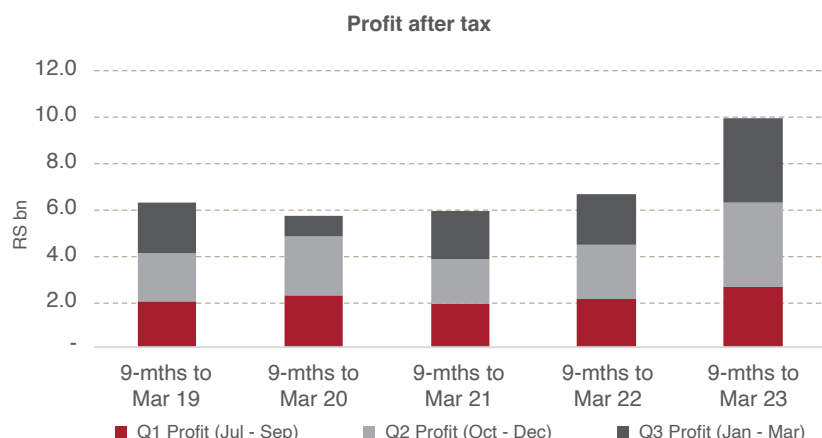
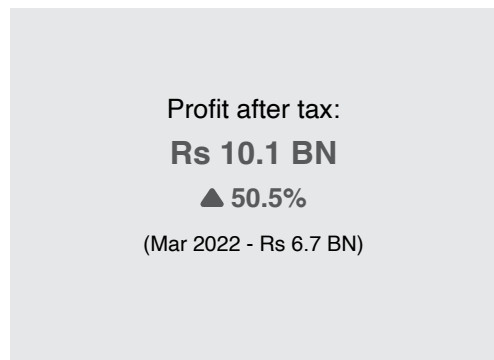


MCB Ltd results for the nine months ended 31 March 2023

PORT LOUIS, 9 May 2023: MCB Ltd today announced its unaudited results for the 9 months ended 31 March 2023

## FINANCIAL HIGHLIGHTS



**OPERATING INCOME**  
**Rs 20.4 BN**  
▲ 29.3%

**COST TO INCOME RATIO**  
**32.9%**  
▼ 228 bps

**PROFIT BEFORE IMPAIRMENT**  
**Rs 13.7 BN**  
▲ 33.8%

**IMPAIRMENT CHARGE**  
**Rs 2.4 BN**  
▼ 13.5%

**TOTAL EQUITY**  
**Rs 75.0 BN**  
▲ 10.8%

**RETURN ON EQUITY**  
**18.9%**  
▲ 532bps

**CAPITAL ADEQUACY RATIO**  
**19.2%**  
▲ 182bps

**LIQUIDITY COVERAGE RATIO**  
**516.0%**  
Mar 22: 457.9%

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

## OVERALL PERFORMANCE AND OUTLOOK

The bank delivered a robust financial performance with strong Operating profit growth and a lower Net impairment of financial assets. This resulted in a Profit after tax of Rs10.1 billion for the nine months ended 31 March 2023, a growth of 50.5%, compared to the same period last year.

Operating income increased by 29.3% to reach Rs20.4 billion, with a strong growth of 30.2% in Net interest income driven by improved foreign currency margins and an increase in volume of loans and advances, from our Trade Finance and Global and International activities.

Net fee and commission income and Other Income also showed good progress, driven by foreign exchange commercial and trading activities, Trade Finance and Payment activities.

Non-interest expense rose by 20.9% due to our continuous investment in people and technology to reach Rs6.7 billion while improving our cost to income ratio to 32.9%.

Operating profit before impairment reached Rs13.7 billion, representing an increase of 33.8% over the same period last year. Net impairment of financial assets for the nine months ended 31 March 2023 was lower at Rs2.4 billion compared to Rs2.8 billion for the same period last year due to higher recoveries with a Non Performing Loans ratio of 3.3% and an annualised cost of risk of 0.80%.

Shareholders' equity increased by 10.8% to reach Rs75.0 billion and the return on average equity improved to 18.9% for the nine months ended 31 March 2023.

