

## Consolidated summary statement of financial position as at 31 December 2018

	31-Dec-18	31-Dec-17	30-Jun-18
	Rs'M	Rs'M	Rs'M
<b>ASSETS</b>			
Cash and cash equivalents	31,191.8	29,561.2	35,903.0
Mandatory balances with Central Banks	19,876.3	18,390.3	19,292.4
Derivative financial instruments	410.3	666.9	512.8
Loans to and placements with banks	16,601.1	22,509.6	18,920.8
Loans and advances to customers	223,576.2	180,858.9	199,298.2
Investment securities	98,987.8	94,196.4	88,747.4
Investments in associates	9,704.2	10,071.9	9,796.0
Investment properties	3,774.7	2,262.5	2,861.1
Goodwill and other intangible assets	1,236.4	1,244.0	1,238.8
Property, plant and equipment	6,185.0	6,220.0	6,194.8
Deferred tax assets	325.3	306.1	285.8
Other assets	5,309.9	3,242.4	3,318.7
<b>Total assets</b>	<b>417,179.0</b>	<b>369,530.2</b>	<b>386,369.8</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
Deposits from banks	3,257.0	2,756.6	3,157.7
Deposits from customers	307,101.3	290,190.2	294,560.9
Derivative financial instruments	443.8	641.7	883.4
Other borrowed funds	31,707.8	9,974.3	14,372.5
Subordinated liabilities	5,588.2	5,557.0	5,591.8
Debt securities	2,013.0	-	2,012.7
Current tax liabilities	769.6	468.5	1,000.2
Deferred tax liabilities	247.6	210.5	236.4
Other liabilities	11,171.8	8,569.7	10,787.6
<b>Total liabilities</b>	<b>362,300.1</b>	<b>318,368.5</b>	<b>332,603.2</b>
<b>Shareholders' equity</b>			
Stated capital	2,593.7	2,524.9	2,547.9
Retained earnings	42,206.4	37,055.5	38,233.2
Other components of equity	7,655.6	9,045.8	10,525.1
<b>Equity attributable to the ordinary equity holders of the parent</b>	<b>52,455.7</b>	<b>48,626.2</b>	<b>51,306.2</b>
Non-controlling interests	2,423.2	2,535.5	2,460.4
<b>Total equity</b>	<b>54,878.9</b>	<b>51,161.7</b>	<b>53,766.6</b>
<b>Total equity and liabilities</b>	<b>417,179.0</b>	<b>369,530.2</b>	<b>386,369.8</b>
<b>CONTINGENT LIABILITIES</b>			
Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers	61,726.8	54,507.2	59,872.2
Others	10,505.8	11,386.5	8,423.6
	<b>72,232.6</b>	<b>65,893.7</b>	<b>68,295.8</b>

