

HIGHLIGHTS

- Increase of 8.8% in net interest income
- Growth of 7.0% in net fee and commission income
- 'Other income' down by 1.1%
- Rise of 8.0% in operating expenses
- Impairment charges higher by Rs 194 million
- Deposits up by 7.8% and net customer loans by 10.1%

OPERATING INCOME

Rs 12,536.5 m **4** 6.6%

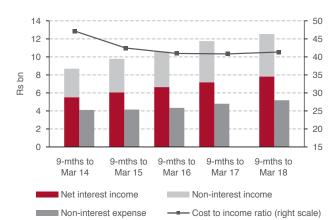
OPERATING PROFIT PROFIT ATTRIBUTABLE **BEFORE IMPAIRMENT** TO SHAREHOLDERS

Rs 7,352.9 m

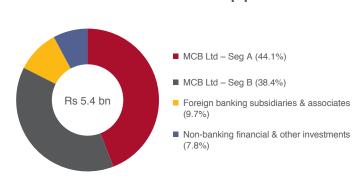
5.7%

Rs 5,447.8 m **▲ 5.0%**





Contribution to Group profit



Quarter to Quarter to 9 mths to 9 mths to

31-Mar-18 31-Mar-17 **31-Mar-18** 31-Mar-17 30-Jun-17

Consolidated statement of financial position as at 31st March 2018

	31-Mar-18 Rs'M	31-Mar-17 Rs'M	30-Jun-17 Rs'M
ASSETS			
Cash and cash equivalents	32,569.5	37,786.8	35,711.
Mandatory balances with Central Banks	19,288.5	16,921.4	17,170.
Derivative financial instruments	632.1	430.2	479.
oans to and placements with banks	17,765.7	25,174.8	25,716.
Loans and advances to customers	186,883.0	169,726.5	170,779.
nvestment securities	94,664.0	72,603.7	74,729.
nvestments in associates	10,221.1	9,439.6	9,552.
nvestment properties	2,544.0	-	
Goodwill and other intangible assets	1,206.6	945.4	949.
Property, plant and equipment	6,145.9	6,109.3	6,196.
Deferred tax assets	308.0	342.9	282.
Other assets	3,228.6	4,044.7	3,664.
Total assets	375,457.0	343,525.3	345,232.
Deposits from banks Deposits from customers	3,577.3 291,384.9		
Derivative financial instruments	682.7	391.3	401.
Other borrowed funds	10,371.5		
Subordinated liabilities	5,545.9		5,587.
Debt instrument	2,013.2	-	,
Current tax liabilities	714.0	710.5	905.
Deferred tax liability	215.7	65.1	53.
Other liabilities	7,766.3	7,915.2	9,116.
Total liabilities	322,271.5	296,261.3	296,895.
Sharahaldara' aguity			
Shareholders equity			0.477
	2,547.9	2,477.8	2,477.
Stated capital	2,547.9 38,821.5	2,477.8 34,932.2	
Stated capital Retained earnings	-		34,761.
Stated capital Retained earnings Other components of equity	38,821.5	34,932.2	34,761.
Stated capital Retained earnings Other components of equity	38,821.5	34,932.2	34,761. 8,710.
Stated capital Retained earnings Other components of equity Equity attributable to the ordinary equity holders of the parent	38,821.5 9,280.9	34,932.2 7,505.5	34,761. 8,710. 45,949.
Stated capital Retained earnings Other components of equity Equity attributable to the ordinary equity holders of the parent Non-controlling interests	38,821.5 9,280.9 50,650.3	34,932.2 7,505.5 44,915.5	34,761. 8,710. 45,949. 2,387.
Stated capital Retained earnings Other components of equity Equity attributable to the ordinary equity holders of the parent Non-controlling interests Total equity	38,821.5 9,280.9 50,650.3 2,535.2	34,932.2 7,505.5 44,915.5 2,348.5	34,761. 8,710. 45,949. 2,387. 48,336.
Stated capital Retained earnings Other components of equity Equity attributable to the ordinary equity holders of the parent Non-controlling interests Total equity and liabilities	38,821.5 9,280.9 50,650.3 2,535.2 53,185.5	34,932.2 7,505.5 44,915.5 2,348.5 47,264.0	2,477. 34,761. 8,710. 45,949. 2,387. 48,336. 345,232.
Shareholders' equity Stated capital Retained earnings Other components of equity Equity attributable to the ordinary equity holders of the parent Non-controlling interests Total equity Total equity and liabilities CONTINGENT LIABILITIES Acceptances, guarantees, letters of credit, endorsements	38,821.5 9,280.9 50,650.3 2,535.2 53,185.5	34,932.2 7,505.5 44,915.5 2,348.5 47,264.0	34,761. 8,710. 45,949. 2,387. 48,336.

