

Consolidated statement of financial position as at 31st December 2017

	31-Dec-17 Rs'M	31-Dec-16 Rs'M	30-Jun-17 Rs'M
ASSETS			
Cash and cash equivalents	29,561.2	35,027.9	35,711.4
Mandatory balances with Central Banks	18,390.3	16,905.8	17,170.7
Derivative financial instruments	666.9	457.3	479.7
Loans to and placements with banks	22,509.6	30,301.2	25,716.3
Loans and advances to customers	180,858.9	166,526.3	171,223.7
Investment securities	94,196.4	66,959.1	74,729.7
Investments in associates	10,071.9	9,414.8	9,552.3
Investment properties	2,262.5	-	-
Goodwill and other intangible assets	1,244.0	939.4	949.4
Property, plant and equipment	6,220.0	5,928.8	6,196.8
Deferred tax assets	306.1	324.0	282.2
Other assets	3,242.4	3,202.1	3,664.5
Total assets	369,530.2	335,986.7	345,676.7
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits from banks	2,756.6	2,216.6	2,489.5
Deposits from customers	290,190.2	264,579.6	272,373.8
Derivative financial instruments	641.7	368.4	401.7
Other borrowed funds	9,974.3	9,835.1	5,968.4
Subordinated liabilities	5,557.0	5,615.2	5,587.0
Current tax liabilities	468.5	656.0	905.9
Deferred tax liability	210.5	65.2	53.4
Other liabilities	8,569.7	7,384.1	9,560.4
Total liabilities	318,368.5	290,720.2	297,340.1
Shareholders' equity			
Stated capital	2,524.9	2,467.4	2,477.8
Retained earnings	37,055.5	33,106.0	34,761.0
Other components of equity	9,045.8	7,358.9	8,710.4
Equity attributable to the ordinary equity holders of the parent	48,626.2	42,932.3	45,949.2
Non-controlling interests	2,535.5	2,334.2	2,387.4
Total equity	51,161.7	45,266.5	48,336.6
Total equity and liabilities	369,530.2	335,986.7	345,676.7
CONTINGENT LIABILITIES			
Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers	54,507.2	33,939.4	43,102.9
Others	11,386.5	5,769.2	9,554.0
	65,893.7	39,708.6	52,656.9

Consolidated statement of profit or loss for the period ended 31st December 2017

	Quarter to 31-Dec-17 Rs'M	Quarter to 31-Dec-16 Rs'M	6 mths to 31-Dec-17 Rs'M	6 mths to 31-Dec-16 Rs'M	Year to 30-Jun-17 Rs'M
Interest income	3,622.1	3,529.3	7,208.5	6,992.1	13,888.9
Interest expense	(1,002.8)	(1,108.1)	(2,124.7)	(2,238.3)	(4,478.0)
Net interest income	2,619.3	2,421.2	5,083.8	4,753.8	9,410.9
Fee and commission income	1,162.1	1,134.8	2,247.0	2,126.8	4,279.8
Fee and commission expense	(258.2)	(254.2)	(507.5)	(461.2)	(930.0)
Net fee and commission income	903.9	880.6	1,739.5	1,665.6	3,349.8
Other income	802.6	748.7	1,420.5	1,282.2	2,745.3
Operating income	4,325.8	4,050.5	8,243.8	7,701.6	15,506.0
Non-interest expense	(1,830.6)	(1,615.2)	(3,505.8)	(3,180.8)	(6,388.2)
Operating profit before impairment	2,495.2	2,435.3	4,738.0	4,520.8	9,117.8
Net impairment of financial assets	(355.1)	(320.0)	(628.7)	(525.5)	(1,063.8)
Operating profit	2,140.1	2,115.3	4,109.3	3,995.3	8,054.0
Share of profit of associates	163.4	107.3	262.0	275.5	338.2
Profit before tax	2,303.5	2,222.6	4,371.3	4,270.8	8,392.2
Income tax expense	(329.5)	(432.2)	(695.9)	(856.4)	(1,643.8)
Profit for the period	1,974.0	1,790.4	3,675.4	3,414.4	6,748.4
Profit for the period attributable to the non-controlling interests	(13.4)	(21.7)	(31.7)	(48.8)	(46.3)
Profit for the period attributable to the ordinary equity holders of the parent	1,960.6	1,768.7	3,643.7	3,365.6	6,702.1
Profit for the period attributable to:					
Ordinary equity holders of the parent	1,960.6	1,768.7	3,643.7	3,365.6	6,702.1
Non-controlling interests	13.4	21.7	31.7	48.8	46.3
	1,974.0	1,790.4	3,675.4	3,414.4	6,748.4

