

MCB Group results for the nine months ended 31 March 2015

PORT LOUIS, 14 May 2015: MCB Group Limited today announced its unaudited results for the nine months ended 31 March 2015.

HIGHLIGHTS

- Growth of 9.7% in net interest income
- Increase of 19.7% in net fee and commission income
- 'Other income' up by 13.9%
- Operating expenses growth contained to 2.6%
- Drop of Rs 291 million in credit impairment charges
- Share of profit of associates lower by around Rs 155 million

PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Rs 4,261.3 m

▲ **35.4%**

OPERATING INCOME

Rs 9,787.0 m

▲ **12.6%**

ASSETS

Rs 267.7 bn

▲ **12.1%**

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

"In spite of facing up to challenging market conditions domestically and abroad, the Group pursued its business development, which led to a rise of 12.6% in operating income. While net interest income maintained its upward trend, driven essentially by the growth in our overseas portfolio, a strong growth was recorded in net fee and commission income, to a large extent underpinned by further headway realised in respect of asset management activities and international trade finance. Furthermore, 'other income' witnessed a notable expansion on the back of enhanced contribution from the non-bank financial entities of the Group. Growth in operating expenses was contained to 2.6%, enabling operating profit for the nine months period to rise by 21.6%. In spite of a drop in the contribution from the Group's associates, significantly lower impairment charges led to attributable profits of the Group growing by 35.4%, with earnings from foreign sources and non-banking activities accounting for slightly above 50% thereof.

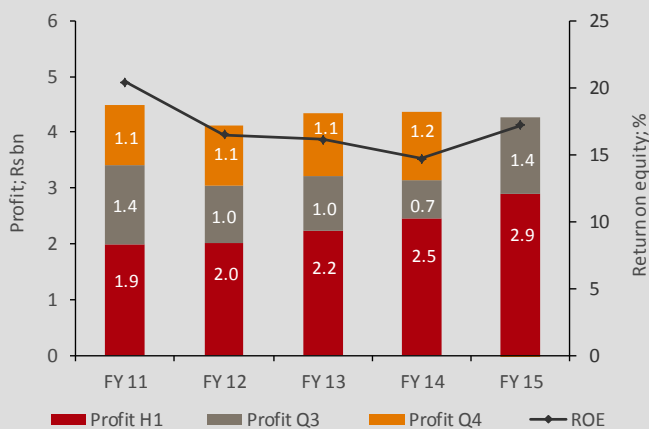
On the back of these good results, shareholders' funds reached Rs 35 billion as at 31 March 2015, thus contributing to a further consolidation of our capital base. Moreover, the Group maintained comfortable liquidity levels, with its liquid assets to total assets ratio further rising during the period.

Looking ahead, the Group will pursue its strategic orientations to further strengthen and diversify its operations both locally and in the region.

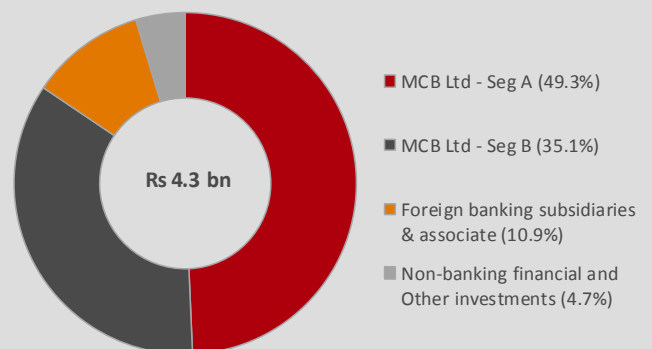
On current trends, MCB Group full-year results for 2015 are anticipated to show a healthy improvement compared to those of 2014.

Financial performance

Profitability indicators



Contribution to Group profit



Profit or Loss Statement

Net interest income

In spite of pressures on demand for credit as well as margins amidst the high liquidity situation in Mauritius, net interest income grew by 9.7% to Rs 6,051 million on the back of an expansion in international activities.

Non-interest income

Net fee and commission income rose by 19.7% to reach Rs 2,408 million, driven mainly by asset management activities as well as international trade finance and credit cards operations. In the same vein, 'other income' recorded a growth of 13.9%, as a result of improved performance of non-banking operations and a 6.9% rise in profit on exchange.

