

Statement of financial position

ASSETS

Cash and cash equivalents
Mandatory balances with Central Banks
Derivative financial instruments
Loans to and placements with banks
Loans and advances to customers
Investment securities
Investments in associates
Goodwill and other intangible assets
Property, plant and equipment
Deferred tax assets
Other assets
Total assets

31-Dec-15 Rs'M	31-Dec-14 Rs'M	30-Jun-15 Rs'M
39,412.7	31,439.2	24,528.6
14,411.1	12,953.4	14,270.1
231.6	180.0	421.9
11,049.3	4,975.7	8,811.4
163,879.7	156,060.9	163,442.2
51,530.1	43,027.5	50,369.3
7,991.0	6,766.9	7,254.6
847.8	915.6	840.4
5,885.2	5,975.8	6,033.5
298.7	228.4	287.0
3,822.3	3,339.8	3,753.8
299,359.5	265,863.2	280,012.8

LIABILITIES AND SHAREHOLDERS' EQUITY

Deposits from banks
Deposits from customers
Derivative financial instruments
Other borrowed funds
Subordinated liabilities
Current tax liabilities
Deferred tax liabilities
Other liabilities
Total liabilities

1,977.3	4,890.8	2,405.0
237,781.9	204,653.0	217,276.4
437.3	582.5	305.7
6,123.4	7,643.4	7,770.0
5,615.0	5,452.1	5,555.7
453.8	309.0	539.7
57.9	47.7	50.2
7,229.8	7,074.8	8,427.9
259,676.4	230,653.3	242,330.6

Shareholders' Equity

Stated capital
Retained earnings
Other components of equity
Equity attributable to the ordinary equity holders of the parent
Non-controlling interests
Total equity
Total equity and liabilities

2,409.0	2,388.7	2,397.2
29,390.3	26,225.7	27,501.6
6,218.8	4,868.7	6,034.5
38,018.1	33,483.1	35,933.3
1,665.0	1,726.8	1,748.9
39,683.1	35,209.9	37,682.2
299,359.5	265,863.2	280,012.8

CONTINGENT LIABILITIES

Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers
Commitments
Tax assessments
Other

44,834.3	62,743.7	45,697.1
3,225.5	4,183.0	4,633.0
808.1	403.1	797.2
1,236.1	1,463.5	1,293.9
50,104.0	68,793.3	52,421.2

Statement of profit or loss

	Quarter to 31-Dec-15 Rs'M	Quarter to 31-Dec-14 Rs'M	6 mths to 31-Dec-15 Rs'M	6 mths to 31-Dec-14 Rs'M	Year to 30-Jun-15 Rs'M
Interest income	3,353.5	3,266.7	6,777.3	6,360.7	12,844.3
Interest expense	(1,178.0)	(1,221.6)	(2,375.9)	(2,374.9)	(4,690.1)
Net interest income	2,175.5	2,045.1	4,401.4	3,985.8	8,154.2
Fee and commission income	1,125.6	982.6	2,135.3	1,956.3	4,148.1
Fee and commission expense	(245.7)	(195.0)	(442.2)	(380.0)	(783.7)
Net fee and commission income	879.9	787.6	1,693.1	1,576.3	3,364.4
Other income	590.8	552.9	1,041.7	952.6	1,695.6
Operating income	3,646.2	3,385.6	7,136.2	6,514.7	13,214.2
Non-interest expense	(1,475.1)	(1,388.5)	(2,983.1)	(2,741.4)	(5,525.6)
Operating profit before impairment	2,171.1	1,997.1	4,153.1	3,773.3	7,688.6
Net impairment of financial assets	(299.4)	(222.5)	(488.1)	(399.6)	(1,163.1)
Operating profit	1,871.7	1,774.6	3,665.0	3,373.7	6,525.5
Share of profit of associates	137.5	66.0	231.4	152.5	374.8
Profit before tax	2,009.2	1,840.6	3,896.4	3,526.2	6,900.3
Income tax expense	(402.1)	(317.4)	(734.1)	(620.4)	(1,129.1)
Profit for the period	1,607.1	1,523.2	3,162.3	2,905.8	5,771.2
Profit for the period attributable to :-					
Ordinary equity holders of the parent	1,596.1	1,517.8	3,141.7	2,890.3	5,722.0
Non-controlling interests	11.0	5.4	20.6	15.5	49.2
	1,607.1	1,523.2	3,162.3	2,905.8	5,771.2
<i>Statement of profit or loss and other comprehensive income</i>					
Profit for the period	1,607.1	1,523.2	3,162.3	2,905.8	5,771.2
Other comprehensive (expense)/income:					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit pension plan net of deferred tax	-	-	-	-	95.2
Share of other comprehensive expense of associates	-	-	-	-	(0.1)
	-	-	-	-	95.1
Items that are or may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	(41.0)	(58.6)	(51.4)	(193.4)	(31.5)
Reclassification adjustments	(54.6)	79.3	(56.7)	69.2	71.0
Net fair value gain on available-for-sale investments	99.4	55.3	89.9	536.2	762.9
Share of other comprehensive expense of associates	(8.6)	(53.6)	(49.2)	(53.7)	(44.7)
	(4.8)	22.4	(67.4)	358.3	757.7
Other comprehensive (expense)/income for the period	(4.8)	22.4	(67.4)	358.3	852.8
Total comprehensive income for the period	1,602.3	1,545.6	3,094.9	3,264.1	6,624.0
Total comprehensive income attributable to :-					
Ordinary equity holders of the parent	1,598.9	1,554.4	3,106.3	3,245.4	6,579.9
Non-controlling interests	3.4	(8.8)	(11.4)	18.7	44.1
	1,602.3	1,545.6	3,094.9	3,264.1	6,624.0
Earnings per share:					
Basic (Rs)	6.70	6.38	13.20	12.14	24.04
Diluted (Rs)	6.70	6.38	13.19	12.14	24.04
Basic weighted average number of shares (thousands)	238,094	238,000	238,080	237,992	238,014
Diluted weighted average number of shares (thousands)	238,137	238,017	238,123	238,009	238,063

