



# THE MAURITIUS COMMERCIAL BANK LIMITED

Audited Summary Financial Statements - 30 June 2021

## Summary statement of financial position as at 30 June 2021

	30-Jun-21 RS'M	30-Jun-20 RS'M	30-Jun-19 RS'M
<b>ASSETS</b>			
Cash and cash equivalents	101,154	68,128	45,398
Mandatory balances with Central Bank	21,990	19,821	18,609
Derivative financial instruments	1,035	997	269
Loans to and placements with banks	40,869	19,353	20,754
Loans and advances to customers	256,750	226,777	213,398
Investment securities	183,560	135,915	116,398
Investment in subsidiary	118	118	118
Investments in associates	5,820	4,984	4,079
Intangible assets	1,462	1,014	805
Property, plant and equipment	5,211	5,219	4,964
Deferred tax assets	1,189	1,009	340
Post employee benefit asset	1,218	-	-
Other assets	5,165	2,538	3,369
<b>Total assets</b>	<b>625,541</b>	<b>485,873</b>	<b>428,501</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>			
Deposits from banks	21,656	7,600	7,376
Deposits from customers	453,828	364,008	307,001
Derivative financial instruments	1,406	961	509
Other borrowed funds	74,626	50,817	55,406
Subordinated liability	875	1,013	1,040
Current tax liabilities	1,031	1,270	899
Post employee benefit liability	-	1,170	360
Other liabilities	8,823	5,820	7,759
<b>Total liabilities</b>	<b>562,245</b>	<b>432,659</b>	<b>380,350</b>
<b>Shareholder's equity</b>			
Stated capital	8,880	6,880	6,880
Retained earnings	45,343	38,949	33,819
Other components of equity	9,073	7,385	7,452
<b>Total equity</b>	<b>63,296</b>	<b>53,214</b>	<b>48,151</b>
<b>Total equity and liabilities</b>	<b>625,541</b>	<b>485,873</b>	<b>428,501</b>
<b>CONTINGENT LIABILITIES</b>	<b>128,548</b>	<b>68,496</b>	<b>71,758</b>



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## Summary statement of profit or loss for the year ended 30 June 2021

	30-Jun-21 RS'M	30-Jun-20 RS'M	30-Jun-19 RS'M
Interest income	15,908	18,348	17,449
Interest expense	(2,072)	(4,884)	(5,196)
<b>Net interest income</b>	<b>13,836</b>	<b>13,464</b>	<b>12,253</b>
Fee and commission income	4,934	4,421	4,433
Fee and commission expense	(1,068)	(1,077)	(1,070)
<b>Net fee and commission income</b>	<b>3,866</b>	<b>3,344</b>	<b>3,363</b>
<b>Other income</b>			
Profit arising from dealing in foreign currencies	1,567	1,322	1,216
Net gain from financial instruments carried at fair value	403	913	651
	<b>1,970</b>	<b>2,235</b>	<b>1,867</b>
Dividend income	36	36	59
Net (loss)/gain on sale of financial instruments fair valued through other comprehensive income	(113)	195	8
Other operating income/(expense)	148	(1)	30
	<b>2,041</b>	<b>2,465</b>	<b>1,964</b>
<b>Operating income</b>	<b>19,743</b>	<b>19,273</b>	<b>17,580</b>
<b>Non-interest expense</b>			
Salaries and human resource costs	(3,789)	(3,629)	(3,527)
Depreciation of property, plant and equipment	(556)	(511)	(436)
Amortisation of intangible assets	(321)	(229)	(173)
Other	(2,062)	(1,891)	(1,788)
	<b>(6,728)</b>	<b>(6,260)</b>	<b>(5,924)</b>
<b>Operating profit before impairment</b>	<b>13,015</b>	<b>13,013</b>	<b>11,656</b>
Net impairment of financial assets	(4,601)	(4,818)	(1,455)
<b>Operating profit</b>	<b>8,414</b>	<b>8,195</b>	<b>10,201</b>
Share of profit of associates	337	444	242
<b>Profit before tax</b>	<b>8,751</b>	<b>8,639</b>	<b>10,443</b>
Income tax expense	(1,355)	(1,230)	(1,678)
<b>Profit for the year</b>	<b>7,396</b>	<b>7,409</b>	<b>8,765</b>
<b>Earnings per share (Rs)</b>	<b>10.73</b>	<b>10.77</b>	<b>12.74</b>
<b>Weighted average number of ordinary shares (thousands)</b>	<b>689,056</b>	<b>687,960</b>	<b>687,960</b>



**Summary statement of comprehensive income for the year ended 30 June 2021**

	<b>30-Jun-21</b>	30-Jun-20	30-Jun-19
	<b>RS'M</b>	RS'M	RS'M
<b>Profit for the year</b>	<b>7,396</b>	7,409	8,765
<b>Other comprehensive income/(expense):</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Net fair value gain/(loss) on equity instruments	111	(191)	(69)
Reclassification adjustments on disposal of investments at fair value	(1)	-	-
Remeasurement of defined benefit pension plan, net of deferred tax	<b>2,108</b>	(671)	(404)
	<b>2,218</b>	(862)	(473)
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations	576	368	23
Reclassification adjustments on disposal of investments at fair value	-	-	(25)
Net fair value (loss)/gain on debt instruments	<b>(108)</b>	5	82
	<b>468</b>	373	80
<b>Other comprehensive income/(expense) for the year</b>	<b>2,686</b>	(489)	(393)
<b>Total comprehensive income for the year</b>	<b>10,082</b>	6,920	8,372