## Consolidated summary statement of profit or loss for the period ended 31 December 2018

	<b>Quarter to 31-Dec-18</b>	Quarter to 31-Dec-17	<b>6 mths to 31-Dec-18</b>	6 mths to 31-Dec-17	Year to 30-Jun-18
	<b>Rs'M</b>	Rs'M	<b>Rs'M</b>	Rs'M	Rs'M
Interest income	<b>4,692.6</b>	3,650.8	<b>9,062.6</b>	7,265.9	15,112.9
Interest expense	<b>(1,400.3)</b>	(1,002.8)	<b>(2,649.8)</b>	(2,124.7)	(4,383.7)
<b>Net interest income</b>	<b>3,292.3</b>	2,648.0	<b>6,412.8</b>	5,141.2	10,729.2
Fee and commission income	<b>1,365.6</b>	1,133.4	<b>2,510.5</b>	2,189.6	4,547.6
Fee and commission expense	<b>(333.5)</b>	(258.2)	<b>(625.6)</b>	(507.5)	(1,114.6)
<b>Net fee and commission income</b>	<b>1,032.1</b>	875.2	<b>1,884.9</b>	1,682.1	3,433.0
Other income	<b>616.4</b>	802.6	<b>1,311.8</b>	1,420.5	2,788.6
<b>Operating income</b>	<b>4,940.8</b>	4,325.8	<b>9,609.5</b>	8,243.8	16,950.8
Non-interest expense	<b>(1,974.1)</b>	(1,830.6)	<b>(3,834.1)</b>	(3,505.8)	(6,801.6)
<b>Operating profit before impairment</b>	<b>2,966.7</b>	2,495.2	<b>5,775.4</b>	4,738.0	10,149.2
Net impairment of financial assets	<b>(433.2)</b>	(355.1)	<b>(793.4)</b>	(628.7)	(1,329.9)
<b>Operating profit</b>	<b>2,533.5</b>	2,140.1	<b>4,982.0</b>	4,109.3	8,819.3
Share of profit of associates	<b>77.0</b>	163.4	<b>227.3</b>	262.0	306.6
<b>Profit before tax</b>	<b>2,610.5</b>	2,303.5	<b>5,209.3</b>	4,371.3	9,125.9
Income tax expense	<b>(443.0)</b>	(329.5)	<b>(886.4)</b>	(695.9)	(1,884.6)
<b>Profit for the period</b>	<b>2,167.5</b>	1,974.0	<b>4,322.9</b>	3,675.4	7,241.3
<b>Profit for the period attributable to:</b>					
Ordinary equity holders of the parent	<b>2,160.0</b>	1,960.6	<b>4,290.9</b>	3,643.7	7,220.9
Non-controlling interests	<b>7.5</b>	13.4	<b>32.0</b>	31.7	20.4
	<b>2,167.5</b>	1,974.0	<b>4,322.9</b>	3,675.4	7,241.3

## Consolidated summary statement of comprehensive income for the period ended 31 December 2018

<b>Profit for the period</b>	<b>2,167.5</b>	1,974.0	<b>4,322.9</b>	3,675.4	7,241.3
<b>Other comprehensive income:</b>					
Items that will not be reclassified to profit or loss	<b>39.2</b>	-	<b>7.1</b>	-	(253.6)
Items that may be reclassified subsequently to profit or loss	<b>(66.2)</b>	(209.1)	<b>(174.4)</b>	182.5	575.9
<b>Other comprehensive (expense)/income for the period</b>	<b>(27.0)</b>	(209.1)	<b>(167.3)</b>	182.5	322.3
<b>Total comprehensive income for the period</b>	<b>2,140.5</b>	1,764.9	<b>4,155.6</b>	3,857.9	7,563.6
<b>Total comprehensive income attributable to:</b>					
Ordinary equity holders of the parent	<b>2,138.5</b>	1,770.1	<b>4,136.8</b>	3,822.0	7,526.2
Non-controlling interests	<b>2.0</b>	(5.2)	<b>18.8</b>	35.9	37.4
	<b>2,140.5</b>	1,764.9	<b>4,155.6</b>	3,857.9	7,563.6
<b>Earnings per share:</b>					
Basic (Rs)	<b>9.05</b>	8.22	<b>17.98</b>	15.28	30.26
Diluted (Rs)	<b>9.05</b>	8.22	<b>17.97</b>	15.27	30.26

