

## Consolidated summary statement of financial position as at 30 June 2020

	<b>30-Jun-20</b>	30-Jun-19 (Restated)	01-Jul-18 (Restated)
	<b>Rs'M</b>	Rs'M	Rs'M
<b>ASSETS</b>			
Cash and cash equivalents	71,573.3	49,333.5	35,888.2
Mandatory balances with Central Banks	22,211.0	21,075.1	19,292.4
Derivative financial instruments	1,449.3	695.8	512.8
Loans to and placements with banks	18,115.9	19,672.8	18,858.9
Loans and advances to customers	240,953.4	227,040.4	198,073.2
Investment securities	148,858.0	126,204.0	88,763.8
Investments in associates	10,834.1	9,961.5	9,637.2
Investment properties	4,444.3	3,991.7	2,861.1
Goodwill and other intangible assets	1,678.2	1,462.9	1,238.8
Property, plant and equipment	6,874.9	6,437.8	6,194.8
Deferred tax assets	1,262.5	548.6	591.0
Other assets	3,859.3	4,993.9	3,316.8
<b>Total assets</b>	<b>532,114.2</b>	471,418.0	385,229.0
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
Deposits from banks	4,314.1	3,850.9	3,157.7
Deposits from customers	386,344.5	327,649.5	294,560.9
Derivative financial instruments	1,412.8	935.0	883.4
Other borrowed funds	52,443.9	56,886.3	14,372.5
Debt securities	2,007.0	2,012.7	2,012.7
Subordinated liabilities	2,122.2	5,571.8	5,591.8
Preference shares	3,396.2	-	-
Current tax liabilities	1,444.3	986.6	1,000.2
Deferred tax liabilities	338.6	287.9	236.4
Post employee benefit liability	1,169.8	360.1	203.0
Other liabilities	12,026.8	13,842.6	10,874.2
<b>Total liabilities</b>	<b>467,020.2</b>	412,383.4	332,892.8
<b>Shareholders' equity</b>			
Stated capital	2,718.7	2,608.3	2,547.9
Retained earnings	50,460.2	44,791.6	39,528.0
Other components of equity	9,365.8	9,109.5	7,813.7
<b>Equity attributable to the equity holders of the parent</b>	<b>62,544.7</b>	56,509.4	49,889.6
Non-controlling interests	2,549.3	2,525.2	2,446.6
<b>Total equity</b>	<b>65,094.0</b>	59,034.6	52,336.2
<b>Total equity and liabilities</b>	<b>532,114.2</b>	471,418.0	385,229.0
<b>CONTINGENT LIABILITIES</b>	<b>72,900.9</b>	75,595.3	67,182.6

## Consolidated summary statement of profit or loss for the year ended 30 June 2020

	Year ended 2020 Rs'M	Year ended 2019 Rs'M (Restated)
Interest income	19,994.7	18,841.4
Interest expense	(5,586.1)	(5,884.6)
<b>Net interest income</b>	<b>14,408.6</b>	<b>12,956.8</b>
Fee and commission income	5,339.8	5,480.8
Fee and commission expense	(1,403.1)	(1,348.9)
<b>Net fee and commission income</b>	<b>3,936.7</b>	<b>4,131.9</b>
<b>Other income</b>		
Profit arising from dealing in foreign currencies	1,616.3	1,470.6
Net gain from financial instruments	1,039.4	702.9
	<b>2,655.7</b>	<b>2,173.5</b>
Dividend income	83.4	95.7
Net gain on sale of financial instruments	216.2	33.7
Other operating income	653.7	834.8
	<b>3,609.0</b>	<b>3,137.7</b>
<b>Operating income</b>	<b>21,954.3</b>	<b>20,226.4</b>
<b>Non-interest expense</b>		
Salaries and human resource costs	(4,431.6)	(4,315.0)
Depreciation of property, plant and equipment	(810.1)	(655.9)
Amortisation of intangible assets	(328.6)	(264.7)
Other	(2,221.3)	(2,275.1)
	<b>(7,791.6)</b>	<b>(7,510.7)</b>
<b>Operating profit before impairment</b>	<b>14,162.7</b>	<b>12,715.7</b>
Net impairment of financial assets	(5,075.7)	(1,596.9)
<b>Operating profit</b>	<b>9,087.0</b>	<b>11,118.8</b>
Share of profit of associates	400.6	403.9
<b>Profit before tax</b>	<b>9,487.6</b>	<b>11,522.7</b>
Income tax expense	(1,494.0)	(1,978.2)
<b>Profit for the year</b>	<b>7,993.6</b>	<b>9,544.5</b>
<b>Profit for the year attributable to :</b>		
Ordinary equity holders of the parent	7,912.2	9,434.2
Preference shareholders	53.8	-
Non-controlling interests	27.6	110.3
	<b>7,993.6</b>	<b>9,544.5</b>