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## Summary statement of changes in equity for the year ended 30 June 2021

	Stated Capital RS'M	Retained Earnings RS'M	Capital Reserve RS'M	Translation Reserve RS'M	Statutory Reserve RS'M	General Banking Reserve RS'M	Total Equity RS'M
<b>At 1 July 2018</b>	6,880	29,619	246	66	5,926	-	42,737
Profit for the year	-	8,765	-	-	-	-	8,765
Other comprehensive (expense)/income for the year	-	(404)	(12)	23	-	-	(393)
Total comprehensive income/(expense) for the year	-	8,361	(12)	23	-	-	8,372
Dividends	-	(2,958)	-	-	-	-	(2,958)
Transactions with owner	-	(2,958)	-	-	-	-	(2,958)
Transfer to statutory reserve	-	(954)	-	-	954	-	-
Transfer to general banking reserve	-	(249)	-	-	-	249	-
<b>At 30 June 2019</b>	6,880	33,819	234	89	6,880	249	48,151
Profit for the year	-	7,409	-	-	-	-	7,409
Other comprehensive (expense)/income for the year	-	(671)	(186)	368	-	-	(489)
Total comprehensive income/(expense) for the year	-	6,738	(186)	368	-	-	6,920
Dividends	-	(1,857)	-	-	-	-	(1,857)
Transactions with owner	-	(1,857)	-	-	-	-	(1,857)
Transfer from general banking reserve	-	249	-	-	-	(249)	-
<b>At 30 June 2020</b>	6,880	38,949	48	457	6,880	-	53,214
Profit for the year	-	7,396	-	-	-	-	7,396
Other comprehensive income for the year	-	2,107	3	576	-	-	2,686
Total comprehensive income for the year	-	9,503	3	576	-	-	10,082
Rights issue	2,000	-	-	-	-	-	2,000
Dividends	-	(2,000)	-	-	-	-	(2,000)
Transactions with owner	2,000	(2,000)	-	-	-	-	-
Transfer to statutory reserve	-	(1,109)	-	-	1,109	-	-
<b>At 30 June 2021</b>	8,880	45,343	51	1,033	7,989	-	63,296



**THE MAURITIUS COMMERCIAL BANK LIMITED**

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**Summary statement of cash flows for the year ended 30 June 2021**

	<b>30-Jun-21</b>	30-Jun-20	30-Jun-19
	<b>RS'M</b>	RS'M	RS'M
<b>Operating activities</b>			
<b>Net cash flows from trading activities</b>	<b>4,126</b>	13,425	16,386
<b>Net cash flows from other operating activities</b>	<b>30,725</b>	15,034	(64)
Dividends received from associates	<b>134</b>	-	173
Dividends paid	-	(3,405)	(2,752)
Income tax paid	<b>(2,080)</b>	(1,418)	(1,517)
<b>Net cash flows from operating activities</b>	<b>32,905</b>	23,636	12,226
<b>Investing activities</b>			
Investment in associate	-	(50)	(98)
Purchase of property, plant and equipment	<b>(439)</b>	(589)	(422)
Purchase of intangible assets	<b>(717)</b>	(518)	(354)
Proceeds from sale of property, plant and equipment	<b>3</b>	2	5
<b>Net cash flows from investing activities</b>	<b>(1,153)</b>	(1,155)	(869)
<b>Net cash flows before financing activities</b>	<b>31,752</b>	22,481	11,357
<b>Financing activities</b>			
Issue of share capital	<b>2,000</b>	-	-
Payment of lease liabilities	<b>(60)</b>	(42)	-
Refund of subordinated liability	<b>(179)</b>	(137)	(51)
<b>Net cash flows from financing activities</b>	<b>1,761</b>	(179)	(51)
Increase in cash and cash equivalents	<b>33,513</b>	22,302	11,306
Net cash and cash equivalents at 1 July	<b>67,696</b>	45,394	34,088
<b>Net cash and cash equivalents at 30 June</b>	<b>101,209</b>	67,696	45,394



**COMMENTS ON RESULTS**

Profit after tax for the year ended 30 June 2021 remained at similar levels compared to last year, at Rs 7.4 billion, despite the challenging context.

Net interest income rose by 2.8% and reached Rs 13.8 billion. This was mainly driven by higher investments in Government securities and an expansion in the international loan book offset by falling margins.

Net fee and commission income rose by 15.6% to Rs 3.9 billion with a strong performance in fees from regional trade financing, bank guarantees and wealth management activities.

