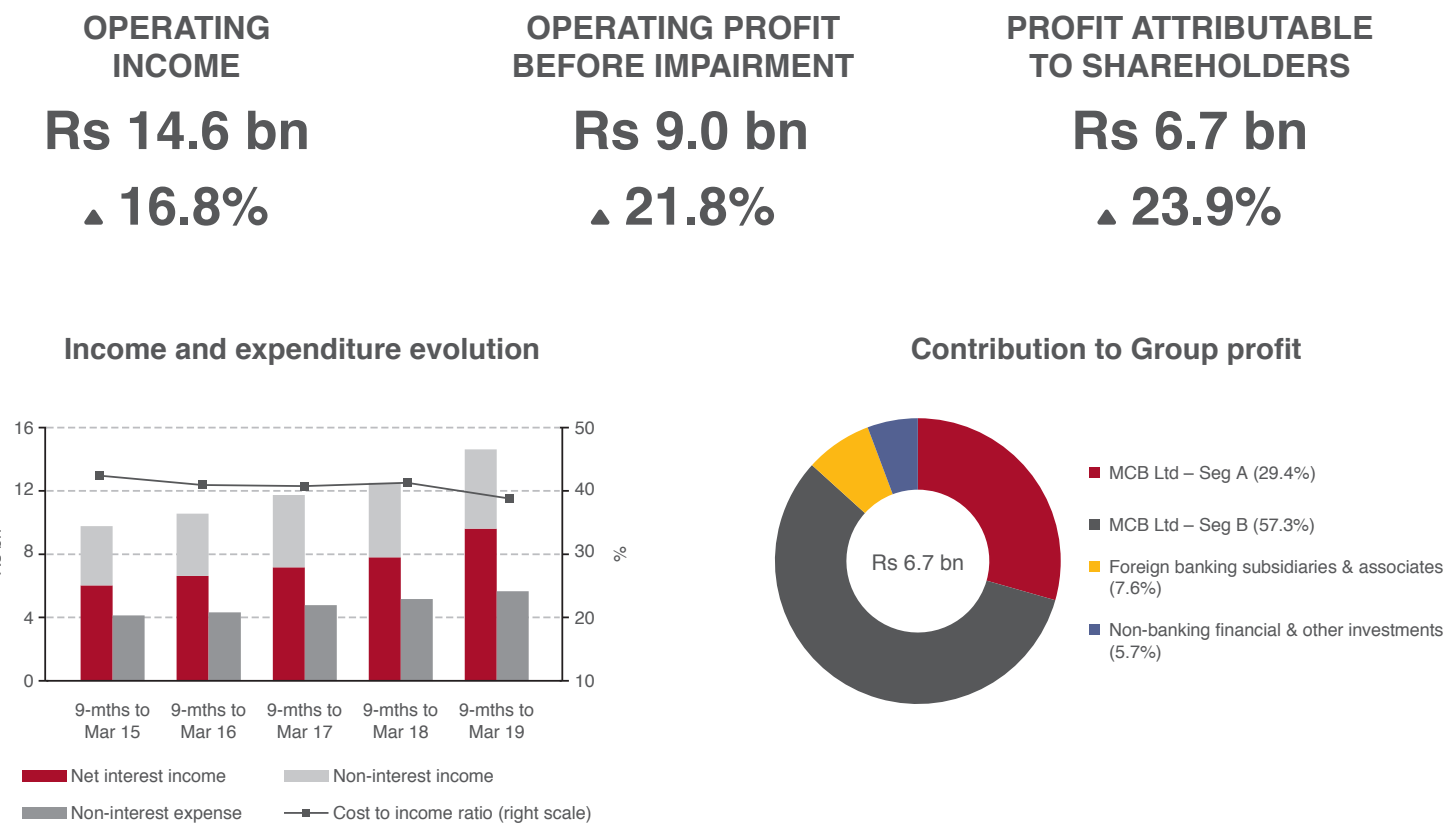


HIGHLIGHTS

- Rise of 23.2% in net interest income
- Growth of 6.0% in net fee and commission income
- 'Other income' up by 6.4%
- Increase of 9.6% in operating expenses
- Impairment charges higher by Rs 71 million, with gross NPL ratio declining to 4.0%
- Share of profit of associates lower by Rs 52 million
- Y-o-y growth of 8.2% in deposits and of 18.7% in gross loans