## Consolidated summary statement of comprehensive income for the year ended 30 June 2020

<b>Profit for the year</b>	<b>7,993.6</b>	<b>9,544.5</b>
<b>Other comprehensive expense:</b>		
Items that will not be reclassified to profit or loss	(693.8)	(392.5)
Items that may be reclassified subsequently to profit or loss	549.5	122.8
<b>Other comprehensive expense for the year</b>	<b>(144.3)</b>	<b>(269.7)</b>
<b>Total comprehensive income for the year</b>	<b>7,849.3</b>	<b>9,274.8</b>
<b>Total comprehensive income attributable to :</b>		
Ordinary equity holders of the parent	7,740.7	9,163.9
Preference shareholders	53.8	-
Non-controlling interests	54.8	110.9
	<b>7,849.3</b>	<b>9,274.8</b>
<b>Earnings per share:</b>		
Basic (Rs)	33.10	39.51
Diluted (Rs)	33.10	39.50
Basic weighted average number of shares (thousands)	239,072	238,791
Diluted weighted average number of shares (thousands)	239,072	238,866

## Consolidated summary statement of changes in equity for the year ended 30 June 2020

	Attributable to 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 2018, before restatement</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>
Deferred tax adjustment	-	303.6	-	-	-	-	303.6	1.6	305.2
<b>At 01 July 2018, as restated</b>	<b>2,547.9</b>	<b>39,528.0</b>	<b>2,227.4</b>	<b>(395.0)</b>	<b>5,980.8</b>	<b>0.5</b>	<b>49,889.6</b>	<b>2,446.6</b>	<b>52,336.2</b>
Profit for the year	-	9,434.2	-	-	-	-	9,434.2	110.3	9,544.5
Other comprehensive (expense)/income for the year	-	(400.7)	71.9	58.5	-	-	(270.3)	0.6	(269.7)
Total comprehensive income for the year	-	9,033.5	71.9	58.5	-	-	9,163.9	110.9	9,274.8
Dividends to ordinary shareholders	-	(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)
<b>At 30 June 2019</b>	<b>2,608.3</b>	<b>44,791.6</b>	<b>2,262.0</b>	<b>(336.5)</b>	<b>6,934.8</b>	<b>249.2</b>	<b>56,509.4</b>	<b>2,525.2</b>	<b>59,034.6</b>
Profit for the year	-	7,966.0	-	-	-	-	7,966.0	27.6	7,993.6
Other comprehensive (expense)/income for the year	-	(673.6)	(27.5)	529.6	-	-	(171.5)	27.2	(144.3)
Total comprehensive income/(expense) for the year	-	7,292.4	(27.5)	529.6	-	-	7,794.5	54.8	7,849.3
Dividends to ordinary shareholders	-	(1,816.1)	-	-	-	-	(1,816.1)	(31.4)	(1,847.5)
Dividends to preference shareholders	-	(53.8)	-	-	-	-	(53.8)	-	(53.8)
Impact of change in effective holding in subsidiary	-	(0.2)	-	-	-	-	(0.2)	0.2	-
Issue of shares following the exercise of Group Employee Share Options Scheme	110.4	-	-	-	-	-	110.4	-	110.4
Transactions with owners	110.4	(1,870.1)	-	-	-	-	(1,759.7)	(31.2)	(1,790.9)
Transfers/movements in reserves	-	246.3	(9.0)	-	12.4	(249.2)	0.5	0.5	1.0
<b>At 30 June 2020</b>	<b>2,718.7</b>	<b>50,460.2</b>	<b>2,225.5</b>	<b>193.1</b>	<b>6,947.2</b>	<b>-</b>	<b>62,544.7</b>	<b>2,549.3</b>	<b>65,094.0</b>

## Consolidated summary statement of cash flows for the year ended 30 June 2020

	<b>Year ended 2020 Rs'M</b>	Year ended 2019 Rs'M (Restated)
<b>Operating activities</b>		
<b>Net cash flows from trading activities</b>	<b>13,954.2</b>	18,125.1
<b>Net cash flows from other operating activities</b>	<b>14,742.0</b>	182.7
Dividends received from associates	79.6	249.4
Dividends paid to ordinary shareholders	<b>(3,106.2)</b>	(2,386.9)
Dividends paid to preference shareholders	<b>(53.8)</b>	-
Dividends paid to non-controlling interests in subsidiaries	<b>(31.4)</b>	(48.4)
Income tax paid	<b>(1,606.5)</b>	(1,803.8)
<b>Net cash flows from operating activities</b>	<b>23,977.9</b>	14,318.1
<b>Net cash flows from investing activities</b>	<b>(1,570.6)</b>	(2,187.0)
<b>Net cash flows from financing activities</b>	<b>(142.8)</b>	1,190.9
<b>Increase in cash and cash equivalents</b>	<b>22,264.5</b>	13,322.0
Net cash and cash equivalents as at 01 July	<b>49,328.9</b>	35,896.1
Effect of foreign exchange rate changes	<b>(452.0)</b>	110.8
<b>Net cash and cash equivalents as at 30 June</b>	<b>71,141.4</b>	49,328.9

