

**Statement of financial position**

	<b>GROUP</b>	<b>PROFORMA</b>	<b>GROUP</b>
	<b>30-Sep-14</b>	<b>30-Sep-13</b>	<b>30-Jun-14</b>
	<b>Rs'M</b>	<b>Rs'M</b>	<b>Rs'M</b>
<b>ASSETS</b>			
Cash and cash equivalents	16,712.7	13,911.6	18,802.0
Mandatory balances with Central Banks	12,522.2	9,847.7	12,356.6
Derivative financial instruments	165.7	316.9	246.8
Loans to and placements with banks	6,202.6	6,114.9	6,325.4
Loans and advances to customers	155,233.0	151,967.0	150,101.2
Investment securities	38,545.9	28,200.0	35,435.3
Investments in associates	6,821.1	6,610.6	6,907.9
Goodwill and other intangible assets	878.3	927.4	911.2
Property, plant and equipment	5,991.6	6,212.7	6,045.3
Deferred tax assets	223.8	128.7	225.7
Other assets	3,658.9	3,315.1	3,529.0
<b>Total assets</b>	<b>246,955.8</b>	<b>227,552.6</b>	<b>240,886.4</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Deposits from banks	3,540.6	1,778.4	1,659.6
Deposits from customers	186,485.2	164,519.6	184,427.9
Derivative financial instruments	1,082.6	528.9	653.6
Other borrowed funds	8,927.0	17,997.5	8,879.2
Subordinated liabilities	5,442.5	4,500.0	5,409.1
Current tax liabilities	620.7	462.0	399.0
Deferred tax liabilities	61.9	42.0	59.1
Other liabilities	6,391.1	6,086.2	6,694.6
<b>Total liabilities</b>	<b>212,551.6</b>	<b>195,914.6</b>	<b>208,182.1</b>
<b>Shareholders' Equity</b>			
Stated capital	2,386.8	2,617.6	2,383.3
Retained earnings	25,446.0	22,784.0	24,234.9
Other components of equity	4,829.4	4,932.9	4,349.5
	<b>32,662.2</b>	<b>30,334.5</b>	<b>30,967.7</b>
Less treasury shares	-	(359.8)	-
<b>Equity attributable to the ordinary equity holders of the parent</b>	<b>32,662.2</b>	<b>29,974.7</b>	<b>30,967.7</b>
Non-controlling interests	1,742.0	1,663.3	1,736.6
<b>Total equity</b>	<b>34,404.2</b>	<b>31,638.0</b>	<b>32,704.3</b>
<b>Total equity and liabilities</b>	<b>246,955.8</b>	<b>227,552.6</b>	<b>240,886.4</b>
<b>CONTINGENT LIABILITIES</b>			
Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers	61,848.8	49,962.1	64,082.9
Commitments	4,144.5	6,646.7	4,660.7
Tax assessments	274.3	122.6	272.1
Other	1,570.7	1,325.2	1,534.5
	<b>67,838.3</b>	<b>58,056.6</b>	<b>70,550.2</b>

