

Statement of financial position

	GROUP	PROFORMA	GROUP
	31-Dec-14	31-Dec-13	30-Jun-14
	Rs'M	Rs'M	Rs'M
ASSETS			
Cash and cash equivalents	31,439.2	23,383.2	18,802.0
Mandatory balances with Central Banks	12,953.4	10,954.9	12,356.6
Derivative financial instruments	180.0	178.6	246.8
Loans to and placements with banks	4,975.7	5,723.8	6,325.4
Loans and advances to customers	156,060.9	147,817.0	150,101.2
Investment securities	43,027.5	27,609.3	35,435.3
Investments in associates	6,766.9	6,837.9	6,907.9
Goodwill and other intangible assets	915.6	891.3	911.2
Property, plant and equipment	5,975.8	6,150.9	6,045.3
Deferred tax assets	228.4	134.6	225.7
Other assets	3,339.8	4,189.3	3,529.0
Total assets	265,863.2	233,870.8	240,886.4
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits from banks	4,890.8	3,329.4	1,659.6
Deposits from customers	204,653.0	175,953.9	184,427.9
Derivative financial instruments	582.5	529.9	653.6
Other borrowed funds	8,749.1	10,156.3	8,879.2
Subordinated liabilities	5,452.1	5,403.7	5,409.1
Current tax liabilities	309.0	251.7	399.0
Deferred tax liabilities	47.7	54.4	59.1
Other liabilities	5,969.1	5,794.5	6,694.6
Total liabilities	230,653.3	201,473.8	208,182.1
Shareholders' Equity			
Stated capital	2,388.7	2,620.2	2,383.3
Retained earnings	26,225.7	23,222.8	24,234.9
Other components of equity	4,868.7	5,197.9	4,349.5
	33,483.1	31,040.9	30,967.7
Less treasury shares	-	(359.3)	-
Equity attributable to the ordinary equity holders of the parent	33,483.1	30,681.6	30,967.7
Non-controlling interests	1,726.8	1,715.4	1,736.6
Total equity	35,209.9	32,397.0	32,704.3
Total equity and liabilities	265,863.2	233,870.8	240,886.4
CONTINGENT LIABILITIES			
Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers	62,743.7	53,084.9	64,082.9
Commitments	4,183.0	4,568.7	4,660.7
Tax assessments	403.1	267.2	272.1
Other	1,463.5	1,222.2	1,534.5
	68,793.3	59,143.0	70,550.2

Statement of profit or loss

	GROUP	PROFORMA GROUP	GROUP	PROFORMA GROUP	PROFORMA GROUP
	Quarter to 31-Dec-14 Rs'M	Quarter to 31-Dec-13 Rs'M	6 mths to 31-Dec-14 Rs'M	6 mths to 31-Dec-13 Rs'M	Year to 30-Jun-14 Rs'M
Interest income	3,266.7	2,996.7	6,360.7	6,068.0	11,953.7
Interest expense	(1,221.6)	(1,163.3)	(2,374.9)	(2,316.3)	(4,697.4)
Net interest income	2,045.1	1,833.4	3,985.8	3,751.7	7,256.3
Fee and commission income	982.6	828.2	1,969.1	1,691.2	3,626.6
Fee and commission expense	(195.0)	(172.5)	(380.0)	(344.3)	(738.7)
Net fee and commission income	787.6	655.7	1,589.1	1,346.9	2,887.9
Other income	542.0	428.5	970.1	775.4	2,130.7
Operating income	3,374.7	2,917.6	6,545.0	5,874.0	12,274.9
Non-interest expense	(1,386.2)	(1,436.4)	(2,768.6)	(2,771.5)	(5,353.3)
Operating profit before impairment	1,988.5	1,481.2	3,776.4	3,102.5	6,921.6
Allowance for credit impairment	(230.6)	(172.1)	(436.1)	(354.7)	(1,989.0)
Impairment of available-for-sale investments	-	-	-	-	(50.1)
Operating profit	1,757.9	1,309.1	3,340.3	2,747.8	4,882.5
Share of profit of associates	66.0	128.6	152.5	252.2	540.2
Profit before tax	1,823.9	1,437.7	3,492.8	3,000.0	5,422.7
Income tax expense	(300.7)	(250.3)	(587.0)	(512.9)	(969.6)
Profit for the period	1,523.2	1,187.4	2,905.8	2,487.1	4,453.1
Profit for the period attributable to :-					
Ordinary equity holders of the parent	1,517.8	1,171.7	2,890.3	2,454.8	4,365.0
Non-controlling interests	5.4	15.7	15.5	32.3	88.1
	1,523.2	1,187.4	2,905.8	2,487.1	4,453.1
<u>Statement of profit or loss and other comprehensive income</u>					
Profit for the period	1,523.2	1,187.4	2,905.8	2,487.1	4,453.1
Other comprehensive income/(expense):					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit pension plan net of deferred tax	-	-	-	-	(232.6)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	(58.6)	(28.1)	(193.4)	(39.2)	(116.9)
Reclassification adjustments	79.3	(5.0)	69.2	(6.4)	(467.5)
Net fair value gain on available-for-sale investments	55.3	229.5	536.2	387.0	369.3
Share of other comprehensive (expense)/income of associates	(53.6)	85.2	(53.7)	162.4	67.4
	22.4	281.6	358.3	503.8	(147.7)
Other comprehensive income/(expense) for the period	22.4	281.6	358.3	503.8	(380.3)
Total comprehensive income for the period	1,545.6	1,469.0	3,264.1	2,990.9	4,072.8
Total comprehensive income attributable to :-					
Ordinary equity holders of the parent	1,554.4	1,416.9	3,245.4	2,884.1	3,939.4
Non-controlling interests	(8.8)	52.1	18.7	106.8	133.4
	1,545.6	1,469.0	3,264.1	2,990.9	4,072.8
Earnings per share:					
Basic (Rs)	6.38	4.93	12.14	10.32	18.34
Diluted (Rs)	6.38	4.92	12.14	10.32	18.34
Basic weighted average number of shares (thousands)	238,000	237,834	237,992	237,825	237,977
Diluted weighted average number of shares (thousands)	238,017	237,958	238,009	237,950	238,046