FINANCIAL SOUNDNESS INDICATORS (%)

| | Mar-19 | Mar-18 | Jun-18 |
|---|--------|--------|--------|
| Profitability | | | |
| Return on average total assets ¹ | 2.2 | 2.0 | 2.0 |
| Return on average equity ¹ | 16.9 | 15.0 | 14.8 |
| Return on average Tier 1 capital ¹ | 17.5 | 15.8 | 15.5 |
| Efficiency | | | |
| Cost-to-income | 38.8 | 41.3 | 40.1 |
| Asset quality | | | |
| Gross NPL/Gross loans and advances | 4.0 | 4.9 | 4.5 |
| Net NPL/Net loans and advances | 2.8 | 3.3 | 3.1 |
| Liquidity | | | |
| Liquid assets ² /Total assets | 38.9 | 38.6 | 37.0 |
| Loans to deposits | 74.1 | 67.5 | 70.9 |
| Loans to deposits and borrowings ³ | 63.6 | 63.6 | 66.0 |
| Capital adequacy | | | |
| Shareholders equity to assets | 12.4 | 13.5 | 13.3 |
| BIS risk adjusted ratio ⁴ | 17.6 | 17.8 | 17.3 |
| O/w Tier 1 ⁴ | 16.0 | 15.7 | 15.3 |

¹ Annualised rate for March figures
² In the computation, liquid assets comprise cash, balances with BoM, placements, T-Bills and Government securities
³ Borrowings include debt instruments
⁴ Based on Basel III

Consolidated summary statement of financial position as at 31 March 2019

| | 31-Mar-19 | 31-Mar-18 | 30-Jun-18 |
|--|------------------|------------------|------------------|
| | Rs'M | Rs'M | Rs'M |
| ASSETS | | | |
| Cash and cash equivalents | 47,066.1 | 32,569.5 | 35,903.0 |
| Mandatory balances with Central Banks | 20,683.4 | 19,288.5 | 19,292.4 |
| Derivative financial instruments | 572.0 | 632.1 | 512.8 |
| Loans to and placements with banks | 15,023.6 | 17,765.7 | 18,920.8 |
| Loans and advances to customers | 224,076.3 | 186,883.0 | 199,298.2 |
| Investment securities | 109,862.6 | 94,664.0 | 88,747.4 |
| Investments in associates | 9,726.7 | 10,221.1 | 9,796.0 |
| Investment properties | 3,737.3 | 2,544.0 | 2,861.1 |
| Goodwill and other intangible assets | 1,322.0 | 1,206.6 | 1,238.8 |
| Property, plant and equipment | 6,200.9 | 6,145.9 | 6,194.8 |
| Deferred tax assets | 427.2 | 308.0 | 285.8 |
| Other assets | 4,574.9 | 3,228.6 | 3,318.7 |
| Total assets | 443,273.0 | 375,457.0 | 386,369.8 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Liabilities | | | |
| Deposits from banks | 4,258.9 | 3,577.3 | 3,157.7 |
| Deposits from customers | 314,827.5 | 291,384.9 | 294,560.9 |
| Derivative financial instruments | 625.2 | 682.7 | 883.4 |
| Other borrowed funds | 45,207.0 | 10,371.5 | 14,372.5 |
| Subordinated liabilities | 5,530.9 | 5,545.9 | 5,591.8 |
| Debt securities | 2,012.7 | 2,012.7 | 2,012.7 |
| Current tax liabilities | 1,044.9 | 714.0 | 1,000.2 |
| Deferred tax liabilities | 251.6 | 215.7 | 236.4 |
| Other liabilities | 12,087.5 | 7,766.8 | 10,787.6 |
| Total liabilities | 385,046.2 | 322,271.5 | 332,603.2 |
| Shareholders' equity | | | |
| Stated capital | 2,608.3 | 2,547.9 | 2,547.9 |
| Retained earnings | 44,691.5 | 38,821.5 | 38,233.2 |
| Other components of equity | 7,665.3 | 9,280.9 | 10,525.1 |
| Equity attributable to the ordinary equity holders of the parent | 54,965.1 | 50,650.3 | 51,306.2 |
| Non-controlling interests | 2,461.7 | 2,535.2 | 2,460.4 |
| Total equity | 57,426.8 | 53,185.5 | 53,766.6 |
| Total equity and liabilities | 443,273.0 | 375,457.0 | 386,369.8 |
| CONTINGENT LIABILITIES | | | |
| Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers | 65,066.7 | 61,633.7 | 59,872.2 |
| Others | 8,165.4 | 11,725.2 | 8,423.6 |
| | 73,232.1 | 73,358.9 | 68,295.8 |

