



THE MAURITIUS COMMERCIAL BANK LIMITED

Unaudited Interim Summary Financial Statements – 30 September 2020

**Summary statement of financial position as at 30 September 2020**

	<b>30-Sep-20</b>	30-Sep-19	30-Jun-20
	<b>Rs'000</b>	Rs'000	Rs'000
		(Restated)	
<b>ASSETS</b>			
Cash and cash equivalents	54,308,891	47,940,880	68,127,676
Mandatory balances with Central Bank	19,910,105	18,895,932	19,821,283
Derivative financial instruments	1,035,737	194,150	997,381
Loans to and placements with banks	37,781,054	16,077,564	19,352,797
Loans and advances to customers	225,063,595	216,509,028	226,777,455
Investment securities	149,143,831	120,138,928	135,914,904
Investment in subsidiary	117,570	117,570	117,570
Investments in associates	5,236,636	4,147,324	4,984,071
Intangible assets	1,079,228	808,718	1,014,301
Property, plant and equipment	5,132,028	4,918,099	5,218,824
Deferred tax assets	1,042,663	397,186	1,009,360
Other assets	2,410,683	2,959,629	2,537,136
<b>Total assets</b>	<b>502,262,021</b>	<b>433,105,008</b>	<b>485,872,758</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>			
Deposits from banks	9,045,857	6,143,885	7,600,253
Deposits from customers	369,647,242	320,570,543	364,007,792
Derivative financial instruments	869,253	232,702	961,313
Other borrowed funds	56,708,930	45,940,312	50,816,745
Subordinated liability	901,539	994,386	1,013,331
Current tax liabilities	1,648,610	1,418,726	1,269,789
Post employee benefit liability	1,169,752	360,099	1,169,752
Other liabilities	6,972,201	8,945,722	5,822,071
<b>Total liabilities</b>	<b>446,963,384</b>	<b>384,606,375</b>	<b>432,661,046</b>
<b>Shareholder's equity</b>			
Stated capital	6,879,602	6,879,602	6,879,602
Retained earnings	40,840,810	34,282,852	38,947,716
Other components of equity	7,578,225	7,336,179	7,384,394
<b>Total equity</b>	<b>55,298,637</b>	<b>48,498,633</b>	<b>53,211,712</b>
<b>Total equity and liabilities</b>	<b>502,262,021</b>	<b>433,105,008</b>	<b>485,872,758</b>
<b>CONTINGENT LIABILITIES</b>			
	<b>81,004,634</b>	<b>62,189,434</b>	<b>68,495,791</b>



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**Summary statement of profit or loss for the period ended 30 September 2020**

	<b>3 mths to 30-Sep-20 Rs'000</b>	3 mths to 30-Sep-19 Rs'000 (Restated)	Year to 30-Jun-20 Rs'000
Interest income	<b>3,917,910</b>	4,773,213	18,347,992
Interest expense	<b>(540,670)</b>	(1,481,944)	(4,883,964)
<b>Net interest income</b>	<b>3,377,240</b>	3,291,269	13,464,028
Fee and commission income	<b>1,175,576</b>	1,094,911	4,420,803
Fee and commission expense	<b>(244,089)</b>	(281,229)	(1,077,024)
<b>Net fee and commission income</b>	<b>931,487</b>	813,682	3,343,779
Other income	<b>654,781</b>	436,797	2,463,746
<b>Operating income</b>	<b>4,963,508</b>	4,541,748	19,271,553
Non-interest expense	<b>(1,608,001)</b>	(1,582,595)	(6,259,507)
<b>Operating profit before impairment</b>	<b>3,355,507</b>	2,959,153	13,012,046
Net impairment of financial assets	<b>(1,214,724)</b>	(379,899)	(4,818,268)
<b>Operating profit</b>	<b>2,140,783</b>	2,579,254	8,193,778
Share of profit of associates	<b>98,372</b>	149,444	444,256
<b>Profit before tax</b>	<b>2,239,155</b>	2,728,698	8,638,034
Income tax expense	<b>(346,061)</b>	(463,396)	(1,229,532)
<b>Profit for the period</b>	<b>1,893,094</b>	2,265,302	7,408,502

**Summary statement of comprehensive income for the period ended 30 September 2020**

<b>Profit for the period</b>	<b>1,893,094</b>	2,265,302	7,408,502
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Net fair value loss on equity investments	<b>(47,556)</b>	(18,334)	(190,268)
Remeasurement of defined benefit pension plan, net of deferred tax	<b>-</b>	-	(671,424)
	<b>(47,556)</b>	(18,334)	(861,692)
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations	<b>135,369</b>	(71,161)	367,825
Net fair value gain on debt instruments	<b>106,018</b>	30,704	4,955
	<b>241,387</b>	(40,457)	372,780
<b>Other comprehensive income/(expense) for the period</b>	<b>193,831</b>	(58,791)	(488,912)
<b>Total comprehensive income for the period</b>	<b>2,086,925</b>	2,206,511	6,919,590
<b>Earnings per share (Rs)</b>	<b>2.75</b>	3.29	10.77
<b>Weighted average number of shares (thousands)</b>	<b>687,960</b>	687,960	687,960



