

**Statements of financial position**

	Notes	GROUP			BANK		
		30-Jun-10 Rs'000	30-Jun-09 Rs'000	30-Jun-08 Rs'000	30-Jun-10 Rs'000	30-Jun-09 Rs'000	30-Jun-08 Rs'000
<b>ASSETS</b>							
Cash and cash equivalents	3	15,352,000	17,922,610	13,476,454	14,032,127	16,703,076	12,587,622
Derivative financial instruments	4	40,195	120,408	137,261	40,195	120,408	137,261
Loans and advances to banks	5(a)	1,889,801	2,318,568	1,818,874	1,940,302	2,222,735	1,568,519
Loans and advances to customers	5(b)	107,552,548	94,540,496	75,733,033	101,743,388	89,128,211	70,325,172
Investment securities	6	19,105,410	17,731,647	26,309,048	15,131,136	14,032,673	22,073,538
Investments in associates	7	6,386,548	6,490,699	6,022,694	862,632	914,593	885,586
Investments in subsidiaries	8	-	-	-	3,230,761	3,019,830	2,391,412
Goodwill and other intangible assets	9	756,231	360,025	284,835	611,353	275,728	202,246
Property, plant and equipment	10	4,696,459	3,839,527	3,371,104	3,927,355	3,008,629	2,458,313
Deferred tax assets	11	29,337	29,654	15,140	9,232	26,146	13,153
Other assets	12	6,930,640	7,122,709	5,803,218	5,835,482	5,957,544	4,712,412
<b>Total assets</b>		<b>162,739,169</b>	<b>150,476,343</b>	<b>132,971,661</b>	<b>147,363,963</b>	<b>135,409,573</b>	<b>117,355,234</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>							
Deposits from banks	13(a)	1,118,656	1,609,655	906,951	3,067,436	3,569,403	2,373,015
Deposits from customers	13(b)	131,364,901	119,631,291	104,579,922	121,878,417	110,937,039	95,173,010
Derivative financial instruments	4	85,571	44,544	95,973	85,571	44,544	95,973
Other borrowed funds	14	1,521,864	2,285,933	3,346,579	1,161,061	1,579,269	3,004,756
Subordinated liabilities	15	1,454,853	1,471,555	1,237,128	1,454,853	1,471,555	1,237,128
Current tax liabilities		292,540	758,314	455,102	266,769	628,659	347,643
Deferred tax liabilities	11	32,987	37,365	37,044	-	-	-
Other liabilities	17	4,991,375	4,505,804	4,318,572	4,291,168	3,925,929	3,779,877
<b>Total liabilities</b>		<b>140,862,747</b>	<b>130,344,461</b>	<b>114,977,271</b>	<b>132,205,275</b>	<b>122,156,398</b>	<b>106,011,402</b>
<b>Shareholders' Equity</b>							
Share capital and share premium		2,554,970	2,544,998	2,543,046	2,554,970	2,544,998	2,543,046
Retained earnings		13,774,324	11,611,885	8,955,759	9,651,949	7,803,419	5,837,778
Other components of equity		4,363,294	4,792,928	5,224,028	3,324,977	3,280,615	3,339,485
		<b>20,692,588</b>	<b>18,949,811</b>	<b>16,722,833</b>	<b>15,531,896</b>	<b>13,629,032</b>	<b>11,720,309</b>
Less treasury shares		(373,208)	(375,857)	(376,477)	(373,208)	(375,857)	(376,477)
<b>Equity attributable to the ordinary equity holders of the parent</b>		<b>20,319,380</b>	<b>18,573,954</b>	<b>16,346,356</b>	<b>15,158,688</b>	<b>13,253,175</b>	<b>11,343,832</b>
Non-controlling interests		1,557,042	1,557,928	1,648,034	-	-	-
<b>Total equity</b>		<b>21,876,422</b>	<b>20,131,882</b>	<b>17,994,390</b>	<b>15,158,688</b>	<b>13,253,175</b>	<b>11,343,832</b>
<b>Total equity and liabilities</b>		<b>162,739,169</b>	<b>150,476,343</b>	<b>132,971,661</b>	<b>147,363,963</b>	<b>135,409,573</b>	<b>117,355,234</b>
<b>CONTINGENT LIABILITIES</b>							
Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers		26,796,327	22,646,581	22,132,669	25,628,905	21,342,230	20,024,795
Commitments		6,450,251	7,473,105	6,300,151	6,239,807	7,277,317	6,115,111
Tax assessments		319,900	278,274	220,642	319,900	278,274	220,642
Other		777,123	969,117	1,085,998	765,152	969,117	996,426
	19	<b>34,343,601</b>	<b>31,367,077</b>	<b>29,739,460</b>	<b>32,953,764</b>	<b>29,866,938</b>	<b>27,356,974</b>

