

Consolidated summary statement of financial position as at 31 March 2019

	31-Mar-19 Rs'M	31-Mar-18 Rs'M	30-Jun-18 Rs'M
ASSETS			
Cash and cash equivalents	47,066.1	32,569.5	35,903.0
Mandatory balances with Central Banks	20,683.4	19,288.5	19,292.4
Derivative financial instruments	572.0	632.1	512.8
Loans to and placements with banks	15,023.6	17,765.7	18,920.8
Loans and advances to customers	224,076.3	186,883.0	199,298.2
Investment securities	109,862.6	94,664.0	88,747.4
Investments in associates	9,726.7	10,221.1	9,796.0
Investment properties	3,737.3	2,544.0	2,861.1
Goodwill and other intangible assets	1,322.0	1,206.6	1,238.8
Property, plant and equipment	6,200.9	6,145.9	6,194.8
Deferred tax assets	427.2	308.0	285.8
Other assets	4,574.9	3,228.6	3,318.7
Total assets	443,273.0	375,457.0	386,369.8
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Deposits from banks	4,258.9	3,577.3	3,157.7
Deposits from customers	314,827.5	291,384.9	294,560.9
Derivative financial instruments	625.2	682.7	883.4
Other borrowed funds	45,207.0	10,371.5	14,372.5
Subordinated liabilities	5,530.9	5,545.9	5,591.8
Debt securities	2,012.7	2,012.7	2,012.7
Current tax liabilities	1,044.9	714.0	1,000.2
Deferred tax liabilities	251.6	215.7	236.4
Other liabilities	12,087.5	7,766.8	10,787.6
Total liabilities	385,846.2	322,271.5	332,603.2
Shareholders' equity			
Stated capital	2,608.3	2,547.9	2,547.9
Retained earnings	44,691.5	38,821.5	38,233.2
Other components of equity	7,665.3	9,280.9	10,525.1
Equity attributable to the ordinary equity holders of the parent	54,965.1	50,650.3	51,306.2
Non-controlling interests	2,461.7	2,535.2	2,460.4
Total equity	57,426.8	53,185.5	53,766.6
Total equity and liabilities	443,273.0	375,457.0	386,369.8
CONTINGENT LIABILITIES			
Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers	65,066.7	61,633.7	59,872.2
Others	8,165.4	11,725.2	8,423.6
	73,232.1	73,358.9	68,295.8

Consolidated summary statement of profit or loss for the period ended 31 March 2019

	Quarter to 31-Mar-19	Quarter to 31-Mar-18	9 mths to 31-Mar-19	9 mths to 31-Mar-18	Year to 30-Jun-18
	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M
Interest income	4,718.3	3,805.2	13,780.9	11,013.7	15,112.9
Interest expense	(1,503.5)	(1,072.6)	(4,153.3)	(3,197.3)	(4,383.7)
Net interest income	3,214.8	2,732.6	9,627.6	7,816.4	10,729.2
Fee and commission income	1,259.5	1,158.9	3,770.0	3,405.9	4,547.6
Fee and commission expense	(376.3)	(286.1)	(1,001.9)	(793.6)	(1,114.6)
Net fee and commission income	883.2	872.8	2,768.1	2,612.3	3,433.0
Other income	930.5	687.3	2,242.3	2,107.8	2,788.6
Operating income	5,028.5	4,292.7	14,638.0	12,536.5	16,950.8
Non-interest expense	(1,848.7)	(1,677.8)	(5,682.8)	(5,183.6)	(6,801.6)
Operating profit before impairment	3,179.8	2,614.9	8,955.2	7,352.9	10,149.2
Net impairment of financial assets	(283.4)	(376.8)	(1,076.8)	(1,005.5)	(1,329.9)
Operating profit	2,896.4	2,238.1	7,878.4	6,347.4	8,819.3
Share of profit of associates	22.1	38.9	249.4	300.9	306.6
Profit before tax	2,918.5	2,277.0	8,127.8	6,648.3	9,125.9
Income tax expense	(452.7)	(484.9)	(1,339.1)	(1,180.8)	(1,884.6)
Profit for the period	2,465.8	1,792.1	6,788.7	5,467.5	7,241.3
Profit for the period attributable to:					
Ordinary equity holders of the parent	2,457.7	1,804.1	6,748.6	5,447.8	7,220.9
Non-controlling interests	8.1	(12.0)	40.1	19.7	20.4
	2,465.8	1,792.1	6,788.7	5,467.5	7,241.3

