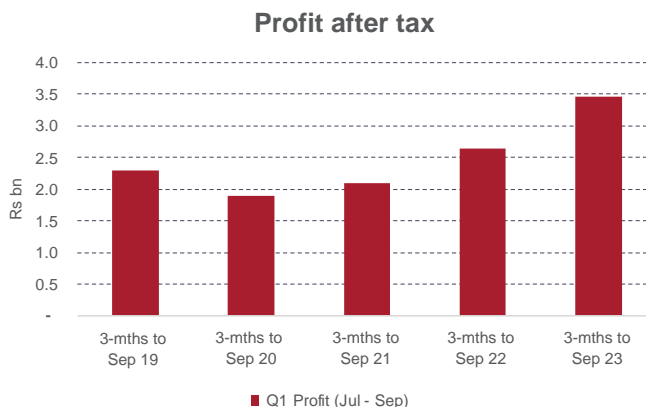


MCB Ltd results for three months ended 30 September 2023

PORT LOUIS, 13 November 2023: MCB Ltd today announced its unaudited results for the 3 months ended 30 September 2023

FINANCIAL HIGHLIGHTS

Profit after tax
Rs 3.5BN
▲ 30.3%
 (Sep 2022 - Rs 2.7 BN)



OPERATING INCOME

Rs 7.6BN
▲ 29.6%

COST TO INCOME RATIO

34.0%
▼ 203bps

PROFIT BEFORE IMPAIRMENT

Rs 5.0BN
▲ 33.8%

IMPAIRMENT CHARGE

Rs 0.8BN
▲ 8.8%

TOTAL EQUITY

Rs 76.0BN
▲ 13.4%

RETURN ON EQUITY

18.1%
▲ 239bps

CAPITAL ADEQUACY RATIO

18.6%
▲ 144bps

LIQUIDITY COVERAGE RATIO

407.0%
291.7%(Sep 22)

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

OVERALL PERFORMANCE AND OUTLOOK

The financial year began on a positive note, with a robust increase in Profit after tax of 30.3% reaching Rs 3,455 million during the first quarter ended 30 September 2023 compared to the corresponding period of last year. This result was driven by an improvement in core earnings and the full impact of the gradual foreign interest rate hikes that occurred mainly during last year.

Operating income was up by 29.7% to attain Rs7,574 million, driven largely by a 28.6% rise in Net interest income. This increase was fuelled by a continued growth in the volume of loans and advances from our International activities as well as improved foreign currency margins. Non-interest income rose by 31.9% driven by high transaction volumes across various business segments and a boost in foreign exchange proprietary trading activities.

The increase in Non-interest expense reaching Rs 2,577 million, is attributable to our ongoing investment in human capital and technology, as well as the persistent impact of high inflation, resulting in 22.4% rise. Our cost to income ratio maintained its low level at 34.0%.

Net impairment of financial assets for the three months ended 30 September 2023 amounted to Rs794 million compared to Rs730 million in the corresponding period of last year, with provisions being partly mitigated by recoveries. Non Performing to total loans ratio was lower at 2.9% with a specific provision coverage ratio increasing further to 74.1%.

Our Capital adequacy and Tier 1 ratios improved to 18.6% and 16.2% respectively due to better operating performance net of dividend distribution in addition to the issuance of Tier 2 capital instrument of USD147 million from African Development Bank Group as from March 2023.

Share of profit of associates dropped by 33.8% to reach Rs86 million as a result of a lower contribution from mainly Banque Française Commerciale Océan Indien.

The global economy is expected to remain subdued with rising geopolitical tensions in the Middle East adding further uncertainty to the outlook. Cooling inflation trends have allowed most central banks to slow the pace of tightening but interest rates are set to stay higher for longer. Against this backdrop, African economies continue to face multiple pressures, notably on their exchange rates, debt levels and sovereign ratings although macroeconomic imbalances are gradually narrowing.

In Mauritius, the economy continues to sustain its growth path, driven by the continued expansion in tourism, financial services and the construction sectors, but remains exposed to the heightened economic and market volatility on the international scene.

