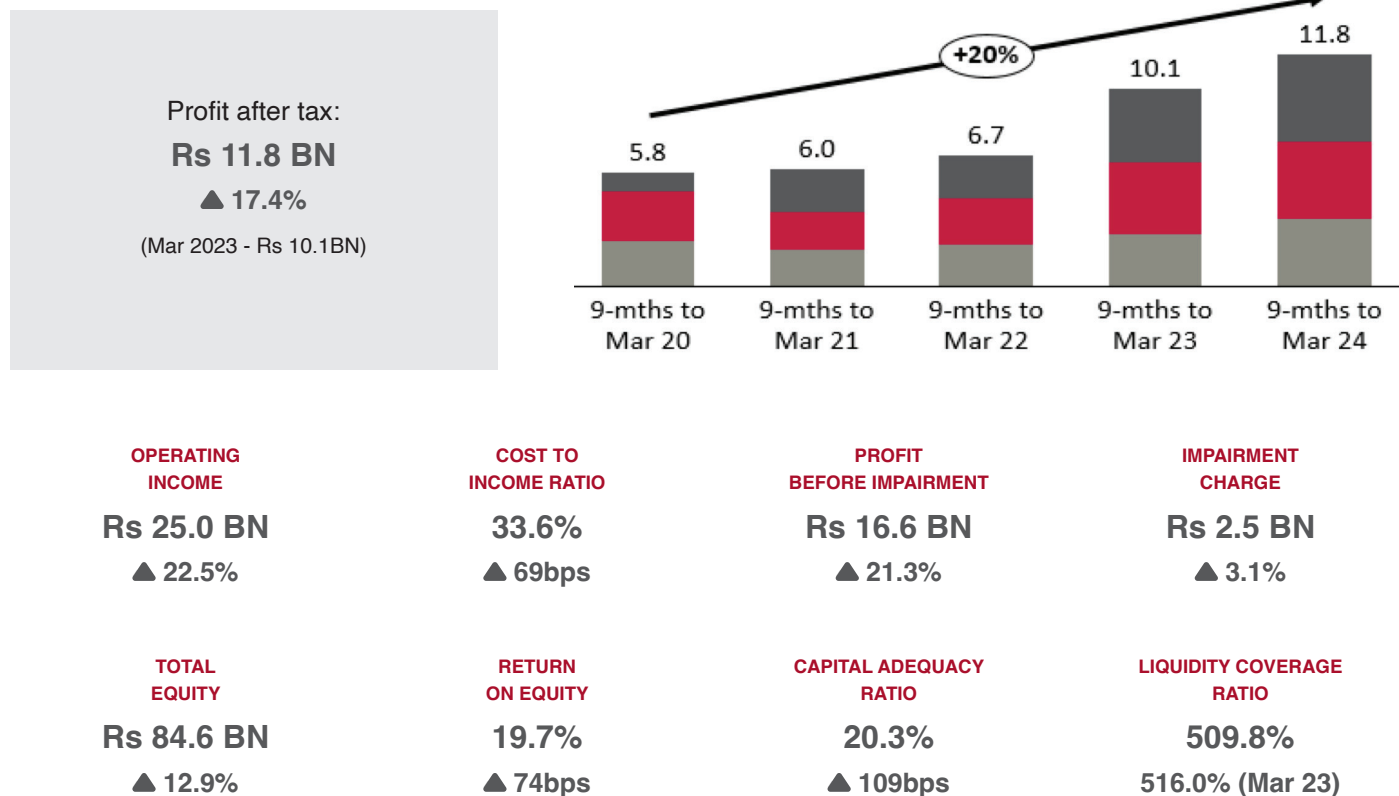


MCB Ltd results for nine months ended 31 Mar 2024

PORT LOUIS, 9 May 2024: MCB Ltd today announced its unaudited results for the 9 months ended 31 March 24

FINANCIAL HIGHLIGHTS



Changes (in % or bps) are in comparison to Mar 23

OVERALL PERFORMANCE AND OUTLOOK

The bank achieved a profit of Rs11,827 million for the nine months ended 31st March 2024, reflecting an increase of 17.4% compared to the corresponding period of last year. This notable growth was driven by improved core earnings, supported by the sustained high global interest rate environment, expansion of the loans and advances portfolio and increased surplus liquidity.