Statement of changes in equity

	Attributable to ordinary equity holders of the parent								Non-controlling Interests	Total Equity
	Stated Capital	Treasury Shares	Retained Earnings	Capital Reserve	Translation Reserve	Statutory Reserve	General Banking Reserve	Total		
PROFORMA GROUP	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M
At 1st July 2013										
As previously stated	2,615.8	(360.1)	22,412.2	1,616.0	(100.0)	2,643.6	604.7	29,432.2	1,622.1	31,054.3
Effect of adopting IAS 19 (revised) net of deferred tax	-	-	(926.6)	-	-	-	-	(926.6)	(0.3)	(926.9)
As restated	<u>2,615.8</u>	<u>(360.1)</u>	<u>21,485.6</u>	<u>1,616.0</u>	<u>(100.0)</u>	<u>2,643.6</u>	<u>604.7</u>	<u>28,505.6</u>	<u>1,621.8</u>	<u>30,127.4</u>
Profit for the period	-	-	2,454.8	-	-	-	-	2,454.8	32.3	2,487.1
Other comprehensive (expense)/income for the period	-	-	(1.2)	464.9	(34.4)	-	-	429.3	74.5	503.8
Total comprehensive income/(expense) for the period	-	-	2,453.6	464.9	(34.4)	-	-	2,884.1	106.8	2,990.9
Increase in effective shareholding of associate	-	-	0.2	-	-	-	-	0.2	-	0.2
Dividends	-	-	(713.5)	-	-	-	-	(713.5)	(13.2)	(726.7)
Share of transfer on disposal of property, plant & equipment by associate	-	-	1.4	(1.4)	-	-	-	-	-	-
Share of other movements in reserves of associate	-	-	(1.8)	1.8	-	-	-	-	-	-
Transfer to general banking reserve	-	-	(2.8)	-	-	-	2.8	-	-	-
Transfer from statutory reserve	-	-	0.1	-	-	(0.1)	-	-	-	-
Employee share options exercised	4.4	0.8	-	-	-	-	-	5.2	-	5.2
At 31st December 2013	2,620.2	(359.3)	23,222.8	2,081.3	(134.4)	2,643.5	607.5	30,681.6	1,715.4	32,397.0
At 1st July 2013										
As previously stated	2,615.8	(360.1)	22,412.2	1,616.0	(100.0)	2,643.6	604.7	29,432.2	1,622.1	31,054.3
Effect of adopting IAS 19 (revised) net of deferred tax	-	-	(926.6)	-	-	-	-	(926.6)	(0.3)	(926.9)
As restated	<u>2,615.8</u>	<u>(360.1)</u>	<u>21,485.6</u>	<u>1,616.0</u>	<u>(100.0)</u>	<u>2,643.6</u>	<u>604.7</u>	<u>28,505.6</u>	<u>1,621.8</u>	<u>30,127.4</u>
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/(expense) 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	(262.3)	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
Profit for the period	-	-	2,890.3	-	-	-	-	2,890.3	15.5	2,905.8
Other comprehensive (expense)/income for the period	-	-	(1.0)	546.8	(190.7)	-	-	355.1	3.2	358.3
Total comprehensive income/(expense) for the period	-	-	2,889.3	546.8	(190.7)	-	-	3,245.4	18.7	3,264.1
Dividends	-	-	(737.8)	-	-	-	-	(737.8)	(22.1)	(759.9)
Effect of increase in shareholding in subsidiary	-	-	2.4	-	-	-	-	2.4	(6.4)	(4.0)
Share of transfer on disposal of property, plant & equipment by associate	-	-	3.2	(3.2)	-	-	-	-	-	-
Share of other movements in reserves of associate	-	-	(0.4)	0.4	-	-	-	-	-	-
Transfer to general banking reserve	-	-	(165.9)	-	-	-	165.9	-	-	-
Issue of shares following the exercise of Group Employee Share Options Scheme	5.4	-	-	-	-	-	-	5.4	-	5.4
At 31st December 2014	2,388.7	-	26,225.7	2,070.8	(396.2)	2,414.1	780.0	33,483.1	1,726.8	35,209.9

