



MCB GROUP LIMITED
Abridged Audited Financial Statements
30th June 2014

Statement of financial position

Statement of changes in equity

		GROUP	PROFORMA GROUP	
		30-Jun-14	30-Jun-13	30-Jun-12
		Rs'M	Rs'M	Rs'M
ASSETS	Notes			
Cash and cash equivalents	4	18,802.0	15,394.1	10,847.0
Mandatory balances with Central Banks	13	12,356.6	9,882.3	9,089.3
Derivative financial instruments	5	246.8	121.0	32.1
Loans to and placements with banks	6(a)	6,325.4	3,789.8	3,464.3
Loans and advances to customers	6(b)	150,101.2	148,034.7	135,183.1
Investment securities	7	35,435.3	22,447.0	16,873.5
Investments in associates	8	6,907.9	6,377.0	5,930.4
Goodwill and other intangible assets	10	911.2	977.8	976.9
Property, plant and equipment	11	6,045.3	6,312.8	6,316.1
Deferred tax assets	12	225.7	223.9	195.2
Other assets	13	3,529.0	2,967.2	2,375.1
Total assets		240,886.4	216,527.6	191,283.0

LIABILITIES AND SHAREHOLDERS' EQUITY

Deposits from banks	14(a)	1,659.6	1,737.2	1,319.0
Deposits from customers	14(b)	184,427.9	164,376.0	149,558.2
Derivative financial instruments	5	653.6	560.7	335.0
Other borrowed funds	15	8,879.2	13,392.7	7,434.4
Subordinated liabilities	16	5,409.1	-	-
Current tax liabilities		399.0	249.6	240.4
Deferred tax liabilities	12	59.1	136.7	133.3
Other liabilities	18	6,694.6	5,947.3	5,395.1
Total liabilities		208,182.1	186,400.2	164,415.4

Shareholders' Equity

Stated capital	2,383.3	2,615.8	2,593.4
Retained earnings	24,234.9	21,485.6	18,743.9
Other components of equity	4,349.5	4,764.3	4,342.4
	30,967.7	28,865.7	25,679.7
Less treasury shares	-	(360.1)	(364.8)
Equity attributable to the ordinary equity holders of the parent	30,967.7	28,505.6	25,314.9
Non-controlling interests	1,736.6	1,621.8	1,552.7
Total equity	32,704.3	30,127.4	26,867.6
Total equity and liabilities	240,886.4	216,527.6	191,283.0

CONTINGENT LIABILITIES

Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers	64,082.9	48,028.4	39,134.1
Commitments	4,660.7	5,237.8	4,741.8
Tax assessments	272.1	121.6	68.0
Other	1,534.5	1,702.4	1,416.1
	<u>70,550.2</u>	<u>55,090.2</u>	<u>45,360.0</u>

Statement of profit or loss

<u>Statement of profit or loss</u>		PROFORMA GROUP			GROUP *
		Year ended 2014 Rs'M	Year ended 2013 Rs'M	Year ended 2012 Rs'M	Period ended 2014 Rs'M
Interest income	21	11,953.7	11,616.3	11,077.2	2,906.7
Interest expense	22	(4,697.4)	(4,569.2)	(4,692.4)	(1,164.9)
Net interest income		7,256.3	7,047.1	6,384.8	1,741.8
Fee and commission income	23	3,626.6	3,193.6	2,684.1	1,054.9
Fee and commission expense	24	(738.7)	(564.2)	(456.9)	(179.2)
Net fee and commission income		2,887.9	2,629.4	2,227.2	875.7
Other income					
Profit arising from dealing in foreign currencies		1,216.1	925.2	1,429.9	371.8
Net gain/(loss) from financial instruments carried at fair value	25	52.7	206.3	(251.8)	(24.0)
		1,268.8	1,131.5	1,178.1	347.8
Dividend income	26	61.1	37.1	59.0	16.7
Net gain on sale of securities		611.3	23.9	33.0	597.7
Other operating income		189.5	154.4	126.1	40.9
Operating income		12,274.9	11,023.4	10,008.2	3,620.6