## Consolidated summary statement of changes in equity for the period ended 31 December 2018

	Attributable to ordinary equity holders of the parent							Non-controlling Interests	Total Equity
	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		
<b>At 01 July 2017</b>	<b>2,477.8</b>	<b>34,761.0</b>	<b>3,353.9</b>	<b>(533.7)</b>	<b>4,960.4</b>	<b>929.8</b>	<b>45,949.2</b>	<b>2,387.4</b>	<b>48,336.6</b>
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
<b>At 31 December 2017</b>	<b>2,524.9</b>	<b>37,055.5</b>	<b>3,507.8</b>	<b>(509.3)</b>	<b>4,960.3</b>	<b>1,087.0</b>	<b>48,626.2</b>	<b>2,535.5</b>	<b>51,161.7</b>
<b>At 01 July 2017</b>	<b>2,477.8</b>	<b>34,761.0</b>	<b>3,353.9</b>	<b>(533.7)</b>	<b>4,960.4</b>	<b>929.8</b>	<b>45,949.2</b>	<b>2,387.4</b>	<b>48,336.6</b>
Profit for the year	-	7,220.9	-	-	-	-	7,220.9	20.4	7,241.3
Other comprehensive (expense)/income for the year	-	(232.3)	416.1	121.5	-	-	305.3	17.0	322.3
Total comprehensive income for the year	-	6,988.6	416.1	121.5	-	-	7,526.2	37.4	7,563.6
Dividends	-	(2,267.0)	-	-	-	-	(2,267.0)	(297.9)	(2,564.9)
Unclaimed dividends pertaining to previous years	-	27.1	-	-	-	-	27.1	-	27.1
Impact of acquisition by subsidiary	-	-	-	-	-	-	-	326.3	326.3
Impact of rights issue exercised by minority shareholders in subsidiary	-	-	-	-	-	-	-	6.7	6.7
Issue of shares following the exercise of Group Employee Share Options Scheme	70.1	-	-	-	-	-	70.1	-	70.1
Transactions with owners	70.1	(2,239.9)	-	-	-	-	(2,169.8)	35.1	(2,134.7)
Transfers/movements in reserves	-	(1,276.5)	-	-	1,020.4	256.7	0.6	0.5	1.1
<b>At 30 June 2018</b>	<b>2,547.9</b>	<b>38,233.2</b>	<b>3,770.0</b>	<b>(412.2)</b>	<b>5,980.8</b>	<b>1,186.5</b>	<b>51,306.2</b>	<b>2,460.4</b>	<b>53,766.6</b>
<b>Impact of adopting IFRS 9:</b>									
<b>Impairment on financial assets:</b>									
Reversal of portfolio provision	-	1,359.6	-	-	-	-	1,359.6	-	1,359.6
Reversal of general banking reserve	-	1,168.8	-	17.2	-	(1,186.0)	-	-	-
Expected credit losses	-	(3,116.5)	17.1	-	-	-	(3,099.4)	(15.4)	(3,114.8)
	-	(588.1)	17.1	17.2	-	(1,186.0)	(1,739.8)	(15.4)	(1,755.2)
	-	1,579.3	(1,559.7)	-	-	-	19.6	-	19.6
	-	991.2	(1,542.6)	17.2	-	(1,186.0)	(1,720.2)	(15.4)	(1,735.6)
<b>As restated</b>	<b>2,547.9</b>	<b>39,224.4</b>	<b>2,227.4</b>	<b>(395.0)</b>	<b>5,980.8</b>	<b>0.5</b>	<b>49,586.0</b>	<b>2,445.0</b>	<b>52,031.0</b>
Profit for the period	-	4,290.9	-	-	-	-	4,290.9	32.0	4,322.9
Other comprehensive income/(expense) for the period	-	-	21.7	(175.8)	-	-	(154.1)	(13.2)	(167.3)
Total comprehensive income/(expense) for the period	-	4,290.9	21.7	(175.8)	-	-	4,136.8	18.8	4,155.6
Dividends	-	(1,312.9)	-	-	-	-	(1,312.9)	(40.6)	(1,353.5)
Issue of shares following the exercise of Group Employee Share Options Scheme	45.8	-	-	-	-	-	45.8	-	45.8
Transactions with owners	45.8	(1,312.9)	-	-	-	-	(1,267.1)	(40.6)	(1,307.7)
Transfers/movements in reserves	-	4.0	(4.0)	-	-	-	-	-	-
<b>At 31 December 2018</b>	<b>2,593.7</b>	<b>42,206.4</b>	<b>2,245.1</b>	<b>(570.8)</b>	<b>5,980.8</b>	<b>0.5</b>	<b>52,455.7</b>	<b>2,423.2</b>	<b>54,878.9</b>

