<b>MCB</b> GROUP
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## MCB GROUP LIMITED **Abridged Audited Financial Statements**

Abridged Audited Financial Statements  30 <sup>th</sup> June 2015																
Statement of financial position					Statement of changes in equity											
<u></u>		GRO	DUP	PROFORMA GROUP				A	tributable to ord	dinary equity ho	lders of the pa	rent				
	Notes	30-Jun-15 Rs'M	30-Jun-14 Rs'M	30-Jun-13 Rs'M		Notes	Stated Capital	Treasury Shares	Retained Earnings		Translation Reserve	Statutory Reserve	General	Total	Non-controlling Interests	Total
ASSETS	Notes	KS M	KS W	PCS IVI		Notes		Rs'M					Banking Reserve	D. 114		Equity
Cash and cash equivalents	4	24,528.6	18,802.0	15,394.1	GROUP		Rs'M	KS'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M
Mandatory balances with Central Banks Derivative financial instruments	13 5	14,270.1 421.9	12,356.6 246.8	9,882.3 121.0	At 2 <sup>nd</sup> April 2014 Acquired through the Scheme of Arrangement	37	2,379.6	-	23,820.8	2,035.8	(187.6)	2,643.6	610.2	31,302.4	1,725.9	33,028.3
Loans to and placements with banks Loans and advances to customers	6(a) 6(b)	8,811.4 163,442.2	6,010.0 150,101.2	3,480.7 148,034.7	Profit for the period Other comprehensive expense for the period		-	-	1,217.7 (231.3)	(508.7)	(17.9)	-	-	1,217.7 (757.9)	24.2 (8.0)	1,241.9 (765.9)
Investment securities Investments in associates	7 8	50,369.3 7,254.6	35,435.3 7,223.3	22,447.0 6,686.1	Total comprehensive income/(expense) for the period Dividends	20			986.4	(508.7)	(17.9)	-		459.8 (797.2)	16.2	476.0 (802.7)
Goodwill and other intangible assets	10	840.4	911.2	977.8	Effect of increase in shareholding in subsidiary	30	-	-	(1.0)	-	-	-	-	(1.0)	(5.5)	(1.0)
Property, plant and equipment Deferred tax assets	11 12	6,033.5 287.0	6,045.3 225.7	6,312.8 223.9	Share of transfer on disposal of property, plant & equipment by associate				0.8	(0.8)	-					
Other assets Total assets	13	3,753.8 280,012.8	3,529.0 240,886.4	2,967.2 216,527.6	Share of other movements in reserves of associate Transfer to general banking reserve		-	-	(0.5)	0.5	-	-	3.9	-	-	-
			2.0,000	210,02110	Transfer from statutory reserve		-	-	229.5	-	-	(229.5)	-	-	-	-
					Issue of shares following the exercise of Group Employee Share Options Scheme		3.7							3.7		3.7
LIABILITIES AND SHAREHOLDERS' EQUITY					At 30 <sup>th</sup> June 2014 Profit for the year		2,383.3		<b>24,234.9</b> 5,722.0	1,526.8	(205.5)	2,414.1	614.1	30,967.7 5,722.0	1,736.6 49.2	32,704.3 5,771.2
Deposits from banks Deposits from customers	14(a) 14(b)	2,405.0 217,276.4	1,659.6 184,427.9	1,737.2 164,376.0	Other comprehensive income/(expense) for the year Total comprehensive income/(expense) for the year				95.1 5,817.1	780.5 780.5	(17.7)	-		857.9 6,579.9	(5.1) 44.1	852.8 6,624.0
Derivative financial instruments	5	305.7	653.6	560.7	Dividends	30		-	(1,630.5)	-	- (17.7)	-		(1,630.5)	(25.4)	(1,655.9)
Other borrowed funds Subordinated liabilities	15 16	9,481.5 5,555.7	8,879.2 5,409.1	13,392.7	Effect of increase in shareholding in subsidiary Share of transfer by associate		-	-	2.3 3.7	(3.7)	-	-	-	2.3	(6.4)	(4.1)
Current tax liabilities Deferred tax liabilities	12	539.7 50.2	399.0 59.1	249.6 136.7	Share of other movements in reserves of associate  Transfer to general banking reserve		-	-	(1.5) (166.7)	1.5	-	-	166.7	-	-	
