

## MCB Group unaudited results for the 9 months ended 31 March 2013

**PORT LOUIS, 14 May 2013:** The Mauritius Commercial Bank Ltd. (Stock Exchange of Mauritius: MCB) today announced its unaudited results for the nine months ended 31 March 2013

### HIGHLIGHTS

- Increase of 9.4% in net interest income to Rs 5.3 billion
- Growth of 21% in net fee and commission income
- 'Other income' down by 8.3% with profit on exchange declining by some 2%
- Growth in operating expenses contained to 7.8%
- Credit impairment charges higher by some Rs 266 million

PROFIT ATTRIBUTABLE  
TO SHAREHOLDERS

**Rs 3,207.5 m**

▲ **5.9%**

OPERATING  
INCOME

**Rs 8,214.6 m**

▲ **9.3%**

GROSS LOANS

**Rs 157.9 bn**

▲ **18.4%**

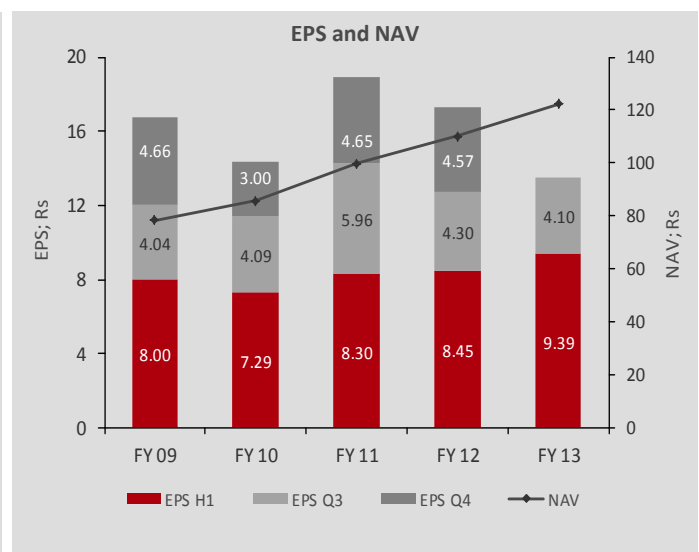
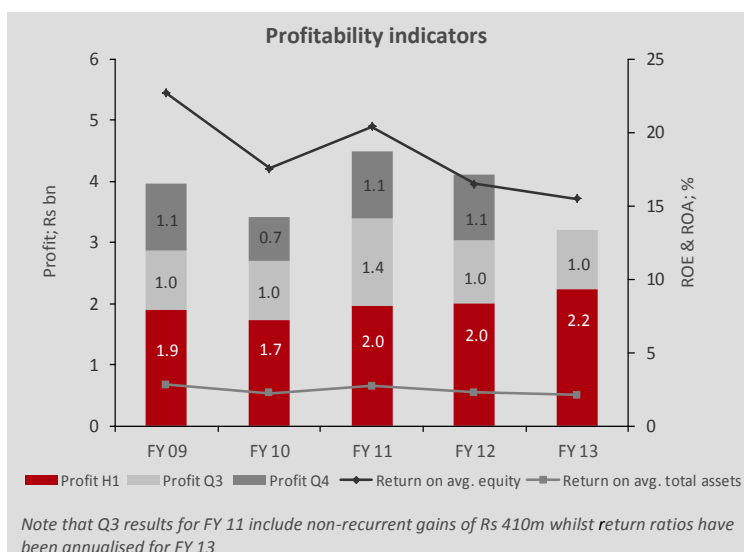
### Commenting on the results, Pierre Guy Noël (Group Chief Executive) said:

"The Group has sustained a resilient performance on the strength of an active execution of its diversification strategy which has contributed to operating profit before provisions rising by 10.7%. This achievement has been underpinned by a growth of 9.4% in net interest income and an increase of above 20% in net fee and commission income, with strong contribution accruing in both cases from foreign-sourced earnings. The noteworthy expansion of core earnings remains a major source of satisfaction given the challenging operating conditions. Indeed, the difficult economic climate continues to restrain the growth of our domestic loan book. Moreover, heightened competition in specific segments and adverse conditions in money markets – with the relatively low Bank rate consistently undershooting the savings rate and headline inflation – have combined to exert pressures on margins. In the same vein, growth in profitability has been impacted by a significant rise in impairment charges in view of the subdued economic context and increased credit risk on foreign sourced activities. On the other hand, the rise in operating expenses has been relatively contained especially at Bank level, reflecting improved efficiency levels and the completion of major capacity building projects in prior years.

Looking ahead, the business environment in which the MCB operates is set to remain delicate, with persisting challenges on the economic front. Nevertheless, backed by its sound fundamentals, reinforced internal capabilities and due focus on customer service quality, the MCB is well positioned to actively pursue its strategic orientations. Especially, in the wake of the favourable outlook of sub-Saharan Africa, the Group is intent on further expanding its regional involvement in support of its development ambitions. In the same vein, the proposed restructuring of our organisation into banking and non-banking operations should give rise to a more autonomous and flexible platform towards enabling the MCB to better tap into growth avenues over time in line with the evolving exigencies of the operating context, our clients and other stakeholders.

