

## HIGHLIGHTS

- Rise of 6.9% in net interest income
- Growth of 4.4% in net fee and commission income
- ‘Other income’ up by 10.8%
- Increase of 10.2% in operating expenses
- Impairment charges higher by Rs 103 million, with gross NPL ratio declining to 4.8%
- Deposits up by 9.8% and net customer loans by 8.6%

**OPERATING INCOME**  
**Rs 8,243.8 m**  
**▲ 7.0%**

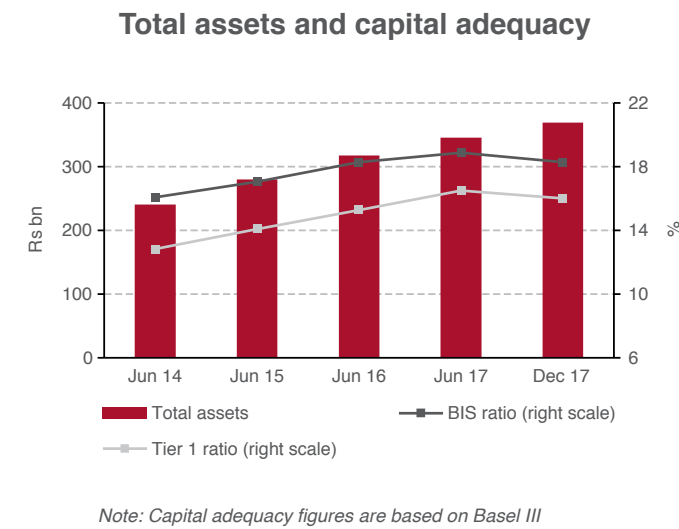
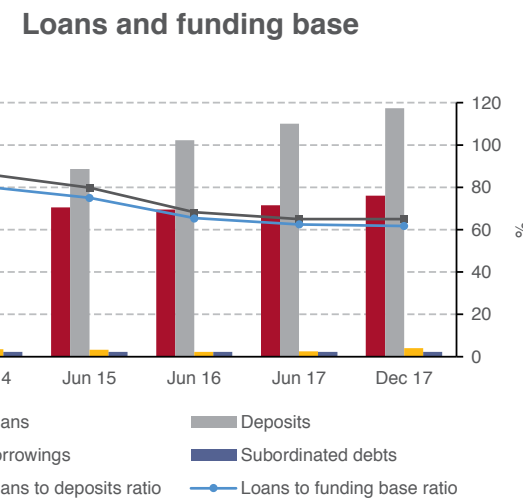
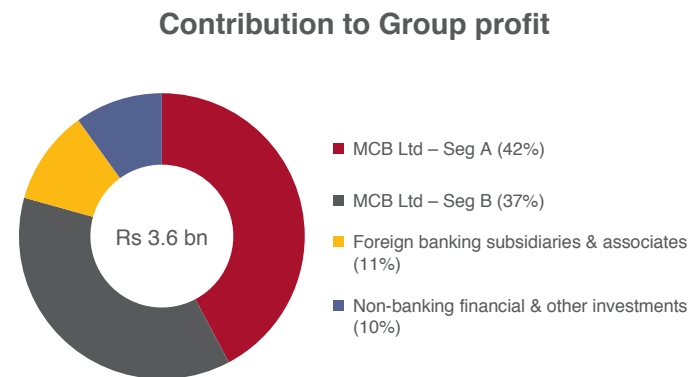
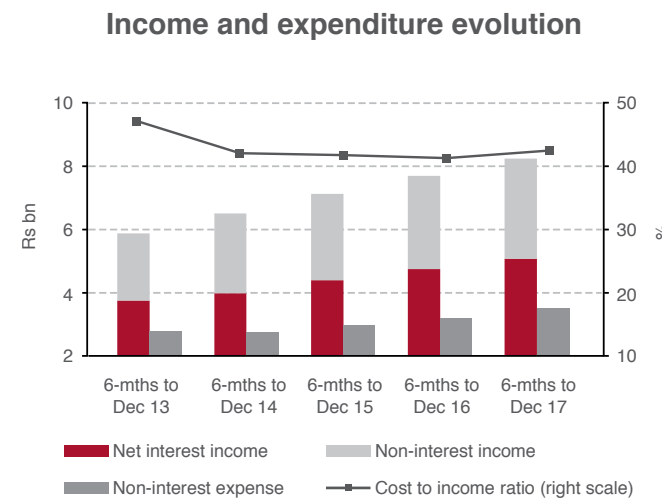
**OPERATING PROFIT BEFORE IMPAIRMENT**  
**Rs 4,738.0 m**  
**▲ 4.8%**