Income statements

	Notes	GROUP			BANK		
		Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
		2010	2009	2008	2010	2009	2008
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Interest income	20	9,326,639	10,348,263	10,283,586	8,460,748	9,416,773	9,442,478
Interest expense	21	(4,181,663)	(5,312,066)	(6,119,650)	(3,773,649)	(4,866,761)	(5,777,095)
<b>Net interest income</b>		<b>5,144,976</b>	<b>5,036,197</b>	<b>4,163,936</b>	<b>4,687,099</b>	<b>4,550,012</b>	<b>3,665,383</b>
Fee and commission income	22	2,008,208	1,871,185	1,623,374	1,578,795	1,428,753	1,244,966
Fee and commission expense	23	(311,412)	(286,257)	(262,606)	(240,378)	(233,984)	(220,785)
<b>Net fee and commission income</b>		<b>1,696,796</b>	<b>1,584,928</b>	<b>1,360,768</b>	<b>1,338,417</b>	<b>1,194,769</b>	<b>1,024,181</b>
<b>Other income</b>							
Profit arising from dealing in foreign currencies		1,054,932	1,355,855	1,191,962	832,739	1,101,582	1,042,689
Net (loss)/income from financial instruments carried at fair value	24	(43,795)	41,752	33,561	(43,795)	41,752	33,561
Dividend income	25	89,257	69,393	118,668	148,249	186,368	206,486
Net gain on sale of securities		3,218	76,211	536,448	44	43,648	397,191
Other operating income		48,275	91,633	35,657	22,205	2,803	1,981
		1,151,887	1,634,844	1,916,296	959,442	1,376,153	1,681,908
		7,993,659	8,255,969	7,441,000	6,984,958	7,120,934	6,371,472
<b>Operating income</b>							
<b>Non-interest expense</b>							
Salaries and human resource development	26	(1,765,138)	(1,740,503)	(1,581,067)	(1,550,543)	(1,552,114)	(1,441,237)
Employee benefits	16	(191,512)	(110,547)	(13,228)	(191,512)	(110,547)	(13,228)
Depreciation		(371,745)	(318,317)	(436,823)	(254,482)	(204,818)	(335,961)
Amortisation of intangible assets		(89,272)	(104,518)	(104,897)	(73,015)	(91,169)	(96,114)
Other	26	(1,296,477)	(1,204,860)	(1,059,027)	(1,018,981)	(873,015)	(780,086)
		(3,714,144)	(3,478,745)	(3,195,042)	(3,088,533)	(2,831,663)	(2,666,626)
		4,279,515	4,777,224	4,245,958	3,896,425	4,289,271	3,704,846
<b>Operating profit before impairment</b>		<b>(272,180)</b>	<b>(371,226)</b>	<b>(425,889)</b>	<b>(219,852)</b>	<b>(361,115)</b>	<b>(408,417)</b>
Allowance for credit impairment	27(a)	(190,140)	-	-	-	-	-
Impairment of available-for-sale investments	27(b)	-	-	-	-	-	-
<b>Operating profit</b>		<b>3,817,195</b>	<b>4,405,998</b>	<b>3,820,069</b>	<b>3,676,573</b>	<b>3,928,156</b>	<b>3,296,429</b>
Share of profit of associates		294,842	527,937	640,839	-	-	-
<b>Profit before tax</b>		<b>4,112,037</b>	<b>4,933,935</b>	<b>4,460,908</b>	<b>3,676,573</b>	<b>3,928,156</b>	<b>3,296,429</b>
Income tax expense	28	(691,918)	(887,976)	(575,180)	(572,197)	(675,676)	(395,394)
<b>Profit for the year</b>		<b>3,420,119</b>	<b>4,045,959</b>	<b>3,885,728</b>	<b>3,104,376</b>	<b>3,252,480</b>	<b>2,901,035</b>
<b>Profit for the year attributable to :-</b>							
Ordinary equity holders of the parent		3,413,254	3,964,002	3,693,734	3,104,376	3,252,480	2,901,035
Non-controlling interests		6,865	81,957	191,994	-	-	-
		3,420,119	4,045,959	3,885,728	3,104,376	3,252,480	2,901,035
<b>Statements of comprehensive income</b>							
<b>Profit for the year</b>		<b>3,420,119</b>	<b>4,045,959</b>	<b>3,885,728</b>	<b>3,104,376</b>	<b>3,252,480</b>	<b>2,901,035</b>
<b>Other comprehensive (expense)/income:</b>							
Exchange differences on translating foreign operations		(156,843)	(87,213)	(102,664)	-	-	-
Reclassification adjustments		87,303	(49,834)	-	-	(49,834)	-
Net fair value (loss)/gain on available-for-sale investments		(52,197)	(413,303)	240,787	34,390	(50,278)	196,228
Share of other comprehensive (expense)/income of associates		(303,961)	(36,194)	122,490	-	-	-
<b>Other comprehensive (expense)/income for the year</b>		<b>(425,698)</b>	<b>(586,544)</b>	<b>260,613</b>	<b>34,390</b>	<b>(100,112)</b>	<b>196,228</b>
<b>Total comprehensive income for the year</b>		<b>2,994,421</b>	<b>3,459,415</b>	<b>4,146,341</b>	<b>3,138,766</b>	<b>3,152,368</b>	<b>3,097,263</b>
<b>Total comprehensive income attributable to :-</b>							
Ordinary equity holders of the parent		2,974,604	3,476,556	3,908,540	3,138,766	3,152,368	3,097,263
Non-controlling interests		19,817	(17,141)	237,801	-	-	-
		2,994,421	3,459,415	4,146,341	3,138,766	3,152,368	3,097,263
Basic and diluted earnings per share for profit attributable to the ordinary equity holders of the parent (Rs)	30	14.38	16.71	15.58			
Dividends per share (Rs)		5.25	5.25	4.55			
Basic weighted average number of shares (thousands)		237,305	237,252	237,112			
Diluted weighted average number of shares (thousands)		237,359	237,291	237,133			