The Bank will continue to pursue its strategic objectives, with a strong emphasis on expanding internationally within its niche areas of expertise whilst remaining a key player in the sustainable development of Mauritius and beyond. However the pace of growth of the Bank's net profits is expected to slow down over the next few quarters as net interest margins start to stabilize in the subsequent quarters of FY2023/24 compared to the corresponding period of last year.

Statement of profit or loss

Net interest income

The bank generated a Net interest income of Rs5,178 million for the period representing a growth of 28.6% compared to the corresponding period last year. This increase was mainly fuelled by a 14% expansion in the average interest earning assets, stemming from both local and foreign loan portfolios along with enhanced foreign currency margins. On the local front, margins dropped by 21basis point as a significant portion of the excess liquidity in MUR was deployed in overnight placement with the Bank of Mauritius.

Non-interest income

The net fee and commission income experienced a robust growth of 21.3%, reaching Rs1,599 million. This increase was driven by higher revenues derived from cross-border trade finance, guarantees, and commitment fees, as well as fees from payment activities, with increasing shift to digital payment methods. Additionally, other income climbed from Rs498 million to Rs797 million. This rise can be attributed to a strong performance in proprietary trading and profits generated from foreign exchange transactions, although it was partially offset by fair value losses incurred on our Visa/Mastercard shares.

Non-interest expense

Non-interest expense surged by 22.4% to a total of Rs2,577 million, firstly due to the rise in staff-related costs. This increase can be attributed to additional hirings and increased salaries to accommodate the rising cost of living. Furthermore, the bank made significant investments to enhance its technological capabilities and incurred higher professional fees in support of our strategic initiatives. As a result of the operating income growing at a faster rate than non-interest expense, the Cost to Income ratio decreased to 34.0% from 36.0% in the corresponding period last year.

Impairment

Net impairment of financial assets for the three months ended 30 September 2023 was at Rs794 million compared to Rs730 million, with an increase in provision mitigated by higher recoveries for the same period last year. As such the Non Performing Loans ratio and cost of risk (as a % 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 BFCOI.

Profit for the period

Profit for the period rose by 30.3% to Rs3,455 million versus a rise of 36.8% in profit before tax of Rs4,289 million as a result of latest changes in the tax rate and higher levy applicable.

Statement of financial position

Total assets

The bank's total assets reached Rs770.4 billion, reflecting a notable increase of 14.6% when compared to September 2022. This growth was primarily driven by the expansion of loans and advances to customers, short term placements as well as investment securities.

Loans and advances

Loans and advances to customers grew by 15.2% to reach Rs343.0 billion compared to the same period last year largely on account of its short-term Energy & Commodities and Global & International Corporate activities.

Funding and liquidity

Total deposits from banks and customers increased by 17.1% to reach Rs577.8 billion as at 30 September 2023 in line with our strategy to raise foreign deposits.

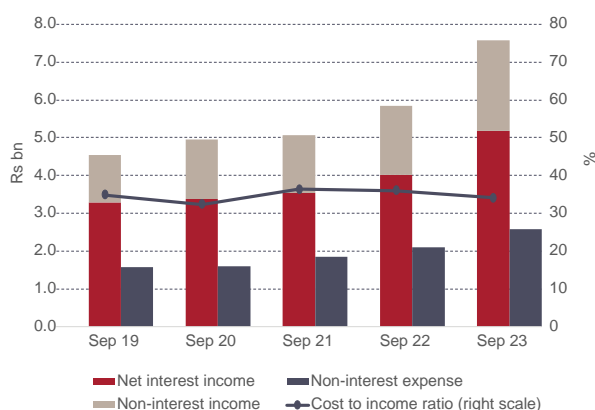
Total borrowings were slightly lower at Rs95 billion versus Rs98 billion for the same period last year with an increasing mix towards debt securities of USD300 million and subordinated liabilities of USD147 million.

The bank loans to deposits ratio (customers) reached 62.6% while the total loans to funding base ratio went down to 53.4%. The bank remained well funded and highly liquid with a liquidity coverage ratio standing at 407.0% as at 30 September 2023.