On 31 March 2023, the bank successfully closed a Basel III compliant Tier 2 capital instrument of USD147.0 million with African Development Bank Group to further sustain its capital and funding requirements in order to cater for its international business expansion. This, coupled with the robust results, resulted in stronger Capital adequacy and Tier 1 ratios of 19.2% and 16.6% respectively.

The global economy is showing signs of improvement with the drop in inflation rates in the US, the increased growth rates in China following its re-opening and stable energy prices. However, there are still a number of uncertainties, with the impact of tightening monetary policies on growth trajectories, rising interest rates on mid-sized US banks, and increased geopolitical tensions. Regionally, high inflation levels and interest rates are having a negative impact on Foreign Currency and debt levels in many sub-Saharan African economies. On the local front, the strong recovery of the Tourism sector and good performance in the ICT and Financial services sectors will help support economic growth amidst the high interest rate environment.

The bank will continue to pursue its strategic objectives, focusing on its international diversification strategy within niche areas of expertise whilst remaining a key player in the development of Mauritius and beyond. On 19 April 2023 the bank successfully closed its inaugural USD300.0 million senior unsecured bond on the London Stock Exchange, a landmark transaction by a Mauritian entity on the international debt and capital market.

## Statement of profit or loss

### Net interest income

Net interest income for the period reached Rs13.4 billion, an increase of 30.2% compared to the same period last year with a growth of 13.2% in average interest earning assets, driven mostly by increase in Trade Finance and Global and International activities and improved foreign currency margins despite a higher cost of funding. On the local front, margins dropped slightly with the successive hikes in the Key Rate and nearly half of our excess liquidity being in fixed rate GOM/BOM instruments.

### Non-interest income

Net fee and commission income grew by 13.0% to reach Rs4.2 billion boosted by higher revenues from cross-border trade financing & guarantees as well as payment activities, with an increasing shift to digital payments locally impacting positively on cards income. Other Income increased from Rs1.8 billion to Rs2.8 billion with the positive performance in profits generated from foreign exchange transactions, higher gain in the fair value of foreign equity instruments partially offset by a fall in Mark-to-Market gains from fixed income trading activities.

### Non-interest expense

Non-interest expense increased by 20.9% to reach Rs6.7 billion driven mostly by staff related expenses. This is in line with additional recruitments in specialist areas within the bank in order to support our strategic initiatives and higher salary compensation for cost of living. The bank also invested further to strengthen its technological capabilities and also higher professional fees on account of its funding initiatives. With operating income growing at a higher pace than non-interest expense, Cost to income ratio dropped to 32.9%, from 35.1% for the same period last year.

### Impairment

Net impairment of financial assets for the nine months ended 31 March 2023 was lower at Rs2.4 billion compared to Rs2.8 billion for the same period last year due to higher recoveries with a Non Performing Loans ratio of 3.3% and an annualised cost of risk of 0.80%.

### Share of profit of associates

The Share of profit of associates increased to Rs0.5 billion with a higher contribution from SG Mozambique.

### Profit for the period

Profit for the period rose by 50.5% to Rs10.1 billion as the higher Operating income and lower Net impairment of financial assets largely offset the increase in non-interest expense.

## Statement of financial position

### Total assets

Total assets grew from Rs658.2 billion to Rs745.5 billion between 31 March 2022 and 31 March 2023 representing a growth of 13.3%. This was generated largely by a growth in Loans and advances to customers and Investment securities with the deployment of the excess liquidity, mostly in the 7-day BOM instruments.

### Loans and advances

Loans and advances to customers grew by 6.9% to reach Rs317.4 billion compared to the same period last year largely on account of its short-term Energy & Commodities, Global and International business activities.