Statements of changes in equity

Note	Attributable to ordinary equity holders of the parent										
	Share Capital	Share Premium	Treasury Shares	Retained Earnings	Capital Reserve	Translation Reserve	Statutory Reserve	General Banking Reserve	Total	Non-controlling Interests	Total Equity
GROUP	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<b>At 1st July 2007</b>	<b>2,503,756</b>	<b>16,252</b>	<b>(384,289)</b>	<b>6,765,698</b>	<b>1,517,128</b>	<b>401,242</b>	<b>2,082,578</b>	<b>572,531</b>	<b>13,474,896</b>	<b>1,439,492</b>	<b>14,914,388</b>
Total comprehensive income for the year	-	-	-	3,693,734	285,936	(71,130)	-	-	3,908,540	237,801	4,146,341
Increase in shareholding in subsidiaries	-	-	-	-	-	-	-	-	-	(15,576)	(15,576)
Net assets disposed of by subsidiary	-	-	-	-	-	-	-	-	-	11,377	11,377
Profit on deemed disposal of subsidiary	-	-	-	11,108	-	-	-	-	11,108	1,234	12,342
Dividends	-	-	-	(1,079,038)	-	-	-	-	(1,079,038)	(26,294)	(1,105,332)
Transfer to general banking reserve	-	-	-	(6,219)	-	-	-	6,219	-	-	-
Transfer to statutory reserve	-	-	-	(429,524)	-	-	429,524	-	-	-	-
Employee share options exercised	-	23,038	7,812	-	-	-	-	-	30,850	-	30,850
<b>At 30th June 2008</b>	<b>2,503,756</b>	<b>39,290</b>	<b>(376,477)</b>	<b>8,955,759</b>	<b>1,803,064</b>	<b>330,112</b>	<b>2,512,102</b>	<b>578,750</b>	<b>16,346,356</b>	<b>1,648,034</b>	<b>17,994,390</b>
Total comprehensive income for the year	-	-	-	3,964,002	(562,950)	75,504	-	-	3,476,556	(17,141)	3,459,415
Increase in shareholding in subsidiaries	-	-	-	(5,933)	-	-	-	-	(5,933)	(51,257)	(57,190)
Contribution of non-controlling interests in new subsidiary	-	-	-	-	-	-	-	-	-	20,000	20,000
Dividends	-	-	-	(1,245,597)	-	-	-	-	(1,245,597)	(41,708)	(1,287,305)
Transfer to general banking reserve	-	-	-	(12,634)	-	-	-	12,634	-	-	-
Transfer to statutory reserve	-	-	-	(43,712)	-	-	43,712	-	-	-	-
Employee share options exercised	-	1,952	620	-	-	-	-	-	2,572	-	2,572
<b>At 30th June 2009</b>	<b>2,503,756</b>	<b>41,242</b>	<b>(375,857)</b>	<b>11,611,885</b>	<b>1,240,114</b>	<b>405,616</b>	<b>2,555,814</b>	<b>591,384</b>	<b>18,573,954</b>	<b>1,557,928</b>	<b>20,131,882</b>
Total comprehensive income for the year	-	-	-	3,413,254	87,298	(525,948)	-	-	2,974,604	19,817	2,994,421
