



**THE MAURITIUS COMMERCIAL BANK LIMITED**  
Unaudited Interim Summary Financial Statements - 31 December 2018

**Summary statement of financial position as at 31 December 2018**

	<b>31-Dec-18</b>	31-Dec-17	30-Jun-18
	<b>Rs'000</b>	Rs'000	Rs'000
		(Restated)	(Restated)
<b>ASSETS</b>			
Cash and cash equivalents	28,537,026	27,903,963	34,087,944
Mandatory balances with Central Bank	17,798,730	16,632,156	17,196,714
Derivative financial instruments	137,693	241,355	95,817
Loans to and placements with banks	17,444,042	22,649,484	19,265,587
Loans and advances to customers	211,587,822	171,182,930	188,569,042
Investment securities	92,315,058	88,245,782	81,884,347
Investment in subsidiary	117,570	198,783	117,570
Investments in associates	3,971,812	4,242,248	4,054,371
Intangible assets	564,918	554,904	544,602
Property, plant and equipment	4,755,253	4,899,865	4,841,797
Deferred tax assets	179,470	145,244	104,365
Other assets	3,757,184	1,916,773	1,689,646
<b>Total assets</b>	<b>381,166,578</b>	<b>338,813,487</b>	<b>352,451,802</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>			
Deposits from banks	7,028,212	5,575,252	6,588,686
Deposits from customers	290,175,057	275,897,346	278,943,186
Derivative financial instruments	171,239	158,922	407,024
Other borrowed funds	30,127,205	9,692,372	14,188,543
Subordinated liability	1,056,481	1,025,259	1,060,181
Current tax liabilities	703,524	370,774	872,964
Other liabilities	6,802,209	4,266,486	6,407,271
<b>Total liabilities</b>	<b>336,063,927</b>	<b>296,986,411</b>	<b>308,467,855</b>
<b>Shareholder's equity</b>			
Stated capital	6,879,602	6,879,602	6,879,602
Retained earnings	32,070,113	27,789,525	28,596,833
Other components of equity	6,152,936	7,157,949	8,507,512
<b>Total equity</b>	<b>45,102,651</b>	<b>41,827,076</b>	<b>43,983,947</b>
<b>Total equity and liabilities</b>	<b>381,166,578</b>	<b>338,813,487</b>	<b>352,451,802</b>
<b>CONTINGENT LIABILITIES</b>			
Guarantees, letters of credit, endorsements and other obligations on account of customers	59,331,470	52,741,721	57,851,972
Commitments	7,962,641	8,678,620	6,077,554
Tax assessments	542,691	1,007,403	537,147
Other	1,432,454	1,301,874	1,396,653
	<b>69,269,256</b>	<b>63,729,618</b>	<b>65,863,326</b>



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**Summary statement of profit or loss for the period ended 31 December 2018**

	Quarter to <b>31-Dec-18</b> Rs'000	Quarter to 31-Dec-17 Rs'000 (Restated)	<b>6 mths to</b> <b>31-Dec-18</b> Rs'000	6 mths to 31-Dec-17 Rs'000 (Restated)	Year to 30-Jun-18 Rs'000 (Restated)
Interest income	4,340,858	3,349,209	8,390,149	6,654,588	13,903,688
Interest expense	<b>(1,235,803)</b>	(860,985)	<b>(2,317,034)</b>	(1,837,035)	(3,794,901)
<b>Net interest income</b>	<b>3,105,055</b>	2,488,224	<b>6,073,115</b>	4,817,553	10,108,787
Fee and commission income	1,103,068	901,653	1,987,333	1,754,473	3,644,356
Fee and commission expense	<b>(268,413)</b>	(205,957)	<b>(493,366)</b>	(397,523)	(867,748)
<b>Net fee and commission income</b>	<b>834,655</b>	695,696	<b>1,493,967</b>	1,356,950	2,776,608
Other income	402,938	421,214	910,529	878,691	1,870,650
<b>Operating income</b>	<b>4,342,648</b>	3,605,134	<b>8,477,611</b>	7,053,194	14,756,045
Non-interest expense	<b>(1,550,668)</b>	(1,458,070)	<b>(3,055,702)</b>	(2,799,183)	(5,455,314)
<b>Operating profit before impairment</b>	<b>2,791,980</b>	2,147,064	<b>5,421,909</b>	4,254,011	9,300,731
Net impairment of financial assets	<b>(392,732)</b>	(340,131)	<b>(735,230)</b>	(591,020)	(1,228,932)
<b>Operating profit</b>	<b>2,399,248</b>	1,806,933	<b>4,686,679</b>	3,662,991	8,071,799
Share of profit of associates	81,347	161,297	186,183	229,738	341,468
<b>Profit before tax</b>	<b>2,480,595</b>	1,968,230	<b>4,872,862</b>	3,892,729	8,413,267
Income tax expense	<b>(363,462)</b>	(267,672)	<b>(733,638)</b>	(581,580)	(1,627,703)
<b>Profit for the period</b>	<b>2,117,133</b>	1,700,558	<b>4,139,224</b>	3,311,149	6,785,564

