



THE MAURITIUS COMMERCIAL BANK LIMITED
Unaudited Interim Summary Financial Statements - 31 March 2020

Summary statement of financial position as at 31 March 2020

	31-Mar-20	31-Mar-19	30-Jun-19
	Rs'000	Rs'000	Rs'000
		(Restated)	(Restated)
ASSETS			
Cash and cash equivalents	56,254,218	44,305,421	45,398,059
Mandatory balances with Central Bank	18,737,994	18,300,589	18,608,534
Derivative financial instruments	798,100	143,278	269,295
Loans to and placements with banks	14,590,769	15,735,777	20,754,084
Loans and advances to customers	227,143,254	211,501,113	213,398,224
Investment securities	141,909,021	101,800,480	116,397,500
Investment in subsidiary	117,570	117,570	117,570
Investments in associates	4,635,801	3,979,639	4,078,542
Intangible assets	951,245	651,293	805,494
Property, plant and equipment	5,010,087	4,754,964	4,964,461
Deferred tax assets	653,743	507,090	340,062
Other assets	2,691,136	3,502,710	3,368,885
Total assets	473,492,938	405,299,924	428,500,710
LIABILITIES AND SHAREHOLDER'S EQUITY			
Deposits from banks	8,069,359	7,940,359	7,375,969
Deposits from customers	361,383,696	297,052,277	307,000,545
Derivative financial instruments	956,295	196,531	508,808
Other borrowed funds	42,783,048	43,895,930	55,405,740
Subordinated liability	978,479	1,000,355	1,040,100
Current tax liabilities	1,188,620	965,405	898,811
Other liabilities	5,989,179	6,710,706	8,121,146
Total liabilities	421,348,676	357,761,563	380,351,119
Shareholder's equity			
Stated capital	6,879,602	6,879,602	6,879,602
Retained earnings	37,993,551	34,551,645	33,818,910
Other components of equity	7,271,109	6,107,114	7,451,079
Total equity	52,144,262	47,538,361	48,149,591
Total equity and liabilities	473,492,938	405,299,924	428,500,710
CONTINGENT LIABILITIES			
Guarantees, letters of credit and other obligations on account of customers	90,208,538	62,260,616	66,527,909
Commitments	6,566,363	5,829,109	5,140,426
Tax assessments	97,152	157,085	89,715
Other	1,847,129	1,607,400	1,659,453
	98,719,182	69,854,210	73,417,503



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Summary statement of profit or loss for the period ended 31 March 2020

	Quarter to 31-Mar-20 Rs'000	Quarter to 31-Mar-19 Rs'000 (Restated)	9 mths to 31-Mar-20 Rs'000	9 mths to 31-Mar-19 Rs'000 (Restated)	Year to 30-Jun-19 Rs'000 (Restated)
Interest income	4,598,643	4,364,437	14,149,715	12,754,586	17,449,219
Interest expense	<u>(1,306,315)</u>	<u>(1,322,139)</u>	<u>(4,161,589)</u>	<u>(3,639,173)</u>	<u>(5,196,422)</u>
Net interest income	3,292,328	3,042,298	9,988,126	9,115,413	12,252,797
Fee and commission income	1,094,848	984,797	3,201,769	2,972,130	4,087,395
Fee and commission expense	<u>(297,307)</u>	<u>(308,667)</u>	<u>(860,519)</u>	<u>(802,033)</u>	<u>(1,069,983)</u>
Net fee and commission income	797,541	676,130	2,341,250	2,170,097	3,017,412
Other income	429,405	637,738	1,683,014	1,548,267	2,312,667
Operating income	4,519,274	4,356,166	14,012,390	12,833,777	17,582,876
Non-interest expense	<u>(1,577,866)</u>	<u>(1,476,720)</u>	<u>(4,778,966)</u>	<u>(4,532,422)</u>	<u>(5,925,617)</u>
Operating profit before impairment	2,941,408	2,879,446	9,233,424	8,301,355	11,657,259
Net impairment of financial assets	<u>(1,791,689)</u>	<u>(281,484)</u>	<u>(2,621,099)</u>	<u>(1,016,714)</u>	<u>(1,455,649)</u>
Operating profit	1,149,719	2,597,962	6,612,325	7,284,641	10,201,610
Share of profit of associates	48,882	25,744	347,751	211,927	241,860
Profit before tax	1,198,601	2,623,706	6,960,076	7,496,568	10,443,470
Income tax expense	<u>(259,533)</u>	<u>(396,200)</u>	<u>(1,177,140)</u>	<u>(1,153,868)</u>	<u>(1,677,920)</u>
Profit for the period	939,068	2,227,506	5,782,936	6,342,700	8,765,550

