

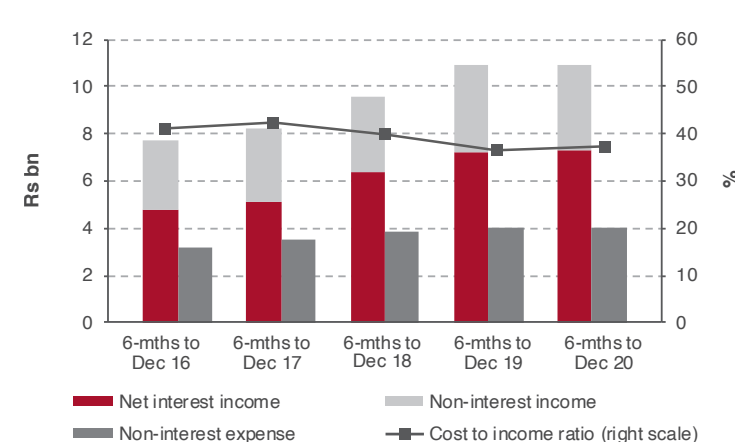
HIGHLIGHTS

- Rise of 1.7% in net interest income
- Net fee and commission income edged up by 1.2%
- Drop of 11.4% in 'other income'
- Increase of 1.4% in operating expenses
- Impairment charges rose to Rs 2.4 billion; Gross NPL ratio declined to 3.7%
- Share of profit of associates down by Rs 150 million
- Y-o-y growth of 19.8% in deposits and of 14.3% in gross loans

PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

Rs 3.8 bn
▼ 28.1%

Income and expenditure evolution



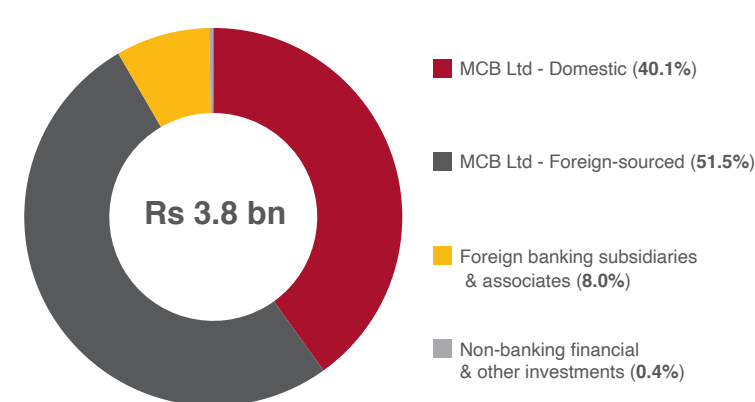
OPERATING INCOME

Rs 10.9 bn
▼ 0.4%

IMPAIRMENT CHARGES (INCL. ECL)