Share of profit of associates

The share of income of associates fell by Rs 155 million to Rs 228 million following lower contribution from both BFCOI and PAD Group over the period under review.

Operating expenses

A growth of only 2.6% was recorded in operating expenses which reached Rs 4,204 million, *inter alia*, linked to on-going cost management initiatives and overall efficiency gains.

Impairment

Allowance for credit impairment declined by 30% compared to the corresponding period last year to stand at Rs 679 million. This reflects an improvement in asset quality as gauged by the gross non-performing loan ratio falling by nearly one percentage point since June 2014 to stand at 6.4% as at March 2015.

Profit

Group profits for the nine months ended March 2015 grew by 35.4% to reach Rs 4,261 million, driven to a large extent by the rise of 42.8% registered by MCB Ltd. Reflecting the Group's market and product diversification strategy, the contribution from foreign-sourced income and non-banking activities together accounted for slightly above 50% of results.

Financial Position Statement

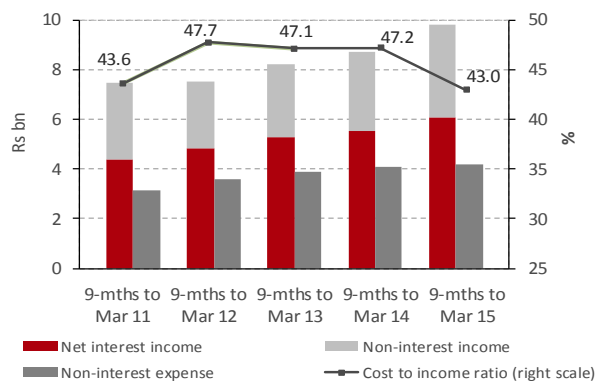
Loans and Funding

Supported by continued expansion across business segments, total loans and advances at Group level recorded a year-on-year growth of 5.1% to Rs 171 billion, although demand for credit at domestic level was somewhat restrained by the sluggish evolution of private investment. Total deposits of the Group increased by 12.5% to stand at Rs 207 billion, on the back of increases in both rupee and foreign currency deposits at the level of MCB Ltd. As a result, total loans accounted for some 83% of deposits and around 77% of the total funding base, when including borrowings and subordinated debts.

Capital position

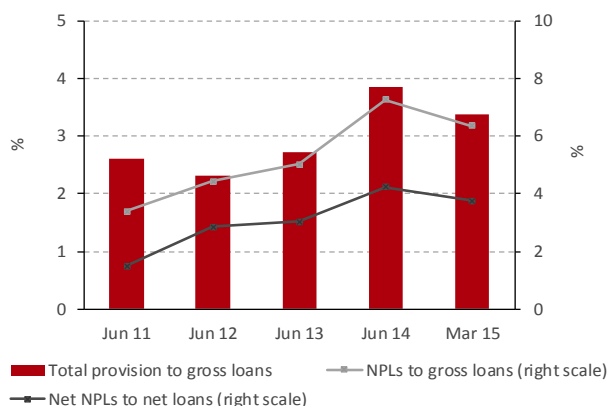
Shareholders' funds increased by 13.6% over the nine months to March 2015 to reach Rs 35.2 billion, while the Group's capital adequacy and tier 1 ratios stood at 16.3% and 13.8% respectively.

Income and expenditure evolution

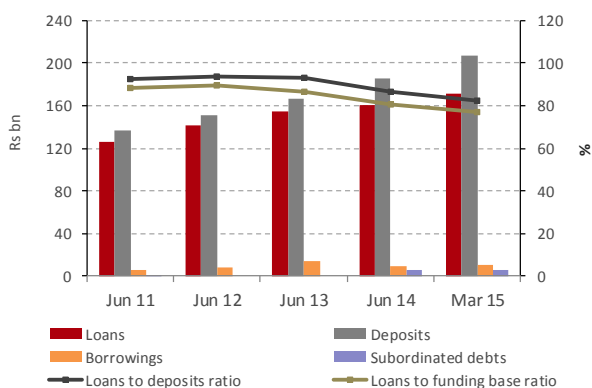


Note: Non interest income in FY 11 includes non-recurrent gains of Rs 250 million which, however, have been excluded in the computation of the cost to income ratio

