



**MCB GROUP LIMITED**  
**Abridged Audited Financial Statements**  
**30<sup>th</sup> June 2015**

**Statement of financial position**

Notes	GROUP		PROFORMA GROUP
	30-Jun-15	30-Jun-14	30-Jun-13
	Rs'M	Rs'M	Rs'M
<b>ASSETS</b>			
Cash and cash equivalents	24,528.6	18,802.0	15,394.1
Mandatory balances with Central Banks	14,270.1	12,356.6	9,882.3
Derivative financial instruments	421.9	246.8	121.0
Loans to and placements with banks	8,811.4	6,010.0	3,480.7
Loans and advances to customers	163,442.2	150,101.2	148,034.7
Investment securities	50,369.3	35,435.3	22,447.0
Investments in associates	7,254.6	7,223.3	6,686.1
Goodwill and other intangible assets	840.4	911.2	977.8
Property, plant and equipment	6,033.5	6,045.3	6,312.8
Deferred tax assets	287.0	225.7	223.9
Other assets	3,753.8	3,529.0	-
<b>Total assets</b>	<b>280,012.8</b>	<b>240,886.4</b>	<b>216,527.6</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Deposits from banks	2,405.0	1,659.6	1,737.2
Deposits from customers	217,276.4	184,427.9	164,376.0
Derivative financial instruments	395.7	653.6	560.7
Other borrowed funds	9,481.5	8,879.2	13,392.7
Subordinated liabilities	5,555.7	5,409.1	-
Current tax liabilities	539.7	399.0	249.6
Deferred tax liabilities	50.2	59.1	136.7
Other liabilities	6,716.4	6,694.6	5,947.3
<b>Total liabilities</b>	<b>242,330.6</b>	<b>208,182.1</b>	<b>186,400.2</b>
<b>Shareholders' Equity</b>			
Stated capital	2,397.2	2,383.3	2,615.8
Retained earnings	27,501.6	24,234.9	21,485.6
Other components of equity	6,034.5	4,349.5	4,764.3
Less treasury shares	35,933.3	30,967.7	28,865.7
<b>Equity attributable to the ordinary equity holders of the parent</b>	<b>35,933.3</b>	<b>30,967.7</b>	<b>28,505.6</b>
Non-controlling interests	1,748.9	1,736.6	1,621.8
<b>Total equity</b>	<b>37,682.2</b>	<b>32,704.3</b>	<b>30,127.4</b>
<b>Total equity and liabilities</b>	<b>280,012.8</b>	<b>240,886.4</b>	<b>216,527.6</b>

**CONTINGENT LIABILITIES**

Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers	45,697.1	64,082.9	48,028.4
Commitments	4,633.0	4,660.7	5,237.8
Tax assessments	797.2	272.1	121.6
Other	1,293.9	1,534.5	1,702.4
	<b>52,421.2</b>	<b>70,550.2</b>	<b>55,090.2</b>