**PROFIT ATTRIBUTABLE TO SHAREHOLDERS**  
**Rs 3,643.7 m**  
**▲ 8.3%**

**NET CUSTOMER LOANS**  
**Rs 180.9 bn**  
**▲ 8.6%**

**DEPOSITS**  
**Rs 292.9 bn**  
**▲ 9.8%**

**ASSETS**  
**Rs 369.5 bn**  
**▲ 10.0%**



| FINANCIAL SOUNDNESS INDICATORS (%)            |        |        |         |
|---|--------|--------|---------|
|   | Dec-16 | Jun-17 | Dec -17 |
| <b>Profitability</b>                          |        |        |         |
| Return on average total assets <sup>1</sup>   | 2.1    | 2.0    | 2.0     |
| Return on average equity <sup>1</sup>         | 16.1   | 15.5   | 15.4    |
| Return on average Tier 1 capital <sup>1</sup> | 17.0   | 16.2   | 16.2    |
| <b>Efficiency</b>                             |        |        |         |
| Cost-to-income                                | 41.3   | 41.2   | 42.5    |
| <b>Asset quality</b>                          |        |        |         |
| Gross NPL/Gross loans and advances            | 5.9    | 6.1    | 4.8     |
| Net NPL/Net loans and advances                | 4.0    | 4.6    | 3.2     |
| <b>Liquidity</b>                              |        |        |         |
| Liquid assets <sup>2</sup> /Total assets      | 41.7   | 41.6   | 40.9    |
| Loans to deposits                             | 66.3   | 65.0   | 64.9    |
| Loans to deposits and borrowings <sup>3</sup> | 62.7   | 62.4   | 61.6    |
| <b>Capital adequacy</b>                       |        |        |         |
| Shareholders equity to assets                 | 12.8   | 13.3   | 13.2    |
| BIS risk adjusted ratio <sup>4</sup>          | 18.3   | 18.9   | 18.3    |
| O/w Tier 1 <sup>4</sup>                       | 15.6   | 16.5   | 16.0    |

<sup>1</sup> Annualised rate for December figures  
<sup>2</sup> In the computation, liquid assets comprise cash, balances with BoM, placements, T-Bills and Government securities  
<sup>3</sup> Borrowings include subordinated debts  
<sup>4</sup> Based on Basel III