**Summary statement of comprehensive income for the period ended 31 December 2018**

<b>Profit for the period</b>	<b>2,117,133</b>	1,700,558	<b>4,139,224</b>	3,311,149	6,785,564
<b>Other comprehensive income:</b>					
<b>Items that will not be reclassified to profit or loss:</b>					
Net fair value gain on equity investments	39,298	-	19,708	-	-
Remeasurement of defined benefit pension plan, net of deferred tax	-	-	-	-	(235,146)
	<b>39,298</b>	-	<b>19,708</b>	-	(235,146)
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Exchange difference on translating foreign operations	(36,116)	13,041	(98,628)	73,461	89,526
Reclassification adjustments on disposal of investments at fair value through other comprehensive income	(314)	-	(5,509)	-	-
Reclassification adjustments on disposal of available-for-sale investments	-	(179,830)	-	(179,830)	(227,304)
Net fair value gain on available-for-sale investments	-	43,606	-	208,016	471,373
	<b>(36,430)</b>	(123,183)	<b>(104,137)</b>	101,647	333,595
<b>Other comprehensive income/(expense) for the period</b>	<b>2,868</b>	(123,183)	<b>(84,429)</b>	101,647	98,449
<b>Total comprehensive income for the period</b>	<b>2,120,001</b>	1,577,375	<b>4,054,795</b>	3,412,796	6,884,013
<b>Earnings per share (Rs)</b>	<b>3.08</b>	2.47	<b>6.02</b>	4.81	9.86
<b>Weighted average number of shares (thousands)</b>	<b>687,960</b>	687,960	<b>687,960</b>	687,960	687,960



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**Summary statement of changes in equity for the period ended 31 December 2018**

	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
<b>At 1 July 2017</b>	6,879,602	23,462,727	1,154,719	-	4,910,602	837,401	37,245,051
Impact of accounting for investments in associates using the equity method	-	2,578,924	-	(23,633)	-	24,257	2,579,548
<b>As restated</b>	6,879,602	26,041,651	1,154,719	(23,633)	4,910,602	861,658	39,824,599
Profit for the period	-	3,311,149	-	-	-	-	3,311,149
Other comprehensive income for the period	-	-	-	101,647	-	-	101,647
Total comprehensive income for the period	-	3,311,149	-	101,647	-	-	3,412,796
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	-
<b>At 31 December 2017</b>	<b>6,879,602</b>	<b>27,789,525</b>	<b>1,154,719</b>	<b>78,014</b>	<b>4,910,602</b>	<b>1,014,614</b>	<b>41,827,076</b>
<b>At 1 July 2017</b>	6,879,602	23,462,727	1,154,719	-	4,910,602	837,401	37,245,051
Impact of accounting for investments in associates using the equity method	-	2,578,924	-	(23,633)	-	24,257	2,579,548
<b>As restated</b>	6,879,602	26,041,651	1,154,719	(23,633)	4,910,602	861,658	39,824,599
Profit for the year	-	6,785,564	-	-	-	-	6,785,564
Other comprehensive (expense)/income for the year	-	(235,146)	244,069	89,526	-	-	98,449
Total comprehensive income for the year	-	6,550,418	244,069	89,526	-	-	6,884,013
Dividends	-	(2,751,841)	-	-	-	-	(2,751,841)
Unclaimed dividends pertaining to previous years	-	27,176	-	-	-	-	27,176
Transactions with owner in his capacity as owner	-	(2,724,665)	-	-	-	-	(2,724,665)
Transfer to statutory reserve	-	(1,015,000)	-	-	1,015,000	-	-
Transfer to general banking reserve	-	(255,571)	-	-	-	255,571	-
<b>At 30 June 2018</b>	<b>6,879,602</b>	<b>28,596,833</b>	<b>1,398,788</b>	<b>65,893</b>	<b>5,925,602</b>	<b>1,117,229</b>	<b>43,983,947</b>
<b>Impact of adopting IFRS 9:</b>							
<b>Impairment on financial assets:</b>							
Reversal of portfolio provision	-	1,359,589	-	-	-	-	1,359,589
Reversal of general banking reserve	-	1,092,972	-	-	-	(1,092,972)	-
Expected credit losses	-	(2,746,190)	-	-	-	-	(2,746,190)
Expected credit losses on debt instruments at fair value through other comprehensive income	-	(17,089)	17,089	-	-	-	-
	-	(310,718)	17,089	-	-	(1,092,972)	(1,386,601)
Share of expected credit losses of associates	-	(134,583)	-	-	-	(24,257)	(158,840)
	-	(445,301)	17,089	-	-	(1,117,229)	(1,545,441)
<b>Classification and measurement of financial assets:</b>							
Fair value of financial assets	-	19,669	-	-	-	-	19,669
Reclassification of equity instruments	-	1,170,007	(1,170,007)	-	-	-	-
	-	1,189,676	(1,170,007)	-	-	-	19,669
	-	744,375	(1,152,918)	-	-	(1,117,229)	(1,525,772)
<b>Impact of adopting IFRS 9</b>	<b>6,879,602</b>	<b>29,341,208</b>	<b>245,870</b>	<b>65,893</b>	<b>5,925,602</b>	<b>-</b>	<b>42,458,175</b>
<b>As restated</b>							
Profit for the period	-	4,139,224	-	-	-	-	4,139,224
Other comprehensive income/(expense) for the period	-	-	14,199	(98,628)	-	-	(84,429)
Total comprehensive income/(expense) for the period	-	4,139,224	14,199	(98,628)	-	-	4,054,795
Dividends	-	(1,410,319)	-	-	-	-	(1,410,319)
Transactions with owner in his capacity as owner	-	(1,410,319)	-	-	-	-	(1,410,319)
<b>At 31 December 2018</b>	<b>6,879,602</b>	<b>32,070,113</b>	<b>260,069</b>	<b>(32,735)</b>	<b>5,925,602</b>	<b>-</b>	<b>45,102,651</b>



