

OPERATING INCOME
Rs 16.0 bn
 ▲ **9.1%**

OPERATING PROFIT BEFORE IMPAIRMENT
Rs 10.0 bn
 ▲ **11.7%**

PROFIT ATTRIBUTABLE TO SHAREHOLDERS
Rs 6.1 bn
 ▼ **9.3%**

GROSS LOANS
Rs 257.9 bn
 ▲ **9.1%**

DEPOSITS
Rs 389.3 bn
 ▲ **22.0%**

ASSETS
Rs 520.5 bn
 ▲ **17.3%**

Consolidated summary statement of financial position as at 31 March 2020

	31-Mar-20	31-Mar-19	30-Jun-19
	Rs'M	Rs'M	Rs'M
		(Restated)	(Restated)
ASSETS			
Cash and cash equivalents	59,989.5	47,066.1	49,333.5
Mandatory balances with Central Banks	21,746.8	20,683.4	21,075.1
Derivative financial instruments	1,186.4	572.0	695.8
Loans to and placements with banks	13,446.9	15,023.6	19,672.8
Loans and advances to customers	242,627.8	224,076.3	227,040.4
Investment securities	153,928.5	109,862.6	126,204.0
Investments in associates	10,197.2	9,726.7	9,961.5
Investment properties	4,274.6	3,737.3	3,991.7
Goodwill and other intangible assets	1,614.7	1,322.0	1,462.9
Property, plant and equipment	6,545.5	6,200.9	6,437.8
Deferred tax assets	910.9	695.6	548.6
Other assets	4,003.1	4,574.9	4,993.9
Total assets	520,471.9	443,541.4	471,418.0
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Deposits from banks	3,790.0	4,258.9	3,850.9
Deposits from customers	385,557.4	314,827.5	327,649.5
Derivative financial instruments	1,344.5	625.2	935.0
Other borrowed funds	44,379.7	45,207.0	56,886.3
Subordinated liabilities	2,089.8	5,530.9	5,571.8
Debt securities	2,012.1	2,012.7	2,012.7
Current tax liabilities	1,387.9	1,044.9	986.6
Deferred tax liabilities	332.8	251.6	287.9
Other liabilities	12,495.1	12,087.5	14,202.7
Total liabilities	453,389.3	385,846.2	412,383.4
Shareholders' equity			
Stated capital	6,114.7	2,608.3	2,608.3
Retained earnings	49,319.1	44,959.1	44,791.6
Other components of equity	9,212.2	7,664.6	9,109.5
Equity attributable to the ordinary equity holders of the parent			
	64,646.0	55,232.0	56,509.4
Non-controlling interests	2,436.6	2,463.2	2,525.2
Total equity	67,082.6	57,695.2	59,034.6
Total equity and liabilities	520,471.9	443,541.4	471,418.0
CONTINGENT LIABILITIES			
Acceptances, guarantees, letters of credit and other obligations on account of customers	93,837.2	65,066.7	69,002.5
Others	10,490.8	8,740.5	8,302.0
	104,328.0	73,807.2	77,304.5

Consolidated summary statement of profit or loss for the period ended 31 March 2020

	Quarter to 31-Mar-20	Quarter to 31-Mar-19	9 mths to 31-Mar-20	9 mths to 31-Mar-19	Year to 30-Jun-19
	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M
		(Restated)		(Restated)	(Restated)
Interest income	5,027.4	4,718.3	15,421.0	13,780.9	18,841.4
Interest expense	(1,485.8)	(1,503.5)	(4,700.0)	(4,153.3)	(5,884.6)
Net interest income	3,541.6	3,214.8	10,721.0	9,627.6	12,956.8
Fee and commission income	1,351.3	1,259.5	4,001.7	3,770.0	5,135.0
Fee and commission expense	(397.4)	(376.3)	(1,135.4)	(1,001.9)	(1,348.9)
Net fee and commission income	953.9	883.2	2,866.3	2,768.1	3,786.1
Other income	533.0	930.5	2,386.1	2,242.3	3,483.5
Operating income	5,028.5	5,028.5	15,973.4	14,638.0	20,226.4
Non-interest expense	(1,973.5)	(1,848.7)	(5,972.0)	(5,682.8)	(7,510.7)
Operating profit before impairment	3,055.0	3,179.8	10,001.4	8,955.2	12,715.7
Net impairment of financial assets	(1,942.7)	(283.4)	(2,816.8)	(1,076.8)	(1,596.9)
Operating profit	1,112.3	2,896.4	7,184.6	7,878.4	11,118.8
Share of profit of associates	12.1	22.1	341.9	249.4	403.9
Profit before tax	1,124.4	2,918.5	7,526.5	8,127.8	11,522.7
Income tax expense	(325.6)	(464.7)	(1,397.9)	(1,375.1)	(1,978.2)
Profit for the period	798.8	2,453.8	6,128.6	6,752.7	9,544.5
Profit for the period attributable to:					
Ordinary equity holders of the parent	804.0	2,445.7	6,091.4	6,712.6	9,434.2
Non-controlling interests	(5.2)	8.1	37.2	40.1	110.3
	798.8	2,453.8	6,128.6	6,752.7	9,544.5

