

MCB Group unaudited results for the first semester to 31 December 2012

PORT LOUIS, 14 February 2013: The Mauritius Commercial Bank Ltd. (Stock Exchange of Mauritius: MCB) today announced its unaudited results for the first semester of FY 2012/13

HIGHLIGHTS

- Increase of 11.5% in net interest income
- Growth of 15.1% in net fee and commission income
- Drop of some 4% in foreign exchange profit despite an upturn recorded at Bank level
- Rise of about Rs 54 million in the share of profit of associates
- Growth in operating expenses contained to 7.5%
- Credit impairment charges higher by some Rs 142 million

PROFIT ATTRIBUTABLE
TO SHAREHOLDERS

Rs 2,233.1 m

▲ **11.2%**

OPERATING
INCOME

Rs 5,500.7 m

▲ **10.1%**

GROSS LOANS

Rs 146.0 bn

▲ **12.2%**

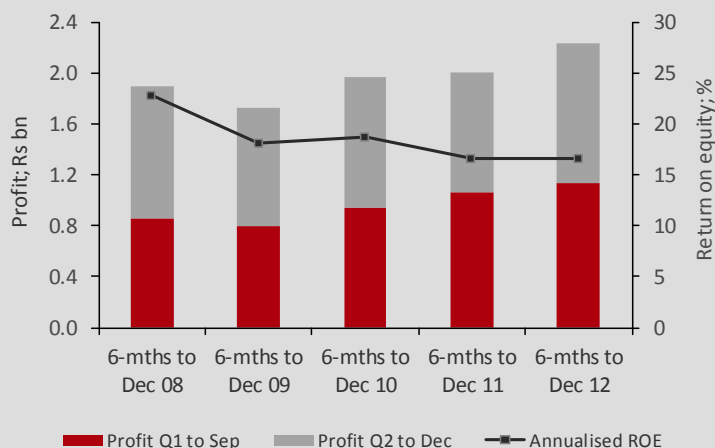
Commenting on the results for the first semester of FY 2012/13, Pierre Guy Noël (Group Chief Executive) said:

“The MCB continues to reap the benefits of its business development initiatives and the ensuing diversification of its revenue streams with the international activity in particular sustaining a notable growth momentum. Indeed, the Group posted a resilient performance on the back of a 10% rise in operating income despite the persistence of significant challenges in the operating context. In fact, our operations continue to be impacted by the testing economic climate through adverse pressures on demand for credit and impairment charges while money market imperfections prevail and competition is becoming stiffer in specific segments. Also worth noting, growth in operating expenses has, as expected, started to ease off from previous highs which were associated with major capacity building endeavours.

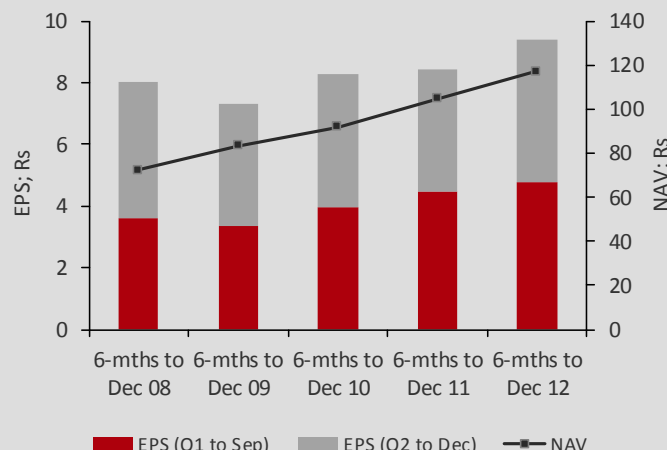
Looking ahead, the operating environment is expected to remain quite challenging. Specifically, bearing in mind the testing conditions in export markets and domestic structural imbalances, economic growth in Mauritius is forecast to remain below-potential in the near term at least. Of concern, the persisting sluggishness of private sector investment should continue to restrain domestic credit growth. Nevertheless, while being attentive to changes in its operational set-up, the Group remains intent on pursuing its broad-based strategic ambitions, with particular focus on its regional involvement in view of the interesting economic prospects of sub-Saharan Africa. On current trends, the net profit of the MCB Group for FY 2012/13 is likely to improve from that of the previous year.”

Financial performance

Profitability indicators



EPS and NAV



Resilient performance amidst challenges ...

Net interest income

An increase of 11.5% was registered in net interest income which reached Rs 3,572 million for the first semester of FY 2012/13, underpinned by continued growth in loan portfolio notably with respect to our international operations. Nonetheless, adverse pressures on interest margin have been observed amidst heightened competition and unfavourable conditions in the domestic money market with the Bank rate consistently undershooting the savings rate over the period.

