



THE MAURITIUS COMMERCIAL BANK LIMITED

Audited Summary Financial Statements - 30 June 2019

Summary statement of financial position as at 30 June 2019

	30 June 2019 RS'000	30 June 2018 RS'000 (Restated)	30 June 2017 RS'000 (Restated)
ASSETS			
Cash and cash equivalents	45,398,059	34,087,944	34,033,960
Mandatory balances with Central Bank	18,608,534	17,196,714	15,432,134
Derivative financial instruments	269,295	95,817	226,731
Loans to and placements with banks	20,754,084	19,265,587	25,912,459
Loans and advances to customers	213,398,224	188,569,042	159,973,920
Investment securities	116,397,500	81,884,347	68,890,863
Investment in subsidiary	117,570	117,570	64,322
Investments in associates	4,078,542	4,054,371	3,738,798
Intangible assets	805,494	544,602	579,569
Property, plant and equipment	4,964,461	4,841,797	4,911,082
Deferred tax assets	110,064	104,365	143,667
Other assets	3,368,885	1,689,646	2,406,760
Total assets	428,270,712	352,451,802	316,314,265
LIABILITIES AND SHAREHOLDER'S EQUITY			
Deposits from banks	7,375,969	6,588,686	5,302,566
Deposits from customers	307,000,545	278,943,186	258,569,834
Derivative financial instruments	508,808	407,024	97,430
Other borrowed funds	55,405,740	14,188,543	5,606,935
Subordinated liability	1,040,100	1,060,181	1,052,037
Current tax liabilities	898,811	872,964	778,869
Other liabilities	8,121,146	6,407,271	5,081,995
Total liabilities	380,351,119	308,467,855	276,489,666
Shareholder's equity			
Stated capital	6,879,602	6,879,602	6,879,602
Retained earnings	33,588,912	28,596,833	26,041,651
Other components of equity	7,451,079	8,507,512	6,903,346
Total equity	47,919,593	43,983,947	39,824,599
Total equity and liabilities	428,270,712	352,451,802	316,314,265
CONTINGENT LIABILITIES			
Guarantees, letters of credit, and other obligations on account of customers	66,527,909	57,851,972	41,128,382
Commitments	5,140,426	6,077,554	6,714,334
Tax assessments	89,715	537,147	992,632
Other	1,659,453	1,396,653	1,353,991
	73,417,503	65,863,326	50,189,339



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Summary statement of profit or loss for the year ended 30 June 2019

	Year ended 30 June 2019 RS'000	Year ended 30 June 2018 RS'000 (Restated)	Year ended 30 June 2017 RS'000 (Restated)
Interest income	17,449,219	13,903,688	12,749,424
Interest expense	(5,196,422)	(3,794,901)	(3,870,375)
Net interest income	12,252,797	10,108,787	8,879,049
Fee and commission income	4,087,395	3,644,356	3,294,749
Fee and commission expense	(1,069,983)	(867,748)	(687,673)
Net fee and commission income	3,017,412	2,776,608	2,607,076
Other income			
Profit arising from dealing in foreign currencies	1,564,950	2,152,398	1,620,380
Net gain/(loss) from financial instruments carried at fair value	650,811	(381,569)	100,208
	2,215,761	1,770,829	1,720,588
Dividend income	58,504	63,118	108,289
Net gain on sale of financial instruments	7,505	17,999	6,056
Other operating income	30,897	18,704	32,529
	2,312,667	1,870,650	1,867,462
Operating income	17,582,876	14,756,045	13,353,587
Non-interest expense			
Salaries and human resource costs	(3,527,225)	(3,129,179)	(2,955,584)
Depreciation of property, plant and equipment	(436,510)	(391,651)	(367,856)
Amortisation of intangible assets	(173,476)	(201,416)	(188,486)
Other	(1,788,406)	(1,733,068)	(1,509,897)
	(5,925,617)	(5,455,314)	(5,021,823)
Operating profit before impairment	11,657,259	9,300,731	8,331,764
Net impairment of financial assets	(1,455,649)	(1,228,932)	(950,504)
Operating profit	10,201,610	8,071,799	7,381,260
Share of profit of associates	241,860	341,468	266,891
Profit before tax	10,443,470	8,413,267	7,648,151
Income tax expense	(1,629,862)	(1,627,703)	(1,403,051)
Profit for the year	8,813,608	6,785,564	6,245,100
Earnings per share (Rs)	12.81	9.86	9.08
Weighted average number of ordinary shares (thousands)	687,960	687,960	687,960