## **COMMENTS ON RESULTS**

The material deterioration in the operating context since early 2020 has led to a reversal of the strong growth in results recorded by the Group during the first semester of FY 2019/20. Profits attributable to ordinary shareholders dropped by 16.1% to reach Rs 7,912 million for the year ended 30 June 2020, essentially due to a substantial increase in Expected Credit Losses (ECL) resulting from the high level of uncertainty engendered by the COVID-19 crisis. Indeed, additional ECL on the Group's performing asset portfolio amounted to Rs 3,364 million to reflect an inherent increase in credit risks on a forward-looking basis, thus contributing to impairment charges of Rs 5,076 million for the year under review.

Operating results, however, improved on the back of our diversification strategy as demonstrated by a growth of 8.5% in operating income to Rs 21,954 million. Notwithstanding a decline in margins on our international activities, net interest income rose by 11.2%, supported by an expansion in loans and advances and higher investment in Government securities amidst continued high liquidity locally. On the other hand, with business activities being impacted by the difficult market conditions and confinement measures, net fee and commission income declined by 4.7%, mainly due to a reduced contribution from MCB Capital Markets Ltd and lower fees recorded within the banking cluster, particularly during the last quarter of FY 2019/20. 'Other income' increased by 15.0% in spite of lower contribution from MCB Real Assets Ltd, mainly driven by a growth of 22.2% in profit on exchange and net gain from financial instruments carried at fair value. The resilient performance on the revenue side has led to a further drop in our cost to income ratio which reached 35.5% after accounting for a growth of 3.7% in operating expenses.

The share of profits of associates remained close to the prior year's level, being down only marginally, with improved results posted by BFCOI being offset by a subdued performance recorded at the level of Promotion and Development Ltd.

We have preserved our financial soundness in these turbulent times. The Group has maintained strong funding and liquidity positions alongside further strengthening its capital buffer, with the overall capital adequacy and Tier 1 ratios improving to 18.6% and 17.2% respectively.

## **OUTLOOK**

The operating context remains particularly challenging, with low visibility on the evolution of the situation going forward. Difficult market and economic conditions are expected to continue taking their toll on customer segments across markets, albeit to varying degrees. Whilst some business segments, notably on the international front, are anticipated to be resilient, our operating results are likely to be down in view of restrained business activities amidst the economic slump and resulting dampened investor confidence as well as squeezed margins. Pressures on asset quality are likely to intensify with the degree of the impact remaining highly dependent on the duration and severity of the COVID-19 pandemic and the effectiveness of the support measures from the authorities, including financial assistance from the Mauritius Investment Corporation to economic operators. Against this backdrop, the Group will maintain its market vigilance and monitor the situation closely with regular assessment of potential scenarios. We will seek to maintain adequate buffers in terms of capital adequacy as well as funding and liquidity ratios, thus preserving our financial soundness. Concurrently, while reviewing its short-term priorities, the Group will continue to invest for the future and create the necessary conditions to bounce back when economic conditions start to heal.

In the current exceptional circumstances and in line with directives issued by banking regulators across presence countries, the Group has not declared any dividend for the period under review.

**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") and its subsidiaries (together the "Group") are consistent, in all material respects, with the audited consolidated financial statements of the Group, in accordance with note 1.

**The consolidated summary financial statements**

The consolidated summary financial statements derived from the audited consolidated financial statements for the year ended 30 June 2020 comprise:

- the consolidated summary statement of financial position as at 30 June 2020;
- 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 28 September 2020. That report also includes the communication of other 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, as a body, 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

28 September 2020

**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 2020. These audited financial statements, which have been prepared in accordance with International Financial Reporting Standards, and in compliance with the Mauritian Companies Act 2001, are available at 9-15 Sir William Newton Street, Port Louis, Mauritius and can be viewed on our website: [www.mcbgroup.com](http://www.mcbgroup.com).

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

**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 28 September 2020.

**(S) Pierre Guy NOEL**

Director

*Chief Executive*

**(S) Didier HAREL**

Director

*Chairperson*

**(S) Alain Rey**

Director

*Chairperson Audit Committee*