Consolidated statement of profit or loss for the period ended 31st March 2018

31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	30-Jun-17
Rs'M	Rs'M	Rs'M	Rs'M	Rs'M
3 805 2	3 /01 8	11 013 7	10 534 8	14,034.3
-				
				9,556.3
2,732.0	2,370.2	7,010.4	7,100.9	9,550.0
1,158.9	1,082.7	3,405.9	3,158.6	4,134.4
(286.1)	(255.4)	(793.6)	(716.6)	(930.0
872.8	827.3	2,612.3	2,442.0	3,204.4
687.3	850.0	2,107.8	2,132.2	2,745.
4,292.7	4,053.5	12,536.5	11,755.1	15,506.
-		-		(6,388.
				9,117.
-				
				8,054.
,		-		338.
				8,392.
,		,		
				6,748.
, -	,	-, -	-, -	-, -
12.0	5.6	(19.7)	(43.2)	(46.
		(- /	(- /	(-
1,804.1	1,823.9	5,447.8	5,189.5	6,702.
(12.0)	(5.6)	19.7	43.2	6,702. 46.3 6,748.4
	·		· · ·	·
1,792.1	1,818.3	5,467.5	5,232.7	6,748.
-	-	-	(113.6)	166.
205.1	168.9	387.6	185.3	506.
205 1	168 0	387 6	71 7	673.
	100.9	007.0	7 1.7	070.
1.997.2	1.987.2	5.855.1	5.304.4	7,421.
1,00112	1,007.2	0,000.1	<u> </u>	1,761.
0.004.0	1 070 0	E 000 0	E 007 4	7 070
· ·		-		7,272.
				149.
1,997.2	1,987.2	5,855.1	5,304.4	7,421.
	Rs'M 3,805.2 (1,072.6) 2,732.6 1,158.9 (286.1) 872.8 687.3 4,292.7 (1,677.8) 2,614.9 (376.8) 2,238.1 38.9 2,277.0 (484.9) 1,792.1 12.0 1,804.1 (12.0) 1,792.1 205.1 1,997.2 2,001.3	Rs'M Rs'M 3,805.2 3,491.8 (1,072.6) (1,115.6) 2,732.6 2,376.2 1,158.9 1,082.7 (286.1) (255.4) 872.8 827.3 687.3 850.0 4,292.7 4,053.5 (1,677.8) (1,617.5) 2,614.9 2,436.0 (376.8) (286.1) 2,238.1 2,149.9 38.9 25.3 2,277.0 2,175.2 (484.9) (356.9) 1,792.1 1,818.3 12.0 5.6 1,804.1 1,823.9 (12.0) (5.6) 1,792.1 1,818.3 205.1 1,818.3 205.1 168.9 205.1 168.9 2,001.3 1,987.2 2,001.3 1,997.8 (4.1) 14.4	Rs'M Rs'M Rs'M 3,805.2 3,491.8 11,013.7 (1,072.6) (1,115.6) (3,197.3) 2,732.6 2,376.2 7,816.4 1,158.9 1,082.7 3,405.9 (286.1) (255.4) (793.6) 872.8 827.3 2,612.3 687.3 850.0 2,107.8 4,292.7 4,053.5 12,536.5 (1,677.8) (1,617.5) (5,183.6) 2,614.9 2,436.0 7,352.9 (376.8) (286.1) (1,005.5) 2,238.1 2,149.9 6,347.4 38.9 25.3 300.9 2,277.0 2,175.2 6,648.3 (484.9) (356.9) (1,180.8) 1,792.1 1,818.3 5,467.5 1,804.1 1,823.9 5,447.8 (12.0) (5.6) 19.7 1,792.1 1,818.3 5,467.5 205.1 168.9 387.6 205.1 168.9 387.6	Rs'M Rs'M Rs'M Rs'M 3,805.2 3,491.8 11,013.7 10,534.8 (1,072.6) (1,115.6) (3,197.3) (3,353.9) 2,732.6 2,376.2 7,816.4 7,180.9 1,158.9 1,082.7 3,405.9 3,158.6 (286.1) (255.4) (793.6) (716.6) 872.8 827.3 2,612.3 2,442.0 687.3 850.0 2,107.8 2,132.2 4,292.7 4,053.5 12,536.5 11,755.1 (1,677.8) (1,617.5) (5,183.6) (4,798.3) 2,614.9 2,436.0 7,352.9 6,956.8 (376.8) (286.1) (1,005.5) (811.6) 2,238.1 2,149.9 6,347.4 6,145.2 38.9 25.3 300.9 300.8 2,277.0 2,175.2 6,648.3 6,446.0 (484.9) (356.9) (1,180.8) (1,213.3) 1,792.1 1,818.3 5,447.8 5,189.5 (12.