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Summary statement of comprehensive income for the year ended 30 June 2019

	Year ended 30 June 2019 RS'000	Year ended 30 June 2018 RS'000 (Restated)	Year ended 30 June 2017 RS'000 (Restated)
Profit for the year	8,813,608	6,785,564	6,245,100
Other comprehensive (expense)/income:			
Items that will not be reclassified to profit or loss:			
Net fair value loss on equity instruments	(68,733)	-	-
Remeasurement of defined benefit pension plan, net of deferred tax	(404,477)	(235,146)	287,079
Share of other comprehensive expense of associates	-	-	(113,599)
	(473,210)	(235,146)	173,480
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	22,839	89,526	(21,204)
Reclassification adjustments on disposal of investments at fair value through other comprehensive income	(25,320)	-	-
Reclassification adjustments on disposal of available-for-sale investments	-	(227,304)	24,257
Net fair value gain on debts instruments	81,731	-	-
Net fair value gain on available-for-sale investments	-	471,373	355,079
	79,250	333,595	358,132
Other comprehensive (expense)/income for the year	(393,960)	98,449	531,612
Total comprehensive income for the year	8,419,648	6,884,013	6,776,712



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Summary statement of changes in equity for the year ended 30 June 2019

	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 2016	6,879,602	20,435,491	775,383	-	3,974,602	890,345	32,955,423
Impact of accounting for investments in associates using the equity method	-	2,684,885	-	(2,429)	-	24,257	2,706,713
As restated	6,879,602	23,120,376	775,383	(2,429)	3,974,602	914,602	35,662,136
Profit for the year	-	6,245,100	-	-	-	-	6,245,100
Other comprehensive income/(expense) for the year	-	173,480	379,336	(21,204)	-	-	531,612
Total comprehensive income for the year	-	6,418,580	379,336	(21,204)	-	-	6,776,712
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 30 June 2017	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	-
At 30 June 2018	6,879,602	28,596,833	1,398,788	65,893	5,925,602	1,117,229	43,983,947
Impact of adopting IFRS 9:							
Impairment on financial assets:							
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 impact on associates	-	(134,583)	-	-	-	(24,257)	(158,840)
	-	(445,301)	17,089	-	-	(1,117,229)	(1,545,441)
Classification and measurement of financial assets:							
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
Impact of adopting IFRS 9	-	744,375	(1,152,918)	-	-	(1,117,229)	(1,525,772)
As restated	6,879,602	29,341,208	245,870	65,893	5,925,602	-	42,458,175
Profit for the year	-	8,813,608	-	-	-	-	8,813,608
Other comprehensive (expense)/income for the year	-	(404,477)	(12,322)	22,839	-	-	(393,960)
Total comprehensive income/(expense) for the year	-	8,409,131	(12,322)	22,839	-	-	8,419,648
Dividends	-	(2,958,230)	-	-	-	-	(2,958,230)
Transactions with owner in his capacity as owner	-	(2,958,230)	-	-	-	-	(2,958,230)
Transfer to statutory reserve	-	(954,000)	-	-	954,000	-	-
Transfer to general banking reserve	-	(249,197)	-	-	-	249,197	-
At 30 June 2019	6,879,602	33,588,912	233,548	88,732	6,879,602	249,197	47,919,593



THE MAURITIUS COMMERCIAL BANK LIMITED

Audited Summary Financial Statements - 30 June 2019

Summary statement of cash flows for the year ended 30 June 2019

	Year ended 30 June 2019 RS'000	Year ended 30 June 2018 RS'000 (Restated)	Year ended 30 June 2017 RS'000 (Restated)
Operating activities			
Net cash flows from trading activities	16,380,613	(4,333,427)	(487,735)
Net cash flows from other operating activities	(11,724,945)	7,202,416	6,374,147
Dividends received from associates	173,499	302,503	246,305
Dividends paid	(2,751,841)	(2,751,841)	(2,304,667)
Income tax paid	(1,517,304)	(1,430,223)	(1,190,595)
Net cash flows from operating activities	560,022	(1,010,572)	2,637,455
Investing activities			
Investment in associate	(98,452)	(190,960)	-
Investment in subsidiary	-	(53,248)	-
Purchase of property, plant and equipment	(422,435)	(334,070)	(347,321)
Purchase of intangible assets	(353,901)	(166,449)	(295,359)
Proceeds from sale of property, plant and equipment	5,434	12,942	33,271
Net cash flows from investing activities	(869,354)	(731,785)	(609,409)
Net cash flows before financing activities	(309,332)	(1,742,357)	2,028,046
Financing activities			
Net refund of subordinated loan	(51,384)	-	-
Net cash flows from financing activities	(51,384)	-	-
(Decrease)/Increase in cash and cash equivalents	(360,716)	(1,742,357)	2,028,046
Net cash and cash equivalents at 1 July	32,254,950	33,997,307	31,969,261
Net cash and cash equivalents at 30 June	31,894,234	32,254,950	33,997,307



COMMENTS

The Bank achieved a strong performance for the year driven by a sustained growth in its foreign and local activities. Operating income increased by 19.2% to reach Rs 17,583 million and contributed to a rise of 29.9% in profit after tax for the year, which stood at Rs 8,814 million.