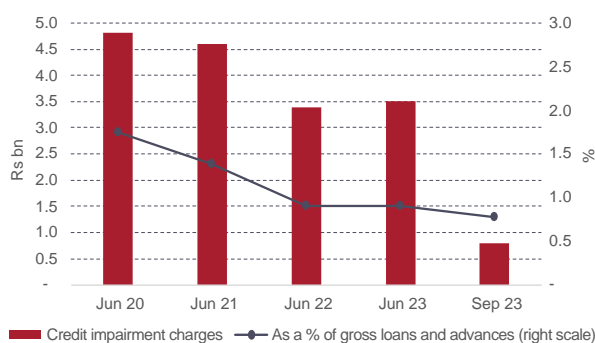
Capital position

Shareholders' equity grew by 13.4% to reach Rs76.0 billion supported by the rise in retained earnings net of a dividend pay-out. Our capital adequacy and Tier 1 ratios were further boosted to 18.6% and 16.2% respectively.

Income and expenditure evolution



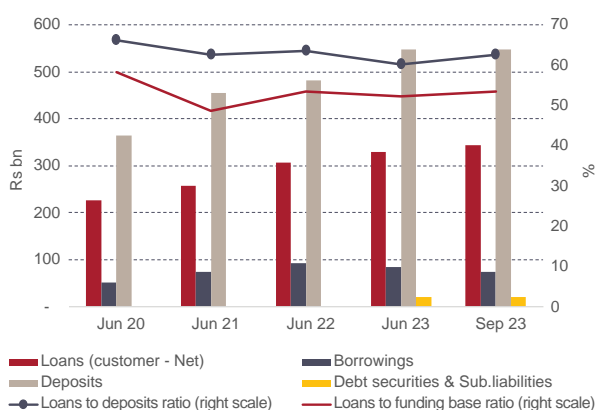
Credit impairment charges* & credit quality



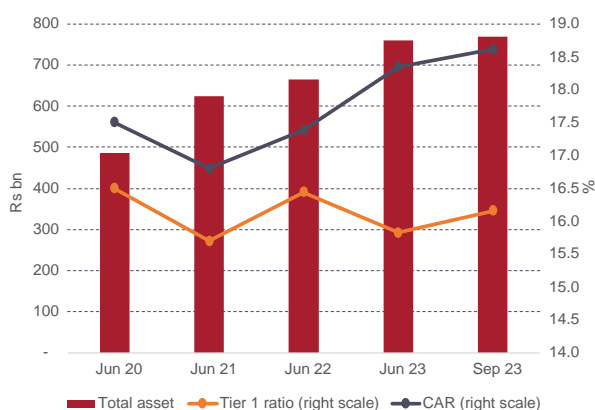
*Relate to loans & advances (including corporate notes)

Note: impairment charges for Sep 23 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 2023

	30-Sep-23 Rs'M Unaudited	30-Sep-22 Rs'M Unaudited	30-Jun-23 Rs'M Audited
ASSETS			
Cash and cash equivalents	75,171	57,772	113,609
Mandatory balances with Central Bank	32,937	24,330	30,639
Derivative financial instruments	1,294	705	1,214
Loans to and placements with banks	16,913	22,843	14,092
Loans and advances to customers	342,994	297,688	329,650
Investment securities	275,372	249,148	247,405
Investment in subsidiary	118	118	118
Investments in associates	5,901	5,358	6,084
Intangible assets	2,244	1,884	2,211
Property, plant and equipment	4,963	4,875	5,003
Deferred tax assets	2,852	1,937	2,710
Post employee benefit asset	455	-	455
Other assets	9,160	5,587	8,422
Total assets	770,374	672,245	761,612
LIABILITIES AND SHAREHOLDER'S EQUITY			
Liabilities			
Deposits from banks	29,826	8,101	15,752
Deposits from customers	547,929	485,349	547,586
Derivative financial instruments	1,418	571	1,216
Other borrowed funds	75,032	98,346	84,422
Debt securities	13,694	-	13,759
Subordinated liabilities	6,477	541	7,059
Current tax liabilities	3,815	1,763	2,872
Post employee benefit liability	-	460	-
Other liabilities	16,192	10,087	13,552
Total liabilities	694,383	605,218	686,218
Shareholder's equity			
Stated capital	8,880	8,880	8,880
Retained earnings	57,380	48,787	56,625
Other components of equity	9,731	9,360	9,889
Total equity	75,991	67,027	75,394
Total equity and liabilities	770,374	672,245	761,612
CONTINGENT LIABILITIES (NET)	186,641	129,683	121,559