**Statement of profit or loss**

Notes	GROUP		PROFORMA GROUP		GROUP*
	Year ended 2015	Year ended 2014	Year ended 2013	Year ended 2014	Period ended 2014
	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M
Interest income	12,844.3	11,953.7	11,616.3	2,906.7	2,906.7
Interest expense	(4,690.1)	(4,697.4)	(4,569.2)	(1,164.9)	(1,164.9)
<b>Net interest income</b>	<b>8,154.2</b>	<b>7,256.3</b>	<b>7,047.1</b>	<b>1,741.8</b>	<b>1,741.8</b>
Fee and commission income	4,148.1	3,626.6	3,193.6	1,054.9	1,054.9
Fee and commission expense	(783.7)	(738.7)	(564.2)	(179.2)	(179.2)
<b>Net fee and commission income</b>	<b>3,364.4</b>	<b>2,887.9</b>	<b>2,629.4</b>	<b>875.7</b>	<b>875.7</b>
Other income	1,101.7	1,216.1	925.2	371.8	371.8
Profit arising from dealing in foreign currencies	147.8	52.7	206.3	(24.0)	(24.0)
Net gain/(loss) from financial instruments carried at fair value	1,249.5	1,268.8	1,131.5	347.8	347.8
Dividend income	86.2	61.1	37.1	16.7	16.7
Net gain on sale of securities	97.3	611.3	23.9	597.7	597.7
Other operating income	282.6	189.5	154.4	40.9	40.9
<b>Operating income</b>	<b>16,956.6</b>	<b>2,130.7</b>	<b>1,346.9</b>	<b>1,003.1</b>	<b>1,003.1</b>
<b>Non-interest expense</b>	<b>13,214.2</b>	<b>12,274.9</b>	<b>11,023.4</b>	<b>3,620.6</b>	<b>3,620.6</b>
Salaries and human resource development	(2,774.9)	(2,494.5)	(2,354.0)	(563.7)	(563.7)
Post employee benefits plan	(309.5)	(265.0)	(240.8)	(92.5)	(92.5)
Depreciation	(612.7)	(560.3)	(555.8)	(136.7)	(136.7)
Amortisation of intangible assets	(247.0)	(266.3)	(241.9)	(72.1)	(72.1)
Other	(1,691.9)	(1,704.2)	(1,510.4)	(427.2)	(427.2)
<b>Operating profit before impairment</b>	<b>(5,525.6)</b>	<b>(5,292.3)</b>	<b>(4,902.9)</b>	<b>(1,292.2)</b>	<b>(1,292.2)</b>
Net impairment of financial assets	7,688.6	6,984.6	6,120.5	2,328.4	2,328.4
<b>Operating profit</b>	<b>(1,163.1)</b>	<b>(2,039.1)</b>	<b>(1,081.0)</b>	<b>(1,018.8)</b>	<b>(1,018.8)</b>
Share of profit of associates	6,525.5	4,945.5	5,039.5	1,309.6	1,309.6
<b>Profit before tax</b>	<b>6,900.3</b>	<b>5,485.7</b>	<b>5,296.8</b>	<b>1,466.5</b>	<b>1,466.5</b>
Income tax expense	(1,129.1)	(1,032.6)	(917.0)	(224.6)	(224.6)
<b>Profit for the year/period</b>	<b>5,771.2</b>	<b>4,453.1</b>	<b>4,379.8</b>	<b>1,241.9</b>	<b>1,241.9</b>
Profit for the year/period attributable to :-					
Ordinary equity holders of the parent	5,722.0	4,365.0	4,344.7	1,217.7	1,217.7
Non-controlling interests	49.2	88.1	34.2	24.2	24.2
	<b>5,771.2</b>	<b>4,453.1</b>	<b>4,379.8</b>	<b>1,241.9</b>	<b>1,241.9</b>

**Statement of profit or loss and other comprehensive income**

Notes	GROUP		PROFORMA GROUP		GROUP*
	Year ended 2015	Year ended 2014	Year ended 2013	Year ended 2014	Period ended 2014
	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M
Profit for the year/period	5,771.2	4,453.1	4,379.8	1,241.9	1,241.9
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)	(229.4)
Share of other comprehensive expense of associates	(0.1)	(3.2)	-	(3.2)	(3.2)
	<b>95.1</b>	<b>(232.6)</b>	<b>(134.6)</b>	<b>(232.6)</b>	<b>(232.6)</b>
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	(31.5)	(116.9)	151.2	(19.6)	(19.6)
Reclassification adjustments	71.0	(467.5)	(3.5)	(458.3)	(458.3)
Net fair value gain/(loss) on available-for-sale investments	762.9	369.3	187.5	(18.4)	(18.4)
Share of other comprehensive income/(expense) of associates	(44.7)	67.4	117.0	(39.0)	(39.0)
	<b>757.7</b>	<b>(147.7)</b>	<b>452.2</b>	<b>(533.3)</b>	<b>(533.3)</b>
<b>Other comprehensive income/(expense) for the year/period</b>	<b>882.8</b>	<b>(380.3)</b>	<b>317.6</b>	<b>(765.9)</b>	<b>(765.9)</b>
<b>Total comprehensive income for the year/period</b>	<b>6,624.0</b>	<b>4,072.8</b>	<b>4,696.5</b>	<b>476.0</b>	<b>476.0</b>
<b>Total comprehensive income attributable to :-</b>					
Ordinary equity holders of the parent	6,579.9	3,939.4	4,612.1	459.8	459.8
Non-controlling interests	44.1	133.4	84.4	16.2	16.2
	<b>6,624.0</b>	<b>4,072.8</b>	<b>4,696.5</b>	<b>476.0</b>	<b>476.0</b>
<b>Earnings per share :-</b>					
Basic (Rs)	24.04	18.34	18.28	5.12	5.12
Diluted (Rs)	24.04	18.34	18.27	5.12	5.12
Dividends per share (Rs)	6.85	6.35	6.10	3.35	3.35
Basic weighted average number of shares (thousands)	238,014	237,977	237,718	237,977	237,977
Diluted weighted average number of shares (thousands)	238,063	238,046	237,808	238,046	238,046

\*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>nd</sup> April 2014.

**Comments on results**

The last financial 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 revenue 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 securities.

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 gear 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.