Summary statement of comprehensive income for the period ended 31 March 2020

Profit for the period	939,068	2,227,506	5,782,936	6,342,700	8,765,550
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Net fair value loss on equity investments	(231,634)	(25,027)	(248,157)	(51,305)	(68,733)
Remeasurement of defined benefit pension plan, net of deferred tax	-	-	-	-	(404,477)
	<u>(231,634)</u>	<u>(25,027)</u>	<u>(248,157)</u>	<u>(51,305)</u>	<u>(473,210)</u>
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	178,160	(18,312)	187,726	(116,940)	22,839
Reclassification adjustments on disposal of investments at fair value through other comprehensive income	-	(19,811)	-	(25,320)	(25,320)
Net fair value gain on debt instruments	111,592	17,328	129,658	63,314	81,731
	<u>289,752</u>	<u>(20,795)</u>	<u>317,384</u>	<u>(78,946)</u>	<u>79,250</u>
Other comprehensive income/(expense) for the period	58,118	(45,822)	69,227	(130,251)	(393,960)
Total comprehensive income for the period	997,186	2,181,684	5,852,163	6,212,449	8,371,590
Earnings per share (Rs)	1.37	3.24	8.41	9.22	12.74
Weighted average number of shares (thousands)	687,960	687,960	687,960	687,960	687,960



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Summary statement of changes in equity for the period ended 31 March 2020

At 1 July 2018

Impact of adjusting for deferred tax on adoption of IFRS 9

At 1 July 2018 as restated

Profit for the period

Other comprehensive expense for the period

Total comprehensive income/(expense) for the period

Dividends

Transactions with owner in his capacity as owner

At 31 March 2019

At 1 July 2018

Impact of adjusting for deferred tax on adoption of IFRS 9

At 1 July 2018 as restated

Profit for the year

Other comprehensive (expense)/income for the year

Total comprehensive income/(expense) for the year

Dividends

Transactions with owner in his capacity as owner

Transfer to statutory reserve

Transfer to general banking reserve

At 30 June 2019

Profit for the period

Other comprehensive (expense)/income for the period

Total comprehensive income/(expense) for the period

Dividends

Transactions with owner in his capacity as owner

Transfer from general banking reserve

At 31 March 2020

Stated Capital	Retained Earnings	Capital Reserve	Translation Reserve	Statutory Reserve	General Banking Reserve	Total Equity
Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
6,879,602	29,341,208	245,870	65,893	5,925,602	-	42,458,175
-	278,056	-	-	-	-	278,056
6,879,602	29,619,264	245,870	65,893	5,925,602	-	42,736,231
-	6,342,700	-	-	-	-	6,342,700
-	-	(13,311)	(116,940)	-	-	(130,251)
-	6,342,700	(13,311)	(116,940)	-	-	6,212,449
-	(1,410,319)	-	-	-	-	(1,410,319)
-	(1,410,319)	-	-	-	-	(1,410,319)
6,879,602	34,551,645	232,559	(51,047)	5,925,602	-	47,538,361
6,879,602	29,341,208	245,870	65,893	5,925,602	-	42,458,175
-	278,056	-	-	-	-	278,056
6,879,602	29,619,264	245,870	65,893	5,925,602	-	42,736,231
-	8,765,550	-	-	-	-	8,765,550
-	(404,477)	(12,322)	22,839	-	-	(393,960)
-	8,361,073	(12,322)	22,839	-	-	8,371,590
-	(2,958,230)	-	-	-	-	(2,958,230)
-	(2,958,230)	-	-	-	-	(2,958,230)
-	(954,000)	-	-	954,000	-	-
-	(249,197)	-	-	-	249,197	-
6,879,602	33,818,910	233,548	88,732	6,879,602	249,197	48,149,591
-	5,782,936	-	-	-	-	5,782,936
-	-	(118,499)	187,726	-	-	69,227
-	5,782,936	(118,499)	187,726	-	-	5,852,163
-	(1,857,492)	-	-	-	-	(1,857,492)
-	(1,857,492)	-	-	-	-	(1,857,492)
-	249,197	-	-	-	(249,197)	-
6,879,602	37,993,551	115,049	276,458	6,879,602	-	52,144,262



