

Consolidated summary statement of financial position as at 30 June 2019

	30-Jun-19	30-Jun-18
	RS'M	RS'M
ASSETS		
Cash and cash equivalents	49,333.5	35,903.0
Mandatory balances with Central Banks	21,075.1	19,292.4
Derivative financial instruments	695.8	512.8
Loans to and placements with banks	19,672.8	18,920.8
Loans and advances to customers	227,040.4	199,298.2
Investment securities	126,204.0	88,747.4
Investments in associates	9,961.5	9,796.0
Investment properties	3,991.7	2,861.1
Goodwill and other intangible assets	1,462.9	1,238.8
Property, plant and equipment	6,437.8	6,194.8
Deferred tax assets	291.9	285.8
Other assets	4,993.9	3,318.7
Total assets	471,161.3	386,369.8
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Deposits from banks	3,850.9	3,157.7
Deposits from customers	327,649.5	294,560.9
Derivative financial instruments	935.0	883.4
Other borrowed funds	56,886.3	14,372.5
Subordinated liabilities	5,571.8	5,591.8
Debt securities	2,012.7	2,012.7
Current tax liabilities	986.6	1,000.2
Deferred tax liabilities	287.9	236.4
Other liabilities	14,202.7	10,787.6
Total liabilities	412,383.4	332,603.2
Shareholders' equity		
Stated capital	2,608.3	2,547.9
Retained earnings	44,536.0	38,233.2
Other components of equity	9,109.9	10,525.1
Equity attributable to the ordinary equity holders of the parent	56,254.2	51,306.2
Non-controlling interests	2,523.7	2,460.4
Total equity	58,777.9	53,766.6
Total equity and liabilities	471,161.3	386,369.8
CONTINGENT LIABILITIES		
Acceptances, guarantees, letters of credit and other obligations on account of customers	69,002.5	59,872.2
Others	8,302.0	8,750.8
	77,304.5	68,623.0

Consolidated summary statement of profit or loss for the year ended 30 June 2019

	Year ended 2019 RS'M	Year ended 2018 RS'M
Interest income	18,841.4	15,112.9
Interest expense	(5,884.6)	(4,383.7)
Net interest income	12,956.8	10,729.2
Fee and commission income	5,135.0	4,547.6
Fee and commission expense	(1,348.9)	(1,114.6)
Net fee and commission income	3,786.1	3,433.0
Other income		
Profit arising from dealing in foreign currencies	1,816.4	2,391.7
Net gain/(loss) from financial instruments	702.9	(385.5)
	2,519.3	2,006.2
Dividend income	95.7	85.2
Net gain on sale of financial instruments	33.7	226.7
Other operating income	834.8	470.5
	3,483.5	2,788.6
Operating income	20,226.4	16,950.8
Non-interest expense		
Salaries and human resource costs	(4,315.0)	(3,813.6)
Depreciation of property, plant and equipment	(655.9)	(600.4)
Amortisation of intangible assets	(264.7)	(288.5)
Other	(2,275.1)	(2,099.1)
	(7,510.7)	(6,801.6)
Operating profit before impairment	12,715.7	10,149.2
Net impairment of financial assets	(1,596.9)	(1,329.9)
Operating profit	11,118.8	8,819.3
Share of profit of associates	403.9	306.6
Profit before tax	11,522.7	9,125.9
Income tax expense	(1,930.2)	(1,884.6)
Profit for the year	9,592.5	7,241.3
Profit for the year attributable to:		
Ordinary equity holders of the parent	9,482.2	7,220.9
Non-controlling interests	110.3	20.4
	9,592.5	7,241.3

Consolidated summary statement of comprehensive income for the year ended 30 June 2019