Non-interest income

Net fee and commission income grew by 15.1% to stand at Rs 1,232 million, mainly supported by appreciable performances in relation to regional trade financing and payment services. For its part, 'Other income' declined slightly, to some extent reflecting downward pressures on profit on exchange, even though an upturn was recorded at Bank level. As for the share of profit of associates, it rose by about Rs 54 million from its much reduced level in the previous period, mainly attributable to somewhat better outturn at the level of BFCOI whilst a further drop was recorded in the contribution from PAD amidst the difficult operating climate locally.

Operating expenses

Bearing in mind significant capacity-building outlays incurred in prior years and reflecting ongoing cost management initiatives, the growth of operating expenses has been contained to 7.5%.

Impairment

In view of the difficult economic context, allowance for credit impairment increased by Rs 142 million to Rs 342 million over the period under review, representing less than 0.4% of gross loans and advances on an annualised basis.

Profit

Overall, Group profits rose by 11.2% to reach Rs 2,233 million with profit at Bank level rising by 12.8% to reach Rs 1,926 million, notably underpinned by foreign-sourced earnings.

... backed by appreciable business growth and fundamentals

Loans and assets

Notwithstanding the subdued domestic private investment level and heightened competition, gross loans of the Group registered a year-on-year rise of 12.2% to reach Rs 146 billion as at December 2012 on the back of positive growth across business segments with expansion in international exposures being particularly strong. Overall, in line with the Group's expansion strategy and continued commitment to supporting businesses within the difficult context, total assets grew by around 10.5% to Rs 200.9 billion.

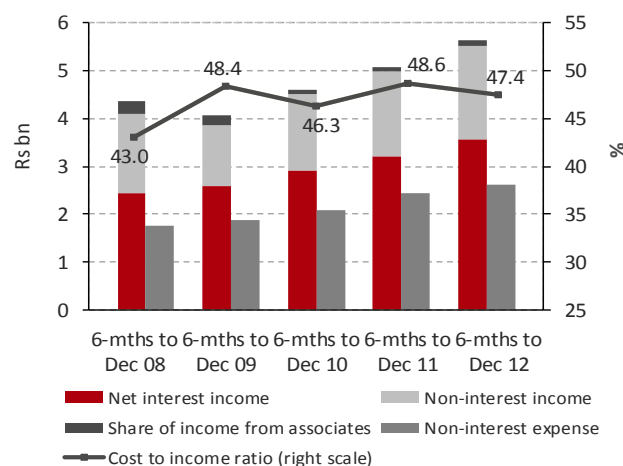
Deposits

Total deposits of the Group posted a year-on-year growth of 10.4% to stand at Rs 160.4 billion, principally supported by the rise in foreign currency deposits and, to a lower extent, rupee deposits despite restrained national income growth.

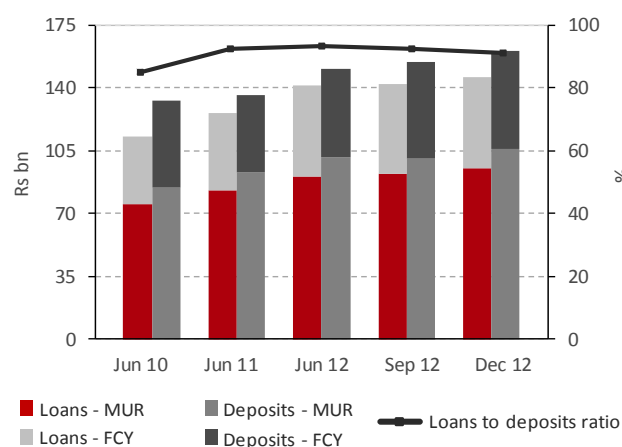
Financial soundness metrics

Whilst pursuing its expansion drive, the MCB has maintained its overall financial soundness despite strains linked to the testing economic climate. Hence, the Group's capital adequacy ratio stood at above 13%. Although somewhat deteriorating, non-performing loans ratios remained within manageable levels to stand at 4.8% and 3.0% in gross and net terms respectively. Besides, the Group ensures that sufficient funds are consistently available to meet its obligations on a timely basis, as portrayed by the maintenance of adequate funding and liquidity positions, supported by a solid and diversified customer deposits base.

