Message from Chief Executive Group

Reflecting on Group results for the first quarter of FY 2011/12, Pierre Guy Noël commented, *"The MCB continued to take advantage of its diversification strategy across product offerings and markets, particularly in the region, to show a resilient performance in a difficult environment. Indeed, notwithstanding hikes in operating expenses associated with reinforced capacity, increased allowance for credit impairment and pressures on demand for credit amidst the sluggish evolution of local private investment, profit attributable to shareholders expanded by 12.4% year-on-year to reach Rs 1,063 million for the three months to September 2011. This performance was anchored on broad-based improvement in revenues across business segments spanning the local banking line, foreign operations and non-bank financial activities. Specifically, core earnings remained solid as gauged by a rise of more than 12% in net interest income, boosted by a notable expansion in the loan portfolio linked to international activities. Furthermore, net fee and commission income expanded by some 14% on the strength of solid growth in regional trade finance activities, whilst 'other income' increased despite a drop in profit on exchange at Bank level due to persistently volatile forex conditions. Besides, the contribution of associated companies to the Group's profit has perceptibly increased, in line with the recovery from last year's setback at the level of Réunion-based BFCOI. Looking ahead, although reforms have been earmarked by the authorities, the challenging global economic climate could hamper efforts to re-ignite private investment and bolster economic growth in the short-term at least. Nevertheless, whilst remaining attentive to market development constraints, the MCB feels confident to pursue its balanced business growth domestically and beyond on the back of reinforced internal capabilities, sound risk management and an enhancement of customer service, with the recently-refreshed brand image of the Group testifying to our values and engagement vis-à-vis our stakeholders."*

Financial performance

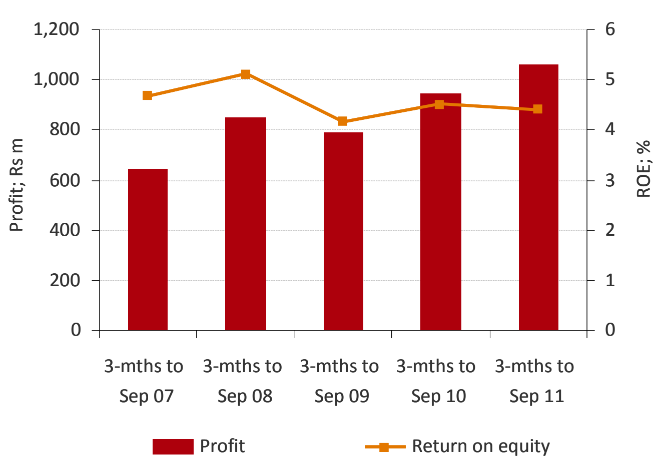
Highlights

- Expansion of 12.4% in Group attributable profits to Rs 1,063 million for the first quarter of FY 2011/2012, supported by:
  - Rise of some 12% in net interest income in line with sustained portfolio growth
  - Increase of nearly 14% in net fee and commission income linked to trade finance operations
  - Rise of 11% in 'other income' due to a better performance in respect of foreign subsidiaries and non-bank entities
  - Improved contribution from associated companies following a recovery at the level of BFCOI relative to last year's exceptionally subdued performance
- Hike of 15.2% in operating expenses associated with capacity building initiatives
- Allowance for credit impairment on the rise, essentially due to higher portfolio provision linked to the growth in the loan book
- Balance sheet growth sustained as gauged by year-on-year expansion of 15.5% in loans, while deposits grew by 5.2%
- Soundness of financial metrics preserved: Gross and net NPL ratios at 3.4% and 1.6%; capital adequacy ratio maintained at comfortable level