Consolidated statement of comprehensive income for the period ended 31st December 2017

Profit for the period	1,974.0	1,790.4	3,675.4	3,414.4	6,748.4
Other comprehensive (expense)/income:					
Items that will not be reclassified to profit or loss	-	(113.6)	-	(113.6)	166.2
Items that may be reclassified subsequently to profit or loss	(209.1)	(199.0)	182.5	16.4	506.9
Other comprehensive (expense)/income for the period	(209.1)	(312.6)	182.5	(97.2)	673.1
Total comprehensive income for the period	1,764.9	1,477.8	3,857.9	3,317.2	7,421.5
Total comprehensive income attributable to:					
Ordinary equity holders of the parent	1,770.1	1,466.3	3,822.0	3,254.3	7,272.2
Non-controlling interests	(5.2)	11.5	35.9	62.9	149.3
	1,764.9	1,477.8	3,857.9	3,317.2	7,421.5
Earnings per share:					
Basic (Rs)	8.22	7.42	15.28	14.13	28.12
Diluted (Rs)	8.22	7.42	15.27	14.12	28.10

Consolidated statement of changes in equity for the period ended 31st December 2017

	Attributable to ordinary equity holders of the parent						Total	Non-controlling Interests	Total Equity
	Stated Capital	Retained Earnings	Capital Reserve	Translation Reserve	Statutory Reserve	General Banking Reserve			
	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M			
At 1st July 2016	2,426.8	30,886.1	2,765.5	(349.8)	4,020.3	981.0	40,729.9	2,278.7	43,008.6
Profit for the period	-	3,365.6	-	-	-	-	3,365.6	48.8	3,414.4
Other comprehensive (expense)/income for the period	-	(113.6)	165.8	(163.5)	-	-	(111.3)	14.1	(97.2)
Total comprehensive income/(expense) for the period	-	3,252.0	165.8	(163.5)	-	-	3,254.3	62.9	3,317.2
Dividends	-	(1,131.6)	-	-	-	-	(1,131.6)	(36.0)	(1,167.6)
Issue of shares following the exercise of Group Employee Share Options Scheme	40.6	-	-	-	-	-	40.6	-	40.6
Transactions with owners in their capacity as owners	40.6	(1,131.6)	-	-	-	-	(1,091.0)	(36.0)	(1,127.0)
Transfers/movements in reserves	-	99.5	(4.8)	-	-	(55.6)	39.1	28.6	67.7
At 31st December 2016	2,467.4	33,106.0	2,926.5	(513.3)	4,020.3	925.4	42,932.3	2,334.2	45,266.5
At 1st July 2016	2,426.8	30,886.1	2,765.5	(349.8)	4,020.3	981.0	40,729.9	2,278.7	43,008.6
Profit for the year	-	6,702.1	-	-	-	-	6,702.1	46.3	6,748.4
Other comprehensive income/(expense) for the year	-	164.7	589.3	(183.9)	-	-	570.1	103.0	673.1
Total comprehensive income/(expense) for the year	-	6,866.8	589.3	(183.9)	-	-	7,272.2	149.3	7,421.5
Dividends	-	(2,144.9)	-	-	-	-	(2,144.9)	(40.8)	(2,185.7)
Effect of increase in shareholding in subsidiary	-	2.0	-	-	-	-	2.0	(28.4)	(26.4)
Issue of shares following the exercise of Group Employee Share Options Scheme	51.0	-	-	-	-	-	51.0	-	51.0
Transactions with owners in their capacity as owners	51.0	(2,142.9)	-	-	-	-	(2,091.9)	(69.2)	(2,161.1)
Transfers/movements in reserves	-	(849.0)	(0.9)	-	940.1	(51.2)	39.0	28.6	67.6
At 30th June 2017	2,477.8	34,761.0	3,353.9	(533.7)	4,960.4	929.8	45,949.2	2,387.4	48,336.6
Profit for the period	-	3,643.7	-	-	-	-	3,643.7	31.7	3,675.4
Other comprehensive income for the period	-	0.3	153.6	24.4	-	-	178.3	4.2	182.5
Total comprehensive income for the period	-	3,644.0	153.6	24.4	-	-	3,822.0	35.9	3,857.9
Dividends	-	(1,193.0)	-	-	-	-	(1,193.0)	(292.5)	(1,485.5)
Issue of shares following the exercise of Group Employee Share Options Scheme	47.1	-	-	-	-	-	47.1	-	47.1
Transactions with owners in their capacity as owners	47.1	(1,193.0)	-	-	-	-	(1,145.9)	(292.5)	(1,438.4)
Transfers/movements in reserves	-	(156.5)	0.3	-	(0.1)	157.2	0.9	404.7	405.6
At 31st December 2017	2,524.9	37,055.5	3,507.8	(509.3)	4,960.3	1,087.0	48,626.2	2,535.5	51,161.7