Other liabilities Total liabilities	18	6,716.4 242,330.6	6,694.6 208,182.1	5,947.3 186,400.2	Transfer to statutory reserve		-	-	(757.7)	-	-	757.7	-	-	-	-
		242,330.6	200,102.1	100,400.2	Issue of shares following the exercise of Group Employee Share Options Scheme		13.9					-		13.9		13.9
Shareholders' Equity Stated capital		2,397.2	2,383.3	2,615.8	At 30 <sup>th</sup> June 2015		2,397.2		27,501.6	2,305.1	(223.2)	3,171.8	780.8	35,933.3	1,748.9	37,682.2
Retained earnings Other components of equity		27,501.6 6,034.5	24,234.9 4,349.5	21,485.6 4,764.3	PROFORMA GROUP											
,		35,933.3	30,967.7	28,865.7												
Less treasury shares Equity attributable to the ordinary equity holders of the parent		35,933.3	30,967.7	(360.1) 28,505.6	At 1 <sup>st</sup> July 2012											
Non-controlling interests Total equity		1,748.9 37,682.2	1,736.6 32.704.3	1,621.8 30,127.4	As previously stated Effect of adopting IAS 19 (revised) net of deferred tax		2,593.4	(364.8)	19,241.2 (497.3)	1,382.9	(253.3)	2,614.7	598.1	25,812.2 (497.3)	1,553.0	27,365.2 (497.6)
Total equity and liabilities		280,012.8	240,886.4	216,527.6	As restated		2,593.4	(364.8)	18,743.9	1,382.9	(253.3)	2,614.7	598.1	25,314.9	1,552.7	26,867.6
					Profit for the year -restated Other comprehensive (expense)/income for the year -restated				4,344.7 (134.6)	248.7	153.3			4,344.7 267.4	34.2 50.2	4,378.9 317.6
CONTINGENT LIABILITIES  Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers		45,697.1	64,082.9	48,028.4	Total comprehensive income for the year - restated Increase in effective shareholding of associate				4,210.1	248.7	153.3	-		4,612.1 1.7	84.4 1.3	4,696.5 3.0
Commitments Tax assessments		4,633.0 797.2	4,660.7 272.1	5,237.8 121.6	Dividends Share of transfer on disposal of property, plant &		-	-	(1,450.2)	-	-	-	-	(1,450.2)	(16.6)	(1,466.8)
Other		1,293.9	1,534.5	1,702.4	equipment by associate		-	-	15.6	(15.6)	-	-	-	-	-	-
	20	52,421.2	70,550.2	55,090.2	Transfer to general banking reserve Transfer to statutory reserve			-	(6.6) (28.9)			28.9	6.6			-
					Employee share options exercised At 30 <sup>th</sup> June 2013 (restated)		22.4 2,615.8	(360.1)	21,485.6	1,616.0	(100.0)	2,643.6	604.7	27.1 28,505.6	1,621.8	27.1 30,127.4
					Profit for the year Other comprehensive (expense)/income for the year		-	-	4,365.0 (232.6)	(87.5)	(105.5)	-	-	4,365.0 (425.6)	88.1 45.3	4,453.1 (380.3)
		GROUP PROFORM		GROUP*	Total comprehensive income/(expense) for the year				4,132.4	(87.5)	(105.5)			3,939.4	133.4	4,072.8
Statement of profit or loss		Year ended Year ended	Year ended	Period ended	Increase in effective shareholding of associate Dividends		-	-	0.2 (1,510.7)	-	-		-	0.2 (1,510.7)	(18.6)	0.2 (1,529.3)
		2015 2014 Rs'M Rs'M	2013 Rs'M	2014 Rs'M	Effect of increase in shareholding in subsidiary Share of transfer on disposal of property, plant &		-	-	(1.0)	-	-		-	(1.0)		(1.0)
Interest income	21	<b>12,844.3</b> 11,953.7	11,616.3	2,906.7	equipment by associate  Share of other movements in reserves of associate		-	-	2.2 (0.5)	(2.2) 0.5	-	-	-	-	-	-
Interest expense	22	(4,690.1) (4,697.4)	(4,569.2)	(1,164.9)	Transfer to general banking reserve		-	-	(9.4)	-	-	-	9.4	-	-	-