Profit for the year	9,592.5	7,241.3
Other comprehensive (expense)/income:		
Items that will not be reclassified to profit or loss	(392.5)	(253.6)
Items that may be reclassified subsequently to profit or loss	123.3	575.9
Other comprehensive (expense)/income for the year	(269.2)	322.3
Total comprehensive income for the year	9,323.3	7,563.6
Total comprehensive income attributable to:		
Ordinary equity holders of the parent	9,212.3	7,526.2
Non-controlling interests	111.0	37.4
	9,323.3	7,563.6
Earnings per share:		
Basic (Rs)	39.71	30.26
Diluted (Rs)	39.70	30.26

Consolidated summary statement of changes in equity for the year ended 30 June 2019

	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
At 01 July 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 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
At 30 June 2018	2,547.9	38,233.2	3,770.0	(412.2)	5,980.8	1,186.5	51,306.2	2,460.4	53,766.6
Impact of adopting IFRS 9:									
Impairment on financial assets:									
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)
Classification and measurement of financial assets	-	1,579.3	(1,559.7)	-	-	-	19.6	-	19.6
Impact of adopting IFRS 9	-	991.2	(1,542.6)	17.2	-	(1,186.0)	(1,720.2)	(15.4)	(1,735.6)
At 01 July 2018	2,547.9	39,224.4	2,227.4	(395.0)	5,980.8	0.5	49,586.0	2,445.0	52,031.0
Profit for the year	-	9,482.2	-	-	-	-	9,482.2	110.3	9,592.5
Other comprehensive (expense)/income for the year	-	(400.7)	71.9	58.9	-	-	(269.9)	0.7	(269.2)
Total comprehensive income for the year	-	9,081.5	71.9	58.9	-	-	9,212.3	111.0	9,323.3
Dividends	-	(2,602.9)	-	-	-	-	(2,602.9)	(48.4)	(2,651.3)
Investment in subsidiary	-	-	-	-	-	-	-	4.0	4.0
Impact of rights issue exercised by minority shareholders in subsidiary	-	-	-	-	-	-	-	13.3	13.3
Issue of shares following the exercise of Group Employee Share Options Scheme	60.4	-	-	-	-	-	60.4	-	60.4
Transactions with owners	60.4	(2,602.9)	-	-	-	-	(2,542.5)	(31.1)	(2,573.6)
Transfers/movements in reserves	-	(1,167.0)	(37.3)	-	954.0	248.7	(1.6)	(1.2)	(2.8)
At 30 June 2019	2,608.3	44,536.0	2,262.0	(336.1)	6,934.8	249.2	56,254.2	2,523.7	58,777.9

Consolidated summary statement of cash flows for the year ended 30 June 2019

	Year ended 2019	Year ended 2018
	Rs'M	Rs'M
Operating activities		
Net cash flows from trading activities	18,125.1	(4,303.6)
Net cash flows from other operating activities	(11,484.9)	6,937.0
Dividends received from associates	249.4	373.5
Dividends paid	(2,386.9)	(2,206.2)
Dividends paid to non-controlling interests in subsidiaries	(48.4)	(297.9)
Income tax paid	(1,803.8)	(1,689.8)
Net cash flows from operating activities	2,650.5	(1,187.0)
Net cash flows from investing activities	(2,187.0)	(2,520.6)
Net cash flows from financing activities	1,190.9	2,076.8
Increase/(Decrease) in cash and cash equivalents	1,654.4	(1,630.8)
Net cash and cash equivalents as at 01 July	34,063.3	35,660.7
Effect of foreign exchange rate changes	110.8	33.4
Net cash and cash equivalents as at 30 June	35,828.5	34,063.3

COMMENTS ON RESULTS

The Group registered excellent results for the year ended June 2019, with further headway made at the level of both the banking and non-banking clusters, more particularly on the international front. Profit attributable to equity holders grew by 31.3% to reach Rs 9,482 million, with the combined share of foreign-sourced income and non-banking operations standing at 69% thereof.