Consolidated statement of cash flows for the period ended 31st December 2017

	6 mths to 31-Dec-17 Rs'M	6 mths to 31-Dec-16 Rs'M	Year to 30-Jun-17 Rs'M
Operating activities			
Net cash flows from trading activities	(6,866.0)	4,644.0	959.6
Net cash flows from other operating activities	10,826.3	(1,780.8)	6,040.0
Dividends received from associates	52.9	45.1	305.1
Dividends paid	(2,206.3)	(2,084.4)	(2,084.4)
Dividends paid to non-controlling interests in subsidiaries	(292.5)	(36.0)	(40.8)
Income tax paid	(1,143.8)	(1,023.4)	(1,568.1)
Net cash flows from operating activities	370.6	(235.5)	3,611.4
Net cash flows from investing activities	(10,912.4)	(895.4)	(943.4)
Net cash flows from financing activities	47.1	40.6	51.0
(Decrease)/Increase in cash and cash equivalents	(10,494.7)	(1,090.3)	2,719.0
Net cash and cash equivalents brought forward	35,660.7	33,215.1	33,215.1
Effect of foreign exchange rate changes	(54.0)	(62.2)	(273.4)
Net cash and cash equivalents carried forward	25,112.0	32,062.6	35,660.7

COMMENTS ON RESULTS

Group profits for the half year to 31st December 2017 rose by 8.3% to reach Rs 3,644 million, with foreign-sourced earnings and non-banking operations contributing 58% thereto.

Operating income grew by 7.0% to reach Rs 8,244 million. Net interest income rose by 6.9%, reflecting increased revenues linked to foreign activities of MCB Ltd and higher investment in Government securities in a context of persisting excess liquidity situation in Mauritius. Net fee and commission income rose by 4.4%, supported notably by higher revenues from financing activities within the banking cluster and from our non-banking operations. In spite of a drop in profit on exchange and net gain on financial instruments carried at fair value, 'other income' rose by 10.8% boosted by net gains arising from disposal of equity investments.

Operating expenses grew by 10.2% in support of business expansion, leading to a rise in the cost to income ratio to 42.5%.

Net impairment charges stood at Rs 629 million, representing an annualised rate of 64 basis points of our gross loans and advances while the gross non-performing loan ratio declined below the 5% mark to stand at 4.8%.

Although an improved performance was recorded at BFCOI level, our share of profit of associates dropped by Rs 14 million following dampened performances at the level of PAD Group and SG Moçambique.

Shareholders' funds increased to Rs 48.6 billion, with our capital adequacy ratio remaining comfortable at 18.3% as at December 2017, of which 16.0% in the form of Tier 1.

OUTLOOK

Looking ahead, the upturn within the global and regional environments is encouraging while domestic investment is anticipated to improve, in particular, fuelled by the execution of public infrastructure projects. Nonetheless, our operations continue to be impacted by persisting excess liquidity and challenging conditions in the money and foreign exchange markets. On current trends, full year results are expected to improve compared to last year with notable support from our international activities.

By order of the Board
14th February 2018

The unaudited interim consolidated summary financial statements have been prepared using the same accounting policies as those adopted in the financial statements for the year ended 30th June 2017 and comply with IAS 34.

Copies of the unaudited interim consolidated summary financial statements are available to the public, free of charge, upon request to the Company Secretary at the registered office of the Company, 9-15, Sir William Newton Street, Port-Louis and can be viewed on our website: www.mcbgroup.com

Where necessary, comparative figures have been amended to conform with changes in presentation or in accounting policies.

The statement of direct and indirect interests of officers of the Company required under rule 8(2)(m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 is available upon request, free of charge, at the registered office of the Company.

This communiqué is issued pursuant to Listing Rule 12.20 and Securities Act 2005.

The Board of Directors of the MCB Group Limited accepts full responsibility for the accuracy of the information contained in this communiqué.