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

Alain LAW MIN
Director
Chief Executive Officer

Jean-François 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 2023

	3 mths to 30-Sep-23 RS'M Unaudited	3 mths to 30-Sep-22 RS'M Unaudited	Year to 30-Jun-23 RS'M Audited
Interest income using the effective interest method	10,247	5,517	31,739
Interest expense	(5,069)	(1,491)	(13,259)
Net interest income	5,178	4,026	18,480
Fee and commission income	2,299	1,892	8,414
Fee and commission expense	(700)	(574)	(2,570)
Net fee and commission income	1,599	1,318	5,844
Other income	797	498	3,794
Operating income	7,574	5,842	28,118
Non-interest expense	(2,577)	(2,106)	(9,242)
Operating profit before impairment	4,997	3,736	18,876
Net impairment of financial assets	(794)	(730)	(3,520)
Operating profit	4,203	3,006	15,356
Share of profit of associates	86	130	544
Profit before tax	4,289	3,136	15,900
Income tax expense	(834)	(485)	(2,941)
Profit for the period	3,455	2,651	12,959
Earnings per share (Rs)	3.89	2.99	14.59
Weighted average number of shares (thousands)	887,960	887,960	887,960

Interim unaudited condensed statement of comprehensive income for the period ended 30 September 2023

Profit for the period	3,455	2,651	12,959
Other comprehensive (expense)/income:			
Items that will not be reclassified to profit or loss:			
Net fair value gain/(loss) on equity investments	83	(15)	(38)
Share of other comprehensive income of associates	-	-	54
Remeasurement of defined benefit pension plan, net of deferred tax	-	-	(224)
	83	(15)	(208)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	(241)	(303)	294
Net fair value loss on debt instruments	-	(34)	(79)
	(241)	(337)	215
Other comprehensive (expense)/income for the period	(158)	(352)	7
Total comprehensive income for the period	3,297	2,299	12,966

Interim unaudited condensed statement of changes in equity for the period ended 30 September 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	-	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)
At 30 September 2022	8,880	48,787	110	370	8,880	67,027
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	-	3,455	-	-	-	3,455
Other comprehensive income/(expense) for the period	-	-	83	(241)	-	(158)
Total comprehensive income/(expense) for the period	-	3,455	83	(241)	-	3,297
Dividends	-	(2,700)	-	-	-	(2,700)
Transactions with owner	-	(2,700)	-	-	-	(2,700)
At 30 September 2023	8,880	57,380	125	726	8,880	75,991



Interim unaudited condensed statement of cash flows for the period ended 30 September 2023

	3 mths to 30-Sep-23 Rs'M Unaudited	3 mths to 30-Sep-22 Rs'M Unaudited	Year to 30-Jun-23 Rs'M Audited
Net cash flows from operating activities	(38,247)	(6,870)	32,751
Net cash flows from investing activities	(214)	(223)	(1,386)
Net cash flows from financing activities	(271)	(179)	19,719
(Decrease)/Increase in cash and cash equivalents	(38,732)	(7,272)	51,084
Net cash and cash equivalents brought forward	113,643	62,559	62,559
Net cash and cash equivalents carried forward	74,911	55,287	113,643

Cash and cash equivalents as shown in the statement of cash flows

Cash and cash equivalents	75,171	57,772	113,609
Allowances for credit impairment	39	35	34
Short term borrowed funds	(299)	(2,520)	-
Net cash and cash equivalents	74,911	55,287	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 30 September 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.