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**Summary statement of cash flows for the period ended 31 December 2018**

	<b>6 mths to 31-Dec-18 Rs'000</b>	<b>6 mths to 31-Dec-17 Rs'000</b>	<b>Year to 30-Jun-18 Rs'000</b>
<b>Operating activities</b>			
<b>Net cash flows from trading activities</b>	<b>7,943,421</b>	(6,991,207)	(4,030,924)
<b>Net cash flows from other operating activities</b>	<b>(7,841,460)</b>	679,241	7,202,416
Dividends paid	<b>(2,751,841)</b>	(2,751,841)	(2,751,841)
Income tax paid	<b>(978,183)</b>	(991,252)	(1,430,223)
<b>Net cash flows from operating activities</b>	<b>(3,628,063)</b>	(10,055,059)	(1,010,572)
<b>Net cash flows from investing activities</b>	<b>(279,514)</b>	(469,673)	(731,785)
<b>Decrease in cash and cash equivalents</b>	<b>(3,907,577)</b>	(10,524,732)	(1,742,357)
Net cash and cash equivalents brought forward	<b>32,254,950</b>	33,997,307	33,997,307
<b>Net cash and cash equivalents carried forward</b>	<b>28,347,373</b>	23,472,575	32,254,950

**COMMENTS ON RESULTS**

The Bank maintained a strong performance for the half year driven by a sustained growth in its foreign and local activities. Operating income increased by 20.2% to reach Rs 8,478 million and contributed to a rise of 25.0% in profit after tax for the half year, which stood at Rs 4,139 million.

Net interest income grew by 26.1% and reached Rs 6,073 million mainly on account of the significant growth in the foreign currency loan book largely from Energy and Commodities and structured financing activities, an appreciable growth in the local loan book and the higher average yields on investment securities.

Non-interest income rose by 7.5% to Rs 2,404 million. Net fee and commission income improved in the second quarter and contributed to a rise of 10.1% to reach Rs1,494 million for the half year. The robust performance from non-fund based activities linked to Energy and Commodities and the Cards and Payment activities were partially offset by the lower wealth management fees. 'Other income' grew by 3.6% to reach Rs 911 million due to the fair value movements on equity instruments.

Operating expenses increased by 9.2% to Rs 3,056 million as the Bank continued to build capacity to support its strategic objectives. The Cost to Income ratio of the Bank improved further to reach 36.0% compared to 39.7% over the same period last year.

Net impairment of financial assets of Rs 735 million remained in line with our increasing credit portfolio, with the ratio of Impairment charges to Total loans remaining stable at 0.6% and the Non performing loans to Total loans ratio at below 4.0%.

Profit before tax on a comparable basis improved by 25.2% to reach Rs 4,873 million. The share of foreign-sourced contribution for the Bank, on a consolidated basis, improved further to 58% thanks to its successful international growth and diversification strategy.

The BIS and Tier 1 capital adequacy ratios as at 31 December 2018 improved to 16.2% and 15.3% respectively.

Going forward, the Bank remains confident that it will maintain this encouraging trend in view of the existing pipeline.

By order of the Board  
12 February 2019

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 2018 except for a change in accounting policy with respect to investments in associates from cost to equity method as permitted under IAS 27 and IAS 28.

With the adoption of IFRS 9 effective on 1 July 2018, the opening balances have been adjusted with the new requirements for classification and measurement of financial assets and liabilities and impairments thereon.

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](http://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.*