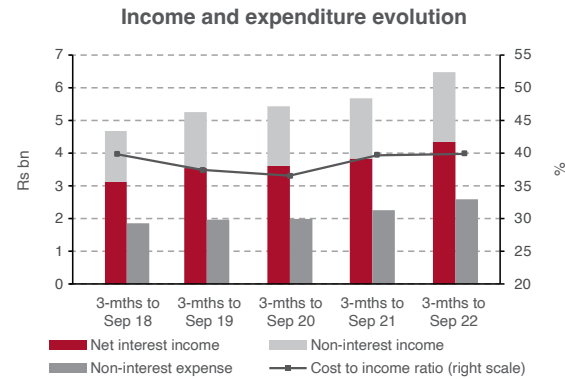


HIGHLIGHTS

- Rise of 13.1% in net interest income
- Growth of 17.0% in net fee and commission income
- 'Other income' up by 15.1%
- Increase of 14.9% in operating expenses
- Impairment charges down by Rs 113 million; Gross NPL ratio at 3.6%
- Share of profit of associates up by Rs 30 million
- Y-o-y growth of 5.2% in deposits and of 12.0% in gross loans

PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

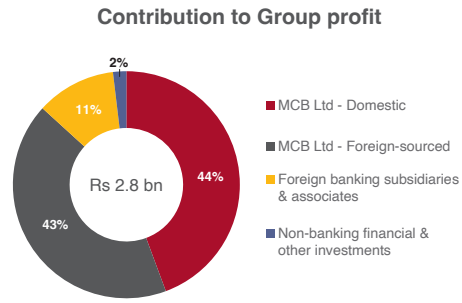
Rs 2.8 bn
▲ 23.3%


OPERATING INCOME

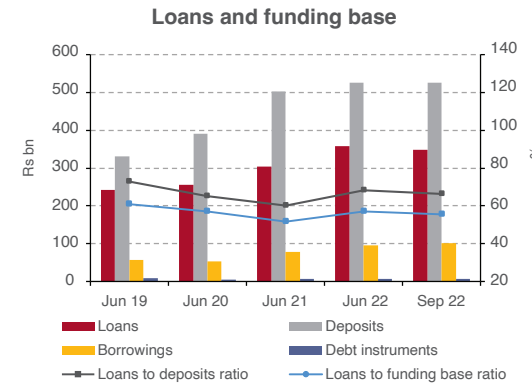
Rs 6.5 bn
▲ 14.2%

IMPAIRMENT CHARGES (INCL. ECL)

Rs 0.7 bn
▼ 13.7%


GROSS LOANS

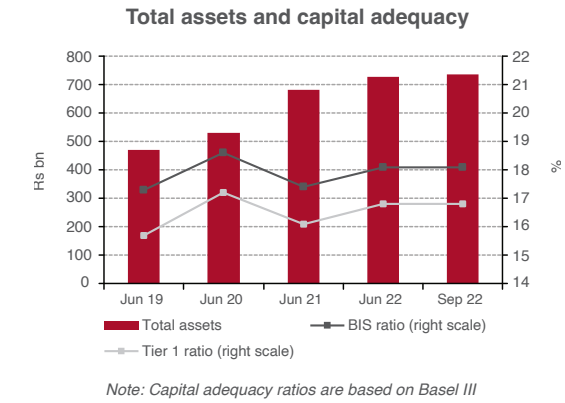
Rs 349.4 bn
▲ 12.0%


DEPOSITS

Rs 526.1 bn
▲ 5.2%

ASSETS

Rs 735.3 bn
▲ 9.7%


FINANCIAL SOUNDNESS INDICATORS (%)

	Sep-22	Jun-22	Sep-21
Profitability			
Return on average total assets ¹	1.5	1.4	1.3
Return on average equity ¹	14.1	12.8	12.3
Return on average Tier 1 capital ¹	14.3	12.9	12.5
Efficiency			
Cost-to-income	39.9	38.3	39.7
Asset quality			
Gross NPL/Gross loans and advances	3.6	3.7	3.4
Net NPL/Net loans and advances	2.1	2.4	2.0
Liquidity			
Liquid assets ² /Total assets	44.6	41.7	45.0
Loans to deposits	66.4	68.0	62.4
Loans to deposits and borrowings ³	55.3	57.1	54.3
Capital adequacy			
Shareholders equity to assets	10.7	10.7	10.9
BIS risk adjusted ratio ⁴	18.1	18.1	18.4
o/w Tier 1 ⁴	16.8	16.8	17.0

¹ Annualised for September
² In the computation, liquid assets comprise cash, balances with BoM, placements, T-Bills, Government securities and bonds
³ Borrowings include debt instruments
⁴ Based on Basel III