**Statement of profit or loss**

	<b>GROUP</b>	<b>PROFORMA GROUP</b>	
	<b>3 mths to 30-Sep-14 Rs'M</b>	<b>3 mths to 30-Sep-13 Rs'M</b>	<b>Year to 30-Jun-14 Rs'M</b>
Interest income	3,094.0	3,071.3	11,953.7
Interest expense	(1,153.3)	(1,153.0)	(4,697.4)
<b>Net interest income</b>	<b>1,940.7</b>	<b>1,918.3</b>	<b>7,256.3</b>
Fee and commission income	986.5	863.0	3,626.6
Fee and commission expense	(185.0)	(171.8)	(738.7)
<b>Net fee and commission income</b>	<b>801.5</b>	<b>691.2</b>	<b>2,887.9</b>
Other income	428.1	346.9	2,130.7
<b>Operating income</b>	<b>3,170.3</b>	<b>2,956.4</b>	<b>12,274.9</b>
Non-interest expense	(1,382.4)	(1,335.2)	(5,353.3)
<b>Operating profit before impairment</b>	<b>1,787.9</b>	<b>1,621.2</b>	<b>6,921.6</b>
Allowance for credit impairment	(205.5)	(182.6)	(1,989.0)
Impairment of available-for-sale investments	-	-	(50.1)
<b>Operating profit</b>	<b>1,582.4</b>	<b>1,438.6</b>	<b>4,882.5</b>
Share of profit of associates	86.5	123.6	540.2
<b>Profit before tax</b>	<b>1,668.9</b>	<b>1,562.2</b>	<b>5,422.7</b>
Income tax expense	(286.3)	(262.6)	(969.6)
<b>Profit for the period</b>	<b>1,382.6</b>	<b>1,299.6</b>	<b>4,453.1</b>
<b>Profit for the period attributable to :-</b>			
Ordinary equity holders of the parent	1,372.5	1,283.0	4,365.0
Non-controlling interests	10.1	16.6	88.1
	<b>1,382.6</b>	<b>1,299.6</b>	<b>4,453.1</b>
<b><u>Statement of profit or loss and other comprehensive income</u></b>			
<b>Profit for the period</b>	<b>1,382.6</b>	<b>1,299.6</b>	<b>4,453.1</b>
<b>Other comprehensive income/(expense):</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Remeasurement of defined benefit pension plan net of deferred tax	-	-	(232.6)
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations	(134.8)	(11.1)	(116.9)
Reclassification adjustments	(10.1)	(1.4)	(467.5)
Net fair value gain on available-for-sale investments	480.9	157.5	369.3
Share of other comprehensive (expense)/income of associates	(0.1)	77.1	67.4
	<b>335.9</b>	<b>222.1</b>	<b>(147.7)</b>
<b>Other comprehensive income/(expense) for the period</b>	<b>335.9</b>	<b>222.1</b>	<b>(380.3)</b>
<b>Total comprehensive income for the period</b>	<b>1,718.5</b>	<b>1,521.7</b>	<b>4,072.8</b>
<b>Total comprehensive income attributable to :-</b>			
Ordinary equity holders of the parent	1,691.0	1,467.0	3,939.4
Non-controlling interests	27.5	54.7	133.4
	<b>1,718.5</b>	<b>1,521.7</b>	<b>4,072.8</b>
<b>Earnings per share:</b>			
Basic (Rs)	5.77	5.39	18.34
Diluted (Rs)	5.77	5.39	18.34
Basic weighted average number of shares (thousands)	237,983	237,817	237,977
Diluted weighted average number of shares (thousands)	238,043	237,918	238,046