COMMENTS ON RESULTS

The Group maintained its strong performance for the nine months to 31 March 2019, with profit growing by 23.9% to reach Rs 6,748.6 million with improved earnings posted across all core activities of the Group.

Operating income increased by 16.8% to reach Rs 14,638 million. This performance was mainly driven by a rise in net interest income of 23.2%, reflecting growth in the foreign lending activities of MCB Ltd and higher average yields on investment securities for the period under review. For its part, net fee and commission income registered a growth of 6.0% on the back of enhanced revenues from payment and regional trade financing activities in the banking cluster as well as from MCB Capital Markets Ltd. 'Other income' went up by 6.4%, supported by a 10.3% rise in profit on exchange and fair value gains on financial instruments, while higher contribution from some non-banking activities compensated for the lower gains realised on the disposal of investments by our Equity Fund.

In line with ongoing capacity building initiatives across the Group, operating expenses rose by 9.6%, with our cost to income ratio declining to 38.8% from 41.3%. Net impairment charges rose by Rs 71 million to reach Rs 1.1 billion, representing an annualised cost of risk of 58 basis points of gross

Consolidated summary statement of profit or loss for the period ended 31 March 2019

| | Quarter to 31-Mar-19 | Quarter to 31-Mar-18 | 9 mths to 31-Mar-19 | 9 mths to 31-Mar-18 | Year to 30-Jun-18 |
|---|----------------------|----------------------|---------------------|---------------------|-------------------|
| | Rs'M | Rs'M | Rs'M | Rs'M | Rs'M |
| Interest income | 4,718.3 | 3,805.2 | 13,780.9 | 11,013.7 | 15,112.9 |
| Interest expense | (1,503.5) | (1,072.6) | (4,153.3) | (3,197.3) | (4,383.7) |
| Net interest income | 3,214.8 | 2,732.6 | 9,627.6 | 7,816.4 | 10,729.2 |
| Fee and commission income | 1,259.5 | 1,158.9 | 3,770.0 | 3,405.9 | 4,547.6 |
| Fee and commission expense | (376.3) | (286.1) | (1,001.9) | (793.6) | (1,114.6) |
| Net fee and commission income | 883.2 | 872.8 | 2,768.1 | 2,612.3 | 3,433.0 |
| Other income | 930.5 | 687.3 | 2,242.3 | 2,107.8 | 2,788.6 |
| Operating income | 5,028.5 | 4,292.7 | 14,638.0 | 12,536.5 | 16,950.8 |
| Non-interest expense | (1,848.7) | (1,677.8) | (5,682.8) | (5,183.6) | (6,801.6) |
| Operating profit before impairment | 3,179.8 | 2,614.9 | 8,955.2 | 7,352.9 | 10,149.2 |
| Net impairment of financial assets | (283.4) | (376.8) | (1,076.8) | (1,005.5) | (1,329.9) |
| Operating profit | 2,896.4 | 2,238.1 | 7,878.4 | 6,347.4 | 8,819.3 |
| Share of profit of associates | 22.1 | 38.9 | 249.4 | 300.9 | 306.6 |
| Profit before tax | 2,918.5 | 2,277.0 | 8,127.8 | 6,648.3 | 9,125.9 |
| Income tax expense | (452.7) | (484.9) | (1,339.1) | (1,180.8) | (1,884.6) |
| Profit for the period | 2,465.8 | 1,792.1 | 6,788.7 | 5,467.5 | 7,241.3 |
| Profit for the period attributable to: | | | | | |
| Ordinary equity holders of the parent | 2,457.7 | 1,804.1 | 6,748.6 | 5,447.8 | 7,220.9 |
| Non-controlling interests | 8.1 | (12.0) | 40.1 | 19.7 | 20.4 |
| | 2,465.8 | 1,792.1 | 6,788.7 | 5,467.5 | 7,241.3 |
| Profit for the period | 2,465.8 | 1,792.1 | 6,788.7 | 5,467.5 | 7,241.3 |
| Other comprehensive income: | | | | | |
| Items that will not be reclassified to profit or loss | (16.5) | - | (9.4) | - | (253.6) |
| Items that may be reclassified subsequently to profit or loss | 70.8 | 205.1 | (103.6) | 387.6 | 575.9 |
| Other comprehensive income/(expense) for the period | 54.3 | 205.1 | (113.0) | 387.6 | 322.3 |
| Total comprehensive income for the period | 2,520.1 | 1,997.2 | 6,675.7 | 5,855.1 | 7,563.6 |
| Total comprehensive income attributable to: | | | | | |
| Ordinary equity holders of the parent | 2,494.8 | 2,001.3 | 6,631.6 | 5,823.3 | 7,526.2 |
| Non-controlling interests | 25.3 | (4.1) | 44.1 | 31.8 | 37.4 |
| | 2,520.1 | 1,997.2 | 6,675.7 | 5,855.1 | 7,563.6 |
| Earnings per share: | | | | | |
| Basic (Rs) | 10.29 | 7.56 | 28.27 | 22.84 | 30.26 |
| Diluted (Rs) | 10.29 | 7.56 | 28.26 | 22.83 | 30.26 |