Net interest income Fee and commission income	23	8,154.2 7,256.3 4,148.1 3,626.6	7,047.1 3,193.6	1,741.8 1,054.9	Transfer from statutory reserve Employee share options exercised		26.1	4.4	229.5		-	(229.5)		30.5		30.5
Fee and commission expense Net fee and commission income	24	(783.7) (738.7) 3,364.4 2,887.9	(564.2) 2,629.4	(179.2) 875.7	Issue of shares following the exercise of Group Employee Share Options Scheme		3.7							3.7		3.7
Other income Profit arising from dealing in foreign currencies		<b>1,101.7</b> 1,216.1	925.2	371.8	Cancellation of treasury shares At 30 <sup>th</sup> June 2014		(262.3) 2,383.3	355.7	(93.4) 24,234.9	1,526.8	(205.5)	2,414.1	614.1	30,967.7	1,736.6	32,704.3
Net gain/(loss) from financial instruments							2,000.0		21/201/0	1,020.0	(200.07	2,1111		00,000	1,100,10	
carried at fair value	25	147.8 52.7 1,249.5 1,268.8	206.3 1,131.5	(24.0) 347.8												
Dividend income  Net gain on sale of securities	26	86.2 61.1 97.3 611.3	37.1 23.9	16.7 597.7												
Other operating income		262.6 189.5 1,695.6 2,130.7	154.4	1,003.1	Statement of cash flows								GROUP Year ended	PROFOR Year ended	Year ended	GROUP*
Operating income		13,214.2 12,274.9	11,023.4	3,620.6								Notes	2015	2014	2013	2014
Non-interest expense Salaries and human resource development	27(a)	(2,774.9) (2,494.5)	(2,354.0)	(563.7)									Rs'M	Rs'M	Rs'M	Rs'M
Post employee benefits plan Depreciation	17	(309.5) (265.0) (512.7) (560.3)	(240.8) (555.8)	(92.5) (136.7)								33 34	5,839.5 6,537.5	4,243.3 2,015.1	5,653.9 (2,277.4)	(49.6) (855.5)
Amortisation of intangible assets Other	27(b)	(247.0) (266.3) (1,681.5) (1,704.2)	(241.9) (1,510.4)	(72.1) (427.2)									131.9 (1,535.0)	129.2 (1,510.2)	28.8 (1,425.9)	100.4
	27(0)	(5,525.6) (5,290.3)	(4,902.9)	(1,292.2)	Dividends paid to non-controlling interests in subsidiaries								(25.4)	(18.6)	(16.9)	(5.5)
Operating profit before impairment Net impairment of financial assets	28	7,688.6 6,984.6 (1,163.1) (2,039.1)	6,120.5 (1,081.0)	2,328.4 (1,018.8)									(1,074.2) 9,874.3	(916.0) 3,942.8	1,057.8	(154.6) (964.8)
Operating profit Share of profit of associates		6,525.5 4,945.5 374.8 540.2	5,039.5 257.3	1,309.6 156.9	Investing activities  Net cash flows before financing activities								(2,485.2) 7,389.1	(350.0) 3,592.8	(358.0) 699.8	(27.7) (992.5)
Profit before tax Income tax expense	29	<b>6,900.3</b> 5,485.7 (1,129.1) (1,032.6)	5,296.8 (917.9)	1,466.5 (224.6)	Financing activities								13.9	30.3	25.5	3.7
Profit for the year/period	2.0	<b>5,771.2</b> 4,453.1	4,378.9	1,241.9	Subordinated liabilities issued									5,415.6	-	-
Profit for the year/period attributable to :-					Net debt securities (matured)/issued  Net cash flows from financing activities								(1,793.0)	145.8 5,591.7	354.9 380.4	3.7
Ordinary equity holders of the parent Non-controlling interests		5,722.0 4,365.0 49.2 88.1	4,344.7 34.2	1,217.7 24.2	Increase/(decrease) in cash and cash equivalents  Net cash and cash equivalents at beginning of the year/period								5,610.0 17,483.5	9,184.5 8,442.8	1,080.2 7,102.4	(988.8)
Statement of profit or loss and other comprehensive income		<b>5,771.2</b> 4,453.1	4,378.9	1,241.9								37	194.0	(143.8)	260.2	18,489.4 (17.1)
Profit for the year/period		<b>5,771.2</b> 4,453.1	4,378.9	1,241.9	Net cash and cash equivalents at 30 <sup>th</sup> June							4	23,287.5	17,483.5	8,442.8	17,483.5