**Statement of changes in equity**

	Attributable to ordinary equity holders of the parent										
	Share Capital	Share Premium	Treasury Shares	Retained Earnings	Capital Reserve	Translation Reserve	Statutory Reserve	General Banking Reserve	Total	Non-controlling Interests	Total Equity
PROFORMA GROUP	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M
<b>At 1st July 2013</b>											
As previously stated	2,503.8	112.0	(360.1)	22,412.2	1,616.0	(100.0)	2,643.6	604.7	29,432.2	1,622.1	31,054.3
Effect of adopting IAS 19 (revised) net of deferred tax	-	-	-	(926.6)	-	-	-	-	(926.6)	(0.3)	(926.9)
As restated	2,503.8	112.0	(360.1)	21,485.6	1,616.0	(100.0)	2,643.6	604.7	28,505.6	1,621.8	30,127.4
Profit for the period	-	-	-	1,283.0	-	-	-	-	1,283.0	16.6	1,299.6
Other comprehensive (expense)/income for the period	-	-	-	(1.2)	193.2	(8.0)	-	-	184.0	38.1	222.1
Total comprehensive income/(expense) for the period	-	-	-	1,281.8	193.2	(8.0)	-	-	1,467.0	54.7	1,521.7
Dividends	-	-	-	-	-	-	-	-	-	(13.2)	(13.2)
Share of transfer on disposal of property, plant & equipment by associate	-	-	-	0.6	(0.6)	-	-	-	-	-	-
Share of other movements in reserves of associate	-	-	-	15.8	(15.8)	-	-	-	-	-	-
Transfer from general banking reserve	-	-	-	0.1	-	-	-	(0.1)	-	-	-
Transfer from statutory reserve	-	-	-	0.1	-	-	(0.1)	-	-	-	-
Employee share options exercised	-	1.8	0.3	-	-	-	-	-	2.1	-	2.1
<b>At 30th September 2013</b>	<b>2,503.8</b>	<b>113.8</b>	<b>(359.8)</b>	<b>22,784.0</b>	<b>1,792.8</b>	<b>(108.0)</b>	<b>2,643.5</b>	<b>604.6</b>	<b>29,974.7</b>	<b>1,663.3</b>	<b>31,638.0</b>
<b>At 1st July 2013</b>											
As previously stated	2,503.8	112.0	(360.1)	22,412.2	1,616.0	(100.0)	2,643.6	604.7	29,432.2	1,622.1	31,054.3
Effect of adopting IAS 19 (revised) net of deferred tax	-	-	-	(926.6)	-	-	-	-	(926.6)	(0.3)	(926.9)
As restated	2,503.8	112.0	(360.1)	21,485.6	1,616.0	(100.0)	2,643.6	604.7	28,505.6	1,621.8	30,127.4
Profit for the year	-	-	-	4,365.0	-	-	-	-	4,365.0	88.1	4,453.1
Other comprehensive (expense)/income for the year	-	-	-	(232.6)	(87.5)	(105.5)	-	-	(425.6)	45.3	(380.3)
Total comprehensive income/(expense) for the year	-	-	-	4,132.4	(87.5)	(105.5)	-	-	3,939.4	133.4	4,072.8
Increase in effective shareholding of associate	-	-	-	0.2	-	-	-	-	0.2	-	0.2
Dividends	-	-	-	(1,510.7)	-	-	-	-	(1,510.7)	(18.6)	(1,529.3)
Effect of increase in shareholding in subsidiary	-	-	-	(1.0)	-	-	-	-	(1.0)	-	(1.0)
Share of transfer on disposal of property, plant & equipment by associate	-	-	-	2.2	(2.2)	-	-	-	-	-	-
Share of other movements in reserves of associate	-	-	-	(0.5)	0.5	-	-	-	-	-	-
Transfer to general banking reserve	-	-	-	(9.4)	-	-	-	9.4	-	-	-
Transfer from statutory reserve	-	-	-	229.5	-	-	(229.5)	-	-	-	-
Employee share options exercised	-	26.1	4.4	-	-	-	-	-	30.5	-	30.5
Issue of shares following the exercise of Group Employee Share Options Scheme	3.7	-	-	-	-	-	-	-	3.7	-	3.7
Cancellation of treasury shares	(124.2)	(138.1)	355.7	(93.4)	-	-	-	-	-	-	-
<b>At 30th June 2014</b>	<b>2,383.3</b>	<b>-</b>	<b>-</b>	<b>24,234.9</b>	<b>1,526.8</b>	<b>(205.5)</b>	<b>2,414.1</b>	<b>614.1</b>	<b>30,967.7</b>	<b>1,736.6</b>	<b>32,704.3</b>
Profit for the period	-	-	-	1,372.5	-	-	-	-	1,372.5	10.1	1,382.6
Other comprehensive income/(expense) for the period	-	-	-	-	449.2	(130.7)	-	-	318.5	17.4	335.9
Total comprehensive income/(expense) for the period	-	-	-	1,372.5	449.2	(130.7)	-	-	1,691.0	27.5	1,718.5
Dividends	-	-	-	-	-	-	-	-	-	(22.1)	(22.1)
Share of transfer on disposal of property, plant & equipment by associate	-	-	-	0.9	(0.9)	-	-	-	-	-	-
Share of other movements in reserves of associate	-	-	-	(2.6)	2.6	-	-	-	-	-	-
Transfer to general banking reserve	-	-	-	(159.7)	-	-	-	159.7	-	-	-
Issue of shares following the exercise of Group Employee Share Options Scheme	3.5	-	-	-	-	-	-	-	3.5	-	3.5
<b>At 30th September 2014</b>	<b>2,386.8</b>	<b>-</b>	<b>-</b>	<b>25,446.0</b>	<b>1,977.7</b>	<b>(336.2)</b>	<b>2,414.1</b>	<b>773.8</b>	<b>32,662.2</b>	<b>1,742.0</b>	<b>34,404.2</b>

