



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

Summary statement of financial position as at 31 December 2020

	31-Dec-20 Rs'000	31-Dec-19 Rs'000 (Restated)	30-Jun-20 Rs'000
ASSETS			
Cash and cash equivalents	60,152,732	55,011,333	68,127,676
Mandatory balances with Central Bank	20,665,417	19,789,861	19,821,283
Derivative financial instruments	924,700	424,253	997,381
Loans to and placements with banks	36,184,562	15,476,041	19,352,797
Loans and advances to customers	237,350,166	216,395,626	226,777,455
Investment securities	156,885,879	120,862,242	135,914,904
Investment in subsidiary	117,570	117,570	117,570
Investments in associates	5,497,295	4,387,670	4,984,071
Intangible assets	1,185,073	900,162	1,014,301
Property, plant and equipment	5,124,924	5,050,199	5,218,824
Deferred tax assets	1,307,281	389,779	1,009,360
Other assets	3,947,705	2,834,025	2,537,136
Total assets	529,343,304	441,638,761	485,872,758
LIABILITIES AND SHAREHOLDER'S EQUITY			
Deposits from banks	16,287,938	7,986,899	7,600,253
Deposits from customers	389,643,585	329,924,173	364,007,792
Derivative financial instruments	950,237	357,478	961,313
Other borrowed funds	56,026,749	44,002,893	50,816,745
Subordinated liability	900,168	1,005,272	1,013,331
Current tax liabilities	1,132,639	906,796	1,269,789
Post employee benefit liability	1,169,752	360,099	1,169,752
Other liabilities	5,965,078	5,972,070	5,822,071
Total liabilities	472,076,146	390,515,680	432,661,046
Shareholder's equity			
Stated capital	6,879,602	6,879,602	6,879,602
Retained earnings	42,780,143	36,802,997	38,947,716
Other components of equity	7,607,413	7,440,482	7,384,394
Total equity	57,267,158	51,123,081	53,211,712
Total equity and liabilities	529,343,304	441,638,761	485,872,758
CONTINGENT LIABILITIES			
	105,531,573	77,019,412	68,495,791



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

	Quarter to 31-Dec-20 Rs'000	Quarter to 31-Dec-19 Rs'000 (Restated)	6 mths to 31-Dec-20 Rs'000	6 mths to 31-Dec-19 Rs'000 (Restated)	Year to 30-Jun-20 Rs'000
Interest income	3,948,274	4,777,859	7,866,184	9,551,072	18,347,992
Interest expense	(496,715)	(1,373,330)	(1,037,385)	(2,855,274)	(4,883,964)
Net interest income	3,451,559	3,404,529	6,828,799	6,695,798	13,464,028
Fee and commission income	1,197,755	1,196,123	2,373,331	2,291,034	4,420,803
Fee and commission expense	(304,470)	(281,983)	(548,559)	(563,212)	(1,077,024)
Net fee and commission income	893,285	914,140	1,824,772	1,727,822	3,343,779
Other income	619,363	632,699	1,274,144	1,069,496	2,463,746
Operating income	4,964,207	4,951,368	9,927,715	9,493,116	19,271,553
Non-interest expense	(1,669,079)	(1,618,505)	(3,277,080)	(3,201,100)	(6,259,507)
Operating profit before impairment	3,295,128	3,332,863	6,650,635	6,292,016	13,012,046
Net impairment of financial assets	(1,076,372)	(449,511)	(2,291,096)	(829,410)	(4,818,268)
Operating profit	2,218,756	2,883,352	4,359,539	5,462,606	8,193,778
Share of profit of associates	95,379	149,425	193,751	298,869	444,256
Profit before tax	2,314,135	3,032,777	4,553,290	5,761,475	8,638,034
Income tax expense	(374,802)	(478,229)	(720,863)	(941,625)	(1,229,532)
Profit for the period	1,939,333	2,554,548	3,832,427	4,819,850	7,408,502

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

Profit for the period	1,939,333	2,554,548	3,832,427	4,819,850	7,408,502
Other comprehensive income/(expense):					
Items that will not be reclassified to profit or loss:					
Net fair value gain/(loss) on equity investments	48,862	1,811	1,306	(16,523)	(190,268)
Remeasurement of defined benefit pension plan, net of deferred tax	-	-	-	-	(671,424)
	48,862	1,811	1,306	(16,523)	(861,692)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	145,368	80,727	280,737	9,566	367,825
Net fair value (loss)/gain on debt instruments	(165,042)	(12,638)	(59,024)	18,066	4,955
	(19,674)	68,089	221,713	27,632	372,780
Other comprehensive income/(expense) for the period	29,188	69,900	223,019	11,109	(488,912)
Total comprehensive income for the period	1,968,521	2,624,448	4,055,446	4,830,959	6,919,590
Earnings per share (Rs)	2.82	3.71	5.57	7.01	10.77
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 December 2020