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Summary statement of cash flows for the period ended 31 March 2020

	9 mths to 31-Mar-20 Rs'000	9 mths to 31-Mar-19 Rs'000	Year to 30-Jun-19 Rs'000
Operating activities			
Net cash flows from trading activities	3,711,298	10,018,715	16,380,613
Net cash flows from other operating activities	24,321,323	939,302	(11,724,945)
Dividends received from associates	-	-	173,499
Dividends paid	(3,405,403)	(2,751,841)	(2,751,841)
Income tax paid	(1,201,012)	(1,186,096)	(1,517,304)
Net cash flows from operating activities	23,426,206	7,020,080	560,022
Net cash flows from investing activities	(864,842)	(514,718)	(869,354)
Net cash flows from financing activities	(137,187)	(51,384)	(51,384)
Increase/(Decrease) in cash and cash equivalents	22,424,177	6,453,978	(360,716)
Net cash and cash equivalents brought forward	31,894,234	32,254,950	32,254,950
Net cash and cash equivalents carried forward	54,318,411	38,708,928	31,894,234

COMMENTS ON RESULTS

Operating profit before impairment for the nine months ended 31 March 2020 increased in line with expectations to reach Rs 9,233 million representing an increase of 11.2% from last year. This includes a drop in the fair value gain in equity investments amounting to Rs 69 million when compared to the same period last year, as a result of the impact of Covid-19 on the global stock markets.

Despite the above, Profit after tax dropped by Rs 560 million (8.8%) to reach Rs 5,783 million compared to the same period last year. Profit after tax for the quarter to 31 March 2020 amounted to Rs 939 million (2019: Rs 2,228 million) with impairment charges for the quarter amounting to Rs 1,792 million compared to Rs 829 million for the six months period to 31 December 2019. Specific provisions (net of recoveries) for this quarter amounted to Rs 304 million whereas expected credit losses (ECL) on the performing assets portfolio amounted to Rs 1,488 million.

This significant increase in ECL reflects the inherent increase in credit risks and our forward looking view of the impact of the Covid-19 pandemic on our operations, based on certain assumptions made in our credit modelling exercise amidst significant uncertainties on how future developments will unfold not only locally but also in our major markets.

Loans and Advances to Customers rose by 7.4% to Rs 227.1 billion whilst Total Deposits from Customers rose by 21.7% to Rs 361.4 billion. These trends comforted the Bank's liquidity position notably in foreign currencies. The Bank's foreign currency loans represent 65% of the funding base while its US dollar Liquidity Coverage Ratio stood at more than 180% as at 31 March 2020 which is well above the Basel III regulatory norm.

Shareholder's equity went up by 9.7% to reach Rs 52.1 billion as at 31 March 2020 and the Bank's BIS ratio and Tier 1 ratio at 16.1% and 15.1% respectively, remained at comfortable levels.

OUTLOOK

Like most governments worldwide, the Mauritian government has put into place a number of measures to accompany businesses and citizens to assist them in sustaining the shock of the current lockdown with our frontiers closed since 18 March 2020 and the country being in sanitary confinement since 20 March 2020. The measures implemented during this period are primarily aimed at providing lines of credit and government guarantees for working capital purposes as well as direct wage assistance to ensure that employment is maintained.

It is however evident that businesses in certain sectors will need continued support from the government beyond the sanitary confinement period and we await to obtain more visibility in the form of the government's response and accompanying measures in addressing the vulnerabilities of these sectors.

In the light of the above, the Board will continue to assess the situation closely as local and worldwide developments unfold and it expects the results of the Bank to be subject to some volatility over the next few quarters.

By order of the Board

14 May 2020

The unaudited interim summary financial statements comply with IAS 34 and have been prepared using the same accounting policies as those adopted in the financial statements for the year ended 30 June 2019.

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

Copies of the unaudited interim summary financial statements can be obtained, free of charge, upon request to the Company Secretary at the registered office of the bank, 9-15, Sir William Newton Street, Port-Louis and can be viewed on our website: www.mcb.mu

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