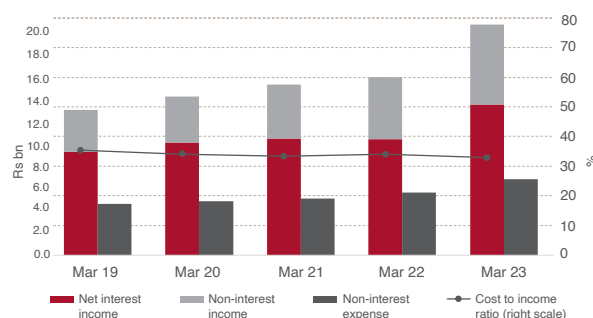
### Funding and liquidity

Total deposits from banks and customers increased by 12.9% to reach Rs560.3 billion as at 31 March 2023 with a significant inflow of short term deposits as from the second quarter while 'Other borrowed funds', including interbank borrowings, repo transactions and syndicated facilities stood at Rs89.8 billion. This resulted in a drop in our loans to deposits ratio to 62.5% while the total loans to funding base ratio, including borrowings and subordinated liabilities, went down to 53.3%. The bank remained well funded and highly liquid with a liquidity coverage ratio standing at 516.0% as at 31 March 2023.

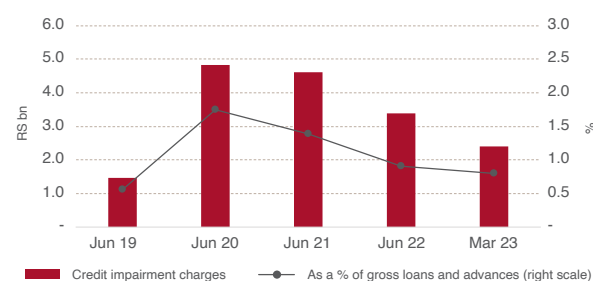
### Capital position

Shareholders' equity grew by 10.8% to reach Rs75.0 billion supported by the rise in retained earnings net of a dividend pay-out of Rs2.0 billion in September 2022. Following the issuance of Tier 2 capital instrument of USD147.0 million with African Development Bank Group, our capital adequacy and Tier 1 ratios were further boosted to 19.2% and 16.6% respectively.

### Income and expenditure evolution



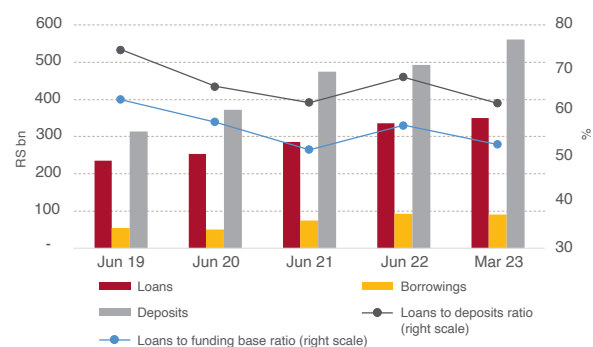
### Credit impairment charges\* & credit quality



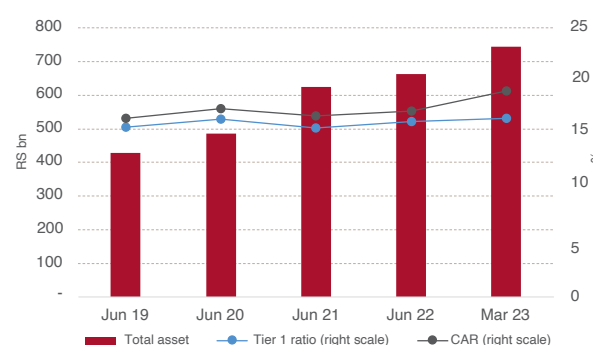
\* Relate to loans & advances (including corporate notes)

Note: impairment charges for Mar 23 relate to 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 2023