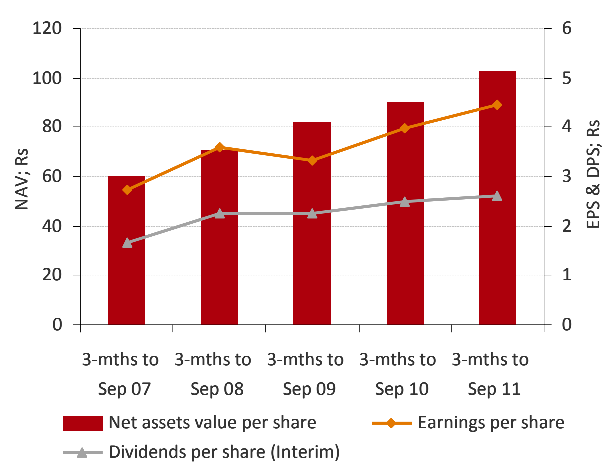
Outlook

Whilst interesting opportunities prevail, particularly in the region, the current uncertainties worldwide are likely to impact operations of the MCB Group, as a result of strains on the real economy and on financial markets. Specifically, notwithstanding the domestic reform agenda, the testing environment could restrain the evolution of private investment in Mauritius in the short-term at least, with adverse pressures being observed in relation to the domestic corporate loan pipeline. Against this background, the MCB will maintain its market vigilance but remains intent on pursuing its product and market diversification, especially on the African and Indian Ocean scenes, backed by its sound fundamentals and strategic positioning. On current trends, six-months results to 31 December 2011 are expected to be slightly up on those of the corresponding period in 2010.

Profitability indicators



NAV, EPS and DPS



Earnings improved despite challenging context...

Net interest income

Notwithstanding a fall in receipts on T-Bills given declining investment therein and pressures on margins notably arising from hikes in the cash reserve ratio, net interest income of the Group rose by 12.4% to reach Rs 1.6 billion for the three months to September 2011. This resilient performance amidst slow-moving private investment locally has been underpinned by inroads made in terms of product and market diversification with increased international trade finance activity providing notable support of late.

Non-interest income

Boosted by a surge in receipts linked to regional trade financing, net fee and commission income increased by 13.6% to reach Rs 550 million. In the same vein, 'other income' rose by 11% to stand at Rs 372 million due to higher contribution from the non-banking segment as well as improved forex profits of some overseas subsidiaries in contrast to a decline registered at Bank level in line with market imperfections. For its part, the share of profits of associates went up by Rs 31 million on account of a recovery in the performance of BFCOI more than offsetting the decreased contribution from PAD Group.

Operating expenses

Fuelled by increased costs linked to the large capital expenditure programme of the last two years to bolster internal capacity as well as a significant increase in staff costs, operating costs expanded by 15.2% to reach Rs 1,164 million.

Impairment

Allowance for credit impairment rose by 32.3% to reach Rs 90.8 million, being in line with budget and essentially attributable to higher portfolio provision associated with an increase in the loan book.

Profit

Reflecting a general improvement across activity areas, Group profits for the three months to September 2011 posted a growth of 12.4% to Rs 1,063 million with a corresponding rise of 6.0% to Rs 891 million being observed at Bank level. Of note, contribution from our foreign banking subsidiaries and associate rose by some 50% to Rs 116 million and that of non-banking operations nearly doubled to reach Rs 56 million.

... supported by sound business growth and fundamentals

Loans and assets

Despite soft economic conditions, gross loans of the Group registered a year-on-year increase of 15.5%, underpinned notably by high growth at Segment B level as well as in the retail segment reflecting headway made in entrenching market development initiatives. As a result and in concordance with the Group's expansion strategy, total assets increased by around 10% to Rs 180.3 billion as at September 2011.