Rs 2.4 bn
▲ 169.7%

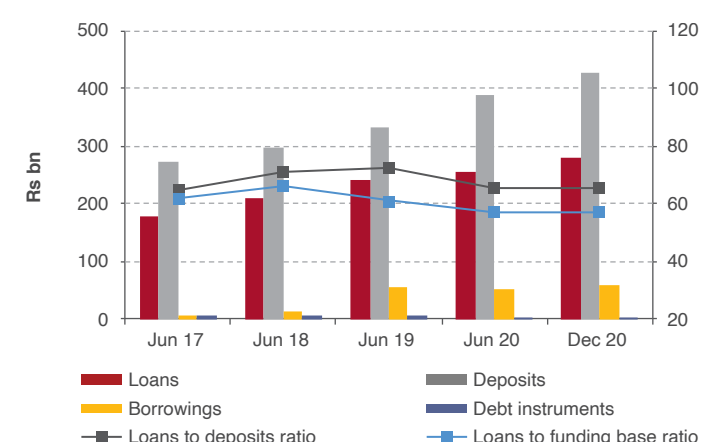
Contribution to Group profit



GROSS LOANS

Rs 279.5 bn
▲ 14.3%

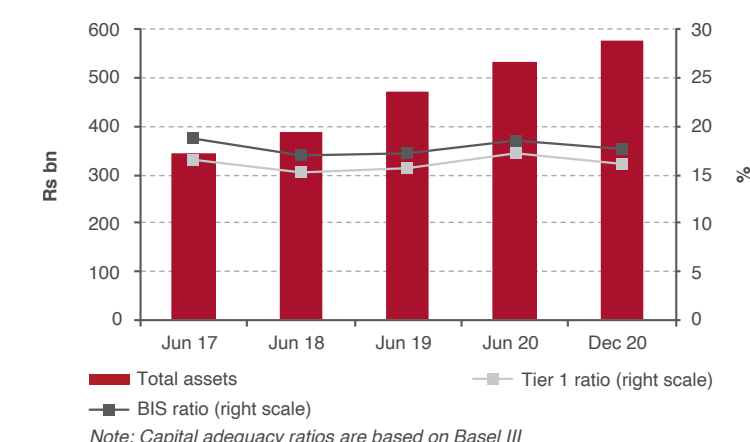
Loans and funding base



DEPOSITS

Rs 427.1 bn
▲ 19.8%

Total assets and capital adequacy



FINANCIAL SOUNDNESS INDICATORS (%)

	Dec-20	Jun-20	Dec-19
Profitability			
Return on average total assets ¹	1.4	1.6	2.2
Return on average equity ¹	11.7	13.3	18.0
Return on average Tier 1 capital ¹	11.6	13.4	18.5
Efficiency			
Cost-to-income	37.2	35.5	36.5
Asset quality			
Gross NPL/Gross loans and advances	3.7	4.2	4.0
Net NPL/Net loans and advances	2.3	2.9	2.7
Liquidity			
Liquid assets ² /Total assets	43.0	42.6	39.8
Loans to deposits	65.4	65.3	68.6
Loans to deposits and borrowings ³	57.2	57.0	59.7
Capital adequacy			
Shareholders equity to assets	11.5	11.8	12.4
BIS risk adjusted ratio ⁴	17.6	18.6	17.4
<i>o/w Tier 1⁴</i>	16.2	17.2	15.9

¹ Annualised for December
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 31 December 2020

	31-Dec-20	31-Dec-19	30-Jun-20
	(Restated)		
	Rs'M	Rs'M	Rs'M
ASSETS			
Cash and cash equivalents	65,323	58,847	71,573
Mandatory balances with Central Banks	22,758	22,358	22,211
Derivative financial instruments	1,243	932	1,449
Loans to and placements with banks	35,048	14,427	18,116
Loans and advances to customers	250,618	230,887	240,953
Investment securities	170,266	132,930	148,858
Investments in associates	11,379	10,375	10,834
Investment properties	4,788	4,039	4,444
Goodwill and other intangible assets	1,822	1,524	1,678
Property, plant and equipment	6,759	6,561	6,875
Deferred tax assets	1,567	616	1,263
Other assets	5,662	4,318	3,860
Total assets	577,233	487,814	532,114
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Deposits from banks	13,637	3,202	4,314
Deposits from customers	413,441	353,245	386,345
Derivative financial instruments	1,269	865	1,413
Other borrowed funds	57,868	45,770	52,444
Debt securities	2,007	2,013	2,007
Subordinated liabilities	2,009	5,536	2,122
Preference shares	3,396	-	3,396
Current tax liabilities	1,186	1,058	1,444
Deferred tax liabilities	343	306	339
Post employee benefit liability	1,170	360	1,170
Other liabilities	11,914	12,594	12,026
Total liabilities	508,240	424,949	467,020
Shareholders' equity			
Stated capital	2,747	2,679	2,719
Retained earnings	54,246	48,263	50,460
Other components of equity	9,446	9,324	9,366
Equity attributable to the equity holders of the parent	66,439	60,266	62,545
Non-controlling interests	2,554	2,599	2,549
Total equity	68,993	62,865	65,094
Total equity and liabilities	577,233	487,814	532,114
CONTINGENT LIABILITIES	109,504	81,329	72,901

