



THE MAURITIUS COMMERCIAL BANK LIMITED
Unaudited Interim Summary Financial Statements - 31st March 2018

Statement of financial position as at 31st March 2018

| | 31-Mar-18 | 31-Mar-17 | 30-Jun-17 |
|---|--------------------|--------------------|--------------------|
| | Rs'000 | Rs'000 | Rs'000 |
| ASSETS | | | |
| Cash and cash equivalents | 29,758,785 | 36,519,709 | 34,033,960 |
| Mandatory balances with Central Bank | 17,151,043 | 15,067,723 | 15,432,134 |
| Derivative financial instruments | 263,486 | 214,573 | 226,731 |
| Loans to and placements with banks | 17,937,788 | 25,339,856 | 25,912,459 |
| Loans and advances to customers | 176,297,344 | 158,611,764 | 159,973,920 |
| Investment securities | 88,759,952 | 66,262,959 | 68,890,863 |
| Investment in subsidiary | 252,139 | - | 64,322 |
| Investments in associates | 1,371,664 | 1,142,810 | 1,159,250 |
| Intangible assets | 525,356 | 545,458 | 579,569 |
| Property, plant and equipment | 4,829,961 | 4,907,994 | 4,911,082 |
| Deferred tax assets | 175,435 | 190,429 | 143,667 |
| Other assets | 1,994,104 | 2,805,649 | 2,429,582 |
| Total assets | 339,317,057 | 311,608,924 | 313,757,539 |
| LIABILITIES AND SHAREHOLDER'S EQUITY | | | |
| Deposits from banks | 6,823,420 | 5,692,456 | 5,302,566 |
| Deposits from customers | 276,428,807 | 256,446,144 | 258,569,834 |
| Derivative financial instruments | 257,184 | 124,333 | 97,430 |
| Other borrowed funds | 10,132,671 | 7,457,909 | 5,606,935 |
| Subordinated liability | 1,015,388 | 1,059,486 | 1,052,037 |
| Current tax liabilities | 579,777 | 576,071 | 778,869 |
| Other liabilities | 3,328,272 | 3,801,968 | 5,104,817 |
| Total liabilities | 298,565,519 | 275,158,367 | 276,512,488 |
| Shareholder's equity | | | |
| Stated capital | 6,879,602 | 6,879,602 | 6,879,602 |
| Retained earnings | 26,646,839 | 23,716,435 | 23,462,727 |
| Other components of equity | 7,225,097 | 5,854,520 | 6,902,722 |
| Total equity | 40,751,538 | 36,450,557 | 37,245,051 |
| Total equity and liabilities | 339,317,057 | 311,608,924 | 313,757,539 |
| CONTINGENT LIABILITIES | | | |
| Guarantees, letters of credit, endorsements and other obligations on account of customers | 59,456,723 | 32,649,122 | 41,128,382 |
| Commitments | 8,887,080 | 6,080,514 | 6,714,334 |
| Tax assessments | 1,014,261 | 854,817 | 992,632 |
| Other | 1,452,047 | 1,356,212 | 1,353,991 |
| | 70,810,111 | 40,940,665 | 50,189,339 |



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Statement of profit or loss for the period ended 31st March 2018

| | Quarter to 31-Mar-18 Rs'000 | Quarter to 31-Mar-17 Rs'000 | 9 mths to 31-Mar-18 Rs'000 | 9 mths to 31-Mar-17 Rs'000 | Year to 30-Jun-17 Rs'000 |
|---|--|-----------------------------------|---|----------------------------------|--------------------------------|
| Interest income | 3,423,621 | 3,179,301 | 10,108,528 | 9,558,759 | 12,749,424 |
| Interest expense | (911,828) | (964,364) | (2,748,863) | (2,895,222) | (3,870,375) |
| Net interest income | 2,511,793 | 2,214,937 | 7,359,665 | 6,663,537 | 8,879,049 |
| Fee and commission income | 1,019,222 | 857,630 | 2,743,376 | 2,523,326 | 3,294,749 |
| Fee and commission expense | (231,331) | (189,759) | (628,854) | (534,169) | (687,673) |
| Net fee and commission income | 787,891 | 667,871 | 2,114,522 | 1,989,157 | 2,607,076 |
| Other income | 490,774 | 454,629 | 1,369,465 | 1,395,657 | 2,113,752 |
| Operating income | 3,790,458 | 3,337,437 | 10,843,652 | 10,048,351 | 13,599,877 |
| Non-interest expense | (1,321,425) | (1,243,813) | (4,120,608) | (3,791,887) | (5,021,823) |
| Operating profit before impairment | 2,469,033 | 2,093,624 | 6,723,044 | 6,256,464 | 8,578,054 |
| Net impairment of financial assets | (350,709) | (251,054) | (941,729) | (733,451) | (950,504) |
| Profit before tax | 2,118,324 | 1,842,570 | 5,781,315 | 5,523,013 | 7,627,550 |
| Income tax expense | (413,547) | (309,810) | (995,127) | (1,029,149) | (1,390,088) |
| Profit for the period | 1,704,777 | 1,532,760 | 4,786,188 | 4,493,864 | 6,237,462 |