Operating income surged by 22.5% to Rs24,995 million. Net Interest Income rose by 23.8% to Rs16,528 million, driven by expansion in both loans and advances and investment securities, along with a notable improvement in net interest margins on the foreign currency denominated assets. Non-interest income also showed robust growth, rising by 20.2% compared to the same period last year reaching Rs8,467 million. This increase was fuelled by trade finance, payments, and foreign exchange trading activities as well as fair value gains on equity instruments.

Non-interest expense increased by 25.1% to Rs8,386 million with ongoing investments in human capital, the impact of high inflation and a provision made for the planned introduction of the deposit insurance scheme in Mauritius. The cost to income ratio for the period remained low at 33.6%.

In terms of asset quality, net impairment of financial assets amounted to Rs2,472 million for the nine months ended 31st March 2024. The Non-Performing to Total Loans ratio was at 2.9% with a Specific Provision Coverage Ratio of 64.8%.

In pursuit of its commitment to sustainable financing, the bank secured an additional borrowing of USD400 million through a Sustainability-linked loan which was disbursed in March 2024.

Overall the strong operating performance coupled with adequate management of risk-weighted assets, helped further improve the Capital Adequacy and Tier 1 ratios to 20.3% and 17.8% respectively.

The global economy has continued to show resilience despite a series of adverse shocks. Yet, the aggregate picture masks weaknesses in some countries, giving rise to increasingly divergent growth paths. While inflation has fallen, it remains above target in many countries in a context of heightened geopolitical tensions impacting commodity prices. As such, interest rates are likely to remain at elevated levels for longer than previously anticipated. In the African region, conditions are improving gradually although foreign currency shortages, high borrowing costs and impending debt repayments continue to weigh on economic activities.

Although the global environment remains unsteady, the Mauritian economy is set to pursue its expansion in 2024, supported by the good performance in tourism, financial services and the construction sector amongst others.

The bank continues to actively pursue its strategic goals, placing emphasis on international expansion within its specialized domains while maintaining its pivotal role in fostering sustainable development in Mauritius and beyond.

Bank Management Statement

Statement of profit or loss

Net interest income

The bank achieved a Net interest income of Rs16,528 million, representing 66% of operating income and a notable growth of 23.8% compared to the same period last year. This rise was driven by the expansion of both loans and advances and investment securities, complemented by a notable rise in net interest margins on foreign currency-denominated assets.

Non-interest income

The net fee and commission income achieved a reasonable growth of 14.0%, reaching Rs4,806 million, driven by heightened trade finance and payments activities. Additionally, other income surged from Rs2,829 million to Rs3,661 million, attributed to a strong performance in foreign exchange trading activities and fair value gains on equity instruments.

Non-interest expense

The non-interest expense increased by 25.1% to reach a total of Rs8,386 million, primarily driven by ongoing investments in human capital, the effects of high inflation, and provisions made for the planned introduction of the deposit insurance scheme in Mauritius. The cost-to-income ratio for the period increased slightly to 33.6% but remains at a reasonable level.

Net impairment of financial assets

For the nine months ended 31st March 2024, the net impairment of financial assets amounted to Rs2,472 million, compared to Rs2,398 million in the corresponding period last year thanks to better recoveries during the quarter. Consequently, the Non-Performing Loans ratio and annualised cost of risk (as a percentage of gross loans and advances) stood at 2.9% and 0.8%, respectively.

Share of profit of associates

The Share of profit of associates is lower mainly on account of lower contribution from Banque Française Commerciale Océan Indien (BFCOI) & SG Mozambique.

Profit for the period

Profit for the period rose by 17.4% to Rs11,827 million versus a rise of 22.5% in profit before tax of Rs14,430 million as a result of higher levy applicable in Financial Year 2024 and an adjustment in effective tax rate for Financial Year 2023 which was booked in the last quarter.

Statement of financial position

Total assets

The bank's total assets rose by 10.4% to Rs823.0 billion compared to last year. This expansion was driven primarily by growth in loans and advances to customers and investment securities, aiming at absorbing the excess liquidity.

Loans and advances

Loans and advances to customers grew by 6.3% to reach Rs337.4 billion compared to the same period last year driven by both local and international segments.

Funding and liquidity

As of 31st March 2024, total deposits from banks and customers rose by 13.4% to reach Rs635.1 billion, aligning with our strategy to increase foreign deposits as well as a result of the local excess liquidity environment.