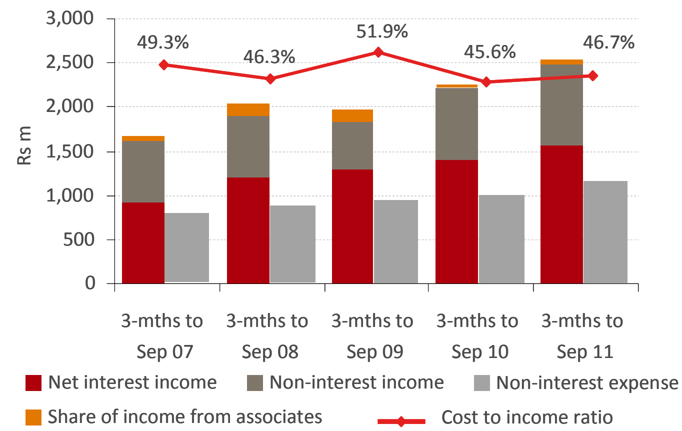
Deposits and borrowings

Total deposits of the Group grew by 5.2% to stand at Rs 139 billion as at September 2011, supported by an appreciable increase in rupee deposits. The evolution in foreign currency deposits was more restrained. Borrowings went up from Rs 3.2 billion to Rs 8.7 billion over the year to 30 September 2011 with increased utilisation of LC refinancing credit lines to cater for the increased prominence of trade finance deals.

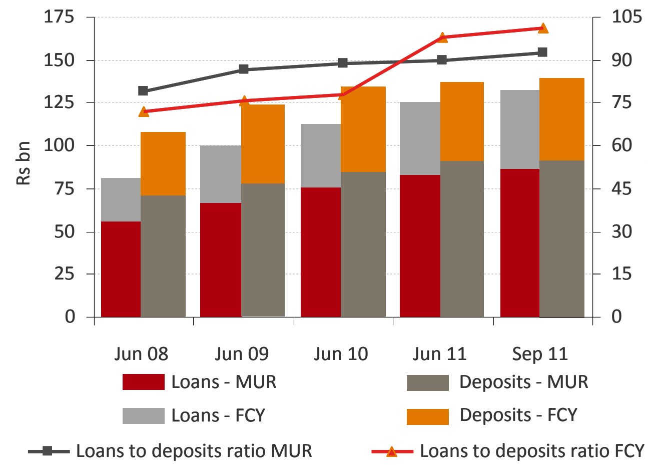
Financial soundness metrics

Supported by its diligent approach to market development, the MCB consolidated the soundness of its financial indicators. Notably, in spite of non-negligible pressures springing from a demanding economic environment, the Group maintained its asset quality, with non-performing loans standing at 3.4% and 1.6% in gross and net terms respectively. Besides, the capital adequacy ratio was maintained at a comfortable level of close to 15% as at September 2011, which is well above the regulatory level of 10% and provides ample cushion against potential shocks. Furthermore, in order to ensure that sufficient funds are available to meet obligations on a timely basis, the Group maintains adequate funding and liquidity positions, underpinned by a solid customer deposits base.

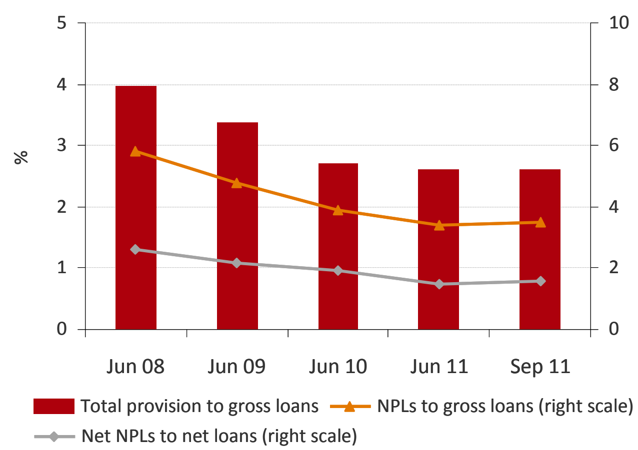
Operating income and expenditure evolution



