

# MCB Group results for the first quarter to 30 September 2015

PORT LOUIS, 13 November 2015: MCB Group Limited today announced its unaudited results for the first quarter of FY 2015/16.

## HIGHLIGHTS

- Growth of 11.1% in operating income
- Rise of 14.7% in net interest income
- Net fee and commission income up by 1.5%
- Growth of 14.6% in profit on exchange
- Increase of 10.4% in operating expenses
- Credit impairment charges slightly up in nominal terms but lower on an annualised basis compared to FY 2014/15
- Share of profit of associates higher by Rs 7.4 million

PROFIT ATTRIBUTABLE TO SHAREHOLDERS

**Rs 1,545.6 m**

▲ **12.6%**

OPERATING PROFIT BEFORE IMPAIRMENT

**Rs 1,982.0 m**

▲ **11.6%**

ASSETS

**Rs 284.4 bn**

▲ **15.1%**

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

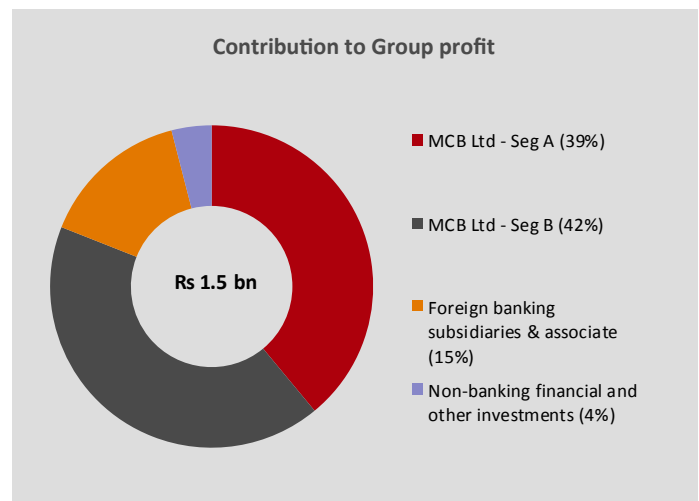
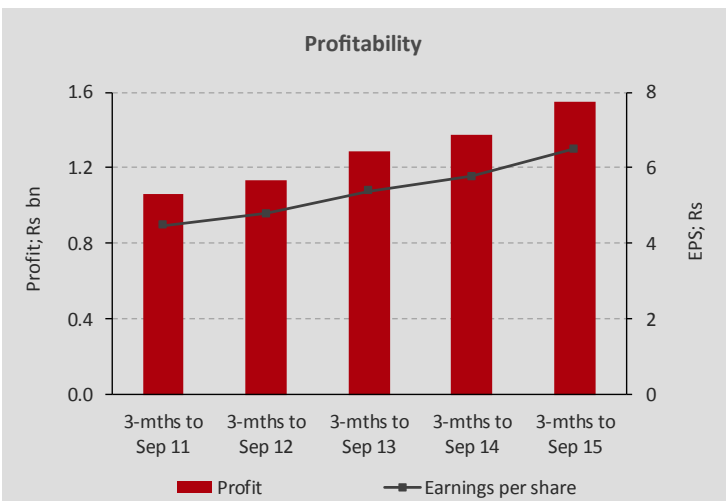
*"The Group sustained an encouraging performance despite the still challenging context both locally and abroad. Operating income grew by 11.1% to Rs 3.5 billion, driven by a rise of 14.7% in net interest income reflecting enhanced performance linked to foreign activities of MCB Ltd and better yields within our overseas subsidiaries. On the other hand, net fee and commission income increased marginally, with higher contribution from non-banking operations compensating for a drop in the Bank's revenues from regional trade financing amidst lower oil prices globally. Other income posted a growth of 12.8%, being upheld by an appreciable increase in profit on exchange and enhanced revenues from non-banking activities.*

*Operating expenses grew by 10.4% in support of our business expansion. For its part, although being slightly up in nominal terms, allowance for credit impairment effectively dropped on an annualised basis as compared to FY 2014/15.*

*As was the case for FY 2014/15, foreign-sourced earnings within the banking cluster accounted for around 55% of results, underpinned by a strong performance within the international segment of MCB Ltd and our foreign banking subsidiaries as well as an improved contribution of our associate, BFCOI.*

*On current trends, results for the semester to December 2015 are projected to improve on last year despite the generally subdued operating environment. In this respect, the recent drop in the key Repo Rate amidst low inflation in Mauritius should help boost private investment."*

## Financial performance



## Profit or Loss Statement

### Net interest income

Net interest income increased by 14.7% to Rs 2,226 million, driven by enhanced performance linked to foreign activities of MCB Ltd and better yields in respect of overseas subsidiaries. Net interest income also benefited from measures undertaken by the Central Bank to address the excess liquidity situation in Mauritius.

