GROUP MANAGEMENT STATEMENT

MCB Group results for the first semester to 31 December 2017

PORT LOUIS, 14 February 2018: MCB Group Limited today announced its unaudited results for the first semester of FY 2017/18.

HIGHLIGHTS

- Rise of 6.9% in net interest income
- Growth of 4.4% in net fee and commission income
- 'Other income' up by 10.8%
- Increase of 10.2% in operating expenses
- Impairment charges higher by Rs 103 million, with gross NPL ratio declining to 4.8%
- Deposits up by 9.8% and net customer loans by 8.6%

PROFIT ATTRIBUTABLE TO SHAREHOLDERS	OPERATING INCOME	ASSETS
Rs 3,643.7 m	**Rs 8,243.8 m**	**Rs 369.5 bn**
▲ **8.3%**	▲ **7.0%**	▲ **10.0%**

Commenting on the results, Pierre Guy Noël (Chief Executive - MCB Group Ltd) said:

"Group profits for the half year to 31 December 2017 rose by 8.3% to reach Rs 3,644 million, with foreign-sourced earnings and non-banking operations contributing 58% thereto.

Operating income grew by 7.0% to reach Rs 8,244 million. Net interest income rose by 6.9%, reflecting increased revenues linked to foreign activities of MCB Ltd and higher investment in Government securities in a context of persisting excess liquidity situation in Mauritius. Net fee and commission income rose by 4.4%, supported notably by higher revenues from financing activities within the banking cluster and from our non-banking operations. In spite of a drop in profit on exchange and net gain on financial instruments carried at fair value, 'other income' rose by 10.8% boosted by net gains arising from disposal of equity investments.

Operating expenses grew by 10.2% in support of business expansion, leading to a rise in the cost to income ratio to 42.5%.

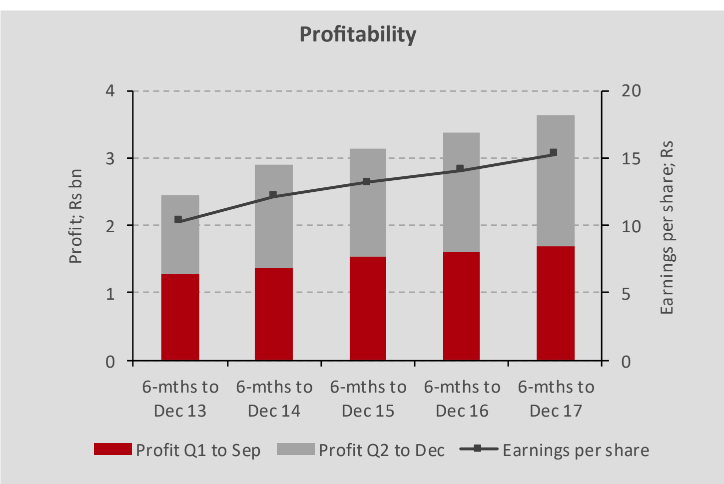
Net impairment charges stood at Rs 629 million, representing an annualised rate of 64 basis points of our gross loans and advances while the gross non-performing loan ratio declined below the 5% mark to stand at 4.8%.

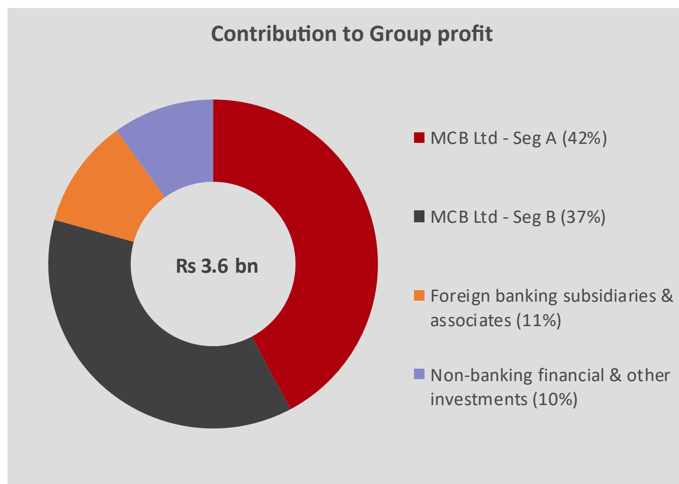
Although an improved performance was recorded at BFCOI level, our share of profit of associates dropped by Rs 14 million following dampened performances at the level of PAD Group and SG Moçambique.

Shareholders' funds increased to Rs 48.6 billion, with our capital adequacy ratio remaining comfortable at 18.3% as at December 2017, of which 16.0% in the form of Tier 1.

Looking ahead, the upturn within the global and regional environments is encouraging while domestic investment is anticipated to improve, in particular, fuelled by the execution of public infrastructure projects. Nonetheless, our operations continue to be impacted by persisting excess liquidity and challenging conditions in the money and foreign exchange markets. On current trends, full year results are expected to improve compared to last year with notable support from our international activities."