Consolidated summary statement of comprehensive income for the period ended 31 March 2019

Profit for the period	2,465.8	1,792.1	6,788.7	5,467.5	7,241.3
Other comprehensive income:					
Items that will not be reclassified to profit or loss	(16.5)	-	(9.4)	-	(253.6)
Items that may be reclassified subsequently to profit or loss	70.8	205.1	(103.6)	387.6	575.9
Other comprehensive income/(expense) for the period	54.3	205.1	(113.0)	387.6	322.3
Total comprehensive income for the period	2,520.1	1,997.2	6,675.7	5,855.1	7,563.6
Total comprehensive income attributable to:					
Ordinary equity holders of the parent	2,494.8	2,001.3	6,631.6	5,823.3	7,526.2
Non-controlling interests	25.3	(4.1)	44.1	31.8	37.4
	2,520.1	1,997.2	6,675.7	5,855.1	7,563.6
Earnings per share:					
Basic (Rs)	10.29	7.56	28.27	22.84	30.26
Diluted (Rs)	10.29	7.56	28.26	22.83	30.26

Consolidated summary statement of changes in equity for the period ended 31 March 2019

	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
At 01 July 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	-	5,447.8	-	-	-	-	5,447.8	19.7	5,467.5
Other comprehensive income for the period	-	0.4	275.4	99.7	-	-	375.5	12.1	387.6
Total comprehensive income for the period	-	5,448.2	275.4	99.7	-	-	5,823.3	31.8	5,855.1
Dividends	-	(1,193.0)	-	-	-	-	(1,193.0)	(295.5)	(1,488.5)
Rights issue in subsidiary	-	-	-	-	-	-	-	6.7	6.7
Issue of shares following the exercise of Group Employee Share Options Scheme	70.1	-	-	-	-	-	70.1	-	70.1
Transactions with owners in their capacity as owners	70.1	(1,193.0)	-	-	-	-	(1,122.9)	(288.8)	(1,411.7)
Transfers/movements in reserves	-	(194.7)	0.2	-	(0.1)	195.3	0.7	404.8	405.5
At 31 March 2018	2,547.9	38,821.5	3,629.5	(434.0)	4,960.3	1,125.1	50,650.3	2,535.2	53,185.5
At 01 July 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 year	-	7,220.9	-	-	-	-	7,220.9	20.4	7,241.3
Other comprehensive (expense)/income for the year	-	(232.3)	416.1	121.5	-	-	305.3	17.0	322.3
Total comprehensive income for the year	-	6,988.6	416.1	121.5	-	-	7,526.2	37.4	7,563.6
Dividends	-	(2,267.0)	-	-	-	-	(2,267.0)	(297.9)	(2,564.9)
Unclaimed dividends pertaining to previous years	-	27.1	-	-	-	-	27.1	-	27.1
Impact of acquisition by subsidiary	-	-	-	-	-	-	-	326.3	326.3
Impact of rights issue exercised by minority shareholders in subsidiary	-	-	-	-	-	-	-	6.7	6.7
Issue of shares following the exercise of Group Employee Share Options Scheme	70.1	-	-	-	-	-	70.1	-	70.1
Transactions with owners	70.1	(2,239.9)	-	-	-	-	(2,169.8)	35.1	(2,134.7)
Transfers/movements in reserves	-	(1,276.5)	-	-	1,020.4	256.7	0.6	0.5	1.1
At 30 June 2018	2,547.9	38,233.2	3,770.0	(412.2)	5,980.8	1,186.5	51,306.2	2,460.4	53,766.6
Impact of adopting IFRS 9:									
Impairment on financial assets:									
Reversal of portfolio provision	-	1,359.6	-	-	-	-	1,359.6	-	1,359.6
Reversal of general banking reserve	-	1,168.8	-	17.2	-	(1,186.0)	-	-	-
Expected credit losses	-	(3,116.5)	17.1	-	-	-	(3,099.4)	(15.4)	(3,114.8)
	-	(588.1)	17.1	17.2	-	(1,186.0)	(1,739.8)	(15.4)	(1,755.2)
Classification and measurement of financial assets	-	1,579.3	(1,559.7)	-	-	-	19.6	-	19.6
Impact of adopting IFRS 9	-	991.2	(1,542.6)	17.2	-	(1,186.0)	(1,720.2)	(15.4)	(1,735.6)
As restated	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
Profit for the period	-	6,748.6	-	-	-	-	6,748.6	40.1	6,788.7
Other comprehensive income/(expense) for the period	-	-	60.4	(177.4)	-	-	(117.0)	4.0	(113.0)
Total comprehensive income/(expense) for the period	-	6,748.6	60.4	(177.4)	-	-	6,631.6	44.1	6,675.7
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	44,691.5	2,256.4	(572.4)	5,980.8	0.5	54,965.1	2,461.7	57,426.8

