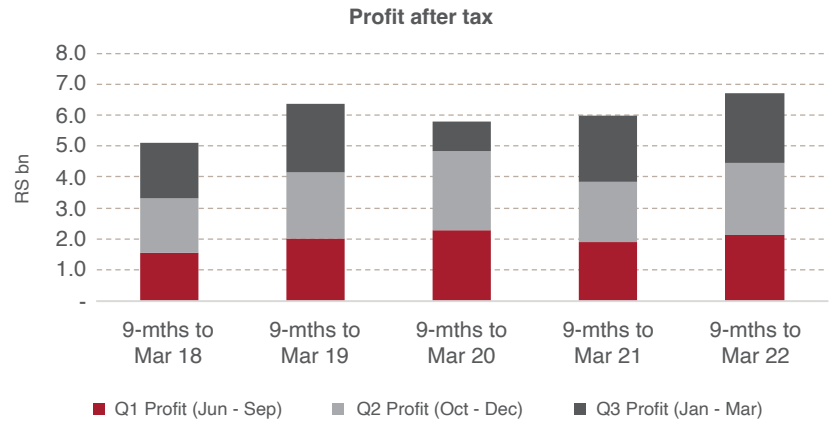


Results for nine months to 31 March 2022

**PORT LOUIS, 11 May 2022:** MCB LTD today announced its unaudited results for the 9 months ended 31 March 2022

## FINANCIAL HIGHLIGHTS

**Profit after tax:**  
**Rs 6.7 BN**  
**▲ +12.0%**  
(Mar 2021 - Rs 6.0 BN)



**OPERATING INCOME**  
**Rs 15.8 BN**  
**▲ +4.5%**

**COST TO INCOME**  
**35.1%**  
**▲ +187bps**

**PROFIT BEFORE IMPAIRMENT**  
**Rs 10.2 BN**  
**▲ +1.6%**

**NET IMPAIRMENT CHARGES**  
**Rs 2.8 BN**  
**▼ -16.0%**

**TOTAL ASSETS**  
**Rs 658.2 BN**  
**▲ +12.8%**

**RETURN ON EQUITY**  
**13.6%**  
**▼ -64bps**

**CAPITAL ADEQUACY RATIO**  
**17.4%**  
**▲ +154bps**

**LIQUIDITY COVERAGE RATIO**  
**457.9%**  
**▲ Mar21: 328%**

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

## OVERALL PERFORMANCE AND OUTLOOK

The bank reported a Profit after tax for the nine months ended 31 March 2022 of Rs6.7 billion representing a growth of 12.0%. The nine months performance continues to be sustained by an improvement in core earnings and a reduction in Net impairment of financial assets.

Operating income increased by 4.5% to reach Rs15.8 billion due to a strong performance in Net fee and commission income offsetting the lower Other income whilst Net interest income remained flat. On the other hand, Non-interest expense rose by 10.4% to reach Rs5.5 billion resulting in an increase in Operating profit before impairment of 1.6% at Rs10.2 billion.

Net impairment of financial assets for the nine months ended 31 March 2022 dropped to Rs2.8 billion compared to Rs3.3 billion for the same period last year. This together with a higher share of Profit from associates helped to boost the overall performance.

Deposits from banks and customers rose by Rs56.3 billion to reach Rs496.5 billion whilst Loans and advances to customers increased by Rs36.1 billion to reach Rs297.0 billion.

Shareholder's equity went up by 15.7% to reach Rs67.7 billion. The bank's Capital adequacy and Tier 1 ratios remained strong at 17.4% and 16.4% respectively.

The operating context remains uncertain, due to the impact of the Ukraine/Russia conflict on an already fragile post Covid global economic recovery. The local environment will also remain challenging, with its recovery being dependent upon the evolution of the global macro-economic parameters, the performance of the tourism industry and the ramifications of rising inflation. The bank will pursue its diversification strategy while continuing to play an active role in promoting the local economic rebound.

## Statement of profit or loss

### Net interest income

Net interest Income remained flat at Rs10.3 billion compared to the same period last year despite a 22% growth in average interest bearing assets. This reflects the lower interest margins generated on our loan portfolio, whose expansion was geared principally towards short term advances and commodity trade finance loans. On the local front, the lower margins were mainly due to the deployment of our excess liquidity in lower yielding Treasury bills and Government bonds.

### Non-interest income

Net fee and commission income grew by 29.9% to reach Rs3.7 billion boosted by higher revenues from payment and cross border trade finance activities. The Off Balance Sheet non funded exposures increased from Rs112.6 billion to Rs 183.8 billion between 31 March 2021 and 2022. Cards income benefitted from the reopening of borders and an increasing shift to digital payments locally.