Increase in effective shareholding of associate	-	-	-	4,075	-	-	-	-	4,075	3,005	7,080
Dividends	-	-	-	(1,245,874)	-	-	-	-	(1,245,874)	(23,708)	(1,269,582)
Share of transfer on disposal of property, plant & equipment by associate	-	-	-	10,014	(10,014)	-	-	-	-	-	-
Transfer to general banking reserve	-	-	-	(7,674)	-	-	-	7,674	-	-	-
Transfer to statutory reserve	-	-	-	(11,356)	-	-	11,356	-	-	-	-
Employee share options exercised	-	9,972	2,649	-	-	-	-	-	12,621	-	12,621
<b>At 30th June 2010</b>	<b>2,503,756</b>	<b>51,214</b>	<b>(373,208)</b>	<b>13,774,324</b>	<b>1,317,398</b>	<b>(120,332)</b>	<b>2,567,170</b>	<b>599,058</b>	<b>20,319,380</b>	<b>1,557,042</b>	<b>21,876,422</b>

Statements of changes in equity

	Note	Share Capital	Share Premium	Treasury Shares	Retained Earnings	Capital Reserve	Statutory Reserve	General Banking Reserve	Total
<b>BANK</b>		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<b>At 1st July 2007</b>		<b>2,503,756</b>	<b>16,252</b>	<b>(384,289)</b>	<b>4,436,959</b>	<b>105,921</b>	<b>2,082,578</b>	<b>533,580</b>	<b>9,294,757</b>
Total comprehensive income for the year		-	-	-	2,901,035	196,228	-	-	3,097,263
Dividends	29	-	-	-	(1,079,038)	-	-	-	(1,079,038)
Transfer to statutory reserve		-	-	-	(421,178)	-	421,178	-	-
Employee share options exercised		-	23,038	7,812	-	-	-	-	30,850
<b>At 30th June 2008</b>		<b>2,503,756</b>	<b>39,290</b>	<b>(376,477)</b>	<b>5,837,778</b>	<b>302,149</b>	<b>2,503,756</b>	<b>533,580</b>	<b>11,343,832</b>
Total comprehensive income for the year		-	-	-	3,252,480	(100,112)	-	-	3,152,368
Dividends	29	-	-	-	(1,245,597)	-	-	-	(1,245,597)
Transfer to statutory reserve		-	-	-	(41,242)	-	41,242	-	-
Employee share options exercised		-	1,952	620	-	-	-	-	2,572
<b>At 30th June 2009</b>		<b>2,503,756</b>	<b>41,242</b>	<b>(375,857)</b>	<b>7,803,419</b>	<b>202,037</b>	<b>2,544,998</b>	<b>533,580</b>	<b>13,253,175</b>
Total comprehensive income for the year		-	-	-	3,104,376	34,390	-	-	3,138,766
Dividends	29	-	-	-	(1,245,874)	-	-	-	(1,245,874)
Transfer to statutory reserve		-	-	-	(9,972)	-	9,972	-	-
Employee share options exercised		-	9,972	2,649	-	-	-	-	12,621
<b>At 30th June 2010</b>		<b>2,503,756</b>	<b>51,214</b>	<b>(373,208)</b>	<b>9,651,949</b>	<b>236,427</b>	<b>2,554,970</b>	<b>533,580</b>	<b>15,158,688</b>

