MCB GROUP **GROUP MANAGEMENT STATEMENT**

MCB Group results for the first semester to 31 December 2014

PORT LOUIS, 13 February 2015: MCB Group Limited today announced its unaudited results for the first semester of FY 2014/15.

HIGHLIGHTS

- Growth of 6.2% in net interest income
- Rise of 18.0% in net fee and commission income
- 'Other income' up by 25.1%, supported by increases in profit on exchange and net gain on sale of securities
- Operating expenses relatively unchanged
- Credit impairment charges, on an annualised basis, significantly lower than in FY 2013/14
- Operating profit higher by 21.6%
- Share of profit of associates lower by around Rs 100 million

PROFIT ATTRIBUTABLE TO SHAREHOLDERS	OPERATING INCOME	ASSETS
Rs 2,890.3 m	**Rs 6,545.0 m**	**Rs 265.9 bn**
▲ **17.7%**	▲ **11.4%**	▲ **13.7%**

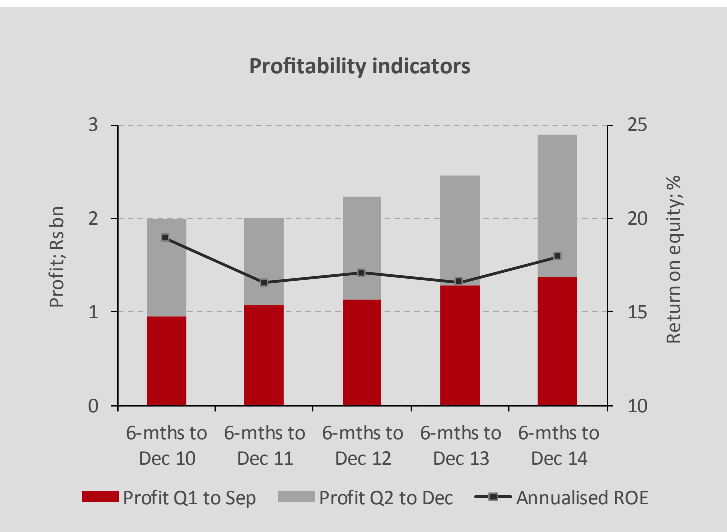
Commenting on the results, Pierre Guy Noël (Chief Executive - MCB Group Ltd) said:

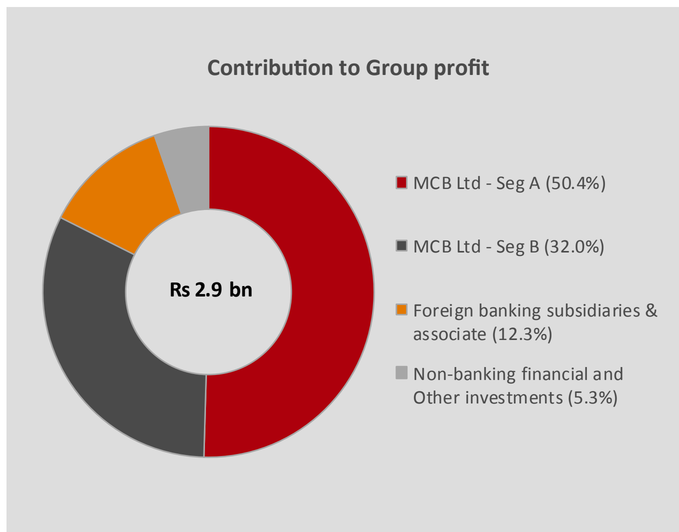
''The Group has sustained a good performance despite the difficult context, characterised, amongst others, by persistently low private sector investment and excess liquidity locally. Operating profit before provisions increased by some 22%, underpinned by relatively stable operating costs and a broad-based growth in operating income. Indeed, supported by our market diversification strategy, net interest income continued to grow while net fee and commission income was boosted by strong contributions from international trade finance and asset management activities. Moreover, 'other income' grew on the strength of a rise in profit on exchange and net gain on sale of securities.

Further, the Group's allowance for credit impairment declined on an annualised basis, on the back of improved asset quality as gauged by declines in the non-performing loan ratios over the semester to December 2014. Besides, the sources of profit remained well diversified with the combined contribution of foreign-sourced earnings and non-banking activities accounting for nearly 50% of results in spite of a fall in the share of profit of associates. The capital base of the Group was also reinforced with shareholders' equity growing by Rs 2.5 billion over the six-month period to reach Rs 33.5 billion, while the capital adequacy ratio remained comfortable at almost 16% as at December 2014.