### Consolidated statement of financial position as at 31<sup>st</sup> December 2017

|  | 31-Dec-17        | 31-Dec-16        | 30-Jun-17        |
|--|------------------|------------------|------------------|
|  | Rs'M             | Rs'M             | Rs'M             |
| <b>ASSETS</b>  |                  |                  |                  |
| Cash and cash equivalents  | 29,561.2         | 35,027.9         | 35,711.4         |
| Mandatory balances with Central Banks  | 18,390.3         | 16,905.8         | 17,170.7         |
| Derivative financial instruments   | 666.9            | 457.3            | 479.7            |
| Loans to and placements with banks   | 22,509.6         | 30,301.2         | 25,716.3         |
| Loans and advances to customers  | 180,858.9        | 166,526.3        | 171,223.7        |
| Investment securities  | 94,196.4         | 66,959.1         | 74,729.7         |
| Investments in associates  | 10,071.9         | 9,414.8          | 9,552.3          |
| Investment properties  | 2,262.5          | -                | -                |
| Goodwill and other intangible assets   | 1,244.0          | 939.4            | 949.4            |
| Property, plant and equipment  | 6,220.0          | 5,928.8          | 6,196.8          |
| Deferred tax assets  | 306.1            | 324.0            | 282.2            |
| Other assets   | 3,242.4          | 3,202.1          | 3,664.5          |
| <b>Total assets</b>  | <b>369,530.2</b> | <b>335,986.7</b> | <b>345,676.7</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |                  |                  |                  |
| Deposits from banks  | 2,756.6          | 2,216.6          | 2,489.5          |
| Deposits from customers  | 290,190.2        | 264,579.6        | 272,373.8        |
| Derivative financial instruments   | 641.7            | 368.4            | 401.7            |
| Other borrowed funds   | 9,974.3          | 9,835.1          | 5,968.4          |
| Subordinated liabilities   | 5,557.0          | 5,615.2          | 5,587.0          |
| Current tax liabilities  | 468.5            | 656.0            | 905.9            |
| Deferred tax liability   | 210.5            | 65.2             | 53.4             |
| Other liabilities  | 8,569.7          | 7,384.1          | 9,560.4          |
| <b>Total liabilities</b>   | <b>318,368.5</b> | <b>290,720.2</b> | <b>297,340.1</b> |
| <b>Shareholders' equity</b>  |                  |                  |                  |
| Stated capital   | 2,524.9          | 2,467.4          | 2,477.8          |
| Retained earnings  | 37,055.5         | 33,106.0         | 34,761.0         |
| Other components of equity   | 9,045.8          | 7,358.9          | 8,710.4          |
| <b>Equity attributable to the ordinary equity holders of the parent</b>                                | <b>48,626.2</b>  | <b>42,932.3</b>  | <b>45,949.2</b>  |
| Non-controlling interests  | 2,535.5          | 2,334.2          | 2,387.4          |
| <b>Total equity</b>  | <b>51,161.7</b>  | <b>45,266.5</b>  | <b>48,336.6</b>  |
| <b>Total equity and liabilities</b>  | <b>369,530.2</b> | <b>335,986.7</b> | <b>345,676.7</b> |
| <b>CONTINGENT LIABILITIES</b>  |                  |                  |                  |
| Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers | 54,507.2         | 33,939.4         | 43,102.9         |
| Others   | 11,386.5         | 5,769.2          | 9,554.0          |
|  | <b>65,893.7</b>  | <b>39,708.6</b>  | <b>52,656.9</b>  |

### COMMENTS ON RESULTS

Group profits for the half year to 31<sup>st</sup> December 2017 rose by 8.3% to reach Rs 3,644 million, with foreign-sourced earnings and non-banking operations contributing 58% thereto.

Operating income grew by 7.0% to reach Rs 8,244 million. Net interest income rose by 6.9%, reflecting increased revenues linked to foreign activities of MCB Ltd and higher investment in Government securities in a context of persisting excess liquidity situation in Mauritius. Net fee and commission income rose by 4.4%, supported notably by higher revenues from financing activities within the banking cluster and from our non-banking operations. In spite of a drop in profit on exchange and net gain on financial instruments carried at fair value, 'other income' rose by 10.8% boosted by net gains arising from disposal of equity investments.

Operating expenses grew by 10.2% in support of business expansion, leading to a rise in the cost to income ratio to 42.5%.

Net impairment charges stood at Rs 629 million, representing an annualised rate of 64 basis points of our gross loans and advances while the gross non-performing loan ratio declined below the 5% mark to stand at 4.8%.