In line with the momentum gathered so far, MCB Group results for FY 2012/13 are likely to be better than those of the preceding financial year."

## Financial performance



## Satisfactory performance sustained despite challenges ...

### Net interest income

Generally supported by the continued broad-based growth in loan portfolio, net interest income recorded a rise of 9.4% for the nine months period ended March 2013 to reach Rs 5.3 billion in spite of pressures on margins, notably arising from heightened competition in specific segments and low yields on T-Bills as gauged by the Bank rate being systematically below the savings rate and headline inflation.

### Non-interest income

Boosted by the significant rise in revenues originating from trade finance activity outside Mauritius and, to a lower extent, payment services, net fee and income commission grew by 21% to reach Rs 1,919 million. For its part, 'other income' declined by 8.3% notably due to relatively unfavourable conditions in the foreign exchange markets domestically and across other presence countries. In spite of losses incurred by PAD amidst the difficult operating environment, share of profit of associates went up slightly by Rs 15 million following better results at the level of BFCOI.

### Operating expenses

As anticipated, a slowdown was registered in the growth of operating expenses with the latter contained at 7.8%, with the major capacity building projects having been completed in prior years.

### Impairment

In view of the challenging operating context and increased credit risk on foreign sourced activities, allowance for credit impairment increased by Rs 266 million to Rs 639 million, which represented around 0.4% of gross loans and advances as at March 2013.

### Profit

Overall, Group profits grew by 5.9% to reach Rs 3,207.5 million, driven by an increase of 9.5% in profit at Bank level with a notable performance recorded in terms of foreign-sourced earnings.

## ... amidst appreciable financial foundations

### Loans and assets

Notwithstanding a relative slowdown in credit to the domestic economy amidst sluggish private investment evolution, gross loans of the Group registered a year-on-year expansion of 18.4% to reach Rs 158 billion as at March 2013, boosted by short term financing of trade related operations in the region and in Africa. Overall, in line with the Group's expansion strategy, total assets reached Rs 215.7 billion, representing a growth of 16%.

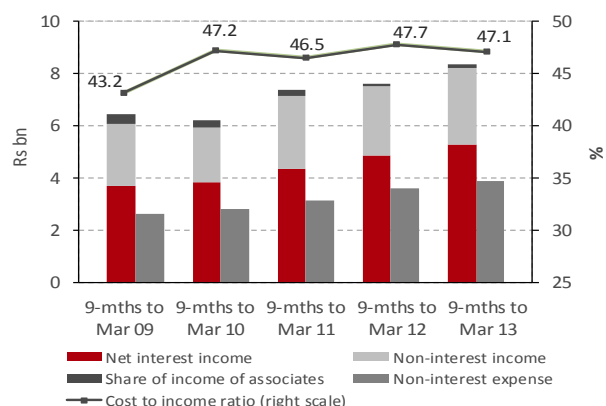
### Deposits and borrowings

Total deposits posted a year-on-year growth of nearly 12% to stand at Rs 164.5 billion as at March 2013, supported by increases in both foreign currency and rupee denominated deposits. In the same vein, borrowings in foreign currencies registered a significant growth in order to support the expansion of our international activities.

### Financial soundness metrics

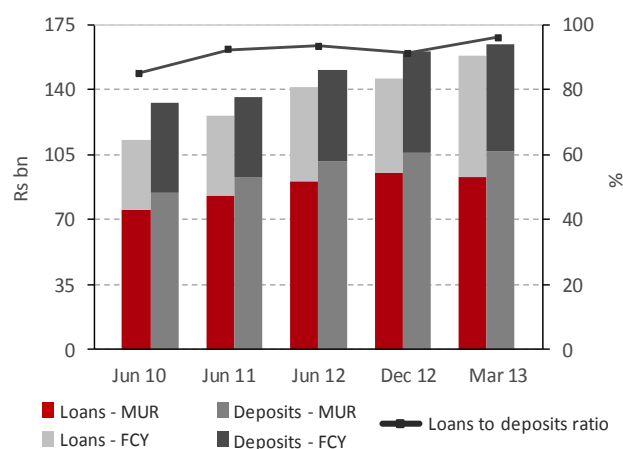
Alongside maintaining its expansion thrust, the MCB has maintained its financial soundness indicators at appreciable levels. Hence, in spite of continued pressures emanating from the operating environment, asset quality remained at manageable levels with non-performing loans standing at 4.7% and 2.8% 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 position, supported by its diversified customer deposits base. For its part, the capital adequacy ratio stood at some 13% with the implications of our development strategy moving forward and potential changes in the operational set-up being closely monitored.