Underpinned by our diversification strategy, operating income increased by 19.3% to reach Rs 20,226 million. This was supported by a growth of 20.8% in net interest income, which benefitted from enhanced performances across banking subsidiaries. In particular, MCB Ltd registered a significant expansion of its international loan book and improved yields on Government securities. Net fee and commission income grew by 10.3% to reach Rs 3,786 million as a result of enhanced contribution from MCB Capital Markets Ltd and higher revenues across banking subsidiaries, with strong growth recorded with regard to our Energy and Commodities business and payments services. In spite of a subdued performance in respect of profit on exchange and lower gains on disposal of investments by MCB Equity Fund Ltd, 'other income' grew by 24.9%, principally due to fair value gains on equity instruments at the level of MCB Ltd and higher contribution from entities in the non-banking segment, mainly MCB Consulting Services Ltd and MCB Real Assets Ltd.

On the back of initiatives to strengthen our human capital and uplift our technological readiness, operating expenses grew by 10.4%. In view of our robust performance on the revenue front, our cost to income ratio declined by 3.0 percentage points to 37.1%. Whilst the Group's impairment charges rose by some 20%, the cost of risk in relation to loans and advances dropped marginally to 59 basis points of the latter. Asset quality further improved as gauged by gross NPL ratio declining from 4.5% to 4.1%.

Notwithstanding a reduced contribution from BFCOI, our share of profit of associates grew by Rs 97 million, following improved performances of Société Générale Moçambique and Promotion and Development Group.

Shareholders' funds of the Group increased by 9.6%, with the BIS ratio standing at 17.4% as at 30 June 2019, of which 15.8% by way of Tier 1.

Looking ahead, the Group will pursue its expansion strategy anchored on sound foundations, backed by continued investment in human capital and technology amongst others. While paving the way for the next development phase, we aim to further improve our resilience in the face of the highly dynamic operating environment characterised by challenges on various fronts, be they regulatory, technological or economic. Against this backdrop, supported by our activities in the region in particular, Group results should improve further in FY 2019/20, albeit at a reduced pace given the strong performance achieved this year.

**Independent Auditor's Report
To the Shareholders of MCB Group Limited
Report on the Consolidated Summary Financial Statements**

Our Opinion

In our opinion, the accompanying consolidated summary financial statements of MCB Group Limited (the "Company") are consistent, in all material respects, with the audited consolidated financial statements, in accordance with note 1.

The consolidated summary financial statements

The Company's consolidated summary financial statements derived from the audited consolidated financial statements for the year ended 30 June 2019 comprise:

- the consolidated summary statement of financial position as at 30 June 2019;
- the consolidated summary statement of profit or loss for the year then ended;
- the consolidated summary statement of comprehensive income for the year then ended;
- the consolidated summary statement of changes in equity for the year then ended;
- the consolidated summary statement of cash flows for the year then ended; and
- the related notes to the consolidated summary financial statements.

The consolidated summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the consolidated summary financial statements and auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The audited consolidated financial statements and our audit report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 27 September 2019. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the audited financial statements of the current period.

Responsibilities of the directors for the consolidated summary financial statements

The directors are responsible for the preparation of the consolidated summary financial statements in accordance with note 1.

Auditor's responsibility

Our responsibility is to express an opinion on whether the consolidated summary financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised), 'Engagements to Report on Summary Financial Statements'.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's shareholders in accordance with Section 12.14 of the Listing Rules and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers

Gilles Beesoo, licensed by FRC

27 September 2019

Note 1

The accompanying consolidated summary financial statements, without reference to the detailed notes, are derived from the audited consolidated financial statements of MCB Group Limited (the "Company") for the year ended 30 June 2019. These audited financial statements, which have been prepared in accordance with International Financial Reporting Standards, are available at 9-15 Sir William Newton Street, Port Louis, Mauritius and can viewed on our website: www.mcbgroup.com.

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.

Note 2

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 12.14 and Securities Act 2005.

The Board of Directors of MCB Group Limited accepts full responsibility for the accuracy of the information contained in the communiqué.

These financial statements were approved for issue by the Board of Directors on the 27 September 2019.

(S) Pierre Guy NOEL
Director
Chief Executive

(S) Didier HAREL
Director
Chairperson

(S) Alain Rey
Director
Chairperson Audit Committee