Statement of cash flows

	GROUP	PROFORMA GROUP	PROFORMA GROUP
	6 mths to 31-Dec-14 Rs'M	6 mths to 31-Dec-13 Rs'M	Year to 30-Jun-14 Rs'M
Net cash flows from trading activities	3,225.6	1,536.5	4,186.7
Net cash flows from other operating activities	12,910.8	7,744.9	2,008.7
Dividends received from associates	27.1	19.8	129.2
Dividends paid	(1,535.0)	(1,510.2)	(1,510.2)
Dividends paid to non-controlling interests in subsidiaries	(22.1)	(13.2)	(18.6)
Income tax paid	(693.4)	(503.1)	(853.0)
Net cash flows from operating activities	13,913.0	7,274.7	3,942.8
Investing activities	(1,696.3)	(181.0)	(350.0)
Net cash flows before financing activities	12,216.7	7,093.7	3,592.8
Financing activities			
Shares issued/employee share options exercised	5.4	4.3	30.3
Subordinated liabilities issued	-	5,415.6	5,415.6
Net debt securities (matured)/issued	(1,234.1)	145.8	145.8
Net cash flows from financing activities	(1,228.7)	5,565.7	5,591.7
Increase in cash and cash equivalents	10,988.0	12,659.4	9,184.5
Net cash and cash equivalents brought forward	17,483.5	8,442.8	8,442.8
Effect of foreign exchange rate changes	(18.6)	(87.1)	(143.8)
Net cash and cash equivalents carried forward	28,452.9	21,015.1	17,483.5

COMMENTS

Group profits for the half year to 31 December 2014 rose by 17.7% to reach Rs 2,890.3 million, an encouraging performance in view of the difficult operating environment.

Supported by the growth in the loan book, notably linked to international operations, net interest income rose by 6.2% while net fee and commission income increased by 18.0%, with strong contributions from regional trade finance and asset management activities. 'Other income' was up by 25.1% following a growth of 18.8% in profit on exchange.

Operating costs were relatively stable at Rs 2.8 billion and credit impairment charges stood at Rs 436.1 million, which, on an annualised basis, were significantly below the level experienced in FY 2013/14. This represents a reversal of the negative trend of the last two financial years, in line with improved asset quality with a drop of one hundred basis points being observed in the gross non-performing loan ratio over the six months to December 2014.

The sources of profit remained well diversified with the combined contribution of foreign-sourced earnings and non-banking activities accounting for nearly 50% of results in spite of a fall in the share of profit of associates.

Whilst the operating environment is likely to remain challenging for some time yet, the Group seeks to pursue its growth strategy, with due emphasis on its regional involvement across the business clusters. On current trends and net of non-recurrent items, results for FY 2014/15 are projected to show good progress over those of the preceding year.

By order of the Board

13th February 2015

The abridged unaudited interim financial statements have been prepared using the same accounting policies as those adopted in the financial statements for the year ended 30th June 2014 and comply with IAS 34.

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

Copies of the abridged unaudited interim 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

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.