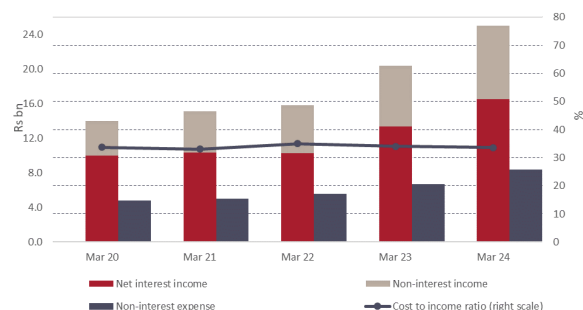
Other borrowed funds were lower at Rs63.9 billion versus Rs89.8 billion for the same period last year. Over the period there was a net reduction of USD500 million in our syndicated borrowings and maturing inter bank borrowings which were partly mitigated by an additional Sustainability-linked loan of USD400 million.

As of 31st March 2024, the bank's loans to deposits ratio for customers reached 56.4%, whereas the total loans to funding base ratio decreased to 46.9%. The bank maintained robust funding and liquidity levels, as evidenced by a liquidity coverage ratio of 509.8%.

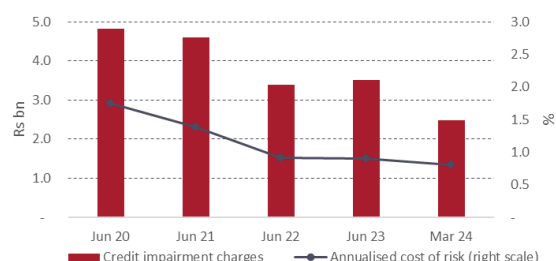
Capital position

Shareholders' equity grew by 12.9% to reach Rs84.6 billion supported by the rise in retained earnings. Adequate management of risk-weighted assets contributed to an enhanced Capital Adequacy and Tier 1 ratios of 20.3% and 17.8%, respectively.

Income and expenditure evolution

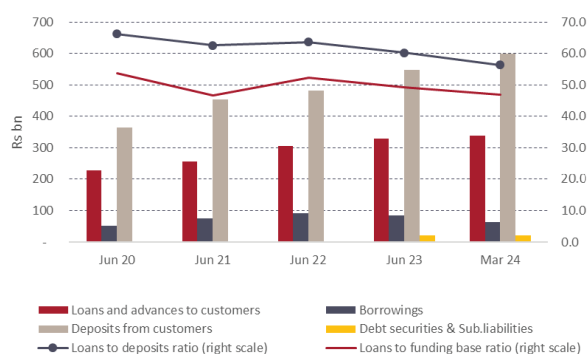


Credit impairment charges* & credit quality

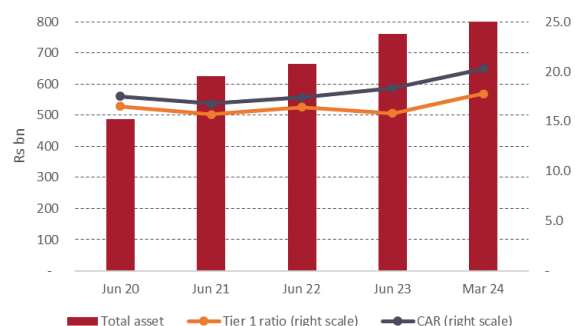


* Relate to loans & advances (including corporate notes)

Loans and funding base



Total asset and capital adequacy



Interim unaudited condensed statement of financial position as at 31 March 2024

	31-Mar-24	31-Mar-23	30-Jun-23
	Rs'M	Rs'M	Rs'M
	Unaudited	Unaudited	Audited
ASSETS			
Cash and cash equivalents	98,516	122,788	113,609
Mandatory balances with Central Bank	35,308	30,896	30,639
Derivative financial instruments	1,308	979	1,214
Loans to and placements with banks	12,981	18,447	14,092
Loans and advances to customers	337,408	317,372	329,650
Investment securities	307,621	230,503	247,405
Investment in subsidiary	121	118	118
Investments in associates	6,490	6,439	6,084
Intangible assets	2,312	1,992	2,211
Property, plant and equipment	4,943	4,859	5,003
Deferred tax assets	3,214	2,019	2,710
Post employee benefit asset	455	637	455
Other assets	12,326	8,472	8,422
Total assets	823,003	745,521	761,612
LIABILITIES AND SHAREHOLDER'S EQUITY			
Liabilities			
Deposits from banks	36,590	9,492	15,752
Deposits from customers	598,521	550,838	547,586
Derivative financial instruments	1,144	909	1,216
Other borrowed funds	63,860	89,834	84,422
Debt securities	14,341	-	13,759
Subordinated liabilities	6,778	6,915	7,059
Current tax liabilities	1,901	1,336	2,872
Other liabilities	15,223	11,228	13,552
Total liabilities	738,358	670,552	686,218
Shareholder's equity			
Stated capital	8,880	8,880	8,880
Retained earnings	65,764	56,267	56,625
Other components of equity	10,001	9,822	9,889
Total equity	84,645	74,969	75,394
Total equity and liabilities	823,003	745,521	761,612
CONTINGENT LIABILITIES (NET)	178,921	120,666	121,559