Consolidated summary statement of comprehensive income for the period ended 31 March 2019

| | Quarter to 31-Mar-19 | Quarter to 31-Mar-18 | 9 mths to 31-Mar-19 | 9 mths to 31-Mar-18 | Year to 30-Jun-18 |
|---|----------------------|----------------------|---------------------|---------------------|-------------------|
| | Rs'M | Rs'M | Rs'M | Rs'M | Rs'M |
| Profit for the period | 2,465.8 | 1,792.1 | 6,788.7 | 5,467.5 | 7,241.3 |
| Other comprehensive income: | | | | | |
| Items that will not be reclassified to profit or loss | (16.5) | - | (9.4) | - | (253.6) |
| Items that may be reclassified subsequently to profit or loss | 70.8 | 205.1 | (103.6) | 387.6 | 575.9 |
| Other comprehensive income/(expense) for the period | 54.3 | 205.1 | (113.0) | 387.6 | 322.3 |
| Total comprehensive income for the period | 2,520.1 | 1,997.2 | 6,675.7 | 5,855.1 | 7,563.6 |
| Total comprehensive income attributable to: | | | | | |
| Ordinary equity holders of the parent | 2,494.8 | 2,001.3 | 6,631.6 | 5,823.3 | 7,526.2 |
| Non-controlling interests | 25.3 | (4.1) | 44.1 | 31.8 | 37.4 |
| | 2,520.1 | 1,997.2 | 6,675.7 | 5,855.1 | 7,563.6 |
| Earnings per share: | | | | | |
| Basic (Rs) | 10.29 | 7.56 | 28.27 | 22.84 | 30.26 |
| Diluted (Rs) | 10.29 | 7.56 | 28.26 | 22.83 | 30.26 |

loans and advances, while asset quality improved further with the gross non-performing loan ratio declining to 4.0%.

Although better performances were recorded at the level of Promotion and Development Group and SG Moçambique, the share of profit of associates fell by Rs 52 million following reduced profitability at the level of BFCOL.

Shareholders' funds recorded a rise of 8.5% to reach Rs 55.0 billion, with our capital adequacy ratio remaining comfortable at 17.6%, of which 16.0% in the form of Tier 1.

On current trends, Group results for the financial year ending 30 June 2019 should record a healthy growth compared to last year, primarily underpinned by the appreciable performance of international operations. Looking ahead, whilst remaining cautious in view of the increasingly uncertain and challenging context, both on the global and regional fronts, the Group is expected to continue to reap the benefits of its ongoing diversification and capacity-building initiatives.