COMMENTS ON RESULTS

Others

Group profits for the nine months to 31 March 2018 increased by 5.0% to reach Rs 5,447.8 million, with earnings from foreign sources and non-banking operations contributing 56% thereof.

Operating income rose by 6.6% to reach Rs 12,536.5 million. This performance was driven by an increase of 8.8% in net interest income, reflecting a strong growth in the overseas activities of MCB Ltd and, to a lesser extent, higher investments in Government securities amidst a still high liquidity situation in Mauritius. Net interest margin as a percentage of average earnings assets increased during this financial year after several years of contraction. Net fee and commission income went up by 7%, underpinned mainly by higher revenues from lending, regional trade financing and payment activities in the banking cluster as well as continued growth within the non-banking segment. 'Other income' fell by 1.1% for the period under review despite profit on exchange increasing by 1.4%.

Operating expenses grew by 8.0% in line with the ongoing capacity-building projects currently in progress across the Group. This contributed to a rise in the cost to income ratio which stood at 41.3% as compared to 40.8% for the corresponding period in the previous year. Net impairment charges rose by By order of the Board Rs 194 million to Rs 1.0 billion, representing an annualised rate of 65 basis points of gross loans and 15th May 2018

advances, of which 7 basis points relate to portfolio provisions built-up during the period as a result of the increase in the loans and advances portfolio. The gross non-performing loan ratio stood at 4.9%.

7.56

7.65

22.84

22.83

21.77

28.10

In spite of an improved performance from BFCOI, our share of profit of associates remained flat, principally reflecting losses incurred at the level of PAD Group.

Shareholders' funds increased to Rs 50.7 billion, contributing to a capital adequacy ratio of 17.8%, of which 15.7% in the form of Tier 1 ratio.

OUTLOOK

Basic (Rs)

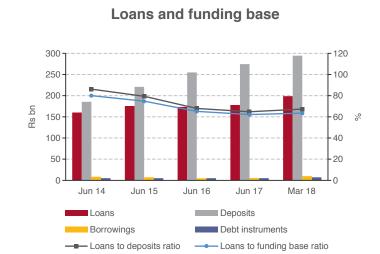
Diluted (Rs)