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Statement of comprehensive income for the period ended 31st March 2018

| | Quarter to 31-Mar-18 Rs'000 | Quarter to 31-Mar-17 Rs'000 | 9 mths to 31-Mar-18 Rs'000 | 9 mths to 31-Mar-17 Rs'000 | Year to 30-Jun-17 Rs'000 |
|--|--|-----------------------------------|---|----------------------------------|--------------------------------|
| Profit for the period | 1,704,777 | 1,532,760 | 4,786,188 | 4,493,864 | 6,237,462 |
| Other comprehensive 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 | 280 | 2,160 | (179,550) | (2,953) | 24,257 |
| Net fair value gain on available-for-sale investments | 102,152 | 158,873 | 310,168 | 276,949 | 355,079 |
| | 102,432 | 161,033 | 130,618 | 273,996 | 379,336 |
| Other comprehensive income for the period | 102,432 | 161,033 | 130,618 | 273,996 | 666,415 |
| Total comprehensive income for the period | 1,807,209 | 1,693,793 | 4,916,806 | 4,767,860 | 6,903,877 |
| Earnings per share (Rs) | 2.48 | 2.23 | 6.96 | 6.53 | 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 March 2018

| | 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 | - | 4,493,864 | - | - | - | 4,493,864 |
| Other comprehensive income for the period | - | - | 273,996 | - | - | 273,996 |
| Total comprehensive income for the period | - | 4,493,864 | 273,996 | - | - | 4,767,860 |
| 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 | - | 59,806 | - | - | (59,806) | - |
| At 31st March 2017 | 6,879,602 | 23,716,435 | 1,049,379 | 3,974,602 | 830,539 | 36,450,557 |
| 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 | - | 4,786,188 | - | - | - | 4,786,188 |
| Other comprehensive income for the period | - | - | 130,618 | - | - | 130,618 |
| Total comprehensive income for the period | - | 4,786,188 | 130,618 | - | - | 4,916,806 |
| 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 | - | (191,757) | - | - | 191,757 | - |
| At 31st March 2018 | 6,879,602 | 26,646,839 | 1,285,337 | 4,910,602 | 1,029,158 | 40,751,538 |



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Statement of cash flows for the period ended 31st March 2018

| | 9 mths to 31-Mar-18 Rs'000 | 9 mths to 31-Mar-17 Rs'000 | Year to 30-Jun-17 Rs'000 |
|---|---|---|---|
| Operating activities | | | |
| Net cash flows from trading activities | (10,215,031) | 1,687,105 | (241,431) |
| Net cash flows from other operating activities | 12,598,940 | 4,993,446 | 6,477,383 |
| Dividends paid | (2,751,842) | (2,304,667) | (2,304,667) |
| Income tax paid | (1,225,987) | (1,028,543) | (1,190,595) |
| Net cash flows from operating activities | (1,593,920) | 3,347,341 | 2,740,690 |
| Net cash flows from investing activities | (5,990,223) | (562,971) | (712,644) |
| Net cash flows from financing activities | (134,437) | - | - |
| (Decrease)/increase in cash and cash equivalents | (7,718,580) | 2,784,370 | 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 | 26,278,727 | 34,753,631 | 33,997,307 |

COMMENTS ON RESULTS

For the nine months ended 31st March 2018, operating income rose by 7.9% to reach Rs 10,843.7 million, contributing to a growth of 6.5% in profit after tax amounting to Rs 4,786.2 million.

Net interest income increased by 10.4% to reach Rs 7,359.7 million as a result of an increase of 25% in loans and advances to customers in foreign currency and the continued increase in MUR excess liquidity invested mainly in Bank of Mauritius/Government of Mauritius investment securities.

Net fee and commission income increased by 6.3% to Rs 2,114.5 million mainly driven by fees generated from the increased disbursements and trade finance related activities during the period under review.

Profit arising from dealings in foreign currencies and net gain from financial instruments carried at fair value picked up during the quarter to reach Rs 1,326.2 million over the nine months period, on account of mark-to-market fluctuations on the increasing portfolio of held-for-trading securities as well as the fluctuations in MUR/USD exchange rate.

Non-interest expense grew by 8.7% to reach Rs 4,120.6 million with cost to income ratio reaching 38.0%.

Net impairment of financial assets amounted to Rs 941.7 million whilst the Bank's non-performing loans to gross loans ratio declined from 5.8% as at 30th June 2017 to 4.5% as at 31st March 2018 following positive recovery actions and the continued increase in our loans and advances portfolio.

The Bank remains well capitalised with a Tier 1 capital adequacy ratio of 14.9% and a BIS ratio of 15.7% at the end of the period. Over the quarter, our risk weighted assets also increased with the changes in the revised Bank of Mauritius Guideline on Standardised Approach to Credit Risk, effective as from 20th February 2018. The credit conversion factor for trade related contingent items was reviewed upwards from a flat rate of 20% to a range of 20% to 100%.

Going forward, the Bank will continue to pursue the implementation of its key strategic initiatives whilst maintaining its growth momentum for the remaining part of the financial year.

By order of the Board

14th May 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.