Other comprehensive income/(expense):																
Items that will not be reclassified to profit or loss:  Remeasurement of defined benefit pension plan net of deferred tax		95.2 (229.4)	(134.6)	(229.4)	TO THE SHAREHOLDERS OF MCB GROUP LIMITED											
Share of other comprehensive expense of associates		(0.1) (3.2) 95.1 (232.6)	(134.6)	(3.2)	INDEPENDENT AUDITORS' REPORT TO THE MEMBERS											
Items that may be reclassified subsequently to profit or loss:			151.2		This report is made solely to the shareholders of MCB Group L Company's shareholders those matters we are required to state											
Exchange differences on translating foreign operations Reclassification adjustments		71.0 (467.5)	(3.5)	(19.6) (458.3)	Company's snareholders those matters we are required to state Company and the Company's members as a body, for our audit v					runest ex	permitted	_,, we uo r	occept Of dS	responsible	, to anyone oth	
Net fair value gain/(loss) on available-for-sale investments  Share of other comprehensive (expense)/income of associates		762.9 369.3 (44.7) 67.4	187.5 117.0	(16.4)	Report on the Financial Statements											
Other comprehensive income/(expense) for the year/period		757.7 (147.7) 852.8 (380.3)	452.2 317.6	(533.3) (765.9)	We have audited the financial statements of MCB Group Limite 2015 and the statements of profit or loss, the statements of p											
Total comprehensive income for the year/period		6,624.0 4,072.8	4,696.5	476.0	accounting policies and other explanatory notes.				-,	ges at e	, state	31 60311 1	yes			3
Total comprehensive income attributable to :-					Directors' Responsibility for the Financial Statements											
Ordinary equity holders of the parent Non-controlling interests		6,579.9 3,939.4 44.1 133.4	4,612.1 84.4	459.8 16.2	The directors are responsible for the preparation and fair prese 2001, and for such internal control as the directors determine is										ments of the Com	panies Act
Earnings per share :		<b>6,624.0</b> 4,072.8	4,696.5	476.0	Auditors' Responsibility	, 101	prep		stateriii							
Basic (Rs)	31(a)	24.04 18.34 24.04 18.34	18.28	5.12	Our responsibility is to express an opinion on these financial st	tatements bas	sed on our audi	it. We conduct	ed our audit in a	accordance with	International S	Standards on Au	uditing. Those St	andards require	that we comply v	with ethical
Diluted (Rs) Dividends per share (Rs)	31(b)	24.04 18.34 6.85 6.35	18.27 6.10	5.12 3.35	requirements and plan and perform the audit to obtain reasonal	ble assurance	whether the fin	nancial stateme	ents are free from	n material missta	atement.					
Basic weighted average number of shares (thousands) Diluted weighted average number of shares (thousands)		238,014 237,977 238,063 238,046	237,718 237,808	237,977 238,046	An audit involves performing procedures to obtain audit eviden material misstatement of the financial statements, whether due											
					statements in order to design audit procedures that are appropr appropriateness of accounting policies used and the reasonabler	riate in the cir	cumstances, bu	it not for the p	urpose of expres	ssing an opinion	on the effective	eness of the Con	npany's internal	control. An aud		