### Income and expenditure evolution

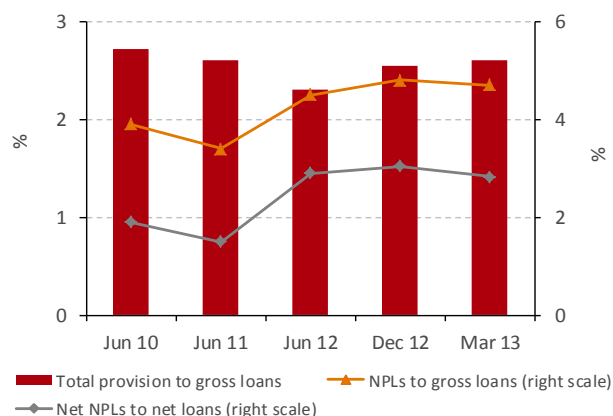


Note: Non interest income in FY 11 includes non-recurrent gains, which, however, have been excluded in the computation of the cost to income ratio

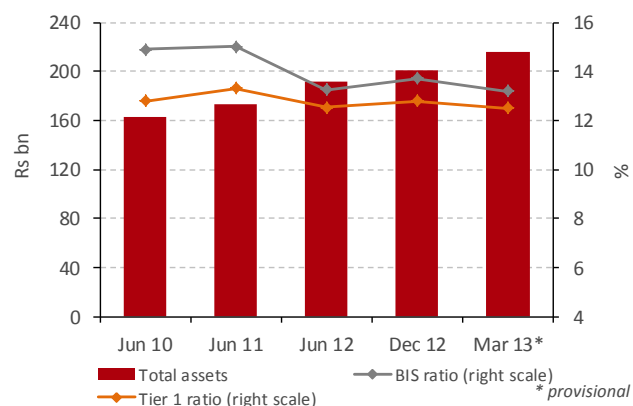
### Loans and deposits



### Provision and credit quality



### Total assets and capital adequacy



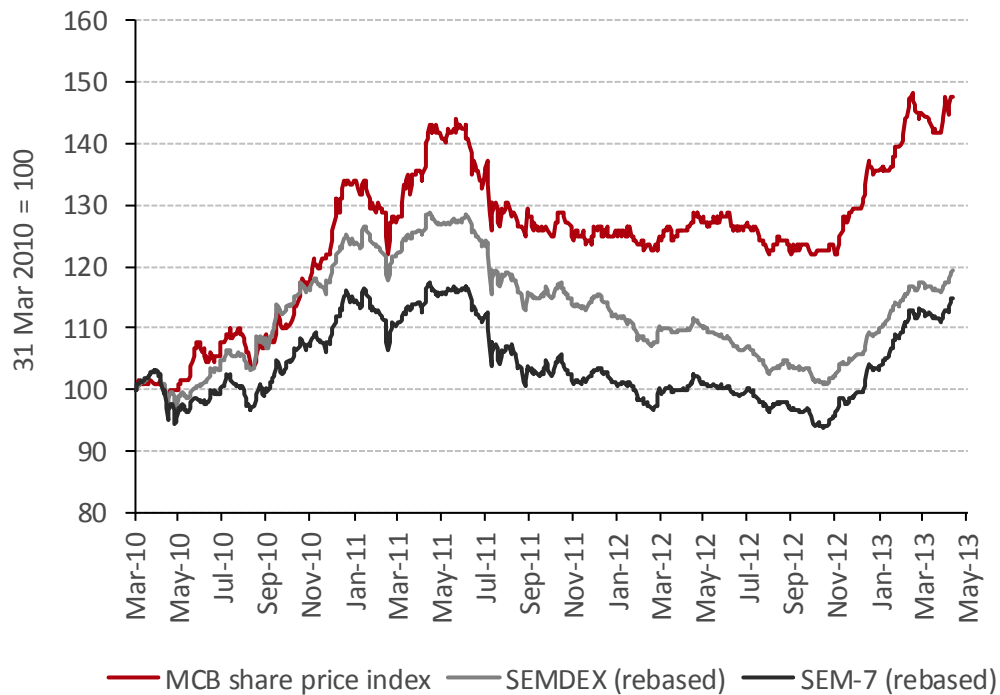
## Financial strength indicators

	Mar-12	Jun-12	Mar-13
<b>Asset Quality</b>			
Gross NPL/Gross loans	4.0	4.5	4.7
Net NPLs/Net loans	1.9	2.9	2.8
<b>Efficiency</b>			
Cost-to-income	47.7	46.1	47.1
<b>Liquidity</b>			
Liquid assets <sup>1</sup> /Total assets	19.0	17.0	19.3
Loans to deposits	90.6	93.4	96.0
<b>Profitability</b>			
Return on average total assets <sup>2</sup>	2.3	2.3	2.1
Return on average equity <sup>2</sup>	16.4	16.5	15.5
<b>Capital position</b>			
Shareholders equity to assets	13.8	13.7	13.5

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

2 Annualised rate for March figures

## MCB share price performance





[www.mcb.mu](http://www.mcb.mu)

#### **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.