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

	Quarter to 31-Dec-20	Quarter to 31-Dec-19	6 mths to 31-Dec-20	6 mths to 31-Dec-19	Year to 30-Jun-20
	(Restated)				
	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M
Interest income	4,318	5,189	8,618	10,394	19,995
Interest expense	(636)	(1,549)	(1,317)	(3,214)	(5,586)
Net interest income	3,682	3,640	7,301	7,180	14,409
Fee and commission income	1,435	1,481	2,796	2,834	5,340
Fee and commission expense	(380)	(376)	(674)	(738)	(1,403)
Net fee and commission income	1,055	1,105	2,122	2,096	3,937
Other income	733	941	1,478	1,669	3,609
Operating income	5,470	5,686	10,901	10,945	21,955
Non-interest expense	(2,074)	(2,033)	(4,056)	(3,999)	(7,792)
Operating profit before impairment	3,396	3,653	6,845	6,946	14,163
Net impairment of financial assets	(1,128)	(493)	(2,357)	(874)	(5,076)
Operating profit	2,268	3,160	4,488	6,072	9,087
Share of profit of associates	83	137	180	330	401
Profit before tax	2,351	3,297	4,668	6,402	9,488
Income tax expense	(406)	(548)	(792)	(1,096)	(1,494)
Profit for the period	1,945	2,749	3,876	5,306	7,994
Profit for the period attributable to:					
Ordinary equity holders of the parent	1,859	2,743	3,784	5,263	7,912
Preference shareholders	80	-	80	-	54
Non-controlling interests	6	6	12	43	28
	1,945	2,749	3,876	5,306	7,994

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

	Profit for the period	2,749	3,876	5,306	7,994
Other comprehensive income:					
Items that will not be reclassified to profit or loss	243	186	125	186	(695)
Items that may be reclassified subsequently to profit or loss	(295)	110	(36)	115	550
Other comprehensive (expense)/income for the period	(52)	296	89	301	(145)
Total comprehensive income for the period	1,893	3,045	3,965	5,607	7,849
Total comprehensive income attributable to:					
Ordinary equity holders of the parent	1,759	2,978	3,866	5,504	7,741
Preference shareholders	80	-	80	-	54
Non-controlling interests	54	67	19	103	54
	1,893	3,045	3,965	5,607	7,849
Earnings per share:					
Basic (Rs)	7.77	11.48	15.82	22.03	33.10
Diluted (Rs)	7.77	11.47	15.81	22.02	33.10
Basic weighted average number of shares (thousands)	239,256	238,977	239,254	238,943	239,072
Diluted weighted average number of shares (thousands)	239,397	239,075	239,395	239,041	239,072

COMMENTS ON RESULTS

Group attributable profits for the quarter ended December 2020 amounting to Rs 1,859 million were in line with those achieved in the previous quarter. Profits for the semester, however, declined by Rs 1,479 million (-28.1%) to reach Rs 3,784 million, a drop mainly due to the increase in the charge for Expected Credit Losses (ECL) compared to the corresponding semester of last year.

Net interest income increased by 1.7%, reflecting higher investment in Government securities linked to the persistently high liquidity situation domestically. The impact of increased cross border lending was to a large extent negated by lower margins due to increased cost of funds. Net fee and commission income grew by 1.2%. Improved performance from regional trade financing and wealth management activities was tempered by lower revenues from MCB Capital Markets Ltd while revenues from foreign banking subsidiaries and cards activities were adversely affected by the downturn in tourism and travel industries. 'Other income' declined by 11.4%, primarily on account of the temporary suspension of rental income from COVIFRA following the closure of Club Med amidst the Covid-19 situation and fair value losses experienced at the level of MCB Equity Fund Ltd. As a result, operating income dropped marginally to Rs 10,901 million.

With operating expenses going up by 1.4%, the cost to income ratio increased to 37.2% compared to 36.5% for the corresponding period last year. Impairment charges reached Rs 2,357 million, including an increase of Rs 1,488 million in respect of ECL. The cost of risk, on an annualised basis, stood at 151 basis points of gross loans and advances

compared to 184 basis points for the last financial year while the gross NPL ratio declined to 3.7% from 4.2% as at June 2020.

The share of profit of associates declined by Rs 150 million, mainly due to a subdued performance of BFCCI.

The Group continues to be well capitalised with a capital adequacy ratio of 17.6%, of which 16.2% in the form of Tier 1, and keeps displaying healthy liquidity positions, with a total loans to deposits ratio of 65.4% and a total loans to funding base ratio of 57.2%, when including borrowings. At Bank level, the US dollar Liquidity Coverage Ratio remained well above the regulatory norm at 172% as at 31 December 2020.