\*The Group figures for the period ended 30 <sup>th</sup> June 2014 incorporate the result of the Company as from 5 <sup>th</sup> August 2013 and subsidiaries and associates acquired through the Scheme of Arrangement as from 2 <sup>th</sup> April 2014.

Comments on results
The last floancied year has seen the underlying fundamentals of the Group strengthen despite the difficult operating context. Attributable profits for the year were up by 31% to reach Rs 5.722 million, with earnings per share rising from Rs 18.34 to Rs 24.04.

Net interest income increased by 12.4% to reach Rs 8,154 million during the year under review, in spite of pressures on margins associated with the excess liquidity situation in Mauritius and restrained demand for credit locally amidst subdued private investment. Growth in the loan book was in fact supported by our international financing activities, while the deposit base continued to expand by a notable margin both in rupee and foreign currency terms.

Net fee and commission income increased by 16.5%, driven by appreciable growth in revenues from regional trade finance, wealth management activities and the card business as well as activities within MCB Capital Markets. Despite a strong growth in viewerue from non-banking operations, 'other income' declined following a marginal fall in profit on exchange and the fact that FY 2013/14 figures included a non-recurrent gain of some Rs 400 million on sale of security and the second security of the second security and the second security of the second security of the second security of the second security of the second second security of the second security of the second second

With the growth in operating costs being contained at 4.4%, the cost to income ratio fell to 41.8% while the allowance for credit impairment dropped substantially from its peak in FY 2013/14 to stand at Rs 1,127 million, representing 0.65% of gross advances. Reflecting the improvement in asset quality, gross NPL ratio decreased by nearly 120 basis points at the level of MCB Ltd to reach 5.90%, while at Group level a reduction of 108 basis points was witnessed. Capitalisation levels strengthened with the overall BIS ratio and Tier 1 ratio standing at 17.3% and 14.5% respectively while strong funding and liquidity positions were maintained.

Prospects
Looking ahead, market conditions are set to stay challenging in the short term at least. Against this backdrop, the Group will pursue its business expansion agenda as per its set risk appetite, with regional diversification remaining a key axis thereof. It will goar up its internal capabilities to effectively support its growth ambitions and position itself to tap into business opportunities that could emerge from potential improvements in the operating environment. As such, we are confident to grow the business further, which should result in higher profits for FY 2015/16.

nese financial statements were approved for issue by the Board of Directors on the 29<sup>th</sup> September 2015.

(S) Sunil BANYMANDHUB Director Chairperson Audit Committee

believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

In our opinion, the financial statements on pages 3 to 71 give a true and fair view of the financial position of the Group and of the Company at June 30, 2015, and of their financial performance and their cash flows for the year the ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Report on Other Legal and Regulatory Requirements Companies Act 2001

29<sup>th</sup> September 2015 Port Louis Mauritius

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records. Financial Reporting Act 2004

The Directors are responsible for preparing the corporate governance report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance as disclosed in the annual report and on whetl In our opinion, the disclosure in the annual report is consistent with the requirements of the Code.

BDO & Co Chartered Accountants

Ameenah Ramdin, FCCA, ACA Licensed By FRC

Copies of the Audited Financial Statements can be obtained free of charge upon request 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

Proforma financial statements have been provided for a better understanding of the financial statements of the MCB Group Limited and for comparative purposes.

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 12.14 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.