### Consolidated statement of profit or loss for the period ended 31<sup>st</sup> December 2017

|  | Quarter to 31-Dec-17 | Quarter to 31-Dec-16 | 6 mths to 31-Dec-17 | 6 mths to 31-Dec-16 | Year to 30-Jun-17 |
|--|----------------------|----------------------|---------------------|---------------------|-------------------|
|  | Rs'M                 | Rs'M                 | Rs'M                | Rs'M                | Rs'M              |
| Interest income  | 3,622.1              | 3,529.3              | 7,208.5             | 6,992.1             | 13,888.9          |
| Interest expense   | (1,002.8)            | (1,108.1)            | (2,124.7)           | (2,238.3)           | (4,478.0)         |
| <b>Net interest income</b>   | <b>2,619.3</b>       | <b>2,421.2</b>       | <b>5,083.8</b>      | <b>4,753.8</b>      | <b>9,410.9</b>    |
| Fee and commission income  | 1,162.1              | 1,134.8              | 2,247.0             | 2,126.8             | 4,279.8           |
| Fee and commission expense   | (258.2)              | (254.2)              | (507.5)             | (461.2)             | (930.0)           |
| <b>Net fee and commission income</b>   | <b>903.9</b>         | <b>880.6</b>         | <b>1,739.5</b>      | <b>1,665.6</b>      | <b>3,349.8</b>    |
| Other income   | 802.6                | 748.7                | 1,420.5             | 1,282.2             | 2,745.3           |
| <b>Operating income</b>  | <b>4,325.8</b>       | <b>4,050.5</b>       | <b>8,243.8</b>      | <b>7,701.6</b>      | <b>15,506.0</b>   |
| Non-interest expense   | (1,830.6)            | (1,615.2)            | (3,505.8)           | (3,180.8)           | (6,388.2)         |
| <b>Operating profit before impairment</b>  | <b>2,495.2</b>       | <b>2,435.3</b>       | <b>4,738.0</b>      | <b>4,520.8</b>      | <b>9,117.8</b>    |
| Net impairment of financial assets   | (355.1)              | (320.0)              | (628.7)             | (525.5)             | (1,063.8)         |
| <b>Operating profit</b>  | <b>2,140.1</b>       | <b>2,115.3</b>       | <b>4,109.3</b>      | <b>3,995.3</b>      | <b>8,054.0</b>    |
| Share of profit of associates  | 163.4                | 107.3                | 262.0               | 275.5               | 338.2             |
| <b>Profit before tax</b>   | <b>2,303.5</b>       | <b>2,222.6</b>       | <b>4,371.3</b>      | <b>4,270.8</b>      | <b>8,392.2</b>    |
| Income tax expense   | (329.5)              | (432.2)              | (695.9)             | (856.4)             | (1,643.8)         |
| <b>Profit for the period</b>   | <b>1,974.0</b>       | <b>1,790.4</b>       | <b>3,675.4</b>      | <b>3,414.4</b>      | <b>6,748.4</b>    |
| <b>Profit for the period attributable to the non-controlling interests</b>             | <b>(13.4)</b>        | <b>(21.7)</b>        | <b>(31.7)</b>       | <b>(48.8)</b>       | <b>(46.3)</b>     |
| <b>Profit for the period attributable to the ordinary equity holders of the parent</b> | <b>1,960.6</b>       | <b>1,768.7</b>       | <b>3,643.7</b>      | <b>3,365.6</b>      | <b>6,702.1</b>    |
| <b>Profit for the period attributable to:</b>  |                      |                      |                     |                     |                   |
| Ordinary equity holders of the parent  | 1,960.6              | 1,768.7              | 3,643.7             | 3,365.6             | 6,702.1           |
| Non-controlling interests  | 13.4                 | 21.7                 | 31.7                | 48.8                | 46.3              |
|  | <b>1,974.0</b>       | <b>1,790.4</b>       | <b>3,675.4</b>      | <b>3,414.4</b>      | <b>6,748.4</b>    |

### Consolidated statement of comprehensive income for the period ended 31<sup>st</sup> December 2017

|   | 1,974.0        | 1,790.4        | 3,675.4        | 3,414.4        | 6,748.4        |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>Profit for the period</b>                                  | <b>1,974.0</b> | <b>1,790.4</b> | <b>3,675.4</b> | <b>3,414.4</b> | <b>6,748.4</b> |
| <b>Other comprehensive (expense)/income:</b>                  |                |                |                |                |                |
| Items that will not be reclassified to profit or loss         | -              | (113.6)        | -              | (113.6)        | 166.2          |
| Items that may be reclassified subsequently to profit or loss | (209.1)        | (199.0)        | 182.5          | 16.4           | 506.9          |
| <b>Other comprehensive (expense)/income for the period</b>    | <b>(209.1)</b> | <b>(312.6)</b> | <b>182.5</b>   | <b>(97.2)</b>  | <b>673.1</b>   |
| <b>Total comprehensive income for the period</b>              | <b>1,764.9</b> | <b>1,477.8</b> | <b>3,857.9</b> | <b>3,317.2</b> | <b>7,421.5</b> |
| <b>Total comprehensive income attributable to:</b>            |                |                |                |                |                |
| Ordinary equity holders of the parent                         | 1,770.1        | 1,466.3        | 3,822.0        | 3,254.3        | 7,272.2        |
| Non-controlling interests                                     | (5.2)          | 11.5           | 35.9           | 62.9           | 149.3          |
|   | <b>1,764.9</b> | <b>1,477.8</b> | <b>3,857.9</b> | <b>3,317.2</b> | <b>7,421.5</b> |
| <b>Earnings per share:</b>                                    |                |                |                |                |                |
| Basic (Rs)  | 8.22           | 7.42           | 15.28          | 14.13          | 28.12          |
| Diluted (Rs)  | 8.22           | 7.42           | 15.27          | 14.12          | 28.10          |

Although an improved performance was recorded at BFCOI level, our share of profit of associates dropped by Rs 14 million following dampened performances at the level of PAD Group and SG Moçambique.