	<b>31-Mar-23</b>	31-Mar-22	30-Jun-22
	<b>Rs'M</b>	Rs'M	Rs'M
	<b>Unaudited</b>	Unaudited	Audited
<b>ASSETS</b>			
Cash and cash equivalents	<b>122,788</b>	71,960	64,594
Mandatory balances with Central Bank	<b>30,896</b>	23,436	24,146
Derivative financial instruments	<b>979</b>	1,550	438
Loans to and placements with banks	<b>18,447</b>	23,017	23,934
Loans and advances to customers	<b>317,372</b>	296,997	306,648
Investment securities	<b>230,503</b>	218,724	222,823
Investment in subsidiary	<b>118</b>	118	118
Investments in associates	<b>6,439</b>	6,136	5,569
Intangible assets	<b>1,992</b>	1,751	1,896
Property, plant and equipment	<b>4,859</b>	4,932	4,951
Deferred tax assets	<b>2,019</b>	1,546	1,804
Post employee benefit asset	<b>637</b>	1,218	-
Other assets	<b>8,472</b>	6,833	7,596
<b>Total assets</b>	<b>745,521</b>	658,218	664,517
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>			
<b>Liabilities</b>			
Deposits from banks	<b>9,492</b>	11,459	11,318
Deposits from customers	<b>550,838</b>	485,040	481,103
Derivative financial instruments	<b>909</b>	1,199	497
Other borrowed funds	<b>89,834</b>	85,026	92,755
Subordinated liabilities	<b>6,915</b>	668	684
Current tax liabilities	<b>1,336</b>	971	1,148
Post employee benefit liability	<b>-</b>	-	460
Other liabilities	<b>11,228</b>	6,191	9,799
<b>Total liabilities</b>	<b>670,552</b>	590,554	597,764
<b>Shareholder's equity</b>			
Stated capital	<b>8,880</b>	8,880	8,880
Retained earnings	<b>56,267</b>	49,863	48,161
Other components of equity	<b>9,822</b>	8,921	9,712
<b>Total equity</b>	<b>74,969</b>	67,664	66,753
<b>Total equity and liabilities</b>	<b>745,521</b>	658,218	664,517
<b>CONTINGENT LIABILITIES (NET)</b>	<b>120,666</b>	151,275	120,441

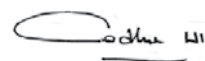
These interim financial statements were approved by the Board of Directors and authorised for issue on the 9 May 2023.



**Alain LAW MIN**  
Director  
Chief Executive Officer



**Jean-Francois 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 31 March 2023

	Quarter to 31-Mar-23	Quarter to 31-Mar-22	9 mths to 31-Mar-23	9 mths to 31-Mar-22	Year to 30-Jun-22
	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Interest income using the effective interest method	8,828	3,949	21,722	11,911	16,470
Interest expense	(4,012)	(619)	(8,370)	(1,656)	(2,537)
<b>Net interest income</b>	<b>4,816</b>	<b>3,330</b>	<b>13,352</b>	<b>10,255</b>	<b>13,933</b>
Fee and commission income	2,017	1,748	6,117	5,253	7,233
Fee and commission expense	(662)	(522)	(1,899)	(1,519)	(2,057)
<b>Net fee and commission income</b>	<b>1,355</b>	<b>1,226</b>	<b>4,218</b>	<b>3,734</b>	<b>5,176</b>
<b>Other income</b>	<b>1,168</b>	<b>702</b>	<b>2,829</b>	<b>1,791</b>	<b>1,745</b>
<b>Operating income</b>	<b>7,339</b>	<b>5,258</b>	<b>20,399</b>	<b>15,780</b>	<b>20,854</b>
<b>Non-interest expense</b>	<b>(2,264)</b>	<b>(1,859)</b>	<b>(6,703)</b>	<b>(5,545)</b>	<b>(7,343)</b>
<b>Operating profit before impairment</b>	<b>5,075</b>	<b>3,399</b>	<b>13,696</b>	<b>10,235</b>	<b>13,511</b>
Net impairment of financial assets	(768)	(922)	(2,398)	(2,772)	(3,392)
<b>Operating profit</b>	<b>4,307</b>	<b>2,477</b>	<b>11,298</b>	<b>7,463</b>	<b>10,119</b>
Share of profit of associates	98	106	480	393	475
<b>Profit before tax</b>	<b>4,405</b>	<b>2,583</b>	<b>11,778</b>	<b>7,856</b>	<b>10,594</b>
Income tax expense	(660)	(356)	(1,701)	(1,160)	(1,646)
<b>Profit for the period</b>	<b>3,745</b>	<b>2,227</b>	<b>10,077</b>	<b>6,696</b>	<b>8,948</b>
<b>Earnings per share (Rs)</b>	<b>4.22</b>	<b>2.51</b>	<b>11.35</b>	<b>7.54</b>	<b>10.08</b>
<b>Weighted average number of shares (thousands)</b>	<b>887,960</b>	<b>887,960</b>	<b>887,960</b>	<b>887,960</b>	<b>887,960</b>