Other Income fell from Rs1.9 billion to Rs1.7 billion as the positive performance in profits generated from foreign exchange transactions were more than offset by a fall in profits from trading activities coupled with a loss in the fair value of foreign equity instruments, amidst the volatility in both bond and stock markets.

### Non interest expense

Non-interest expense increased by 10.4% to reach Rs5.5 billion driven by planned investments to strengthen our technological capabilities and recruitments in specialist areas within the bank in order to support our strategic initiatives. This led to an increase in cost to income ratio to 35.1% compared to 33.3% last year.

### Impairment

Net impairment of financial assets were lower than last year by 16.0% reaching Rs2.8 billion, representing an annualised cost of risk of 103 basis points of gross loans. Gross Non performing Loans ratio increased from 3.1% to 3.5%.

### Share of profit of associates

The Share of profit of associates grew significantly to Rs0.4 billion on the back of higher contributions from both BFCOI and SG Mozambique.

### Profit for the period

Profit for the period rose by 12.0% to Rs6.7 billion as the higher Net fee and commission 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 Rs583.3 billion to Rs658.2 billion between March 2021 and March 2022 representing a growth of 12.8%. This was generated largely by a growth in the Loans and advances to customers and Investment securities with the deployment of excess liquidity.

### Loans and advances

Loans and advances to customers grew by 13.8% to reach Rs297.0 billion compared to the same period last year with a greater mix in foreign currency notably linked to its energy & commodities business activities.

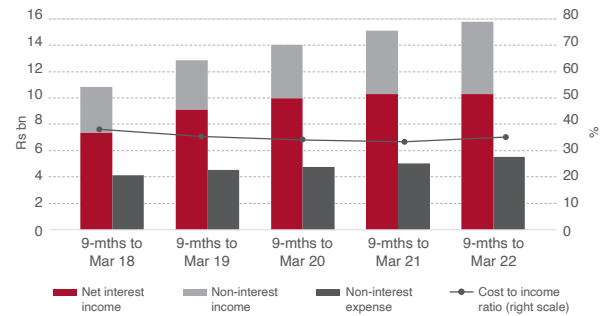
### Funding and liquidity

Total deposits from banks and customers, both in rupee and foreign currency, increased by 12.8% to reach Rs496.5 billion as at 31 March 2022. 'Other borrowed funds' went up by 17.3% to reach Rs85.0 billion. This was due to the full drawdown during the previous quarter of the USD 1 billion syndicated term loan facilities to support our international activities net of maturing short term inter-bank borrowings. As a result, the total loans to deposits ratio stood at 64% while the total loans to funding base ratio, including borrowings, reached 55%. The bank remained well funded and highly liquid with a liquidity coverage ratio standing at 458% as at 31 March 2022.

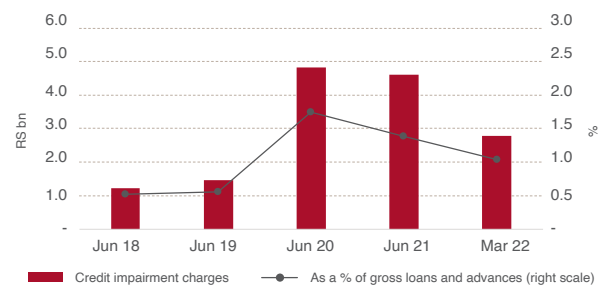
### Capital position

Shareholders' equity grew by 15.7% to reach Rs67.7 billion, supported by the rise in retained earnings net of a dividend pay-out of Rs2.2 billion in December 2021. The Bank's Capital adequacy and Tier 1 ratios remained strong at 17.4% and 16.4% respectively and comfortably above the minimum regulatory requirements.

### Income and expenditure evolution



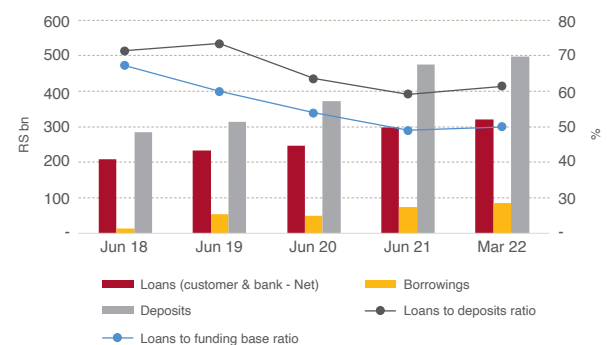
### Credit impairment charges\* & credit quality



