



THE MAURITIUS COMMERCIAL BANK LIMITED
Unaudited Interim Summary Financial Statements - 31st December 2017

Statement of financial position as at 31st December 2017

	<u>31-Dec-17</u>	<u>31-Dec-16</u>	<u>30-Jun-17</u>
	Rs'000	Rs'000	Rs'000
ASSETS			
Cash and cash equivalents	27,903,963	33,238,236	34,033,960
Mandatory balances with Central Bank	16,632,156	15,101,770	15,432,134
Derivative financial instruments	241,355	364,163	226,731
Loans to and placements with banks	22,649,484	30,480,593	25,912,459
Loans and advances to customers	171,182,930	155,178,159	160,418,113
Investment securities	88,245,782	60,364,356	68,890,863
Investment in subsidiary	198,783	-	64,322
Investments in associates	1,359,501	1,145,428	1,159,250
Intangible assets	554,904	523,284	579,569
Property, plant and equipment	4,899,865	4,950,402	4,911,082
Deferred tax assets	145,244	185,411	143,667
Other assets	1,916,773	2,327,203	2,429,582
Total assets	335,930,740	303,859,005	314,201,732
LIABILITIES AND SHAREHOLDER'S EQUITY			
Deposits from banks	5,575,252	5,005,187	5,302,566
Deposits from customers	275,897,346	249,670,752	258,569,834
Derivative financial instruments	158,922	222,667	97,430
Other borrowed funds	9,692,372	9,167,204	5,606,935
Subordinated liability	1,025,259	1,080,141	1,052,037
Current tax liabilities	370,774	477,175	778,869
Other liabilities	4,266,486	3,479,115	5,549,010
Total liabilities	296,986,411	269,102,241	276,956,681
Shareholder's equity			
Stated capital	6,879,602	6,879,602	6,879,602
Retained earnings	24,980,863	22,182,861	23,462,727
Other components of equity	7,083,864	5,694,301	6,902,722
Total equity	38,944,329	34,756,764	37,245,051
Total equity and liabilities	335,930,740	303,859,005	314,201,732
CONTINGENT LIABILITIES			
Guarantees, letters of credit, endorsements and other obligations on account of customers	52,741,721	31,801,070	41,128,382
Commitments	8,678,620	3,216,802	6,714,334
Tax assessments	1,007,403	848,834	992,632
Other	1,301,874	1,390,184	1,353,991
	63,729,618	37,256,890	50,189,339



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Statement of profit or loss for the period ended 31st December 2017

	Quarter to 31-Dec-17 Rs'000	Quarter to 31-Dec-16 Rs'000	6 mths to 31-Dec-17 Rs'000	6 mths to 31-Dec-16 Rs'000	Year to 30-Jun-17 Rs'000
Interest income	3,320,494	3,197,110	6,597,158	6,328,579	12,604,065
Interest expense	(860,985)	(950,981)	(1,837,035)	(1,930,858)	(3,870,375)
Net interest income	2,459,509	2,246,129	4,760,123	4,397,721	8,733,690
Fee and commission income	930,368	894,647	1,811,903	1,716,575	3,440,108
Fee and commission expense	(205,957)	(189,861)	(397,523)	(344,410)	(687,673)
Net fee and commission income	724,411	704,786	1,414,380	1,372,165	2,752,435
Other income	421,214	509,917	878,691	941,028	2,113,752
Operating income	3,605,134	3,460,832	7,053,194	6,710,914	13,599,877
Non-interest expense	(1,458,070)	(1,298,235)	(2,799,183)	(2,548,074)	(5,021,823)
Operating profit before impairment	2,147,064	2,162,597	4,254,011	4,162,840	8,578,054
Net impairment of financial assets	(340,131)	(279,831)	(591,020)	(482,397)	(950,504)
Profit before tax	1,806,933	1,882,766	3,662,991	3,680,443	7,627,550
Income tax expense	(267,672)	(364,742)	(581,580)	(719,339)	(1,390,088)
Profit for the period	1,539,261	1,518,024	3,081,411	2,961,104	6,237,462



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Statement of comprehensive income for the period ended 31st December 2017

Profit for the period	1,539,261	1,518,024	3,081,411	2,961,104	6,237,462
Other comprehensive (expense)/income:					
Item that will not be reclassified to profit or loss:					
Remeasurement of defined benefit pension plan, net of deferred tax	-	-	-	-	287,079
Items that may be reclassified subsequently to profit or loss:					
Reclassification adjustments on disposal of available-for-sale investments	(179,830)	-	(179,830)	(5,113)	24,257
Net fair value gain/(loss) on available-for-sale investments	43,606	(38,342)	208,016	118,076	355,079
	(136,224)	(38,342)	28,186	112,963	379,336
Other comprehensive (expense)/income for the period	(136,224)	(38,342)	28,186	112,963	666,415
Total comprehensive income for the period	1,403,037	1,479,682	3,109,597	3,074,067	6,903,877
Earnings per share (Rs)	2.24	2.21	4.48	4.30	9.07
Weighted average number of shares (thousands)	687,960	687,960	687,960	687,960	687,960