Interim unaudited condensed statement of comprehensive income for the period ended 31 March 2023

<b>Profit for the period</b>	<b>3,745</b>	<b>2,227</b>	<b>10,077</b>	<b>6,696</b>	<b>8,948</b>
<b>Other comprehensive income/(expense):</b>					
<b>Items that will not be reclassified to profit or loss:</b>					
Net fair value (loss)/gain on equity investments	(51)	40	(129)	164	124
Share of other comprehensive income from associates	2	-	54	24	24
Remeasurement of defined benefit pension plan, net of deferred tax	-	-	-	-	(1,529)
	<b>(49)</b>	<b>40</b>	<b>(75)</b>	<b>188</b>	<b>(1,381)</b>
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Exchange differences on translating foreign operations	298	34	303	(124)	(360)
Reclassification adjustments on disposal of debt investments at fair value	-	-	-	-	7
Net fair value loss on debt instruments	(18)	(134)	(64)	(192)	(23)
	<b>280</b>	<b>(100)</b>	<b>239</b>	<b>(316)</b>	<b>(376)</b>
<b>Other comprehensive income/(expense) for the period</b>	<b>231</b>	<b>(60)</b>	<b>164</b>	<b>(128)</b>	<b>(1,757)</b>
<b>Total comprehensive income for the period</b>	<b>3,976</b>	<b>2,167</b>	<b>10,241</b>	<b>6,568</b>	<b>7,191</b>



Interim unaudited condensed statement of changes in equity for the period ended 31 March 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
<b>At 1 July 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>

<b>At 1 July 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 year	-	8,948	-	-	-	8,948
Other comprehensive (expense)/income for the year	-	(1,505)	108	(360)	-	(1,757)
Total comprehensive income/(expense) for the year	-	7,443	108	(360)	-	7,191
Dividends	-	(3,734)	-	-	-	(3,734)
Transactions with owner	-	(3,734)	-	-	-	(3,734)
Transfer to statutory reserve	-	(891)	-	-	891	-
<b>At 30 June 2022</b>	<b>8,880</b>	<b>48,161</b>	<b>159</b>	<b>673</b>	<b>8,880</b>	<b>66,753</b>
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)
<b>At 31 March 2023</b>	<b>8,880</b>	<b>56,267</b>	<b>(34)</b>	<b>976</b>	<b>8,880</b>	<b>74,969</b>

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

	<b>9 mths to 31-Mar-23</b>	9 mths to 31-Mar-22	Year to 30-Jun-22
	<b>Rs'M</b>	Rs'M	Rs'M
	<b>Unaudited</b>	Unaudited	Audited
<b>Operating activities</b>			
Net cash flows from trading activities	<b>7,720</b>	14,492	29,366
Net cash flows from other operating activities	<b>52,433</b>	(37,050)	(60,654)
Dividends received from associates	-	-	383
Dividends paid	<b>(3,559)</b>	(4,200)	(4,200)
Income tax paid	<b>(1,728)</b>	(1,577)	(1,906)
<b>Net cash flows from operating activities</b>	<b>54,866</b>	(28,335)	(37,011)
<b>Net cash flows from investing activities</b>	<b>(798)</b>	(926)	(1,353)
<b>Net cash flows from financing activities</b>	<b>6,231</b>	(225)	(286)
Increase/(Decrease) in cash and cash equivalents	<b>60,299</b>	(29,486)	(38,650)
Net cash and cash equivalents brought forward	<b>62,559</b>	101,209	101,209
<b>Net cash and cash equivalents carried forward</b>	<b>122,858</b>	71,723	62,559

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 2022.

*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.*