Financial performance





Profit or Loss Statement

Net interest income

Net interest income rose by 6.9% to reach Rs 5,084 million reflecting a strong growth in the foreign loan portfolio of MCB Ltd and increased investment in Government securities amidst the persisting excess liquidity situation in Mauritius exerting pressures on margins locally.

Non-interest income

Net fee and commission income went up by 4.4% to reach Rs 1,740 million. Growth within the banking cluster was upheld by financing activities in the international segment whilst revenues from non-banking operations maintained its upward trend. Besides, although a drop of 9.4% was registered in profit on exchange and net gain on financial instruments carried at fair value, 'other income' registered a growth of 10.8% boosted by net gains arising from disposal of equity investments.

Share of profit of associates

Notwithstanding higher profits from BFCOI, the share of profit of associates fell by 4.9% to Rs 262 million on account of dampened performances at the level of PAD Group and SG Moçambique.

Operating expenses

In line with continued investment in capacity building initiatives, operating expenses went up by 10.2% to reach Rs 3,506 million, leading to a rise in the cost to income ratio to 42.5% for the semester ended December 2017.

Impairment

Impairment charges stood at Rs 629 million, representing around 64 basis points of gross loans and advances on an annualised basis as at December 2017. Asset quality improved with gross NPL ratio declining further to 4.8% compared to 6.1% in June 2017 while in net terms the ratio declined to 3.2%.

Tax

Tax charges stood at Rs 696 million, with a drop in the effective rate observed following increased income from lending to foreign based entities.

Profit

Group profits went up by 8.3% to reach Rs 3,644 million for the semester ended December 2017. This performance was mainly underpinned by the international activities of MCB Ltd and the non-banking segment. Indeed, the contribution from foreign sourced income and non-banking activities accounted for some 58% of Group results.

Financial Position Statement

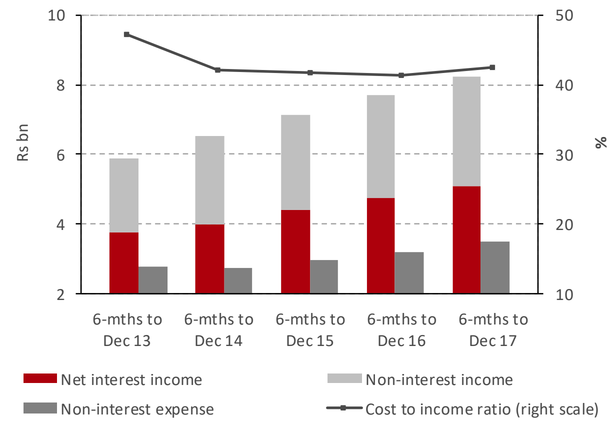
Loans and funding

Net customer loans of the Group recorded a rise of 8.6% to reach Rs 180.9 billion, mainly due to an appreciable rise in foreign exposures of MCB Ltd and continued expansion in mortgage loans while a pick-up was recorded in domestic corporate loans lately. Total deposits went up by 9.8% to reach Rs 292.9 billion as at December 2017, explained largely by the growth in rupee denominated deposits. As a result, total loans represented some 65% of deposits and around 62% of the total funding base, when including borrowings and subordinated debt.

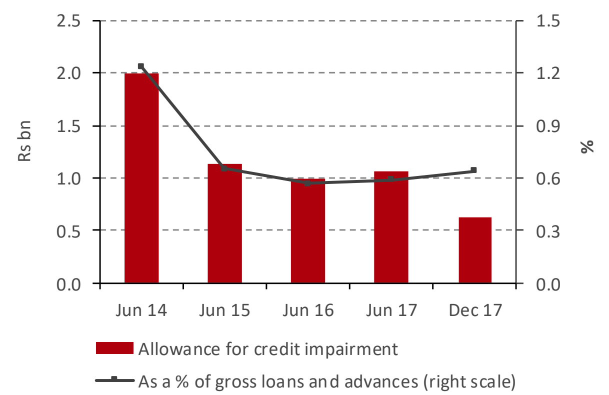
Capital position

Shareholders' funds of the Group increased by 13.3% to reach Rs 48.6 billion. Overall, comfortable capitalisation levels were maintained, as gauged by the overall capital adequacy ratio and Tier 1 ratio standing at 18.3% and 16.0% respectively.

