

Statement of financial position as at 30th September 2016

	30-Sep-16	30-Sep-15	30-Jun-16
	Rs'M	Rs'M	Rs'M
ASSETS			
Cash and cash equivalents	33,215.2	28,639.1	33,305.6
Mandatory balances with Central Banks	16,100.4	14,081.0	15,498.8
Derivative financial instruments	368.4	165.8	315.4
Loans to and placements with banks	28,036.9	9,731.0	22,419.1
Loans and advances to customers	165,193.0	161,741.8	163,827.3
Investment securities	63,934.2	52,828.9	62,734.8
Investments in associates	9,286.0	7,316.3	9,151.9
Goodwill and other intangible assets	897.3	799.9	897.4
Property, plant and equipment	5,892.6	5,983.7	5,892.8
Deferred tax assets	324.4	310.8	311.3
Other assets	3,285.7	2,769.6	3,350.4
Total assets	326,534.1	284,367.9	317,704.8
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits from banks	2,752.3	1,933.8	1,837.7
Deposits from customers	259,589.8	223,534.6	253,423.9
Derivative financial instruments	303.7	219.6	307.2
Other borrowed funds	5,370.4	6,716.0	5,193.0
Subordinated liabilities	5,595.3	5,604.0	5,619.9
Current tax liabilities	1,075.5	795.7	812.1
Deferred tax liability	65.0	57.5	65.4
Other liabilities	8,099.2	7,366.9	7,437.0
Total liabilities	282,851.2	246,228.1	274,696.2
Shareholders' Equity			
Stated capital	2,427.6	2,405.2	2,426.8
Retained earnings	31,352.7	27,804.6	30,886.1
Other components of equity	7,606.8	6,227.0	7,417.0
Equity attributable to the ordinary equity holders of the parent	41,387.1	36,436.8	40,729.9
Non-controlling interests	2,295.8	1,703.0	2,278.7
Total equity	43,682.9	38,139.8	43,008.6
Total equity and liabilities	326,534.1	284,367.9	317,704.8
CONTINGENT LIABILITIES			
Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers	32,553.1	53,727.8	32,130.8
Commitments	2,709.2	3,627.1	2,913.5
Tax assessments	842.9	802.8	836.9
Other	1,313.8	1,265.9	1,431.7
	37,419.0	59,423.6	37,312.9

Statement of profit or loss for the period ended 30th September 2016

	3 mths to 30-Sep-16 Rs'M	3 mths to 30-Sep-15 Rs'M	Year to 30-Jun-16 Rs'M
Interest income	3,462.8	3,423.8	13,643.6
Interest expense	(1,130.2)	(1,197.9)	(4,753.3)
Net interest income	2,332.6	2,225.9	8,890.3
Fee and commission income	993.5	1,009.7	4,036.5
Fee and commission expense	(207.0)	(196.5)	(845.2)
Net fee and commission income	786.5	813.2	3,191.3
Other income	533.5	450.9	2,336.2
Operating income	3,652.6	3,490.0	14,417.8
Non-interest expense	(1,567.1)	(1,508.0)	(5,789.0)
Operating profit before impairment	2,085.5	1,982.0	8,628.8
Net impairment of financial assets	(205.5)	(188.7)	(1,021.9)
Operating profit	1,880.0	1,793.3	7,606.9
Share of profit of associates	168.2	93.9	735.0
Profit before tax	2,048.2	1,887.2	8,341.9
Income tax expense	(424.2)	(332.0)	(1,537.0)
Profit for the period	1,624.0	1,555.2	6,804.9
Profit for the period attributable to:			
Ordinary equity holders of the parent	1,596.9	1,545.6	6,625.5
Non-controlling interests	27.1	9.6	179.4
	1,624.0	1,555.2	6,804.9