Notwithstanding an upgrade in global economic outlook by the IMF on the back of the rollout of vaccination programmes in many countries, the operating environment remains challenging. There is still little visibility on the evolution of the situation going forward, notably in relation to the spread of the new variants of the coronavirus, the duration of lockdowns in some of our key markets and the full-fledged opening of our borders. Against this backdrop, we will continue to closely monitor the situation and maintain a prudent approach.

By order of the Board
11 February 2021

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

	Attributable to equity holders of the parent								
	Stated Capital	Retained Earnings	Capital Reserve	Translation Reserve	Statutory Reserve	General Banking Reserve	Total	Non-Controlling Interests	Total Equity
	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M
At 01 July 2019, as restated	2,608	44,791	2,262	(336)	6,935	249	56,509	2,526	59,035
Profit for the period	-	5,263	-	-	-	-	5,263	43	5,306
Other comprehensive income for the period	-	-	146	95	-	-	241	60	301
Total comprehensive income for the period	-	5,263	146	95	-	-	5,504	103	5,607
Dividends to ordinary shareholders	-	(1,816)	-	-	-	-	(1,816)	(29)	(1,845)
Issue of shares following the exercise of Group Employee Share Options Scheme	71	-	-	-	-	-	71	-	71
Transactions with owners	71	(1,816)	-	-	-	-	(1,745)	(29)	(1,774)
Transfers/movements in reserves	-	25	(13)	-	8	(22)	(2)	(1)	(3)
At 31 December 2019	2,679	48,263	2,395	(241)	6,943	227	60,266	2,599	62,865
At 01 July 2019, as restated	2,608	44,791	2,262	(336)	6,935	249	56,509	2,526	59,035
Profit for the year	-	7,966	-	-	-	-	7,966	28	7,994
Other comprehensive (expense)/income for the year	-	(673)	(27)	529	-	-	(1,711)	26	(1,45)
Total comprehensive income/(expense) for the year	-	7,293	(27)	529	-	-	7,795	54	7,849
Dividends to ordinary shareholders	-	(1,816)	-	-	-	-	(1,816)	(31)	(1,847)
Dividends to preference shareholders	-	(54)	-	-	-	-	(54)	-	(54)
Issue of shares following the exercise of Group Employee Share Options Scheme	111	-	-	-	-	-	111	-	111
Transactions with owners	111	(1,870)	-	-	-	-	(1,759)	(31)	(1,790)
Transfers/movements in reserves	-	246	(9)	-	12	(249)	-	-	-
At 30 June 2020	2,719	50,460	2,226	193	6,947	-	62,545	2,549	65,094
Profit for the period	-	3,864	-	-	-	-	3,864	12	3,876
Other comprehensive income for the period	-	-	65	17	-	-	82	7	89
Total comprehensive income for the period	-	3,864	65	17	-	-	3,946	19	3,965
Dividends to non-controlling interests in subsidiary	-	-	-	-	-	-	-	(14)	(14)
Dividends to preference shareholders	-	(80)	-	-	-	-	(80)	-	(80)
Issue of shares following the exercise of Group Employee Share Options Scheme	28	-	-	-	-	-	28	-	28
Transactions with owners	28	(80)	-	-	-	-	(52)	(14)	(66)
Share of transfer by associate	-	2	(2)	-	-	-	-	-	-
At 31 December 2020	2,747	54,246	2,289	210	6,947	-	66,439	2,554	68,993

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

	6 mths to 31-Dec-20	6 mths to 31-Dec-19	Year to 30-Jun-20
	(Restated)		
	Rs'M	Rs'M	Rs'M
Operating activities			
Net cash flows from trading activities	5,329	10,058	13,954
Net cash flows from other operating activities	(7,919)	1,965	14,742
Dividends received from associates	-	80	80
Dividends paid to ordinary shareholders	-	(3,106)	(3,106)
Dividends paid to preference shareholders	(80)	-	(54)
Dividends paid to non-controlling interests in subsidiaries	(14)	(29)	(31)
Income tax paid	(1,354)	(1,075)	(1,607)
Net cash flows from operating activities	(4,038)		