Income and expenditure evolution

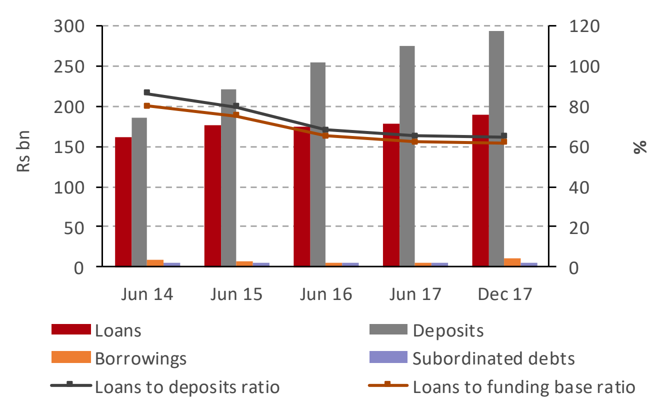


Allowance for credit impairment and credit quality

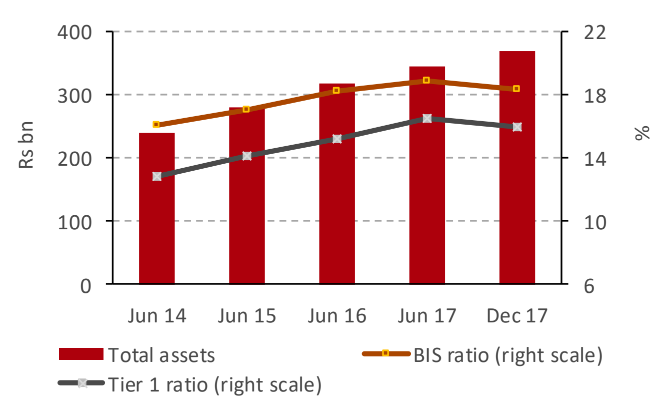


Note: Impairment charges for Dec 17 relate to six months while the ratio has been annualised.

Loans and funding base



Total assets and capital adequacy



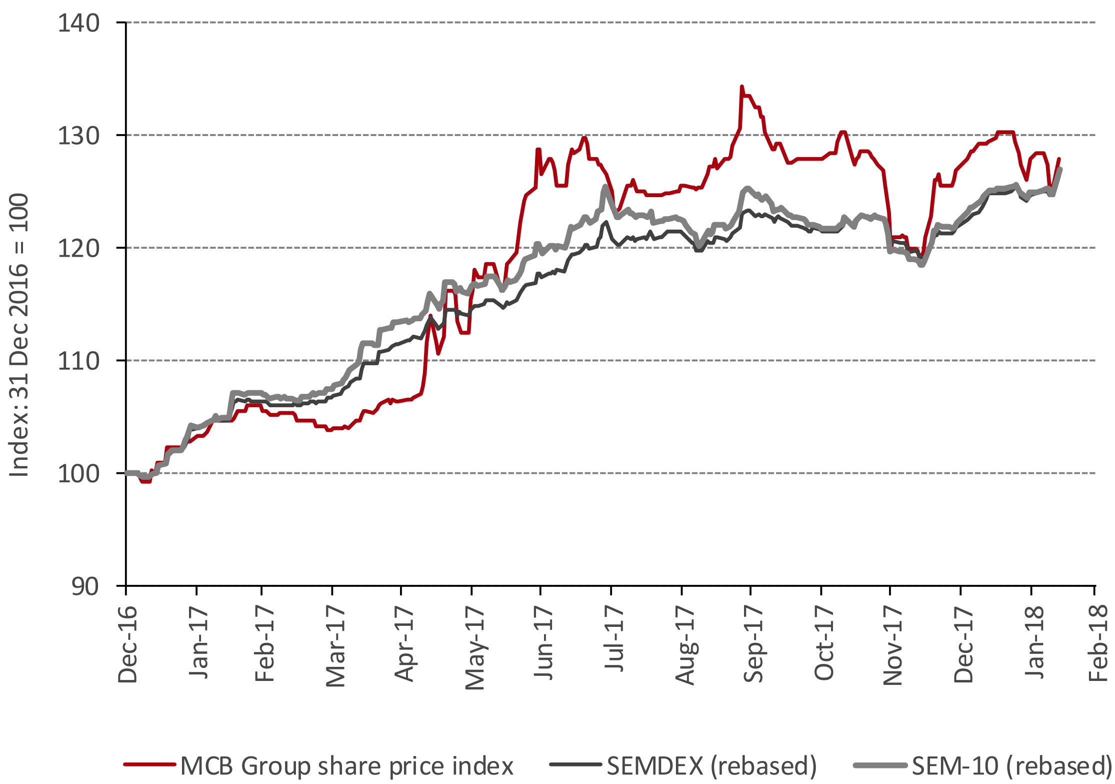
Note: Capital adequacy ratios are based on Basel III

Financial soundness indicators (%)

	Dec-16	Jun-17	Dec-17
Profitability			
Return on average total assets[1]	2.1	2.0	2.0
Return on average equity[1]	16.1	15.5	15.4
Return on average Tier 1 capital[1]	17.0	16.2	16.2
Efficiency			
Cost-to-income	41.3	41.2	42.5
Asset quality			
Gross NPL/Gross loans and advances	5.9	6.1	4.8
Net NPL/Net loans and advances	4.0	4.6	3.2
Liquidity			
Liquid assets[2]/Total assets	41.7	41.6	40.9
Loans to deposits	66.3	65.0	64.9
Loans to deposits and borrowings[3]	62.7	62.4	61.6
Capital adequacy			
Shareholders equity to assets	12.8	13.3	13.2
BIS risk adjusted ratio[4]	18.3	18.9	18.3
o/w Tier 1[4]	15.6	16.5	16.0

[1] *Annualised rate for December figures*
[2] *In the computation, liquid assets comprise cash, balances with BoM, placements, T-Bills and Government securities*
[3] *Borrowings include subordinated debts*
[4] *Based on Basel III*

MCB Group share price performance



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