**Statement of cash flows**

	<b>GROUP</b>	<b>PROFORMA GROUP</b>	
	<b>3 mths to 30-Sep-14 Rs'M</b>	<b>3 mths to 30-Sep-13 Rs'M</b>	<b>Year to 30-Jun-14 Rs'M</b>
<b>Net cash flows from trading activities</b>	<b>2,363.8</b>	2,139.0	4,186.7
<b>Net cash flows from other operating activities</b>	<b>(2,762.6)</b>	(9,941.5)	2,008.7
Dividends received from associates	<b>27.1</b>	19.8	129.2
Dividends paid	<b>(797.2)</b>	(796.7)	(1,510.2)
Dividends paid to non-controlling interests in subsidiaries	<b>(22.1)</b>	(13.2)	(18.6)
Income tax paid	<b>(61.4)</b>	(49.4)	(853.0)
<b>Net cash flows from operating activities</b>	<b>(1,252.4)</b>	(8,642.0)	3,942.8
<b>Investing activities</b>	<b>(1,037.3)</b>	(93.7)	(350.0)
<b>Net cash flows before financing activities</b>	<b>(2,289.7)</b>	(8,735.7)	3,592.8
<b>Financing activities</b>			
Shares issued/employee share options exercised	<b>3.5</b>	1.8	30.3
Subordinated liabilities issued	<b>-</b>	4,500.0	5,415.6
Net debt securities issued	<b>-</b>	-	145.8
<b>Net cash flows from financing activities</b>	<b>3.5</b>	4,501.8	5,591.7
<b>(Decrease)/Increase in cash and cash equivalents</b>	<b>(2,286.2)</b>	(4,233.9)	9,184.5
Net cash and cash equivalents brought forward	<b>17,483.5</b>	8,442.8	8,442.8
Effect of foreign exchange rate changes	<b>(29.1)</b>	(48.3)	(143.8)
<b>Net cash and cash equivalents carried forward</b>	<b>15,168.2</b>	4,160.6	17,483.5

## COMMENTS

Group profits for the three months to September 2014 grew by 7.0% compared to the corresponding quarter of last year to reach Rs 1,373 million on the back of a 16.0% profit growth at the level of MCB Ltd.

These results were underpinned by a rise of 7.2% in operating income despite pressures on net interest income, which grew by only 1.2% amidst the excess liquidity situation and subdued private investment level domestically. Net fee and commission income went up by 16.0% to Rs 801.5 million, driven mainly by regional trade financing, while 'other income' was up by 23.4% on the back of a 10% growth in profit on exchange as well as improved receipts from non-banking operations.

Growth in operating expenses was well contained at 3.5%, while impairment charges remained at a relatively comparable level with those of the corresponding quarter of last year, alongside being, on an annualised basis, substantially lower than those experienced during the previous financial year to June 2014. This situation reflects an improvement in asset quality as gauged by the drop in NPL ratios over the last quarter.

On the other hand, the share of income from associated companies declined by Rs 37 million, following a drop in the contribution from both BFCOI and PAD Group.

Driven by this quarter's performance, shareholders' equity of the Group increased by 5.5% from Rs 31.0 billion in June 2014 to Rs 32.7 billion as at September 2014, thus contributing to further improve our overall capital adequacy ratio from 16.1% to 16.6%.

## OUTLOOK

The operating environment is likely to remain difficult in the short term. However, on current trends, results for the semester to December 2014 are projected to improve on last year.

By order of the Board

14th November 2014

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 2014 and comply with IAS 34.

Proforma financial statements have been provided for a better understanding of the financial statements of the MCB Group Limited and for comparative purposes.

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](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.*