	Stated Capital Rs '000	Retained Earnings Rs '000	Capital Reserve Rs '000	Translation Reserve Rs '000	Statutory Reserve Rs '000	General Banking Reserve Rs '000	Total Equity Rs '000
At 1 July 2019, as restated	6,879,602	33,818,933	233,548	88,732	6,879,602	249,197	48,149,614
Profit for the period	-	4,819,850	-	-	-	-	4,819,850
Other comprehensive income for the period	-	-	1,543	9,566	-	-	11,109
Total comprehensive income for the period	-	4,819,850	1,543	9,566	-	-	4,830,959
Dividends	-	(1,857,492)	-	-	-	-	(1,857,492)
Transactions with owner in his capacity as owner	-	(1,857,492)	-	-	-	-	(1,857,492)
Transfer from general banking reserve	-	21,706	-	-	-	(21,706)	-
At 31 December 2019	6,879,602	36,802,997	235,091	98,298	6,879,602	227,491	51,123,081
At 1 July 2019, as restated	6,879,602	33,818,933	233,548	88,732	6,879,602	249,197	48,149,614
Profit for the year	-	7,408,502	-	-	-	-	7,408,502
Other comprehensive (expense)/income for the year	-	(671,424)	(185,313)	367,825	-	-	(488,912)
Total comprehensive income/(expense) for the year	-	6,737,078	(185,313)	367,825	-	-	6,919,590
Dividends	-	(1,857,492)	-	-	-	-	(1,857,492)
Transactions with owner in his capacity as owner	-	(1,857,492)	-	-	-	-	(1,857,492)
Transfer from general banking reserve	-	249,197	-	-	-	(249,197)	-
At 30 June 2020	6,879,602	38,947,716	48,235	456,557	6,879,602	-	53,211,712
Profit for the period	-	3,832,427	-	-	-	-	3,832,427
Other comprehensive (expense)/income for the period	-	-	(57,718)	280,737	-	-	223,019
Total comprehensive income/(expense) for the period	-	3,832,427	(57,718)	280,737	-	-	4,055,446
At 31 December 2020	6,879,602	42,780,143	(9,483)	737,294	6,879,602	-	57,267,158



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

	6 mths to 31-Dec-20 Rs'000	6 mths to 31-Dec-19 Rs'000 (Restated)	Year to 30-Jun-20 Rs'000
Operating activities			
Net cash flows from trading activities	6,179,461	9,391,187	13,429,828
Net cash flows from other operating activities	(11,836,286)	5,341,318	15,029,403
Dividends paid	-	(3,405,403)	(3,405,403)
Income tax paid	(1,155,934)	(983,334)	(1,418,016)
Net cash flows from operating activities	(6,812,759)	10,343,768	23,635,812
Net cash flows from investing activities	(599,124)	(651,748)	(1,154,832)
Net cash flows from financing activities	(113,828)	(54,475)	(179,195)
(Decrease)/Increase in cash and cash equivalents	(7,525,711)	9,637,545	22,301,785
Net cash and cash equivalents brought forward	67,696,325	45,394,540	45,394,540
Net cash and cash equivalents carried forward	60,170,614	55,032,085	67,696,325



COMMENTS ON RESULTS

Operating profit before impairment for the half year ended 31 December 2020 improved by 5.7% compared to the same period last year and reached Rs 6,651 million.

Net interest income rose by 2.0% to reach Rs 6,829 million as the Bank continues to experience pressures on both customer and excess liquidity margins in both local and foreign currencies.

Net fee and commission income rose by 5.6% and reached Rs 1,825 million. This was the result of a strong performance in fees from cross border transactions and wealth management which more than offset the drop in cards' fees from the tourism and hospitality sector. In addition, Other income rose strongly by 19.1% to reach Rs 1,274 million on account of fair value gains on financial instruments amidst volatile markets.

With the marginal increase in Non-interest expense by 2.4% to Rs 3,277 million, the cost to income ratio remained low at 33.0%.

Profit for the half year dropped by 20.5% to Rs 3,832 million compared to the same period last year. This was due to a charge of Rs 2,291 million in Net impairment in financial assets, largely made up of Expected credit losses ('ECL'), compared to a charge of Rs 829 million over the same period last year, during the pre-Covid 19 period. The annualised cost of risk at the end of the semester was 1.60%.

Loans and advances to customers rose by 9.7% to Rs 237.4 billion whilst Total deposits from customers rose by 18.1% to Rs 389.6 billion. These trends comforted the Bank's liquidity position notably in foreign currencies. The Bank's foreign currency loans represented 65% of the funding base while its US dollar Liquidity Coverage Ratio stood at 172% as at 31 December 2020 which is well above the Basel III regulatory norm.

Shareholder's equity went up by 12.0% to reach Rs 57.3 billion as at 31 December 2020 and the Bank's BIS and Tier 1 ratios remained at comfortable levels, at 16.3% and 15.3% respectively, well above regulatory norms. In the light of this, the Bank has decided not to avail of the latest Bank of Mauritius transitional arrangements for regulatory capital treatment of IFRS9 provisions for expected credit losses.

OUTLOOK

The operating context remains challenging, with little visibility on the evolution of the situation going forward especially with the spread of the new variants of the coronavirus and continued lockdowns in many countries despite the progress made with the widening vaccination campaigns.

Against this backdrop, the Bank will maintain its market vigilance and monitor the situation closely with regular assessment of potential scenarios and opportunities to ensure it maintains adequate buffers to preserve its financial soundness and its performance.

By order of the Board

10 February 2021

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 2020.

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

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.