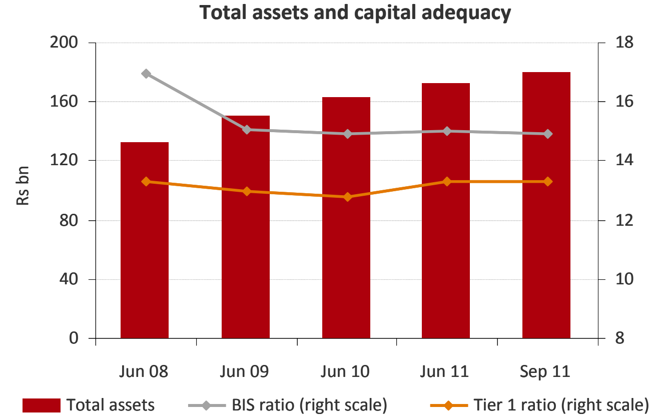
Loans and deposits



Provision and credit quality



Total assets and capital adequacy



Financial strength indicators

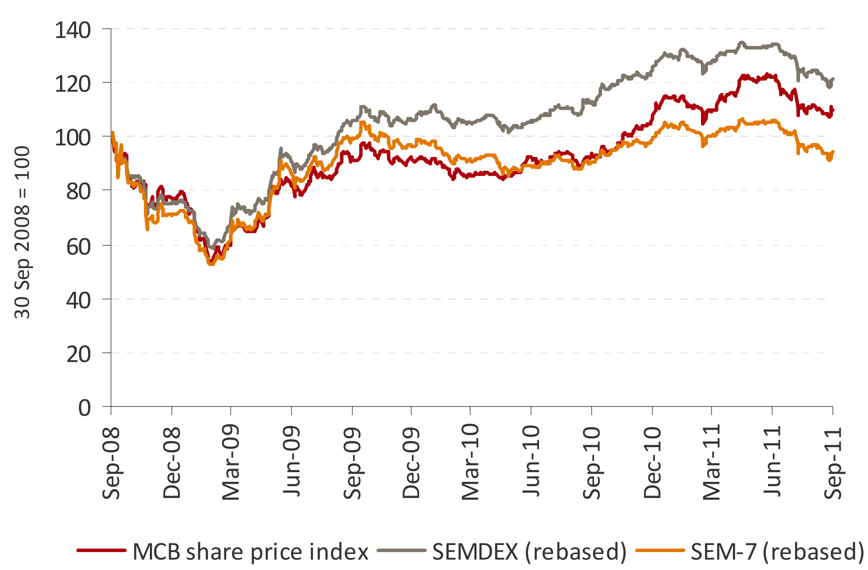
	Sep-10	Jun-11	Sep-11
Asset Quality			
Gross NPL/Gross loans	3.7	3.4	3.4
Net NPLs/Net loans	1.6	1.5	1.6
Efficiency			
Cost-to-income	45.6	44.5 [1]	46.7
Liquidity			
Liquid assets[2]/Total assets	20.6	17.4	17.2
Loans to deposits	87.1	92.3	95.6
Profitability			
Return on average total assets[3]	2.3	2.7	2.4
Return on average equity[3]	18.1	20.4	17.7
Capital position			
Shareholders equity to assets	13.0	13.7	13.6

[1] *Excludes non-recurrent items*

[2] *In the computation, liquid assets comprise cash, balances with BoM, placements, T-Bills and Government securities*

[3] *Annualised rate for September figures*

MCB share price performance



Cautionary statement regarding forward-looking statements

This release has been prepared to assist the shareholders to assess the Board's strategies and their potential of success. The statements contained herein may include declarations of future expectations and other forward-looking statement that are based on management's current views and assumptions. These involve risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements

Readers are advised not to place undue reliance on the forward-looking statements relating to the Group's business strategy, plans, objectives and financial positions as these statements rely on assumptions and hypotheses which inherently represent an accuracy of risk. Actual results, performance and events may differ from those in such statements due to general evolution of economic, political and industry conditions, interest rate levels, currency exchange rates as well as changes in laws and regulations and the extent of competition and technological factors. In addition, the MCB Ltd. does not undertake to update any forward-looking statement that may be made from time to time by the organisation or on its behalf.

For more information, please contact the Strategic Information Cell - Strategy, Research & Development SBU on (230) 202-5558 / (230) 202-5134