### Non-interest income

Notwithstanding further headway made in respect of non-banking operations, net fee and commission income increased marginally by 1.5%, weighed down by the drop in revenues from regional trade finance amidst lower international oil prices. 'Other income' grew by 12.8%, supported by a 14.6% growth in profit on exchange and enhanced receipts from non-banking activities.

### Share of profit of associates

Although a marginal loss was recorded in PAD Group, the share of income from associates rose by 8.6% to reach Rs 93.9 million in line with an improved performance of BFCOI over the period under review.

### Operating expenses

Operating expenses posted an increase of 10.4% to stand at Rs 1,508 million, in support of our business growth.

### Impairment

Whilst being slightly up in nominal terms compared the corresponding period of the previous year, allowance for credit impairment was, on an annualised basis, lower than the level recorded in FY 2014/15, representing 44 basis points of gross loans.

### Profit

Group profits for the three months to September 2015 grew by 12.6% to reach Rs 1,546 million, reflecting broad-based improvement in results across business lines. Reflecting the Group's diversification strategy, the contribution of foreign-sourced earnings and non-banking activities together accounted for some 58% of results.

## Financial Position Statement

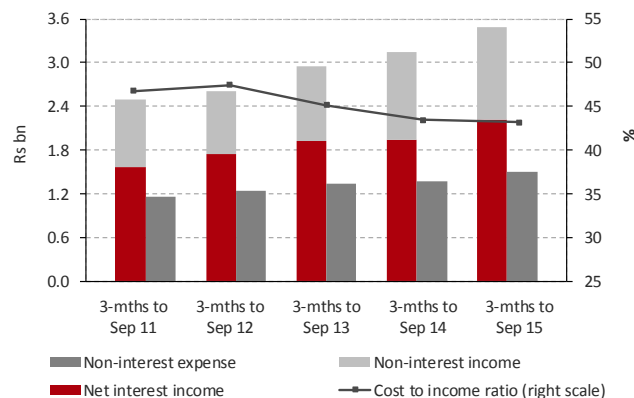
### Loans and Funding

Notwithstanding a relative decline from June 2015, gross loans and advances as at September last recorded a year-on-year increase of around 3% to reach some Rs 171 billion. Total deposits for the Group went up by 17.6% to reach Rs 223.5 billion, prompted by a significant rise in both foreign currency deposits and rupee deposits. As a result, total loans accounted for 76% of deposits and around 72% of the total funding base, when including borrowings and subordinated debt.

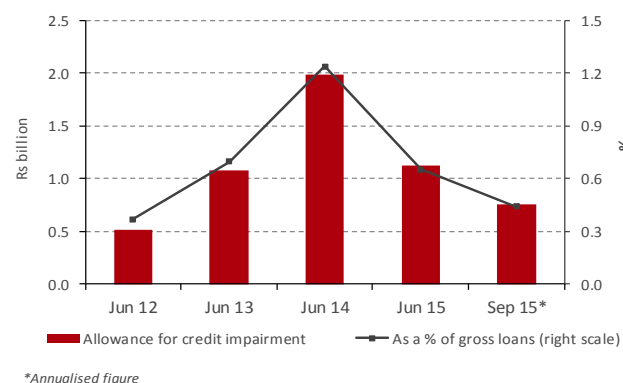
### Capital position

In line with the rise in profit level, shareholders' funds of the Group increased by 11.6% to reach Rs 36.4 billion. Overall, comfortable capitalisation levels were maintained, as gauged by the capital adequacy ratio and Tier 1 ratio estimated at 16.7% and 14.1% respectively.

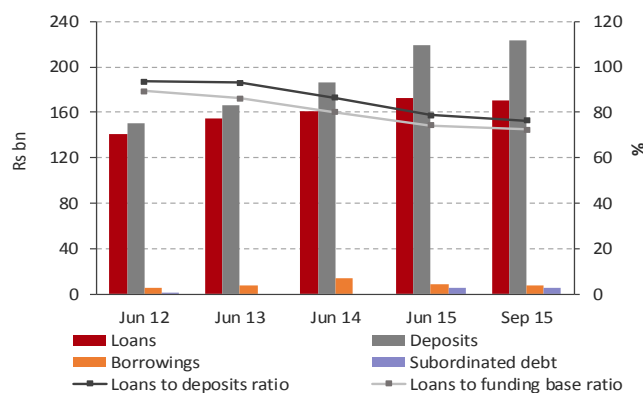
### Income and expenditure evolution



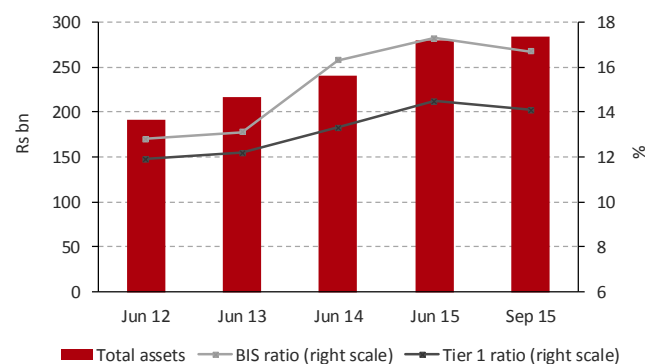
### Provision and credit quality



### Loans and funding base



### Total assets and capital adequacy



Note: Capital adequacy ratios for June 2014, June 2015 & September 2015 are based on Basel III