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

(S) Pierre Guy NOEL  
Director  
Chief Executive

(S) J. Gérard HARDY  
Director  
Chairperson

(S) Sunil BANYMANDHUB  
Director  
Chairperson Audit Committee

**Statement of changes in equity**

Notes	Attributable to ordinary equity holders of the parent								Total	Non-controlling Interests	Total Equity
	Stated Capital	Treasury Shares	Retained Earnings	Capital Reserve	Translation Reserve	Statutory Reserve	General Banking Reserve				
	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M
<b>GROUP</b>											
<b>At 2<sup>nd</sup> April 2014</b>											
Acquired through the Scheme of Arrangement	37	2,379.6	-	23,820.8	2,035.8	(187.6)	2,643.8	610.2	31,302.4	1,725.0	33,028.3
Profit for the period		-	-	1,217.7	-	-	-	-	1,217.7	24.2	1,241.9
Other comprehensive expense for the period		-	-	(231.3)	(508.7)	(17.9)	-	-	(757.9)	(8.0)	(765.9)
<b>Total comprehensive income/(expense) for the period</b>		-	-	986.4	(508.7)	(17.9)	-	-	459.8	16.2	476.0
Dividends	30	-	-	(797.2)	-	-	-	-	(797.2)	(5.5)	(802.7)
Effect of increase in shareholding in subsidiary		-	-	(1.0)	-	-	-	-	(1.0)	-	(1.0)
Share of transfer on disposal of property, plant & equipment by associate		-	-	0.8	(0.8)	-	-	-	-	-	-
Share of other movements in reserves of associate		-	-	(0.5)	0.5	-	-	-	-	-	-
Transfer to general banking reserve		-	-	(3.9)	-	-	-	3.9	-	-	-
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
<b>At 30<sup>th</sup> June 2014</b>		<b>2,383.3</b>	<b>-</b>	<b>24,234.9</b>	<b>1,526.8</b>	<b>(205.5)</b>	<b>2,414.1</b>	<b>614.1</b>	<b>30,967.7</b>	<b>1,736.6</b>	<b>32,704.3</b>
Profit for the year		-	-	5,722.0	-	-	-	-	5,722.0	49.2	5,771.2
Other comprehensive income/(expense) for the year		-	-	95.1	780.5	(17.7)	-	-	857.9	(5.1)	852.8
<b>Total comprehensive income/(expense) for the year</b>		-	-	5,817.1	780.5	(17.7)	-	-	6,579.5	44.1	6,624.0
Dividends	30	-	-	(1,630.5)	-	-	-	-	(1,630.5)	(25.4)	(1,655.9)
Effect of increase in shareholding in subsidiary		-	-	2.3	-	-	-	-	2.3	(6.4)	(4.1)
Share of transfer by associate		-	-	3.7	(3.7)	-	-	-	-	-	-
Share of other movements in reserves of associate		-	-	1.5	1.5	-	-	-	-	-	-
Transfer to general banking reserve		-	-	(166.7)	-	-	-	166.7	-	-	-
Transfer to statutory reserve		-	-	(757.7)	-	-	-	757.7	-	-	-
Issue of shares following the exercise of Group Employee Share Options Scheme		13.9	-	-	-	-	-	-	13.9	-	13.9
<b>At 30<sup>th</sup> June 2015</b>		<b>2,397.2</b>	<b>-</b>	<b>27,501.6</b>	<b>2,305.1</b>	<b>(223.2)</b>	<b>3,171.8</b>	<b>780.8</b>	<b>35,933.3</b>	<b>1,748.9</b>	<b>37,682.2</b>
<b>PROFORMA GROUP</b>											
<b>At 1<sup>st</sup> July 2012</b>											
As previously stated		2,593.4	(364.8)	19,241.2	1,382.9	(253.3)	2,614.7	598.1	25,812.2	1,553.0	27,365.2
Effect of adopting IAS 19 (revised) net of deferred tax		-	-	(497.3)	-	-	-	-	(497.3)	(0.3)	(497.6)
<b>As restated</b>		<b>2,593.4</b>	<b>(364.8)</b>	<b>18,743.9</b>	<b>1,382.9</b>	<b>(253.3)</b>	<b>2,614.7</b>	<b>598.1</b>	<b>25,314.9</b>	<b>1,552.7</b>	<b>26,862.6</b>
Profit for the year - restated		-	-	4,344.7	-	-	-	-	4,344.7	34.2	4,378.9
Other comprehensive income/(expense) for the year - restated		-	-	(134.6)	248.7	153.3	-	-	267.4	50.2	317.6
<b>Total comprehensive income for the year - restated</b>		-	-	4,210.1	248.7	153.3	-	-	4,612.1	84.4	4,696.5
Increase in effective shareholding of associate		-</									