Statements of cash flows

	Notes	GROUP			BANK		
		Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
		2010	2009	2008	2010	2009	2008
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<b>Net cash flows from trading activities</b>	32	<b>5,539,269</b>	4,005,310	3,556,001	<b>4,923,545</b>	3,423,801	3,327,323
<b>Net cash flows from other operating activities</b>	33	<b>(3,099,688)</b>	4,930,372	(585,280)	<b>(3,220,770)</b>	5,008,301	296,893
Dividends received from associates		<b>52,247</b>	56,758	34,668	-	-	-
Dividends paid		<b>(1,245,597)</b>	(1,221,808)	(391,057)	<b>(1,245,597)</b>	(1,221,808)	(391,057)
Dividends paid to non-controlling interests in subsidiaries		<b>(21,803)</b>	(41,708)	(26,294)	-	-	-
Income tax paid		<b>(1,160,491)</b>	(574,675)	(476,005)	<b>(917,173)</b>	(407,653)	(373,182)
<b>Net cash flows from operating activities</b>		<b>63,937</b>	7,154,249	2,112,033	<b>(459,995)</b>	6,802,641	2,859,977
Investing activities		<b>(1,832,923)</b>	(1,375,694)	146,192	<b>(1,958,319)</b>	(1,341,230)	193,272
<b>Net cash flows before financing</b>		<b>(1,768,986)</b>	5,778,555	2,258,225	<b>(2,418,314)</b>	5,461,411	3,053,249
Contribution of non-controlling interests in new subsidiary		-	20,000	23,719	-	-	-
Employee share options exercised		<b>11,693</b>	2,393	28,842	<b>11,693</b>	2,393	28,842
Grant/refund of subordinated loan to subsidiary/associate		<b>(1,620)</b>	-	-	<b>153,880</b>	77,691	(200,647)
Capital element of finance lease rental payments		-	-	-	-	(554)	(1,773)
<b>(Decrease)/Increase in cash and cash equivalents</b>		<b>(1,758,913)</b>	5,800,948	2,310,786	<b>(2,252,741)</b>	5,540,941	2,879,671
Cash and cash equivalents at 1st July 2009		<b>15,636,677</b>	10,129,875	8,374,281	<b>15,123,807</b>	9,582,866	6,703,195
Effect of foreign exchange rate changes		<b>(47,628)</b>	(294,146)	(555,192)	-	-	-
<b>Net cash and cash equivalents at 30th June 2010</b>	34	<b>13,830,136</b>	15,636,677	10,129,875	<b>12,871,066</b>	15,123,807	9,582,866

**TO THE SHAREHOLDERS OF THE MAURITIUS COMMERCIAL BANK LTD**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS**

This report is made solely to the members of The Mauritius Commercial Bank Ltd (the "Bank"), as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Bank's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Report on the Financial Statements**

We have audited the financial statements of The Mauritius Commercial Bank Ltd and its subsidiaries (the "Group") and the Bank's separate financial statements on pages 3 to 80 which comprise the statements of financial position at June 30, 2010 and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

*Directors' Responsibility for the Financial Statements*

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Bank and for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001 and Banking Act 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements on pages 3 to 80 give a true and fair view of the financial position of the Group and of the Bank at June 30, 2010, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

**Report on Other Legal and Regulatory Requirements**

*Companies Act 2001*

We have no relationship with, or interests in, the Bank or any of its subsidiaries, other than in our capacity as auditors, tax and business advisers and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Bank as far as it appears from our examination of those records.