GROUP	Notes	Attributable to ordinary equity holders of the parent									Non-controlling Interests	Total Equity	
		Share Capital	Share Premium	Treasury Shares	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	Rs'M	Rs'M			
At 2nd April 2014													
	38(a)	Acquired through the Scheme of Arrangement	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
		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)
		Total comprehensive income/(expense) for the period	-	-	-	986.4	(508.7)	(17.9)	-	-	459.8	16.2	476.0
	30	Dividends	-	-	-	(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
At 30th June 2014													
			2,383.3	-	-	24,234.9	1,526.8	(205.5)	2,414.1	614.1	30,967.7	1,736.6	32,704.3

PROFORMA GROUP

At 1st July 2011											
As previously stated	2,503.8	77.9	(367.2)	16,898.7	1,516.5	(95.6)	2,597.6	597.3	23,729.0	1,571.5	25,300.5
Effect of adopting IAS 19 (revised) net of deferred tax	-	-	-	(497.3)	-	-	-	-	(497.3)	(0.3)	(497.6)
As restated	2,503.8	77.9	(367.2)	16,401.4	1,516.5	(95.6)	2,597.6	597.3	23,231.7	1,571.2	24,802.9
Profit for the year -restated	-	-	-	4,124.7	-	-	-	-	4,124.7	32.4	4,157.1
Other comprehensive expense for the year - restated	-	-	-	(334.1)	(122.0)	(155.2)	-	-	(611.3)	(5.3)	(616.6)
Total comprehensive income/(expense) for the year - restated	-	-	-	3,790.6	(122.0)	(155.2)	-	-	3,513.4	27.1	3,540.5
Transfer on disposal of interest in joint venture	-	-	-	3.0	-	(2.5)	-	-	0.5	(0.6)	(0.1)
Effect of shares bought back and cancelled by subsidiary	-	-	-	(12.3)	-	-	-	-	(12.3)	(17.8)	(30.1)
Acquisition of non-controlling interest by local subsidiary	-	-	-	(43.7)	-	-	-	-	(43.7)	(8.6)	(52.3)
Increase in effective shareholding of associate	-	-	-	1.3	-	-	-	-	1.3	0.9	2.2
Dividends	-	-	-	(1,390.1)	-	-	-	-	(1,390.1)	(19.5)	(1,409.6)
Share of transfer on disposal of property, plant & equipment by associate	-	-	-	11.6	(11.6)	-	-	-	-	-	-
Transfer to general banking reserve	-	-	-	(0.8)	-	-	-	0.8	-	-	-
Transfer to statutory reserve	-	-	-	(17.1)	-	-	17.1	-	-	-	-
Employee share options exercised	-	11.7	2.4	-	-	-	-	-	14.1	-	14.1
At 30th June 2012 (restated)	2,503.8	89.6	(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	-	-	-	4,344.7	-	-	-	-	4,344.7	34.2	4,378.9
Other comprehensive (expense)/income for the year -restated	-	-	-	(134.6)	248.7	153.3	-	-	267.4	50.2	317.6
Total comprehensive income for the year - restated	-	-	-	4,210.1	248.7	153.3	-	-	4,612.1	84.4	4,696.5
Increase in effective shareholding of associate	-	-	-	1.7	-	-	-	-	1.7	1.3	3.0
Dividends	-	-	-	(1,450.2)	-	-	-	-	(1,450.2)	(16.6)	(1,466.8)
Share of transfer on disposal of property, plant & equipment by associate	-	-	-	15.6	(15.6)	-	-	-	-	-	-
Transfer to general banking reserve	-	-	-	(6.6)	-	-	-	6.6	-	-	-
Transfer to statutory reserve	-	-	-	(28.9)	-	-	28.9	-	-	-	-
Employee share options exercised	-	22.4	4.7	-	-	-	-	-	27.1	-	27.1
At 30th June 2013 (restated)	2,503.8	112.0	(360.1)	21,485.6	1,616.0	(100.0)	2,643.6	604.7	28,505.6	1,621.8	30,127.4
Profit for the year	-	-	-	4,365.0	-	-	-	-	4,365.0	88.1	4,453.1
Other comprehensive (expense)/income for the year	-	-	-	(232.6)	(87.5)	(105.5)	-	-	(425.6)	45.3	(380.3)
Total comprehensive income for the year	-	-	-	4,132.4	(87.5)	(105.5)	-	-	3,939.4	133.4	4,072.8
Increase in effective shareholding of associate	-	-	-	0.2	-	-	-	-	0.2	-	0.2
Dividends	-	-	-	(1,510.7)	-	-	-	-	(1,510.7)	(18.6)	(1,529.3)
Effect of increase in shareholding in subsidiary	-	-	-	(1.0)	-	-	-	-	(1.0)	-	(1.0)
Share of transfer on disposal of property, plant & equipment by associate	-	-	-	2.2	(2.2)	-	-	-	-	-	-
Share of other movements in reserves of associate	-	-	-	(0.5)	0.5	-	-	-	-	-	-
Transfer to general banking reserve	-	-	-	(9.4)	-	-	-	9.4	-	-	-
Transfer from statutory reserve	-	-	-	229.5	-	-	(229.5)	-	-	-	-
Employee share options exercised	-	26.1	4.4	-	-	-	-	-	30.5	-	30.5
Issue of shares following the exercise of Group Employee Share Options Scheme	3.7	-	-	-	-	-	-	-	3.7	-	3.7
Cancellation of treasury shares	(124.2)	(138.1)	355.7	(93.4)	-	-	-	-	-	-	-
At 30th June 2014	2,383.3	-	-	24,234.9	1,526.8	(205.5)	2,414.1	614.1	30,967.7	1,736.6	32,704.3