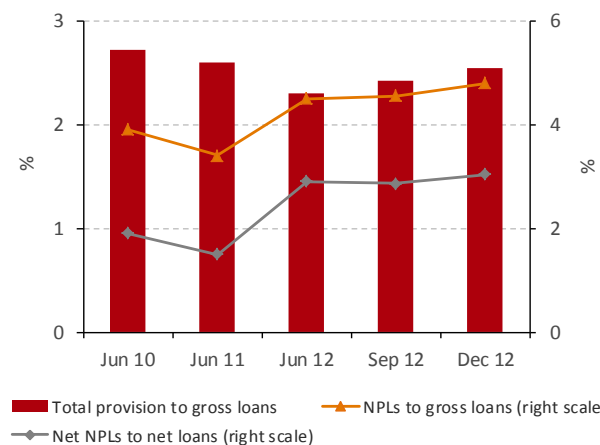
Income and expenditure evolution



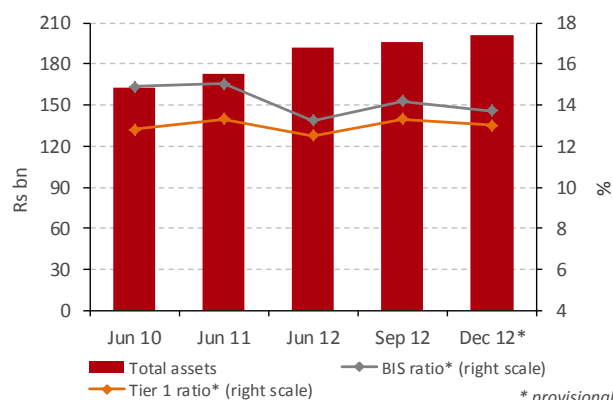
Loans and deposits



Provision and credit quality



Total assets and capital adequacy



* provisional

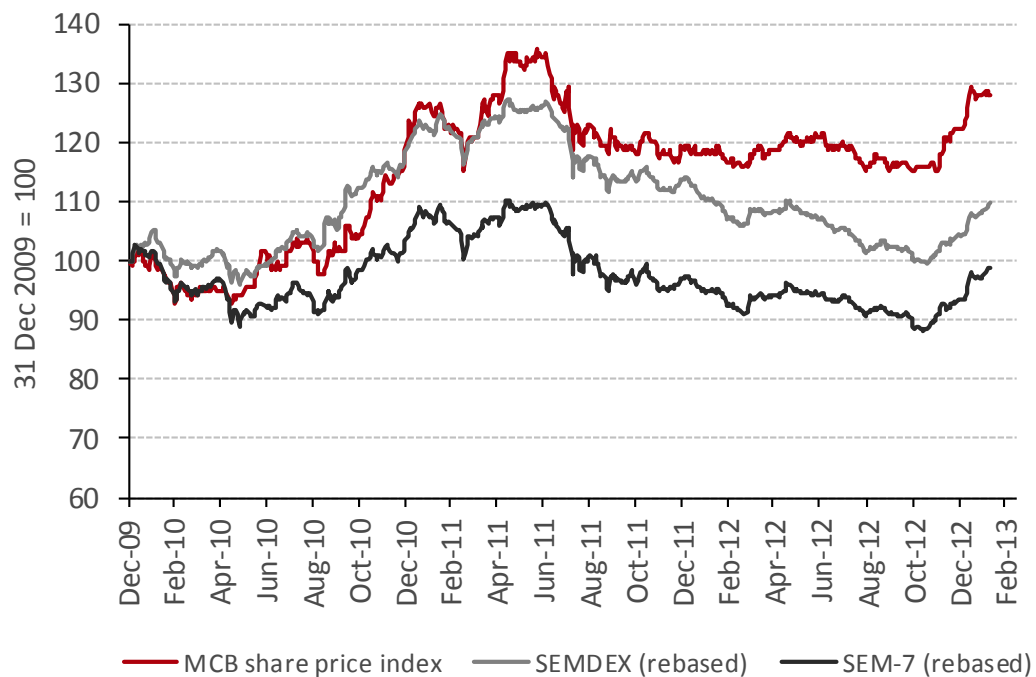
Financial strength indicators

	Dec-11	Jun-12	Dec-12
Asset Quality			
Gross NPL/Gross loans	3.8	4.5	4.8
Net NPLs/Net loans	1.7	2.9	3.0
Efficiency			
Cost-to-income	48.6	46.1	47.4
Liquidity			
Liquid assets ¹ /Total assets	18.7	17.0	19.3
Loans to deposits	89.5	93.4	91.1
Profitability			
Return on average total assets ²	2.3	2.3	2.3
Return on average equity ²	16.5	16.5	16.6
Capital position			
Shareholders equity to assets	13.7	13.7	13.8

¹ In the computation, liquid assets comprise cash, balances with BoM, placements, T-Bills and Government securities

² Annualised rate for December figures

MCB share price performance





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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.