Net interest income grew by 21.2% and reached Rs 12,253 million resulting from a significant growth in the foreign currency loan book largely from Energy and Commodities and Structured financing activities, an appreciable growth in the local loan portfolio (including corporate notes) and higher yields on local investment securities.

Non-interest income rose by 14.7% to Rs 5,330 million. Net fee and commission income increased by 8.7% to reach Rs 3,017 million over the year. The robust growth from non-fund based activities linked to Energy and Commodities and the Payment activities were partially offset by the lower wealth management fees. 'Other income' grew by 23.6% to reach Rs 2,313 million due to the fair value gain on equity instruments.

Operating expenses increased by 8.6% to Rs 5,926 million, with some of the Bank's capacity building initiatives now expected to be completed in the next financial year. The Cost to Income ratio of the Bank improved further to reach 33.7% compared to 37.0% over the same period last year.

Net impairment of financial assets of Rs1,456 million (including the impact of adopting IFRS 9) remained in line with our increasing credit portfolio. The ratio of Impairment charges to Total loans remained stable at 0.6% and the non performing loans to total loans ratio dropped further to reach 3.8%.

Profit before tax on a comparable basis improved by 24.1% to reach Rs 10,443 million. The share of foreign-sourced contribution for the Bank (after tax), on a consolidated basis, increased further to 63.4% thanks to its successful international growth and diversification strategy. This helped to improve our overall effective tax rate.

The BIS and Tier 1 capital adequacy ratios as at 30 June 2019 improved to 16.6% and 15.7% respectively.

Going forward, with challenging times ahead, the Bank remains confident that it will sustain its performance albeit at a slower rate as it pursues its strategic ambitions. The recent Moody's Investors Service upgrade of its long term deposit rating to Baa2/P-2 will help the Bank to further widen and deepen its international expansion endeavours. The Bank is also committed to continue playing a prominent role in promoting the socio-economic development of Mauritius and delivering sustainable value to its multiple stakeholders.

These financial statements were approved for issue by the Board of Directors on the 26 September 2019.

(S) Alain LAW MIN
Director
Chief Executive

(S) Jean-Francois DESVAUX DE MARGNY
Director
Chairperson

(S) Uday GUJADHUR
Director
Chairperson Audit Committee

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of The Mauritius Commercial Bank Limited

Report on the Summary Financial Statements

Our Opinion

In our opinion, the accompanying summary financial statements of The Mauritius Commercial Bank Limited (the "Bank") are consistent, in all material respects, with the audited financial statements, in accordance with note 1.

The summary financial statements

The Bank's summary financial statements derived from the audited financial statements for the year ended 30 June 2019 comprise:

- the summary statement of financial position as at 30 June 2019;
- the summary statement of profit or loss for the year then ended;
- the summary statement of comprehensive income for the year then ended;
- the summary statement of changes in equity for the year then ended;
- the summary statement of cash flows for the year then ended; and
- the related notes to the summary financial statements.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

The audited financial statements and our audit report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 26 September 2019. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year.

Responsibilities of the directors for the summary financial statements

The directors are responsible for the preparation of the summary financial statements in accordance with note 1.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised), 'Engagements to Report on Summary Financial Statements'.

Other Matter

This report, including the opinion, has been prepared for and only for the Bank's shareholder in accordance with Section 34 (6)(b)(ii) of the Mauritian Banking Act 2004 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers

Gilles Beesoo, licensed by FRC

26 September 2019

Note 1

The accompanying summary financial statements, without reference to the detailed notes, are derived from the audited financial statements of The Mauritius Commercial Bank Limited (the "Bank") for the year ended 30 June 2019. These audited financial statements, which have been prepared in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001, the Mauritian Banking Act 2004 and guidelines issued by the Bank of Mauritius, are available at 9-15 Sir William Newton Street, Port Louis, Mauritius and can be viewed on our website: www.mcb.mu

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

Note 2

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