Statement of cash flows

Net cash flows from trading activities	33
Net cash flows from other operating activities	34
Dividends received from associates	

PROFORMA GROUP			GROUP *
Year ended	Year ended	Year ended	Period ended
2014	2013	2012	2014
Rs'M	Rs'M	Rs'M	Rs'M
4,186.7	5,605.7	4,637.1	(49.6)
2,008.7	(2,288.3)	263.1	(855.5)
129.2	28.8	775.4	100.4

Dividends paid		(1,510.2)	(1,425.9)	(1,389.8)	-
Dividends paid to non-controlling interests in subsidiaries		(18.6)	(16.9)	(19.6)	(5.5)
Income tax paid		(853.0)	(845.6)	(876.4)	(154.6)
Net cash flows from operating activities		3,942.8	1,057.8	3,389.8	(964.8)
Investing activities		(350.0)	(358.0)	(1,511.9)	(27.7)
Net cash flows before financing		3,592.8	699.8	1,877.9	(992.5)
Shares issued/employee share options exercised		30.3	25.5	12.2	3.7
Subordinated liabilities issued /(refunded)		5,415.6	-	(1,298.7)	-
Share buy back by subsidiary		-	-	(30.2)	-
Net debt securities issued		145.8	354.9	1,783.5	-
Increase/(Decrease) in cash and cash equivalents		9,184.5	1,080.2	2,344.7	(988.8)
Net cash and cash equivalents at beginning of the year/period		8,442.8	7,102.4	4,771.9	-
Acquired through the Scheme of Arrangement	38(b)	-	-	-	18,489.4
Effect of foreign exchange rate changes		(143.8)	260.2	(14.2)	(17.1)
Net cash and cash equivalents at 30th June	35	17,483.5	8,442.8	7,102.4	17,483.5

Profit for the year/period	4,453.1	4,378.9	4,157.1	1,241.9
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Remeasurement of defined benefit pension plan net of deferred tax

Share of other comprehensive income/(expense) of associates

Total comprehensive income for the year/period

Non-controlling interests

Dividends per share (Rs)

Diluted weighted average number of shares (thousands),

(I) RESULTS

Group results were greatly affected by the substantial increase in impairment charges. This was primarily attributable to the provisions that were constituted in relation to certain Indian exposures within the Global Business unit of MCB Ltd, which has since taken the necessary steps to ring-fence these exposures and boost recovery efforts on these files with uncommonly high default rates.

(II) PROSPECTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Report on the Financial Statements

Directors' Responsibility for the Financial Statements

Auditors' Responsibility

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with, or interests in, the Company or any of its subsidiaries, other than in our capacity as auditors, business advisers and dealings in the ordinary course of business.

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

In our opinion, the disclosure in the annual report is consistent with the requirements of the Code.

30th September 2014
Port Louis
Mauritius

As at 1st July 2013, the Group adopted the revised IAS 19, Employee Benefits and has reflected its retrospective application in the audited financial statements.

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.

These financial statements were approved for issue by the Board of Directors on the 30th September 2014.

(S) **Pierre Guy NOEL**
Director
Chief Executive

(S) J. Gérard HARDY
Director
President of the Board

(S) Sunil BANYMANDHUB
Director
Chairperson Audit Committee