Statement of comprehensive income for the period ended 30th September 2016

Profit for the period	1,624.0	1,555.2	6,804.9
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension plan, net of deferred tax	-	-	(173.7)
Share of other comprehensive income of associates	-	-	664.0
	-	-	490.3
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	(35.9)	(10.4)	(129.0)
Reclassification adjustments on disposal of available-for-sale investments	(5.3)	(2.1)	(268.5)
Net fair value gain/(loss) on available-for-sale investments	213.7	(9.5)	77.5
Share of other comprehensive income/(expense) of associates	42.9	(40.6)	382.1
	215.4	(62.6)	62.1
	215.4	(62.6)	552.4
Other comprehensive income/(expense) for the period	1,839.4	1,492.6	7,357.3
Total comprehensive income for the period			
Total comprehensive income attributable to:			
Ordinary equity holders of the parent	1,788.0	1,507.4	6,752.1
Non-controlling interests	51.4	(14.8)	605.2
	1,839.4	1,492.6	7,357.3
Earnings per share:			
Basic & Diluted (Rs)	6.70	6.49	27.82
Basic weighted average number of shares (thousands)	238,189	238,065	238,125
Diluted weighted average number of shares (thousands)	238,249	238,096	238,167

Statement of changes in equity for the period ended 30th September 2016

	Attributable to ordinary equity holders of the parent								
	Stated Capital	Retained Earnings	Capital Reserve	Translation Reserve	Statutory Reserve	General Banking Reserve	Total	Non- controlling Interests	Total Equity
	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M
At 1st July 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	-	1,545.6	-	-	-	-	1,545.6	9.6	1,555.2
Other comprehensive expense for the period	-	-	(28.6)	(9.6)	-	-	(38.2)	(24.4)	(62.6)
Total comprehensive income/(expense) for the period	-	1,545.6	(28.6)	(9.6)	-	-	1,507.4	(14.8)	1,492.6
Dividends	-	(1,011.9)	-	-	-	-	(1,011.9)	(31.1)	(1,043.0)
Issue of shares following the exercise of Group Employee Share Options Scheme	8.0	-	-	-	-	-	8.0	-	8.0
Transactions with owners in their capacity as owners	8.0	(1,011.9)	-	-	-	-	(1,003.9)	(31.1)	(1,035.0)
Share of transfer by associate	-	0.5	(0.5)	-	-	-	-	-	-
Share of other movements in reserves of associate	-	2.6	(2.6)	-	-	-	-	-	-
Transfer to general banking reserve	-	(233.8)	-	-	-	233.8	-	-	-
At 30th September 2015	2,405.2	27,804.6	2,273.4	(232.8)	3,171.8	1,014.6	36,436.8	1,703.0	38,139.8
At 1st July 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 year	-	6,625.5	-	-	-	-	6,625.5	179.4	6,804.9
Other comprehensive (expense)/income for the year	-	(175.2)	428.4	(126.6)	-	-	126.6	425.8	552.4
Total comprehensive income/(expense) for the year	-	6,450.3	428.4	(126.6)	-	-	6,752.1	605.2	7,357.3
Dividends	-	(1,964.7)	-	-	-	-	(1,964.7)	(35.1)	(1,999.8)
Effect of increase in shareholding in subsidiaries	-	(20.4)	-	-	-	-	(20.4)	(40.3)	(60.7)
Issue of shares following the exercise of Group Employee Share Options Scheme	29.6	-	-	-	-	-	29.6	-	29.6
Transactions with owners in their capacity as owners	29.6	(1,985.1)	-	-	-	-	(1,955.5)	(75.4)	(2,030.9)
Share of transfer by associate	-	(35.1)	35.1	-	-	-	-	-	-
Share of other movements in reserves of associate	-	3.1	(3.1)	-	-	-	-	-	-
Transfer to general banking reserve	-	(200.2)	-	-	-	200.2	-	-	-
Transfer to statutory reserve	-	(848.5)	-	-	848.5	-	-	-	-
At 30th June 2016	2,426.8	30,886.1	2,765.5	(349.8)	4,020.3	981.0	40,729.9	2,278.7	43,008.6
Profit for the period	-	1,596.9	-	-	-	-	1,596.9	27.1	1,624.0
Other comprehensive income/(expense) for the period	-	-	231.6	(40.5)	-	-	191.1	24.3	215.4
Total comprehensive income/(expense) for the period	-	1,596.9	231.6	(40.5)	-	-	1,788.0	51.4	1,839.4
Dividends	-	(1,131.6)	-	-	-	-	(1,131.6)	(34.3)	(1,165.9)
Issue of shares following the exercise of Group Employee Share Options Scheme	0.8	-	-	-	-	-	0.8	-	0.8
Transactions with owners in their capacity as owners	0.8	(1,131.6)	-	-	-	-	(1,130.8)	(34.3)	(1,165.1)
Share of movements in reserves of associate	-	3.4	(3.4)	-	-	-	-	-	-
Transfer to general banking reserve	-	(2.1)	-	-	-	2.1	-	-	-
At 30th September 2016	2,427.6	31,352.7	2,993.7	(390.3)	4,020.3	983.1	41,387.1	2,295.8	43,682.9