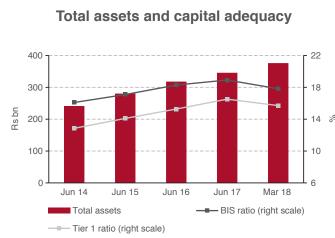
11,725.2 8,660.6 9,554.0

73,358.9 43,540.6 52,656.9

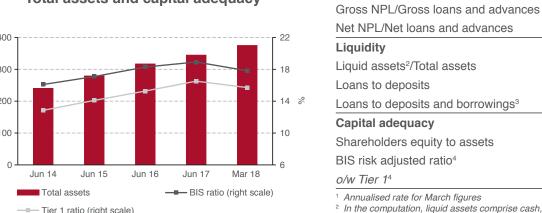
On current trends, Group results for the financial year ending 30 June 2018 are expected to improve compared to last year. Prospects beyond are encouraging in view of our business pipeline and signs of strengthening economic activity at the global, regional and domestic levels.







Note: Capital adequacy figures are based on Basel III



o/w Tier 14 Annualised rate for March figures

FINANCIAL SOUNDNESS INDICATORS (%)

Mar-17 Jun-17 Mar-18

2.0

15.5

16.2

41.2

6.1

4.6

65.0

62.4

13.3

18.9

16.5

2.1

16.2

17.1

40.8

5.8

4.3

65.4

62.3

18.5

2.0

15.0

15.8

41.3

4.9

3.3

38.6

67.5

63.6

13.5

17.8

15.7

Profitability

Efficiency

Liquidity

Cost-to-income

Asset quality

Return on average total assets¹

Return on average Tier 1 capital¹

Net NPL/Net loans and advances

Loans to deposits and borrowings3

Shareholders equity to assets

Liquid assets²/Total assets

Loans to deposits

Capital adequacy

BIS risk adjusted ratio4

Return on average equity¹

Consolidated statement of changes in equity for the period ended 31st March 2018

		Attributable to ordinary 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 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	-	5,189.5	-	-	-	-	5,189.5	43.2	5,232.7
Other comprehensive (expense)/income for the period	-	(113.6)	367.6	(216.4)	-	-	37.6	34.1	71.7
Total comprehensive income/(expense) for the period	-	5,075.9	367.6	(216.4)	-	-	5,227.1	77.3	5,304.4
Dividends	-	(1,131.6)	-	-	-	-	(1,131.6)	(36.0)	(1,167.6)
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	(1,131.6)	-	-	-	-	(1,080.6)	(36.0)	(1,116.6)
Transfers/movements in reserves	-	101.8	(4.7)) -	-	(58.0)	39.1	28.5	67.6
At 31st March 2017	2,477.8	34,932.2	3,128.4	(566.2)	4,020.3	923.0	44,915.5	2,348.5	47,264.0
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	<u></u> -	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 30 th 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	-	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 31st 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

Consolidated statement of cash flows for the period ended 31st March 2018

	9 mths to	9 mths to	Year to
	31-Mar-18	31-Mar-17	30-Jun-17
	Rs'M	Rs'M	Rs'M
Operating activities			
Net cash flows from trading activities	(10,760.6)	2,596.2	894.0
Net cash flows from other operating activities	12,755.4	4,158.8	6,105.6
Dividends received from associates	70.9	58.8	305.1
Dividends paid	(2,206.3)	(2,084.4)	(2,084.4)
Dividends paid to non-controlling interests in subsidiaries	(295.5)	(36.0)	(40.8)
Income tax paid	(1,380.3)	(1,345.8)	(1,568.1)
Net cash flows from operating activities	(1,816.4)	3,347.6	3,611.4
Net cash flows from investing activities	(6,791.5)	(645.6)	(943.4)
Net cash flows from financing activities	2,070.1	51.0	51.0
(Decrease)/Increase in cash and cash equivalents	(6,537.8)	2,753.0	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	(58.1)	(113.7)	(273.4)
Net cash and cash equivalents carried forward	29,064.8	35,854.4	35,660.7

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.

² In the computation, liquid assets comprise cash, balances with BoM, placements, T-Bills and Government securities

Borrowings include debt instruments