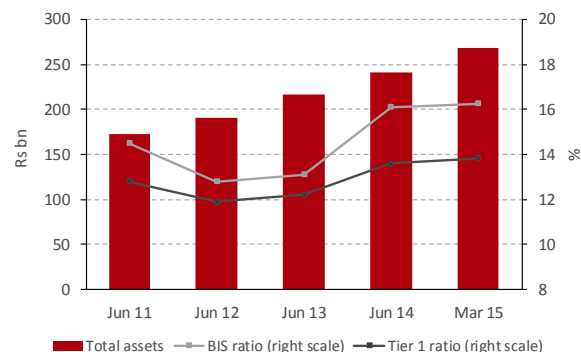
Provision and credit quality



Loans and funding base



Total assets and capital adequacy



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

Financial soundness indicators (%)

	Mar-14	Jun-14	Mar-15
Asset Quality			
Gross NPL/Gross loans	5.8	7.3	6.4
Net NPLs/Net loans	3.6	4.2	3.8
Efficiency			
Cost to income	47.2	43.6	43.0
Liquidity			
Liquid assets ¹ /Total assets	24.0	26.4	27.5
Loans to deposits	88.5	86.5	82.6
Loans to deposits and borrowings ²	81.9	80.4	76.8
Profitability			
Return on average total assets ³	1.8	1.9	2.2
Return on average equity ³	14.0	14.7	17.2
Capital position			
Shareholders equity to assets	13.1	12.9	13.1
BIS risk adjusted ratio ⁴	16.4	16.1	16.3
o/w Tier 1 ⁴	12.9	13.6	13.8

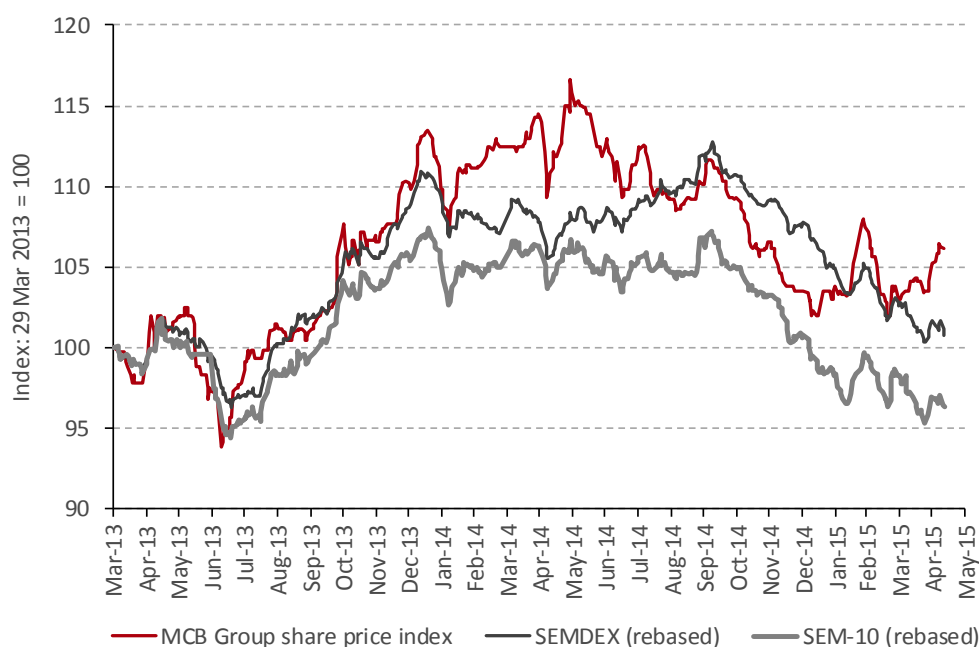
¹ In the computation, liquid assets comprise cash, balances with BoM, placements, T-Bills and Government securities

² Borrowings include subordinated debts

³ Annualised rate for March figures

⁴ Capital adequacy figures for June 2014 and March 2015 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



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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.

For more information, please contact the Strategic Information Cell - Strategy, Research & Development SBU on (230) 202-5134 / (230) 202-5558