Statement of cash flows for the period ended 30th September 2016

	3 mths to 30-Sep-16 Rs'M	3 mths to 30-Sep-15 Rs'M	Year to 30-Jun-16 Rs'M
Operating activities			
Net cash flows from trading activities	2,373.2	3,307.9	6,717.7
Net cash flows from other operating activities	(1,189.7)	3,354.0	7,973.3
Dividends received from associates	45.1	36.2	256.0
Dividends paid	(952.7)	(892.7)	(1,904.6)
Dividends paid to non-controlling interests in subsidiaries	(34.3)	(31.1)	(35.1)
Income tax paid	(173.1)	(94.5)	(1,259.4)
Net cash flows from operating activities	68.5	5,679.8	11,747.9
Investing activities	(181.8)	(299.2)	(1,910.9)
Net cash flows before financing activities	(113.3)	5,380.6	9,837.0
Financing activities			
Shares issued/employee share options exercised	0.8	8.0	29.6
Shares bought back and cancelled by subsidiary	-	-	(21.9)
Refund of subordinated loan by associate	-	-	180.3
Acquisition of non-controlling interest in subsidiary	-	-	(50.6)
Net cash flows from financing activities	0.8	8.0	137.4
(Decrease)/Increase in cash and cash equivalents	(112.5)	5,388.6	9,974.4
Net cash and cash equivalents brought forward	33,215.1	23,287.5	23,287.5
Effect of foreign exchange rate changes	(46.3)	(56.4)	(46.8)
Net cash and cash equivalents carried forward	33,056.3	28,619.7	33,215.1

Comment on results

In a challenging context across markets, the Group achieved a growth of 3.3% in net profits which reached Rs 1,597 million for the quarter ended September 2016.

Operating income grew by 4.7% to Rs 3,653 million despite net fee and commission income declining by 3.3% due to the impact of low oil prices on regional trade financing revenues and lower income from our capital market activities. Net interest income rose by 4.8% on the back of increased volumes of investment in Government securities while profit on exchange grew by a healthy 19.6%.

Growth in operating expenses was contained to 3.9%, leading to a slight reduction in the quarterly cost to income ratio to 42.9%. Net impairment charges of Rs 206 million for the quarter were up by 8.9% compared to the corresponding quarter of last year but on an annualised basis represented 48 basis points of our gross loan portfolio compared to 57 basis points as at 30 June 2016.

Our share of profit of associates rose by Rs 74 million following improved performance at the level of both BFCOI and PAD Group.

Shareholders' funds of the Group increased to Rs 41.4 billion, with our capital adequacy ratio remaining comfortable at 18.2%, of which 15.4% in the form of Tier 1.

Outlook

On current trends, results for the semester to December 2016 are projected to improve on last year in spite of the difficult market conditions characterised by persisting high liquidity and restrained demand for credit amidst the still subdued investment level. While a relative improvement in the operating environment can be expected during the course of 2017, the pace thereof will be dependent on developments in the global economy as well as domestic public and private investment undertakings.

By order of the Board

14th November 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 2016 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

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

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.