Profit arising from dealing in foreign currencies and net gain from financial instruments totaling Rs 2.0 billion were 12% lower than last year. The foreign exchange market locally remained stretched, with customer demands outstripping supply. On the international front, the market volatility resulting from interest rate movements in USD and EUR, impacted negatively on the fair value movements on financial instruments.

In addition, Other income of Rs 71 million was lower due to a net loss on the sale of financial instruments for the year ended 30 June 2021 compared to a net gain in the previous year, due to the above mentioned market volatility.

Overall, Operating income increased by 2.4% to reach Rs 19.7 billion whilst Non-interest expense increased by 7.5% to reach Rs 6.7 billion driven by investments in technology and human resources, thus giving rise to a cost to income ratio of 34.1%.

Net impairment of financial assets during the year reached Rs 4.6 billion compared to Rs 4.8 billion last year. Taking into account an increase in specific provisions, the Bank provided an additional buffer for expected credit losses ('ECL') during the year with cumulative ECL amount reaching Rs 8.5 billion on 30 June 2021 and representing 2.8% of gross loans. The cost of risk for the year fell to 1.4% and Gross Non Performing Loans ratio declined further to 3.2% as at 30 June 2021.

During the year, Loans and advances to customers rose by 13.2% to Rs 256.8 billion (with a mix of 56% in foreign currencies) whilst Total deposits from customers rose by 24.7% to Rs 453.8 billion (with a mix of 47% in foreign currencies). Other borrowed funds being solely in foreign currencies increased by Rs 23.8 billion and reached Rs 74.6 billion. These trends comforted the Bank's liquidity position.

Shareholder's equity went up by 18.9% to reach Rs 63.3 billion including the capital injection of Rs 2.0 billion by way of rights issue and taking into account the interim dividend distribution of Rs 2.0 billion, both of which occurred in the last quarter of the financial year. The Bank's BIS and Tier 1 ratios remained strong at 16.8% and 15.8% respectively, comfortably above regulatory norms.

Looking ahead, we expect our international operations to continue to be resilient and well positioned to benefit from the improved global economic conditions. The local operating context is likely to remain challenging despite the upcoming easing of travel and border restrictions as from 1<sup>st</sup> October 2021, with the speed of recovery dependent upon the level of tourists arrivals and the containment of ongoing Covid-19 cases.

These financial statements were approved for issue by the Board of Directors on the 24 September 2021.

**(S) Alain LAW MIN**  
Director  
*Chief Executive Officer*

**(S) Jean-François DESVAUX DE MARIGNY**  
Director  
*Chairperson*

**(S) Uday GUJADHUR**  
Director  
*Chairperson Audit Committee*

## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDER OF THE MAURITIUS COMMERCIAL BANK LIMITED

#### Opinion

The summary financial statements, which comprise the summary statement of financial position as at 30 June 2021, the summary statement of profit or loss, the summary statement of comprehensive income, the summary statement of changes in equity and the summary statement of cash flows for the year then ended, are extracted from audited financial statements of The Mauritius Commercial Bank Limited (the "Bank") for the year ended 30 June 2021.

In our opinion, the accompanying summary financial statements are consistent in all material respects, with the audited financial statements of the Bank which are prepared in accordance with International Financial Reporting Standards (IFRSs), and in compliance with the requirements of the Mauritius Companies Act 2001, the Banking Act 2004 and the Financial Reporting Act 2004.

#### Other matter

The summary financial statements of The Mauritius Commercial Bank Limited for the year ended 30 June 2020 were extracted from the audited financial statements audited by another auditor who expressed an unmodified opinion on those financial statements on 25 September 2020.

#### Summary financial statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

#### The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 24 September 2021. That report also includes the communication of key audit matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year.

#### Responsibilities of Directors for the Summary Financial Statements

The directors are responsible for the preparation of the summary financial statements, without reference to the detailed notes, extracted from the audited financial statements of the Bank for the year ended 30 June 2021. The audited financial statements have been prepared in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001, the Banking Act 2004 and the Financial Reporting Act 2004.

#### Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

#### Use of this report

This report, including our opinion, has been prepared for and only for the Bank's shareholder in accordance with Section 34 (6) (b)(ii) of the Banking Act 2004 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Deloitte**  
Chartered Accountants

**Twaleb Butonkee, FCA**  
Licensed by FRC

24 September 2021

#### Note 1

The accompanying summary financial statements, without reference to the detailed notes, are derived from the audited financial statements of The Mauritius Commercial Bank Limited (the "Bank") for the year ended 30 June 2021. These audited financial statements, which have been prepared in accordance with International Financial Reporting Standards and in compliance with the Mauritius Companies Act 2001, the Banking Act 2004 and guidelines issued by the Bank of Mauritius, are available at 9-15 Sir William Newton Street, Port Louis, Mauritius and can be viewed on our website: [www.mcb.mu](http://www.mcb.mu)

Where necessary, comparative figures have been amended to conform with changes in presentation or in accounting policies.

#### Note 2

The Board of Directors of The Mauritius Commercial Bank Limited accepts full responsibility for the accuracy of the information contained in this communiqué.