By order of the Board

14 May 2019

Consolidated summary statement of changes in equity for the period ended 31 March 2019

| | 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 01 July 2017 | 2,477.8 | 34,761.0 | 3,353.9 | (533.7) | 4,960.4 | 929.8 | 45,949.2 | 2,387.4 | 48,336.6 |
| Profit for the period | - | 5,447.8 | - | - | - | - | 5,447.8 | 19.7 | 5,467.5 |
| Other comprehensive income for the period | - | 0.4 | 275.4 | 99.7 | - | - | 375.5 | 12.1 | 387.6 |
| Total comprehensive income for the period | - | 5,448.2 | 275.4 | 99.7 | - | - | 5,823.3 | 31.8 | 5,855.1 |
| Dividends | - | (1,193.0) | - | - | - | - | (1,193.0) | (295.5) | (1,488.5) |
| Rights issue in subsidiary | 70.1 | - | - | - | - | - | - | 6.7 | 76.8 |
| Issue of shares following the exercise of Group Employee Share Options Scheme | 70.1 | - | - | - | - | - | 70.1 | - | 70.1 |
| Transactions with owners in their capacity as owners | 70.1 | (1,193.0) | - | - | - | - | (1,122.9) | (288.8) | (1,411.7) |
| Transfers/movements in reserves | - | (194.7) | 0.2 | - | (0.1) | 195.3 | 0.7 | 404.8 | 405.5 |
| At 31 March 2018 | 2,547.9 | 38,821.5 | 3,629.5 | (434.0) | 4,960.3 | 1,125.1 | 50,650.3 | 2,535.2 | 53,185.5 |
| At 01 July 2017 | 2,477.8 | 34,761.0 | 3,353.9 | (533.7) | 4,960.4 | 929.8 | 45,949.2 | 2,387.4 | 48,336.6 |
| Profit for the year | - | 7,220.9 | - | - | - | - | 7,220.9 | 20.4 | 7,241.3 |
| Other comprehensive (expense)/income for the year | - | (232.3) | 416.1 | 121.5 | - | - | 305.3 | 17.0 | 322.3 |
| Total comprehensive income for the year | - | 6,988.6 | 416.1 | 121.5 | - | - | 7,526.2 | 37.4 | 7,563.6 |
| Dividends | - | (2,267.0) | - | - | - | - | (2,267.0) | (297.9) | (2,564.9) |
| Unclaimed dividends pertaining to previous years | - | 27.1 | - | - | - | - | 27.1 | - | 27.1 |
| Impact of acquisition by subsidiary | - | - | - | - | - | - | - | 326.3 | 326.3 |
| Impact of rights issue exercised by minority shareholders in subsidiary | - | - | - | - | - | - | - | 6.7 | 6.7 |
| Issue of shares following the exercise of Group Employee Share Options Scheme | 70.1 | - | - | - | - | - | 70.1 | - | 70.1 |
| Transactions with owners | 70.1 | (2,239.9) | - | - | - | - | (2,169.8) | 35.1 | (2,134.7) |
| Transfers/movements in reserves | - | (1,276.5) | - | - | 1,020.4 | 256.7 | 0.6 | 0.5 | 1.1 |
| At 30 June 2018 | 2,547.9 | 38,233.2 | 3,770.0 | (412.2) | 5,980.8 | 1,186.5 | 51,306.2 | 2,460.4 | 53,766.6 |
| Impact of adopting IFRS 9: | | | | | | | | | |
| Impairment on financial assets: | | | | | | | | | |
| Reversal of portfolio provision | - | 1,359.6 | - | - | - | - | 1,359.6 | - | 1,359.6 |
| Reversal of general banking reserve | - | 1,168.8 | - | 17.2 | - | (1,186.0) | - | - | - |
| Expected credit losses | - | (3,116.5) | 17.1 | - | - | - | (3,099.4) | (15.4) | (3,114.8) |
| | - | (888.1) | 17.1 | 17.2 | - | (1,186.0) | (1,739.8) | (15.4) | (1,755.2) |
| | - | 1,579.3 | (1,559.7) | - | - | - | 19.6 | - | |