Shareholders' funds increased to Rs 48.6 billion, with our capital adequacy ratio remaining comfortable at 18.3% as at December 2017, of which 16.0% in the form of Tier 1.

### OUTLOOK

Looking ahead, the upturn within the global and regional environments is encouraging while domestic investment is anticipated to improve, in particular, fuelled by the execution of public infrastructure projects. Nonetheless, our operations continue to be impacted by persisting excess liquidity and challenging conditions in the money and foreign exchange markets. On current trends, full year results are expected to improve compared to last year with notable support from our international activities.

By order of the Board  
14<sup>th</sup> February 2018

### Consolidated statement of changes in equity for the period ended 31<sup>st</sup> December 2017

|  | 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 1 <sup>st</sup> 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                                | -   | 3,365.6           | -               | -                   | -                 | -                       | 3,365.6   | 48.8                      | 3,414.4      |
| Other comprehensive (expense)/income for the period  | -   | (113.6)           | 165.8           | (163.5)             | -                 | -                       | (111.3)   | 14.1                      | (97.2)       |
| Total comprehensive income/(expense) for the period  | -   | 3,252.0           | 165.8           | (163.5)             | -                 | -                       | 3,254.3   | 62.9                      | 3,317.2      |
| Dividends  | -   | (1,131.6)         | -               | -                   | -                 | -                       | (1,131.6) | (36.0)                    | (1,167.6)    |
| Issue of shares following the exercise of            |   |                   |                 |                     |                   |                         |           |                           |              |
| Group Employee Share Options Scheme                  | 40.6  | -                 | -               | -                   | -                 | -                       | 40.6      | -                         | 40.6         |
| Transactions with owners in their capacity as owners | 40.6  | (1,131.6)         | -               | -                   | -                 | -                       | (1,091.0) | (36.0)                    | (1,127.0)    |
| Transfers/movements in reserves                      | -   | 99.5              | (4.8)           | -                   | -                 | (55.6)                  | 39.1      | 28.6                      | 67.7         |
| At 31 <sup>st</sup> December 2016                    | 2,467.4   | 33,106.0          | 2,926.5         | (513.3)             | 4,020.3           | 925.4                   | 42,932.3  | 2,334.2                   | 45,266.5     |
| At 1 <sup>st</sup> 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                                  | -   | 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 <sup>th</sup> 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                                | -   | 3,643.7           | -               | -                   | -                 | -                       | 3,643.7   | 31.7                      | 3,675.4      |
| Other comprehensive income for the period            | -   | 0.3               | 153.6           | 24.4                | -                 | -                       | 178.3     | 4.2                       | 182.5        |
| Total comprehensive income for the period            | -   | 3,644.0           | 153.6           | 24.4                | -                 | -                       | 3,822.0   | 35.9                      | 3,857.9      |
| Dividends  | -   | (1,193.0)         | -               | -                   | -                 | -                       | (1,193.0) | (292.5)                   | (1,485.5)    |
| Issue of shares following the exercise of            |   |                   |                 |                     |                   |                         |           |                           |              |
| Group Employee Share Options Scheme                  | 47.1  | -                 | -               | -                   | -                 | -                       | 47.1      | -                         | 47.1         |
| Transactions with owners in their capacity as owners | 47.1  | (1,193.0)         | -               | -                   | -                 | -                       | (1,145.9) | (292.5)                   | (1,438.4)    |
| Transfers/movements in reserves                      | -   | (156.5)           | 0.3             | -                   | (0.1)             | 157.2                   | 0.9       | 404.7                     | 405.6        |
| At 31 <sup>st</sup> December 2017                    | 2,524.9   | 37,055.5          | 3,507.8         | (509.3)             | 4,960.3           | 1,087.0                 | 48,626.2  | 2,535.5                   | 51,161.7     |