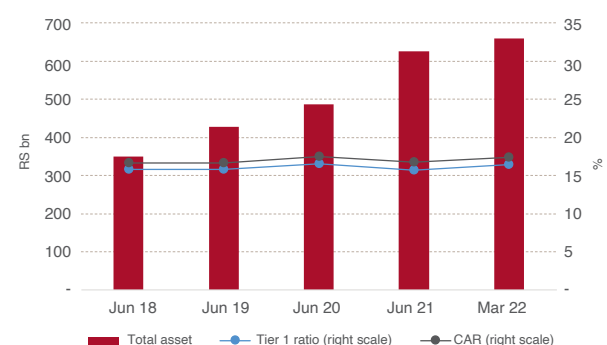
\* Relate to loans & advances (including corporate notes)

Note: impairment charges for Mar 22 relate to the nine 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 March 2022

	<b>31-Mar-22</b>	31-Mar-21	30-Jun-21
	<b>Rs'M</b>	Rs'M	Rs'M
	<b>Unaudited</b>	Unaudited	Audited
<b>ASSETS</b>			
Cash and cash equivalents	71,960	86,467	101,154
Mandatory balances with Central Bank	23,436	21,118	21,990
Derivative financial instruments	1,550	1,673	1,035
Loans to and placements with banks	23,017	35,314	40,869
Loans and advances to customers	296,997	260,897	256,750
Investment securities	218,724	159,857	183,560
Investment in subsidiary	118	118	118
Investments in associates	6,136	5,516	5,820
Intangible assets	1,751	1,247	1,462
Property, plant and equipment	4,932	5,045	5,211
Deferred tax assets	1,546	1,445	1,189
Post employee benefit asset	1,218	-	1,218
Other assets	6,833	4,612	5,165
<b>Total assets</b>	<b>658,218</b>	<b>583,309</b>	<b>625,541</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>			
<b>Liabilities</b>			
Deposits from banks	11,459	21,990	21,656
Deposits from customers	485,040	418,221	453,828
Derivative financial instruments	1,199	1,409	1,406
Other borrowed funds	85,026	72,462	74,626
Subordinated liability	668	824	875
Current tax liabilities	971	1,604	1,031
Post employee benefit liability	-	1,170	-
Other liabilities	6,191	7,160	8,823
<b>Total liabilities</b>	<b>590,554</b>	<b>524,840</b>	<b>562,245</b>
<b>Shareholder's equity</b>			
Stated capital	8,880	6,880	8,880
Retained earnings	49,863	44,929	45,343
Other components of equity	8,921	6,660	9,073
<b>Total equity</b>	<b>67,664</b>	<b>58,469</b>	<b>63,296</b>
<b>Total equity and liabilities</b>	<b>658,218</b>	<b>583,309</b>	<b>625,541</b>
<b>CONTINGENT LIABILITIES</b>	<b>183,836</b>	<b>112,620</b>	<b>128,548</b>

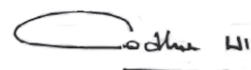
The interim unaudited condensed financial statements were approved for issue by the Board of Directors on 11 May 2022.



**Alain LAW MIN**  
Director  
Chief Executive Officer



**Jean-Francois DESVAUX DE MARIGNY**  
Director  
Chairperson



**Uday GUJADHUR**  
Director  
Chairperson Audit Committee

Interim unaudited condensed statement of profit or loss for the period ended 31 March 2022

	Quarter to <b>31-Mar-22</b>	Quarter to 31-Mar-21	<b>9 mths to 31-Mar-22</b>	9 mths to 31-Mar-21	Year to 30-Jun-21
	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M
	<b>Unaudited</b>	Unaudited	<b>Unaudited</b>	Unaudited	Audited
Interest income calculated using the effective interest method	3,949	3,945	11,911	11,670	15,628
Interest income - others	71	61	162	202	280
Interest expense	(673)	(532)	(1,770)	(1,569)	(2,072)
<b>Net interest income</b>	<b>3,347</b>	3,474	<b>10,303</b>	10,303	13,836
Fee and commission income	1,748	1,245	5,253	3,618	4,934
Fee and commission expense	(522)	(195)	(1,519)	(744)	(1,068)
<b>Net fee and commission income</b>	<b>1,226</b>	1,050	<b>3,734</b>	2,874	3,866
Other income	685	648	1,743	1,922	2,041
<b>Operating income</b>	<b>5,258</b>	5,172	<b>15,780</b>	15,099	19,743
Non-interest expense	(1,859)	(1,746)	(5,545)	(5,023)	(6,728)
<b>Operating profit before impairment</b>	<b>3,399</b>	3,426	<b>10,235</b>	10,076	13,015
Net impairment of financial assets	(922)	(1,009)	(2,772)	(3,300)	(4,601)
<b>Operating profit</b>	<b>2,477</b>	2,417	<b>7,463</b>	6,776	8,414
Share of profit of associates	106	71	393	265	337
<b>Profit before tax</b>	<b>2,583</b>	2,488	<b>7,856</b>	7,041	8,751
Income tax expense	(356)	(340)	(1,160)	(1,061)	(1,355)
<b>Profit for the period</b>	<b>2,227</b>	2,148	<b>6,696</b>	5,980	7,396