Consolidated summary statement of cash flows for the period ended 31 March 2019

	9 mths to 31-Mar-19 Rs'M	9 mths to 31-Mar-18 Rs'M	Year to 30-Jun-18 Rs'M
Operating activities			
Net cash flows from trading activities	11,228.2	(10,760.6)	(4,303.6)
Net cash flows from other operating activities	536.8	7,832.2	6,937.0
Dividends received from associates	75.9	70.9	373.5
Dividends paid	(2,386.9)	(2,206.2)	(2,206.2)
Dividends paid to non-controlling interests in subsidiaries	(41.3)	(295.5)	(297.9)
Income tax paid	(1,420.0)	(1,380.3)	(1,689.8)
Net cash flows from operating activities	7,992.7	(6,739.5)	(1,187.0)
Net cash flows from investing activities	(1,878.5)	(1,868.3)	(2,520.6)
Net cash flows from financing activities	1,204.3	2,070.1	2,076.8
Increase/(Decrease) in cash and cash equivalents	7,318.5	(6,537.7)	(1,630.8)
Net cash and cash equivalents brought forward	34,063.3	35,660.7	35,660.7
Effect of foreign exchange rate changes	(25.9)	(58.1)	33.4
Net cash and cash equivalents carried forward	41,355.9	29,064.9	34,063.3

COMMENTS ON RESULTS

The Group maintained its strong performance for the nine months to 31 March 2019, with profit growing by 23.9% to reach Rs 6,748.6 million with improved earnings posted across all core activities of the Group.

Operating income increased by 16.8% to reach Rs 14,638 million. This performance was mainly driven by a rise in net interest income of 23.2%, reflecting growth in the foreign lending activities of MCB Ltd and higher average yields on investment securities for the period under review. For its part, net fee and commission income registered a growth of 6.0% on the back of enhanced revenues from payment and regional trade financing activities in the banking cluster as well as from MCB Capital Markets Ltd. 'Other income' went up by 6.4%, supported by a 10.3% rise in profit on exchange and fair value gains on financial instruments, while higher contribution from some non-banking activities compensated for the lower gains realised on the disposal of investments by our Equity Fund.

In line with ongoing capacity building initiatives across the Group, operating expenses rose by 9.6%, with our cost to income ratio declining to 38.8% from 41.3%. Net impairment charges rose by Rs 71 million to reach Rs 1.1 billion, representing an annualised cost of risk of 58 basis points of gross loans and advances, while asset quality improved further with the gross non-performing loan ratio declining to 4.0%.

Although better performances were recorded at the level of Promotion and Development Group and SG Moçambique, the share of profit of associates fell by Rs 52 million following reduced profitability at the level of BFCOI.

Shareholders' funds recorded a rise of 8.5% to reach Rs 55.0 billion, with our capital adequacy ratio remaining comfortable at 17.6%, of which 16.0% in the form of Tier 1.

On current trends, Group results for the financial year ending 30 June 2019 should record a healthy growth compared to last year, primarily underpinned by the appreciable performance of international operations. Looking ahead, whilst remaining cautious in view of the increasingly uncertain and challenging context, both on the global and regional fronts, the Group is expected to continue to reap the benefits of its ongoing diversification and capacity-building initiatives.

By order of the Board
14 May 2019

The unaudited interim consolidated summary financial statements comply with IAS 34 and have been prepared using the same accounting policies as those adopted in the financial statements for the year ended 30 June 2018 except for the adoption of applicable published standards and interpretations that are now effective.

With the adoption of IFRS 9 on 01 July 2018, the opening reserves of the Group have been adjusted following the requirements for classification and measurement of financial assets and liabilities and impairment thereon.

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

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

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.