Consolidated summary statement of comprehensive income for the period ended 31 March 2020

	31-Mar-20	31-Mar-19	9 mths to 31-Mar-20	9 mths to 31-Mar-19	Year to 30-Jun-19
	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M
		(Restated)		(Restated)	(Restated)
Profit for the period	798.8	2,453.8	6,128.6	6,752.7	9,544.5
Other comprehensive income:					
Items that will not be reclassified to profit or loss	(672.1)	(16.5)	(485.4)	(9.4)	(392.5)
Items that may be reclassified subsequently to profit or loss	630.4	70.8	745.2	(104.4)	122.8
Other comprehensive (expense)/income for the period	(41.7)	54.3	259.8	(113.8)	(269.7)
Total comprehensive income for the period	757.1	2,508.1	6,388.4	6,638.9	9,274.8
Total comprehensive income attributable to:					
Ordinary equity holders of the parent	917.8	2,482.8	6,445.9	6,594.9	9,163.9
Non-controlling interests	(160.7)	25.3	(57.5)	44.0	110.9
	757.1	2,508.1	6,388.4	6,638.9	9,274.8
Earnings per share:					
Basic (Rs)	3.36	10.24	25.49	28.12	39.51
Diluted (Rs)	3.36	10.24	25.49	28.11	39.50
Basic weighted average number of shares (thousands)					
	239,152	238,857	239,012	238,754	238,791
Diluted weighted average number of shares (thousands)					
	239,152	238,910	239,012	238,808	238,866

Like most governments worldwide, the Mauritius Government has put in place a number of measures to accompany businesses and citizens, to assist them in sustaining the shock of the current lockdown. The measures implemented during the sanitary confinement period are primarily aimed at providing lines of credit and government guarantees for working capital purposes as well as direct wage assistance to ensure that employment is maintained. It is however evident that businesses in certain sectors will need continued support from Government beyond the sanitary confinement period and we await to obtain more visibility on the form of government's response and accompanying measures to address the vulnerabilities of these sectors.

The easing down of the lockdown measures as from 15 May 2020 should enable the resumption of certain business activities in a phased manner although certain sectors will take longer to bounce back in view of external dependencies.

International portfolio

After a sustained portfolio growth in the first half of the financial year, the sharp drop in oil prices in the quarter under review will have some impact on the trade finance and structured debt related revenues generated by the Energy and Commodities business line. Despite the challenging conditions prevailing in oil markets, we however expect the loan book from this segment to remain resilient while we keep on adopting our selective deal origination policy. This segment is well positioned to resume growth as oil markets recover.

Likewise, despite the turbulent market situation, the International Structured Finance portfolio remains resilient. While we continue to adhere to our risk management principles, this segment is actively monitoring risk levels across markets and stands ready to pick up momentum when global markets show sustained sign of recovery.

Funding and liquidity

Total deposits rose by 22.0% to Rs 389.3 billion, driven by an increase in foreign currency deposits (up 39%) and rupee deposits (up 11%). Specifically, MCB Ltd has a comfortable liquidity position notably in foreign currency terms with the Bank's foreign currency loans representing 65% of the funding base while its US dollar Liquidity Coverage Ratio stood at more than 180% as at 31 March 2020, that is, well above the Basel III regulatory norm.

COMMENTS ON RESULTS
Highlights of Q3 results

Except for the fair value loss amounting to Rs 301 million recorded this quarter on the Group's equity investments resulting from the impact of Covid-19 on global and local stock markets, operating profit before provisions for the nine months ended 31 March 2020 increased in line with expectations to Rs 10,001 million, up 11.7% compared to last year.

Despite the above good performance, profit after tax dropped by Rs 624 million to Rs 6,129 million over the same period, down 9.2% compared to last year. Profit after tax for the quarter to 31 March 2020 amounted to only Rs 799 million (2019: Rs 2,454 million) with impairment charges for that period alone amounting to Rs 1,943 million compared to Rs 874 million for the six months period to 31 December 2019. Specific provisions net of recoveries for this quarter amounted to Rs 404 million whereas additional expected credit losses (ECL) on the performing asset portfolio amounted to Rs 1,539 million.

This substantial increase in ECL on the Group's performing asset portfolio reflects the inherent increase in credit risks and our forward-looking assessment of the impact of the Covid-19 pandemic on our operations, based on certain assumptions made in our credit modelling exercise amidst significant uncertainties on how future developments will unfold.

Indeed, Mauritius has not been spared by the pandemic. Our frontiers have been closed since 18 March 2020 and the country has been in sanitary confinement since 20 March 2020. Whilst facing up to the unprecedented circumstances linked to the Covid-19 pandemic, the Group managed to maintain its operations backed by the effective deployment of its business continuity plans, while taking necessary actions for the protection of its employees and customers.

The situation in Mauritius

The outbreak of Covid-19 has brought considerable uncertainty and economic disruptions around the globe. The adverse consequences for Mauritius are significant, with extensive potential impact on most sectors of the economy and, in particular, on tourism and hospitality, export oriented manufacturing and textile, construction and property development as well as the small and medium-sized enterprises. The full extent of the impact of this pandemic is difficult to assess at this stage since it is dependent upon the duration and the magnitude of the economic slowdown, not only locally but also in our major markets.