Financial soundness indicators (%)

	Sep-14	Jun-15	Sep-15
<b>Profitability</b>			
Return on average total assets <sup>1</sup>	2.3	2.2	2.2
Return on average equity <sup>1</sup>	17.3	17.1	17.1
<b>Efficiency</b>			
Cost-to-income	43.5	41.8	43.2
<b>Asset Quality</b>			
Gross NPL/Gross loans	7.0	6.2	6.7
Net NPLs/Net Loans	4.0	3.6	3.9
<b>Liquidity</b>			
Liquid assets <sup>2</sup> /Total assets	25.7	31.0	32.9
Loans to deposits	87.5	78.8	76.4
Loans to deposits and borrowings <sup>3</sup>	81.5	74.3	72.4
<b>Capital adequacy</b>			
Shareholders equity to assets	13.2	12.8	12.8
BIS risk adjusted ratio <sup>4</sup>	16.6	17.3	16.7
o/w Tier 1 <sup>4</sup>	14.1	14.5	14.1

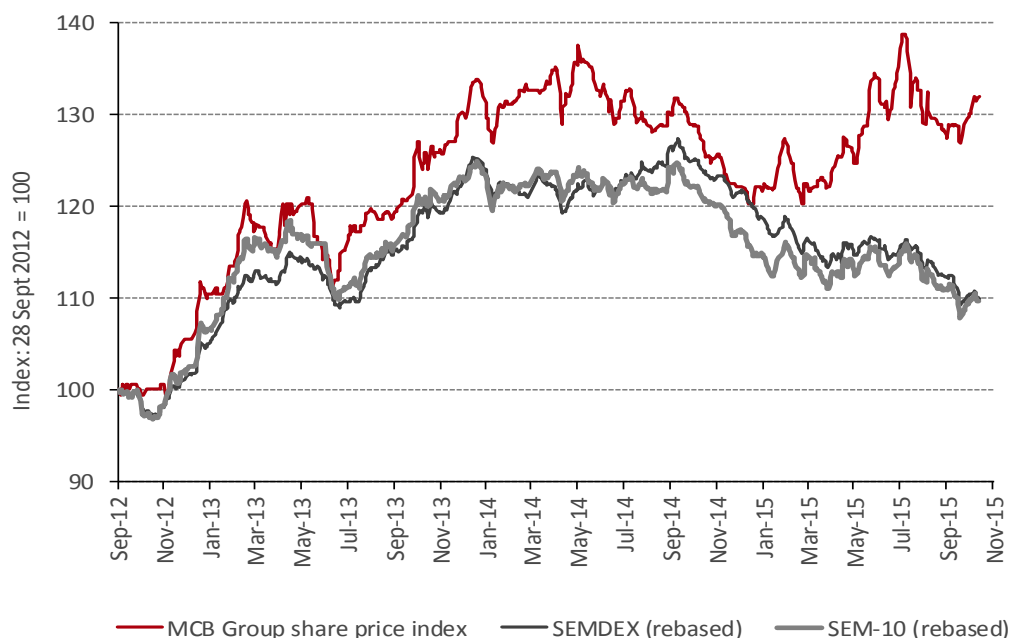
<sup>1</sup> Annualised rate for September figures

<sup>2</sup> In the computation, liquid assets comprise cash, balances with BoM, placements, T-Bills and Government securities

<sup>3</sup> Borrowings include subordinated debts

<sup>4</sup> Based on Basel III

MCB Group share price performance



Notes:

(i) MCB shares were suspended as from its last day of trading on 24 March 2014 and MCB Group shares started trading again on 3 April 2014

(ii) The SEM-7 Index has been replaced by the SEM-10 Index as from 2 October 2014



[www.mcbgroup.com](http://www.mcbgroup.com)

**Cautionary statement regarding forward-looking statements**

This release has been prepared to assist the shareholders to assess the Board's strategies and their potential of success. The statements contained herein may include declarations of future expectations and other forward-looking statement that are based on management's current views and assumptions. These involve risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements

Readers are advised not to place undue reliance on the forward-looking statements relating to the Group's business strategy, plans, objectives and financial positions as these statements rely on assumptions and hypotheses which inherently represent an accuracy of risk. Actual results, performance and events may differ from those in such statements due to general evolution of economic, political and industry conditions, interest rate levels, currency exchange rates as well as changes in laws and regulations and the extent of competition and technological factors. In addition, MCB Group Ltd. does not undertake to update any forward-looking statement that may be made from time to time by the organisation or on its behalf.