Consolidated summary statement of financial position as at 30 September 2022

	Unaudited 30-Sep-22 Rs'M	Unaudited 30-Sep-21 Rs'M	Audited 30-Jun-22 Rs'M
ASSETS			
Cash and cash equivalents	65,722	66,250	73,294
Mandatory balances with Central Banks	28,274	25,465	27,896
Derivative financial instruments	737	430	477
Loans to and placements with banks	22,013	41,757	23,375
Loans and advances to customers	316,904	277,956	325,613
Investment securities	265,959	220,783	239,684
Investments in associates	12,222	12,308	12,356
Investment properties	4,470	4,901	4,799
Goodwill and other intangible assets	2,465	2,210	2,488
Property, plant and equipment	7,261	7,268	7,329
Deferred tax assets	2,320	1,643	2,181
Post employee benefit asset	-	1,218	-
Other assets	6,991	8,279	8,636
Total assets	735,338	670,468	728,128

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities			
Deposits from banks	6,052	15,875	6,979
Deposits from customers	520,048	484,230	518,677
Derivative financial instruments	603	581	536
Other borrowed funds	100,234	68,408	94,995
Debt securities	3,849	4,007	3,848
Subordinated liabilities	1,651	1,879	1,793
Preference shares	2,689	3,396	3,396
Current tax liabilities	1,929	1,655	1,295
Deferred tax liabilities	364	336	386
Post employee benefit liability	460	-	460
Other liabilities	15,556	14,288	14,721
Total liabilities	653,435	594,655	647,086
Shareholders' equity			
Stated capital	4,054	2,776	3,109
Retained earnings	62,129	57,450	61,612
Other components of equity	12,573	12,642	13,191
Equity attributable to the equity holders of the parent	78,756	72,868	77,912
Non-controlling interests	3,147	2,945	3,130
Total equity	81,903	75,813	81,042
Total equity and liabilities	735,338	670,468	728,128
CONTINGENT LIABILITIES (NET)			
	135,702	143,450	126,118

COMMENTS ON RESULTS

Profit attributable to ordinary shareholders increased by 23.3% for the quarter ended September 2022 to Rs 2,762 million, reflecting a continuing improvement in core earnings within the banking cluster.

Operating income grew by 14.2% to Rs 6,473 million. Net interest income rose by 13.1%, reflecting the expansion in our foreign currency loan book and investment securities portfolio as well as rising interest rates globally contributing to improved yields on our interest-bearing assets. A drop in margins has been recorded on our investment securities locally in the wake of interest rate hikes by the Central Bank, giving rise to an increase in the cost of our deposits while yields on our investment securities take longer to be repriced. Net fee and commission income grew by 17.0% to Rs 1,559 million, supported by higher revenues across banking subsidiaries, with a strong performance recorded in payment activities and regional trade financing. In spite of fair value losses on equity investments due to market volatility, 'other income' went up by 15.1% mainly due to enhanced performance by MCB Real Assets and increased profit arising from dealing in foreign currencies.

Operating expenses increased by 14.9% as a result of continued investment in human capital and technological capabilities, as well as the impact of higher inflation. The cost to income ratio edged up to 39.9% compared to 39.7% for the corresponding period last year. Impairment charges fell by Rs 113 million to Rs 713 million, representing an annualised cost of risk of 67 basis points of gross loans and advances, compared to 86 basis points in June 2022. Gross NPL ratio remained relatively stable at 3.6%.

Consolidated summary statement of profit or loss for the period ended 30 September 2022

	Unaudited 30-Sep-22 Rs'M	Unaudited 30-Sep-21 Rs'M	Audited 30-Jun-22 Rs'M
Interest income using the effective interest method			
Interest expense	6,008	4,498	18,455
Net interest income	4,335	3,832	15,191
Fee and commission income			
Fee and commission expense	2,248	1,843	8,584
Net fee and commission income	(689)	(511)	(2,514)
1,559	1,332	6,070	
Other income			
Operating income	6,473	5,667	23,845
Non-interest expense	(2,583)	(2,249)	(9,132)
Operating profit before impairment	3,890	3,418	14,713
Net impairment of financial assets	(713)	(826)	(3,481)
Operating profit	3,177	2,592	11,232
Share of profit of associates	217	187	799
Profit before tax	3,394	2,779	12,031
Income tax expense	(587)	(515)	(2,070)
Profit for the period	2,807	2,264	9,961
Profit for the period attributable to:			
Ordinary equity holders of the parent	2,762	2,240	9,637
Preference shareholders	-	-	160
Non-controlling interests	45	24	164
	2,807	2,264	9,961
Earnings per share:			
Basic (Rs)	11.35	9.35	40.14
Diluted (Rs)	11.34	9.34	40.13
Basic weighted average number of shares (thousands)	243,405	239,493	240,064
Diluted weighted average number of shares (thousands)	243,473	239,737	240,119

Consolidated summary statement of comprehensive income for the period ended 30 September 2022

	Unaudited 30-Sep-22 Rs'M	Unaudited 30-Sep-21 Rs'M	Audited 30-Jun-22 Rs'M
Profit for the period			
Other comprehensive (expense)/income:	(80)	(66)	(1,360)
Items that will not be reclassified to profit or loss	(556)	120	(34)
Items that may be reclassified subsequently to profit or loss	(636)	54	(1,394)
Other comprehensive (expense)/income for the period	(1,272)	(102)	(2,828)
Total comprehensive income for the period	2,171	2,318	8,567
Total comprehensive income attributable to:			
Ordinary equity holders of the parent	2,145	2,251	8,150
Preference shareholders	-	-	160
Non-controlling interests	26	67	257
	2,171	2,318	8,567

The share of profit of associates rose by Rs 30 million due to improved results by Promotion and Development Ltd and Société Générale Moçambique.