Consolidated summary statement of changes in equity for the period ended 31 March 2020

	Attributable to ordinary equity holders of the parent							Non-Controlling Interests	Total Equity
	Stated Capital	Retained Earnings	Capital Reserve	Translation Reserve	Statutory Reserve	General Banking Reserve	Total		
	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M
At 1 July 2018	2,547.9	39,224.4	2,227.4	(395.0)	5,980.8	0.5	49,586.0	2,445.0	52,031.0
Impact of adjusting for deferred tax on adoption of IFRS 9	-	303.6	-	-	-	-	303.6	1.6	305.2
At 1 July 2018 as restated	2,547.9	39,528.0	2,227.4	(395.0)	5,980.8	0.5	49,889.6	2,446.6	52,336.2
Profit for the period	-	6,712.6	-	-	-	-	6,712.6	40.1	6,752.7
Other comprehensive income/(expense) for the period	-	-	60.4	(178.1)	-	-	(117.7)	3.9	(113.8)
Total comprehensive income/(expense) for the period	-	6,712.6	60.4	(178.1)	-	-	6,594.9	44.0	6,638.9
Dividends	-	(1,312.9)	-	-	-	-	(1,312.9)	(41.3)	(1,354.2)
Impact of rights issue exercised by minority shareholders in subsidiary	-	-	-	-	-	-	-	13.9	13.9
Issue of shares following the exercise of Group Employee Share Options Scheme	60.4	-	-	-	-	-	60.4	-	60.4
Transactions with owners	60.4	(1,312.9)	-	-	-	-	(1,252.5)	(27.4)	(1,279.9)
Transfers/movements in reserves	-	31.4	(31.4)	-	-	-	-	-	-
At 31 March 2019	2,608.3	44,959.1	2,256.4	(573.1)	5,980.8	0.5	55,232.0	2,463.2	57,695.2
At 1 July 2018	2,547.9	39,224.4	2,227.4	(395.0)	5,980.8	0.5	49,586.0	2,445.0	52,031.0
Impact of adjusting for deferred tax on adoption of IFRS 9	-	303.6	-	-	-	-	303.6	1.6	305.2
At 1 July 2018 as restated	2,547.9	39,528.0	2,227.4	(395.0)	5,980.8	0.5	49,889.6	2,446.6	52,336.2
Profit for the year	-	9,434.2	-	-	-	-	9,434.2	110.3	9,544.5
Other comprehensive (expense)/income for the year	-	(400.7)	71.9	58.5	-	-	(270.3)	0.6	(269.7)
Total comprehensive income for the year	-	9,033.5	71.9	58.5	-	-	9,163.9	110.9	9,274.8
Dividends	-	(2,602.9)	-	-	-	-	(2,602.9)	(48.4)	(2,651.3)
Investment in subsidiary	-	-	-	-	-	-	-	4.0	4.0
Impact of rights issue exercised by minority shareholders in subsidiary	-	-	-	-	-	-	-	13.3	13.3
Issue of shares following the exercise of Group Employee Share Options Scheme	60.4	-	-	-	-	-	60.4	-	60.4
Transactions with owners	60.4	(2,602.9)	-	-	-	-	(2,542.5)	(31.1)	(2,573.6)
Transfers/movements in reserves	-	(1,167.0)	(37.3)	-	954.0	248.7	(1.6)	(1.2)	(2.8)
At 30 June 2019	2,608.3	44,791.6	2,262.0	(336.5)	6,934.8	249.2	56,509.4	2,525.2	59,034.6
Profit for the period	-	6,091.4	-	-	-	-	6,091.4	37.2	6,128.6
Other comprehensive (expense)/income for the period	-	-	(250.5)	605.0	-	-	354.5	(94.7)	259.8
Total comprehensive income/(expense) for the period	-	6,091.4	(250.5)	605.0	-	-	6,445.9	(57.5)	6,388.4
Issue of preference shares	3,396.2	-	-	-	-	-	3,396.2	-	3,396.2
Dividends	-	(1,816.1)	-	-	-	-	(1,816.1)	(31.4)	(1,847.5)
Issue of shares following the exercise of Group Employee Share Options Scheme	110.2	-	-	-	-	-	110.2	-	110.2
Transactions with owners	3,506.4	(1,816.1)	-	-	-	-	1,690.3	(31.4)	1,658.9
Transfers/movements in reserves	-	252.2	(10.4)	-	7.8	(249.2)	0.4	0.3	0.7
At 31 March 2020	6,114.7	49,319.1	2,001.1	268.5	6,942.6	-	64,646.0	2,436.6	67,082.6

Consolidated summary statement of cash flows for the period ended 31 March 2020

	9 mths to 31-Mar-20	9 mths to 31-Mar-19	Year to 30-Jun-19
	Rs'M	Rs'M	Rs'M
Operating activities			
Net cash flows from trading activities	4,857.3	11,	