Interim unaudited condensed statement of comprehensive income for the period ended 31 March 2022

<b>Profit for the period</b>	<b>2,227</b>	2,148	<b>6,696</b>	5,980	7,396
<b>Other comprehensive (expense)/income:</b>					
<b>Items that will not be reclassified to profit or loss:</b>					
Net fair value gain on equity investments	40	2	164	3	111
Reclassification adjustments on disposal of investments at fair value	-	-	-	-	(1)
Share of other comprehensive income from associates	-	-	24	-	-
Remeasurement of defined benefit pension plan, net of deferred tax	-	-	-	-	2,108
	<b>40</b>	2	<b>188</b>	3	2,218
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Exchange differences on translating foreign operations	34	(42)	(124)	238	576
Net fair value loss on debt instruments	(134)	(907)	(192)	(966)	(108)
	<b>(100)</b>	(949)	<b>(316)</b>	(728)	468
<b>Other comprehensive (expense)/income for the period</b>	<b>(60)</b>	(947)	<b>(128)</b>	(725)	2,686
<b>Total comprehensive income for the period</b>	<b>2,167</b>	1,201	<b>6,568</b>	5,255	10,082
<b>Earnings per share (Rs)</b>	<b>2.51</b>	3.12	<b>7.54</b>	8.69	10.73
<b>Weighted average number of shares (thousands)</b>	<b>887,960</b>	687,960	<b>887,960</b>	687,960	689,056

Interim unaudited condensed statement of changes in equity for the period ended 31 March 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 2020</b>	<b>6,880</b>	<b>38,949</b>	<b>48</b>	<b>457</b>	<b>6,880</b>	<b>53,214</b>
Profit for the period	-	5,980	-	-	-	5,980
Other comprehensive (expense)/income for the period	-	-	(963)	238	-	(725)
Total comprehensive income/(expense) for the period	-	5,980	(963)	238	-	5,255
<b>At 31 March 2021</b>	<b>6,880</b>	<b>44,929</b>	<b>(915)</b>	<b>695</b>	<b>6,880</b>	<b>58,469</b>
<b>At 1 July 2020</b>	<b>6,880</b>	<b>38,949</b>	<b>48</b>	<b>457</b>	<b>6,880</b>	<b>53,214</b>
Profit for the year	-	7,396	-	-	-	7,396
Other comprehensive income for the year	-	2,107	3	576	-	2,686
Total comprehensive income for the year	-	9,503	3	576	-	10,082
Rights issue	2,000	-	-	-	-	2,000
Dividends	-	(2,000)	-	-	-	(2,000)
Transactions with owner	2,000	(2,000)	-	-	-	-
Transfer to statutory reserve	-	(1,109)	-	-	1,109	-
<b>At 30 June 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	-	6,696	-	-	-	6,696
Other comprehensive income/(expense) for the period	-	24	(28)	(124)	-	(128)
Total comprehensive income/(expense) for the period	-	6,720	(28)	(124)	-	6,568
Dividends	-	(2,200)	-	-	-	(2,200)
Transactions with owner	-	(2,200)	-	-	-	(2,200)
<b>At 31 March 2022</b>	<b>8,880</b>	<b>49,863</b>	<b>23</b>	<b>909</b>	<b>7,989</b>	<b>67,664</b>

Interim unaudited condensed statement of cash flows for the period ended 31 March 2022

	<b>9 mths to 31-Mar-22</b>	9 mths to 31-Mar-21	Year to 30-Jun-21
	<b>Rs'M</b>	Rs'M	Rs'M
	<b>Unaudited</b>	Unaudited	Audited
<b>Operating activities</b>			
<b>Net cash flows from trading activities</b>	<b>14,492</b>	11,428	4,126
<b>Net cash flows from other operating activities</b>	<b>(37,050)</b>	9,596	30,725
Dividends received from associates	-	-	134
Dividends paid	<b>(4,200)</b>	-	-
Income tax paid	<b>(1,577)</b>	(1,163)	(2,080)
<b>Net cash flows from operating activities</b>	<b>(28,335)</b>	19,861	32,905
<b>Net cash flows from investing activities</b>	<b>(926)</b>	(866)	(1,153)
<b>Net cash flows from financing activities</b>	<b>(225)</b>	(214)	1,761
<b>(Decrease)/Increase in cash and cash equivalents</b>	<b>(29,486)</b>	18,781	33,513
Net cash and cash equivalents brought forward	<b>101,209</b>	67,696	67,696
<b>Net cash and cash equivalents carried forward</b>	<b>71,723</b>	86,477	101,209

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 2021.

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.*