These financial statements were approved by the Board of Directors and authorised for issue on the 9 May 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 March 2024

	3 months to 31-Mar-24	3 months to 31-Mar-23	9 months to 31-Mar-24	9 months to 31-Mar-23	Year to 30-Jun-23
	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Interest income using the effective interest method	10,759	8,828	31,775	21,722	31,739
Interest expense	(4,997)	(4,012)	(15,247)	(8,370)	(13,259)
Net interest income	5,762	4,816	16,528	13,352	18,480
Fee and commission income	2,322	2,017	7,098	6,117	8,414
Fee and commission expense	(826)	(662)	(2,292)	(1,899)	(2,570)
Net fee and commission income	1,496	1,355	4,806	4,218	5,844
Other income	1,516	1,168	3,661	2,829	3,794
Operating income	8,774	7,339	24,995	20,399	28,118
Non-interest expense	(2,639)	(2,264)	(8,386)	(6,703)	(9,242)
Operating profit before impairment	6,135	5,075	16,609	13,696	18,876
Net impairment of financial assets	(808)	(768)	(2,472)	(2,398)	(3,520)
Operating profit	5,327	4,307	14,137	11,298	15,356
Share of profit of associates	99	98	293	480	544
Profit before tax	5,426	4,405	14,430	11,778	15,900
Income tax expense	(955)	(660)	(2,603)	(1,701)	(2,941)
Profit for the period	4,471	3,745	11,827	10,077	12,959
Earnings per share (Rs)	5.04	4.22	13.32	11.35	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 March 2024

Profit for the period	4,471	3,745	11,827	10,077	12,959
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Net fair value gain/(loss) on equity investments	5	(51)	49	(129)	(38)
Share of other comprehensive income of associates	-	2	12	54	54
Remeasurement of defined benefit pension plan, net of deferred tax	-	-	-	-	(224)
	5	(49)	61	(75)	(208)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	171	298	91	303	294
Net fair value loss on debt instruments	(23)	(18)	(28)	(64)	(79)
	148	280	63	239	215
Other comprehensive income for the period	153	231	124	164	7
Total comprehensive income for the period	4,624	3,976	11,951	10,241	12,966



Interim unaudited condensed statement of changes in equity for the period ended 31 March 2024

	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	-	10,077	-	-	-	10,077
Other comprehensive income/(expense) for the period	-	54	(193)	303	-	164
Total comprehensive income/(expense) for the period	-	10,131	(193)	303	-	10,241
Dividends	-	(2,025)	-	-	-	(2,025)
Transactions with owner	-	(2,025)	-	-	-	(2,025)
At 31 March 2023	8,880	56,267	(34)	976	8,880	74,969
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	-	11,827	-	-	-	11,827
Other comprehensive income for the period	-	12	21	91	-	124
Total comprehensive income for the period	-	11,839	21	91	-	11,951
Dividends	-	(2,700)	-	-	-	(2,700)
Transactions with owner	-	(2,700)	-	-	-	(2,700)
At 31 March 2024	8,880	65,764	63	1,058	8,880	84,645

Interim unaudited condensed statement of cash flows for the period ended 31 March 2024

	9 months to 31-Mar-24	9 months to 31-Mar-23	Year to 30-Jun-23
	Rs'M	Rs'M	Rs'M
	Unaudited	Unaudited	Audited
Net cash flows from operating activities	(14,007)	54,866	32,751
Net cash flows from investing activities	(766)	(798)	(1,386)
Net cash flows from financing activities	(312)	6,231	19,719
(Decrease)/Increase in cash and cash equivalents	(15,085)	60,299	51,084
Net cash and cash equivalents brought forward	113,643	62,559	62,559
Net cash and cash equivalents carried forward	98,558	122,858	113,643
Cash and cash equivalents as shown in the statement of cash flows			
Cash and cash equivalents	98,516	122,788	113,609
Allowances for credit impairment	42	70	34
Net cash and cash equivalents	98,558	122,858	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 March 2024 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.