*Banking Act 2004*

In our opinion, the financial statements have been prepared on a basis consistent with that of the preceding year and are complete, fair and properly drawn up and comply with the Banking Act 2004 and the regulations and guidelines of the Bank of Mauritius.

The explanations or information called for or given to us by the officers or agents of the Bank were satisfactory.

*The Financial Reporting Act 2004*

The directors are responsible for preparing the Corporate Governance Report and making the disclosures required by Section 8.4 of the Code of Corporate Governance of Mauritius ("Code"). Our responsibility is to report on these disclosures. In our opinion, the disclosures in the Corporate Governance Report are consistent with the requirements of the Code.

29th September 2010  
Port Louis  
Mauritius

**BDO & Co**  
(Formerly BDO De Chazal Du Mée)  
Chartered Accountants

Per M.Yacoob A.Ramtoola - FCA

## COMMENTS ON FINANCIAL STATEMENTS

### Results

Reflecting tough market conditions characterised by a highly demanding economic environment as well as sub-optimal conditions in the capital, foreign exchange and money markets, results of the MCB Group for the year to June 30, 2010 dropped by 13.9% to reach Rs 3,413.3 million whilst, at Bank level, the performance was more resilient with a contraction of 4.6%. In fact, Group profit bore the brunt of some particularly adverse movements. Besides a specific impairment charge of Rs 190 million on a regional investment, a significant drop of about Rs 160 million was experienced in the effective share of net income from associates. Moreover, adverse market dynamics led to a decline of some Rs 380 million in profit relating to foreign exchange dealings. As a result, earnings per share fell to Rs 14.38.

Some commendable achievements have, however, been recorded during the year. At core earnings level, net interest income improved by 2.2% in a context of slack demand for credit and increased pressures on margins, marked by an atypical market for treasury bills with yields driven to below the savings rate consequent to short supply and ensuing excess liquidity particularly in the latter half of the year. Furthermore, net fees and commissions grew by 7.1% fuelled by card products and regional trade financing. Foreign-sourced activities fared particularly well with the share of relevant profit in Group attributable earnings edging above the 45% mark. Balance sheet growth was satisfactory in the circumstances with deposits and loans increasing by 9.3% and 12.2% respectively.

The MCB remains characterised by healthy fundamentals, backed by sound practices in its operations. In addition to having an adequate liquidity position as demonstrated by a liquid asset to deposit ratio exceeding 27%, the MCB Group continues to enjoy a comfortable capital cushion with a capital adequacy of 14.9%. Asset quality continued to improve as gauged by a sustained downtrend in the non-performing loans ratios which reached 3.9% and 1.9% in gross and net terms respectively, while contributing to a further drop in the allowance for credit impairment.

### Prospects

Looking ahead, activities of the MCB Group will continue to be weighed down by the delicate economic climate and uncertainty levels linked to the absence of perceptible evidence of nationwide activity growth. However, the Group is convinced that the reform programme coupled with recently announced policy responses can, if applied in a pragmatic and sustained manner, stimulate demand in the local economy and improve private sector investment levels. On the whole, backed by sound fundamentals and sensible diversification initiatives, the MCB is confident to post a resilient performance, buoyed by increasing prominence of foreign-sourced activities, even though operating costs will be affected by the full impact of charges associated with substantial investments made in the past two years. Indeed, Group profits for FY 2010/11 are set to recover from current levels with the MCB remaining well positioned to benefit from future economic upturn.

The Statement of direct and indirect interests of officers of the Company required under rule 8(2)(m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 is available upon request, free of charge, at the registered office of the Company.

*This communiqué is issued pursuant to Listing Rule 12.14 and Securities Act 2005.*

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

Copies of the audited financial statements can be obtained free of charge upon request at the registered office of the Company, 9-15, Sir William Newton Street, Port-Louis.

These financial statements were approved for issue by the Board of Directors on the 29th September 2010.

(S) Pierre-Guy NOEL  
Chief Executive (Group)

(S) Antony R. WITHERS  
Chief Executive (Banking)

(S) J. Gérard HARDY  
Director  
President of the Board

(S) Bertrand de CHAZAL  
Director  
Chairman Audit Committee