**Consolidated summary statement of cash flows for the period ended 31 December 2018**

	<b>6 mths to 31-Dec-18 Rs'M</b>	6 mths to 31-Dec-17 Rs'M	Year to 30-Jun-18 Rs'M
<b>Operating activities</b>			
<b>Net cash flows from trading activities</b>	<b>8,301.8</b>	(6,866.0)	(4,303.6)
<b>Net cash flows from other operating activities</b>	<b>(7,668.5)</b>	1,391.2	6,937.0
Dividends received from associates	55.2	52.9	373.5
Dividends paid	<b>(2,386.9)</b>	(2,206.2)	(2,206.2)
Dividends paid to non-controlling interests in subsidiaries	<b>(40.6)</b>	(292.5)	(297.9)
Income tax paid	<b>(1,145.7)</b>	(1,143.8)	(1,689.8)
<b>Net cash flows from operating activities</b>	<b>(2,884.7)</b>	(9,064.4)	(1,187.0)
<b>Net cash flows from investing activities</b>	<b>(1,546.2)</b>	(1,477.3)	(2,520.6)
<b>Net cash flows from financing activities</b>	<b>1,198.1</b>	47.1	2,076.8
<b>Decrease in cash and cash equivalents</b>	<b>(3,232.8)</b>	(10,494.6)	(1,630.8)
Net cash and cash equivalents brought forward	<b>34,063.3</b>	35,660.7	35,660.7
Effect of foreign exchange rate changes	<b>(39.2)</b>	(54.1)	33.4
<b>Net cash and cash equivalents carried forward</b>	<b>30,791.3</b>	25,112.0	34,063.3

## COMMENTS ON RESULTS

Group profits for the six months to December 2018 increased by 17.8% to reach Rs 4,291 million, on the back of further headway being made in our international business activities, with foreign sourced banking earnings contributing 59% to profits.

This performance was driven by a rise of 24.7% in net interest income, supported mainly by the continued rise in the foreign loan book of MCB Ltd as well as higher average yields on investment securities during the period under review.

Net fee and commission income rose by 12.1%, underpinned by strong performances relating to regional trade financing and payment activities in the banking cluster as well as increased revenues from MCB Capital Markets operations. Notwithstanding an appreciable contribution from MCB Real Assets Ltd, 'other income' fell by 7.7%, with profit on exchange and fair value gains on financial instruments declining by 1.6% amidst volatility in the foreign exchange market whilst the results of 2017 had benefited from a contribution of Rs 191 million following the disposal of investments by MCB Equity Fund. In line with significant investments to boost internal capabilities, operating expenses were up by 9.4%, with our cost to income ratio, however, falling to 39.9% as compared to 42.5% for the corresponding period in the previous year. Net impairment charges stood at Rs 793.4 million, with the cost of risk remaining the same as last year at 64 basis points of gross loans and advances on an annualised basis, whilst asset quality improved with the gross non-performing loan ratio reaching 4.2%.

In spite of improved results from SG Moçambique and Promotion and Development Group, our share of profits of associates declined by Rs 35 million following reduced profitability of BFCOI, further exacerbated by weakness of the euro.

Shareholders' funds posted a year-on-year growth of 7.9% to reach Rs 52.5 billion, with our capital adequacy ratio improving to 17.6% compared to the end of the last financial year, of which 15.7% in the form of Tier 1.

In spite of the recent downgrade in the world economic outlook, prospects for the Group remain encouraging in view of our existing business pipeline. On this basis, full year results are projected to post a healthy growth compared to last year.

By order of the Board  
13 February 2019

The unaudited interim consolidated summary financial statements comply with IAS 34 and have been prepared using the same accounting policies as those adopted in the financial statements for the year ended 30 June 2018 except for the adoption of applicable published standards and interpretations that are now effective.

With the adoption of IFRS 9 on 1 July 2018, the opening reserves of the Group have been adjusted following the requirements for classification and measurement of financial assets and liabilities and impairment thereon.

Where necessary, comparative figures have been amended to conform with changes in presentation or in accounting policies.

Copies of the unaudited interim consolidated summary 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](http://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.*