Looking ahead, the operating environment across markets is likely to remain challenging for some time yet given ongoing uncertainties, with, notably, the euro weakness being a source of concern. Whilst being attentive to the orientations of the forthcoming National Budget, particularly in terms of re-igniting private sector investment, the Group seeks to pursue its growth strategy, with due emphasis on its regional involvement across the business clusters. On current trends and net of non-recurrent items, results for FY 2014/15 are projected to show good progress over those of the preceding year."

Financial performance





Group performance results

Profit or Loss Statement

Net interest income

Underpinned by the rise in loan portfolio notably linked to international operations, net interest income grew by 6.2% to Rs 3,986 million in spite of pressures on margins due to the high liquidity situation and the challenging operating context in Mauritius.

Non-interest income and share of profit of associates

Net fee and commission income rose by 18.0% to reach Rs 1,589 million, mainly driven by increases in revenues from regional trade finance and asset management activities. 'Other income' grew by 25.1% to Rs 970 million following an 18.8% rise in profit on exchange and a notable contribution from non-banking operations on the back of the exit from an investment by MCB Equity Fund.

On the other hand, the share of income of associates fell by nearly Rs 100 million on account of a decline in contribution from both BFCOI and PAD Group.

Operating expenses

Operating expenses, which reached Rs 2,769 million for the six months to December 2014, were relatively stable as compared to the previous year's corresponding period.

Impairment

Allowance for credit impairment, on an annualised basis, was substantially lower than the level experienced in FY 2013/14. This represents a reversal of the negative trend of the last two financial years, in line with improved asset quality with the gross non-performing loan ratio declining by one hundred basis points over the six months to December 2014 to reach 6.3%. On a net basis, the NPL ratio reached 3.5%.

Profit

Group profits for the six months ended December 2014 grew by 17.7% to reach Rs 2,890 million, driven by a rise of 22.1% registered at Bank level. Testifying to the Group's market and product diversification strategy, the contribution from foreign-sourced income and non-banking activities together accounted for nearly 50% of results.

Financial Position Statement

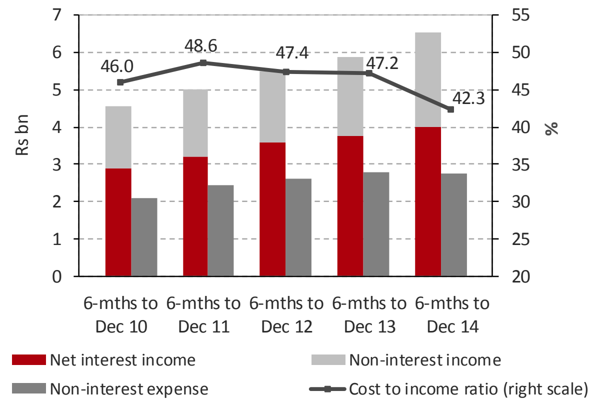
Loans and Funding

In spite of a restrained growth registered domestically, total loans and advances of the Group recorded a year-on-year growth of 5.3% to Rs 165.3 billion, mainly supported by the Bank's segment B (foreign-sourced) activities while an appreciable rise was also registered at the level of the foreign banking subsidiaries. Total deposits increased by 16.9% to stand at Rs 209.5 billion, driven by a significant rise in foreign currency deposits at Bank level. As a result, total loans accounted for some 79% of deposits and around 74% of the total funding base, when including borrowings and subordinated debts.

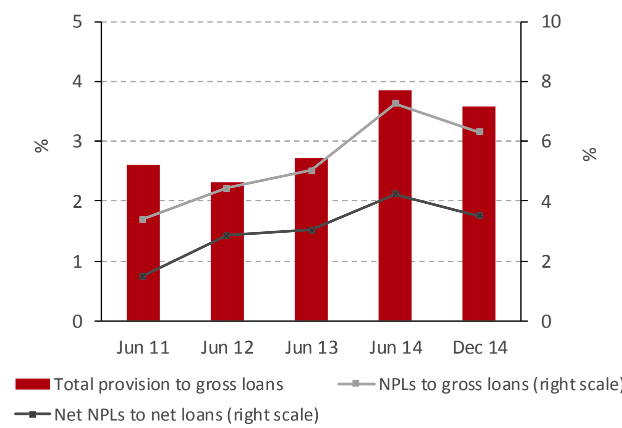
Capital position

Shareholders' funds increased by 8.1% over the six months to December 2014 to reach Rs 33.5 billion, while the Group's capital adequacy and tier 1 ratios stood at 15.9% and 13.5% respectively.