The Group continues to be well capitalised with a capital adequacy ratio of 18.1%, of which 16.8% in the form of Tier 1 and keeps displaying healthy liquidity positions, with a total loans to deposits ratio of 66.4% and a total loans to funding base ratio of 55.3%, when including borrowings. At Bank level, the US dollar Liquidity Coverage Ratio remained well above the regulatory norm.

Outlook

Whilst economic activity across presence countries gained further traction mainly on the back of the rebound in tourism, the operating environment is likely to be challenging in the period ahead. The impact of the war in Ukraine and aggressive monetary policy tightening amidst the persistently high inflationary environment are expected to contribute to a broad-based and significant slowdown in the world economy, with the IMF having further downgraded growth prospects in 2023. As we continue to assess the implications of this difficult context for our operations, we remain focused on pursuing the implementation of our strategic pillars alongside gearing up our enablers for growth.

By order of the Board

14 November 2022

Consolidated summary statement of changes in equity for the period ended 30 September 2022

	Attributable to equity holders of the parent							Total Equity Rs'M
	Stated Capital Rs'M	Retained Earnings Rs'M	Capital Reserve Rs'M	Translation Reserve Rs'M	Statutory Reserve Rs'M	Total Rs'M	Non-Controlling Interests Rs'M	
At 1 July 2021	2,776	57,746	2,754	1,555	8,061	72,892	2,904	75,796
Profit for the period	-	2,240	-	-	-	2,240	24	2,264
Other comprehensive income/(expense) for the period	-	58	(76)	29	-	11	43	54
Total comprehensive income/(expense) for the period	-	2,298	(76)	29	-	2,251	67	2,318
Dividends to ordinary shareholders	-	(2,275)	-	-	-	(2,275)	(26)	(2,301)
Transactions with owners	-	(2,275)	-	-	-	(2,275)	(26)	(2,301)
Transfers/movements in reserves	-	(319)	-	-	319	-	-	-
At 30 September 2021	2,776	57,450	2,678	1,584	8,380	72,868	2,945	75,813
At 1 July 2022	2,776	57,746	2,754	1,555	8,061	72,892	2,904	75,796
Profit for the year	-	9,797	-	-	-	9,797	164	9,961
Other comprehensive (expense)/income for the year	-	(1,506)	24	(5)	-	(1,487)	93	(1,394)
Total comprehensive income/(expense) for the year	-	8,291	24	(5)	-	8,311	257	8,567
Dividends to ordinary shareholders	-	(3,462)	-	-	-	(3,462)	(32)	(3,494)
Dividends to preference shareholders	-	(160)	-	-	-	(160)	-	(160)
Shares issued under the Scrip Dividend Scheme	247	-	-	-	-	247	-	247
Issue of shares following the exercise of Group Employee Share Options Scheme	86	-	-	-	-	86	-	86
Transactions with owners	333	(3,622)	-	-	-	(3,289)	(32)	(3,321)
Transfers/movements in reserves	-	(803)	(94)	-	896	(1)	1	-
At 30 June 2022	3,109	61,612	2,684	1,550	8,957	77,912	3,130	81,042
Profit for the period	-	2,762	-	-	-	2,762	45	2,807
Other comprehensive expense for the period	-	-	(106)	(51)	-	(617)	(19)	(636)
Total comprehensive income/(expense) for the period	-	2,762	(106)	(51)	-	2,145	26	2,171
Dividends to ordinary shareholders	-	(2,183)	-	-	-	(2,183)	(8)	(2,191)
Dividends to preference shareholders	-	(63)	-	-	-	(63)	-	(63)
Shares issued under the Scrip Dividend Scheme	234	-	-	-	-	234	-	234
Issue of shares following conversion of preference shares into ordinary shares	707	-	-	-	-	707	-	707
Issue of shares following the exercise of Group Employee Share Options Scheme	4	-	-	-	-	4	-	4
Transactions with owners	945	(2,246)	-	-	-	(1,301)	(8)	(1,309)
Transfers/movements in reserves	-	1	(1)	-	-	-	(1)	(1)
At 30 September 2022	4,054	62,129	2,577	1,039	8,957	78,756	3,147	81,903

Consolidated summary statement of cash flows for the period ended 30 September 2022

	Unaudited 30-Sep-22 Rs'M	Unaudited 30-Sep-21 Rs'M	Audited 30-Jun-22 Rs'M
Operating activities			
Net cash flows from trading activities	(7,084)	13	