Statement of changes in equity

	Attributable to ordinary equity holders of the parent						Non-controlling Interests Rs'M	Total Equity Rs'M	
	Stated Capital	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
At 1st July 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 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
At 1st July 2015	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 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
Total comprehensive income/(expense) for the year	-	5,817.1	780.5	(17.7)	-	-	6,579.9	44.1	6,624.0
Dividends	-	(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
At 30th 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
Profit for the period	-	3,141.7	-	-	-	-	3,141.7	20.6	3,162.3
Other comprehensive income/(expense) for the period	-	-	16.2	(51.6)	-	-	(35.4)	(32.0)	(67.4)
Total comprehensive income/(expense) for the period	-	3,141.7	16.2	(51.6)	-	-	3,106.3	(11.4)	3,094.9
Dividends	-	(1,011.9)	-	-	-	-	(1,011.9)	(33.1)	(1,045.0)
Effect of changes in effective shareholding in subsidiaries	-	(21.4)	-	-	-	-	(21.4)	(39.4)	(60.8)
Share of transfer by associate	-	0.6	(0.6)	-	-	-	-	-	-
Share of other movements in reserves of associate	-	3.1	(3.1)	-	-	-	-	-	-
Transfer to general banking reserve	-	(223.4)	-	-	-	223.4	-	-	-
Issue of shares following the exercise of Group Employee Share Options Scheme	11.8	-	-	-	-	-	11.8	-	11.8
At 31st December 2015	2,409.0	29,390.3	2,317.6	(274.8)	3,171.8	1,004.2	38,018.1	1,665.0	39,683.1

Statement of cash flows

Net cash flows from trading activities
Net cash flows from other operating activities
Dividends received from associates
Dividends paid
Dividends paid to non-controlling interests in subsidiaries
Income tax paid
Net cash flows from operating activities
Investing activities
Net cash flows before financing activities
Financing activities
Shares issued/employee share options exercised
Shares bought back and cancelled by subsidiary
Net debt securities matured
Net cash flows from financing activities
Increase in cash and cash equivalents
Net cash and cash equivalents brought forward
Effect of foreign exchange rate changes
Net cash and cash equivalents carried forward

6 mths to 31-Dec-15 Rs'M	6 mths to 31-Dec-14 Rs'M	Year to 30-Jun-15 Rs'M
5,707.6	3,819.8	7,006.1
14,550.6	12,350.0	5,370.9
36.2	27.1	131.9
(1,904.6)	(1,535.0)	(1,535.0)
(33.1)	(22.1)	(25.4)
(850.7)	(726.8)	(1,074.2)
17,506.0	13,913.0	9,874.3
(1,343.4)	(1,696.3)	(2,485.2)
16,162.6	12,216.7	7,389.1
11.8	5.4	13.9
(21.9)	-	-
-	(1,234.1)	(1,793.0)
(10.1)	(1,228.7)	(1,779.1)
16,152.5	10,988.0	5,610.0
23,287.5	17,483.5	17,483.5
(27.3)	(18.6)	194.0
39,412.7	28,452.9	23,287.5

Comments on results

Group net profit for the semester increased by 8.7% to reach Rs 3,142 million.

This performance was underpinned by a 10.4% increase in net interest income, while net fee and commission income grew by 7.4%. Regional trade finance fees declined on account of low oil prices, compensated by improved performances by our cards and wealth management activities. Other income rose by 9.4%, driven primarily by higher profit on exchange.

Operating expenses grew by 8.8%, leading to a fall in our cost to income ratio to 41.8%. Allowance for credit impairment increased by 22.1% to reach Rs 488 million, thus standing at 56 basis points on an annualised basis in terms of gross loans.

The foreign-sourced income of the banking cluster accounted for more than 50% of Group profits, supported by the growth in contribution by the international segment of MCB Ltd and the Group's overseas entities over the last semester.

Shareholders' funds increased to Rs 38 billion, with our capital adequacy ratio remaining comfortable at 17.0%, of which Tier 1 capital represents 14.4%.

Outlook

The current challenging economic and financial conditions prevailing on the global and regional scenes dictate that we exercise a close monitoring of developments across markets and adapt our business expansion agenda accordingly. On current trends, MCB Group results for FY 2015/16 are projected to improve compared to last year.

By order of the Board

12th February 2016

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 2015 and comply with IAS 34.

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.