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Statement of changes in equity for the period ended 31st December 2017

	Stated Capital	Retained Earnings	Capital Reserve	Statutory Reserve	General Banking Reserve	Total Equity
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
At 1st July 2016	6,879,602	20,435,491	775,383	3,974,602	890,345	32,955,423
Profit for the period	-	2,961,104	-	-	-	2,961,104
Other comprehensive income for the period	-	-	112,963	-	-	112,963
Total comprehensive income for the period	-	2,961,104	112,963	-	-	3,074,067
Dividends	-	(1,272,726)	-	-	-	(1,272,726)
Transactions with owner in his capacity as owner	-	(1,272,726)	-	-	-	(1,272,726)
Transfer from general banking reserve	-	58,992	-	-	(58,992)	-
At 31st December 2016	6,879,602	22,182,861	888,346	3,974,602	831,353	34,756,764
At 1st July 2016	6,879,602	20,435,491	775,383	3,974,602	890,345	32,955,423
Profit for the year	-	6,237,462	-	-	-	6,237,462
Other comprehensive income for the year	-	287,079	379,336	-	-	666,415
Total comprehensive income for the year	-	6,524,541	379,336	-	-	6,903,877
Dividends	-	(2,614,249)	-	-	-	(2,614,249)
Transactions with owner in his capacity as owner	-	(2,614,249)	-	-	-	(2,614,249)
Transfer to statutory reserve	-	(936,000)	-	936,000	-	-
Transfer from general banking reserve	-	52,944	-	-	(52,944)	-
At 30th June 2017	6,879,602	23,462,727	1,154,719	4,910,602	837,401	37,245,051
Profit for the period	-	3,081,411	-	-	-	3,081,411
Other comprehensive income for the period	-	-	28,186	-	-	28,186
Total comprehensive income for the period	-	3,081,411	28,186	-	-	3,109,597
Dividends	-	(1,410,319)	-	-	-	(1,410,319)
Transactions with owner in his capacity as owner	-	(1,410,319)	-	-	-	(1,410,319)
Transfer to general banking reserve	-	(152,956)	-	-	152,956	-
At 31st December 2017	6,879,602	24,980,863	1,182,905	4,910,602	990,357	38,944,329



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Statement of cash flows for the period ended 31st December 2017

	6 mths to 31-Dec-17 Rs'000	6 mths to 31-Dec-16 Rs'000	Year to 30-Jun-17 Rs'000
Operating activities			
Net cash flows from trading activities	(6,991,206)	4,124,501	(175,858)
Net cash flows from other operating activities	10,744,510	(1,956,265)	6,411,810
Dividends paid	(2,751,842)	(2,304,667)	(2,304,667)
Income tax paid	(991,252)	(812,611)	(1,190,595)
Net cash flows from operating activities	10,210	(949,042)	2,740,690
Net cash flows from investing activities	(10,534,942)	(582,147)	(712,644)
Net cash flows from financing activities	-	-	-
(Decrease)/increase in cash and cash equivalents	(10,524,732)	(1,531,189)	2,028,046
Net cash and cash equivalents brought forward	33,997,307	31,969,261	31,969,261
Net cash and cash equivalents carried forward	23,472,575	30,438,072	33,997,307

COMMENTS ON RESULTS

For the half year ended 31st December 2017, operating income rose by 5.1% to reach Rs 7,053 million, contributing to a growth of 4.1% in profit after tax amounting to Rs 3,081 million.

Net interest income increased by 8.2% to reach Rs 4,760 million as a result of a strong increase of 20% in the foreign currency loan portfolio and the continued increase in MUR excess liquidity invested mainly in Treasury Bills and GOM/BOM Bonds.

Net fee and commission income increased by 3.1% to Rs 1,414 million with fees generated from the increased foreign currency disbursements being partly offset by lower portfolio and wealth management fees during the period under review.

Profit arising from dealings in foreign currencies and net gain from financial instruments carried at fair value fell marginally by 1.7% to reach Rs 849 million, on account of mark-to-market fluctuations on our increasing portfolio of held-for-trading securities as well as on our open position impacted mainly by the fluctuation in the MUR/USD exchange rate.

Non-interest expense grew by 9.9% to reach Rs 2,799 million driven mainly by increases in staff expenses and software and hardware maintenance costs, aimed towards capacity building. The cost to income ratio reached 39.7% and remained at a comfortable level.

Net impairment of financial assets amounted to Rs 591 million whilst the bank's non-performing loans to gross loans ratio declined from 5.8% as at 30th June 2017 to 4.4% as at 31st December 2017 following positive recovery actions and the increase in loans and advances to customers.

The Bank remains strongly capitalised with a Tier 1 ratio of 15.1% and a BIS ratio of 15.9% at the end of the semester.

Going forward, the Bank expects to realise its pipeline of projects as well as embark on various bank-wide realignment/transformation initiatives, which will allow it to achieve its strategic ambitions.

By order of the Board

12th February 2018

The unaudited interim summary financial statements have been prepared using the same accounting policies as those adopted in the financial statements for the year ended 30th June 2017 and comply with IAS 34.

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.