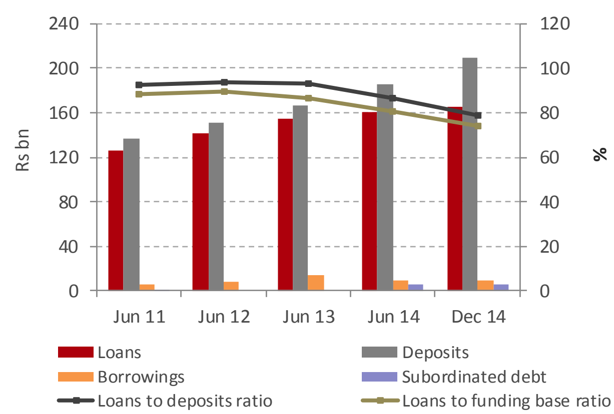
Income and expenditure evolution



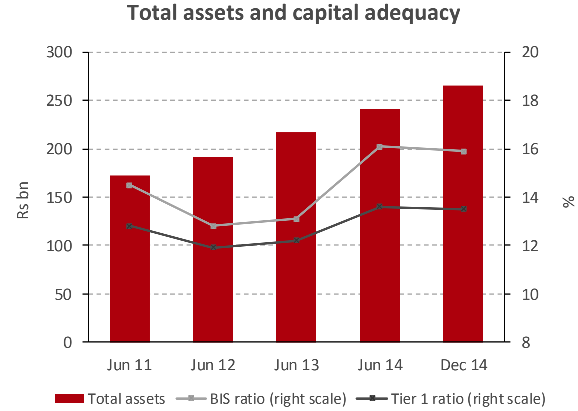
Provision and credit quality



Loans and funding base



Total assets and capital adequacy



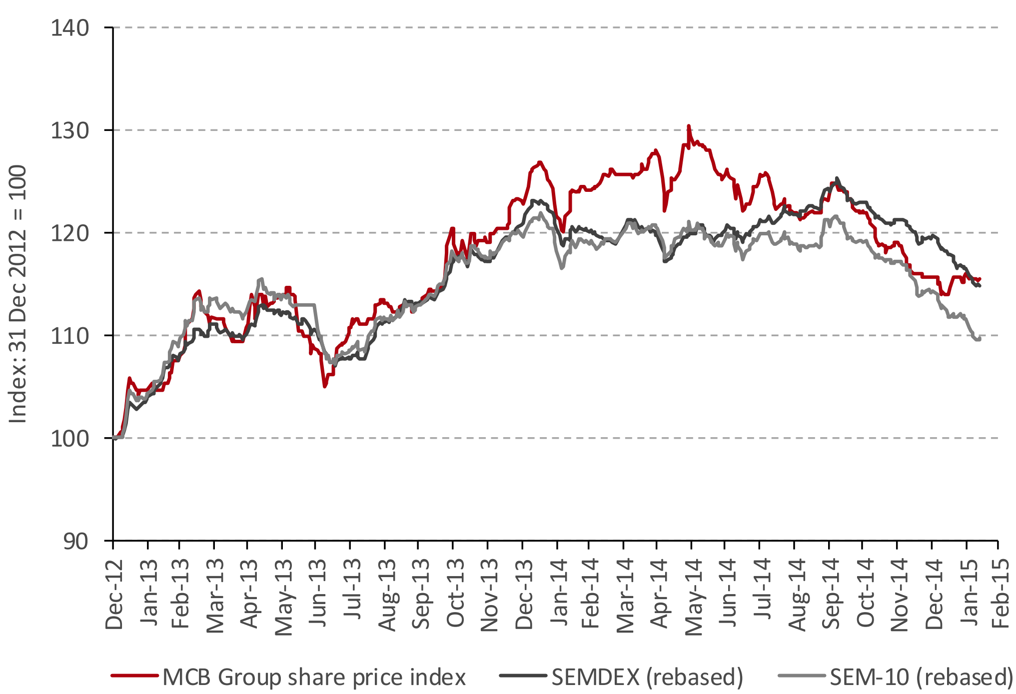
Note: Capital adequacy ratios for June & December 2014 are based on Basel III

Financial soundness indicators

	Dec-13	Jun-14	Dec-14
Asset Quality			
Gross NPL/Gross loans	5.5	7.3	6.3
Net NPLs/Net loans	3.4	4.2	3.5
Efficiency			
Cost-to-income	47.2	43.6	42.3
Liquidity			
Liquid assets[1]/Total assets	24.9	26.4	30.9
Loans to deposits	87.6	86.5	78.9
Loans to deposits and borrowings[2]	80.6	80.4	73.9
Profitability			
Return on average total assets[3]	2.2	1.9	2.3
Return on average equity[3]	16.6	14.7	17.9
Capital adequacy[4]			
BIS risk adjusted ratio	15.9	16.1	15.9
o/w Tier 1	12.5	13.6	13.5

1 In the computation, liquid assets comprise cash, balances with BoM, placements, T-Bills and Government securities
2 Borrowings include subordinated debt
3 Annualised rate for December figures
4 Figures for June & December 2014 are 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

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