**Summary statement of changes in equity for the period ended 30 September 2020**

	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 2019, as restated</b>	6,879,602	33,818,933	233,548	88,732	6,879,602	249,197	48,149,614
Profit for the period	-	2,265,302	-	-	-	-	2,265,302
Other comprehensive income/(expense) for the period	-	-	12,370	(71,161)	-	-	(58,791)
Total comprehensive income/(expense) for the period	-	2,265,302	12,370	(71,161)	-	-	2,206,511
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	-	56,109	-	-	-	(56,109)	-
<b>At 30 September 2019</b>	<b>6,879,602</b>	<b>34,282,852</b>	<b>245,918</b>	<b>17,571</b>	<b>6,879,602</b>	<b>193,088</b>	<b>48,498,633</b>
<b>At 1 July 2019</b>	6,879,602	33,818,933	233,548	88,732	6,879,602	249,197	48,149,614
Profit for the period	-	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)	-
<b>At 30 June 2020</b>	<b>6,879,602</b>	<b>38,947,716</b>	<b>48,235</b>	<b>456,557</b>	<b>6,879,602</b>	<b>-</b>	<b>53,211,712</b>
Profit for the period	-	1,893,094	-	-	-	-	1,893,094
Other comprehensive income for the period	-	-	58,462	135,369	-	-	193,831
Total comprehensive income for the period	-	1,893,094	58,462	135,369	-	-	2,086,925
<b>At 30 September 2020</b>	<b>6,879,602</b>	<b>40,840,810</b>	<b>106,697</b>	<b>591,926</b>	<b>6,879,602</b>	<b>-</b>	<b>55,298,637</b>



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### Summary statement of cash flows for the period ended 30 September 2020

	<b>3 mths to 30-Sep-20 Rs'000</b>	3 mths to 30-Sep-19 Rs'000 (Restated)	Year to 30-Jun-20 Rs'000
<b>Operating activities</b>			
<b>Net cash flows from trading activities</b>	<b>4,441,442</b>	10,537,340	13,429,828
<b>Net cash flows from other operating activities</b>	<b>(17,487,358)</b>	(6,160,568)	15,029,403
Dividends paid	-	(1,547,911)	(3,405,403)
Income tax paid	<b>(543)</b>	(582)	(1,418,016)
<b>Net cash flows from operating activities</b>	<b>(13,046,459)</b>	2,828,279	23,635,812
<b>Net cash flows from investing activities</b>	<b>(236,540)</b>	(202,117)	(1,154,832)
<b>Net cash flows from financing activities</b>	<b>(89,388)</b>	(54,475)	(179,195)
<b>(Decrease)/Increase in cash and cash equivalents</b>	<b>(13,372,387)</b>	2,571,687	22,301,785
Net cash and cash equivalents brought forward	<b>67,696,325</b>	45,394,540	45,394,540
<b>Net cash and cash equivalents carried forward</b>	<b>54,323,938</b>	47,966,227	67,696,325

## **COMMENTS ON RESULTS**

Operating profit before impairment for the quarter ended 30 September 2020 improved by 13.4% compared to the same quarter last year and reached Rs3,356 million.

The growth was mainly from Net fee and commission income which rose by 14.5% and reached Rs931 million. This was the result of a strong performance from fee based income from cross border transactions which more than offset the drop in cards fees from the hospitality sector. In addition, Other income rose strongly by 49.9% to reach Rs655 million as the Bank noted a strong upturn in fair value gains from financial instruments amidst volatile markets.

Net interest income rose by 2.6% to reach Rs3,377 million as the Bank continues to experience pressures on both customer and excess liquidity margins. With the marginal increase in Non-interest expense by 1.6% to Rs1,608 million, the cost to income ratio reached an all-time low of 32.4%.

However, Profit for the period dropped by 16.4% to Rs1,893 million compared to the same quarter due to a charge of Rs1,215 million, which include Expected credit losses ('ECL') of Rs811 million in Net impairment of financial assets in this quarter compared to a charge of Rs380 million, which include ECL of only Rs67 million over the same quarter last year, during the pre-Covid 19 period. The annual cost of risk at the end of the quarter was 1.83%.

This significant increase in ECL reflects the inherent increase in credit risks and our forward looking view of the impact of the Covid-19 pandemic on our operations, based on certain assumptions made in our credit modelling exercise amidst significant and persistent uncertainties on how future developments will unfold not only locally but also in our major markets. The recent lockdowns in Europe will undoubtedly worsen the length of time before we see prolonged and strong recoveries in the impacted sectors.

Loans and advances to customers rose by 4.0% to Rs225.1 billion whilst Total deposits from customers rose by 15.3% to Rs369.6 billion, both partly impacted by the depreciation of MUR against major currencies compared to the same quarter last year. These trends comforted the Bank's liquidity position notably in foreign currencies. The Bank's foreign currency loans represented 62% of the funding base while its US dollar Liquidity Coverage Ratio stood at 189% as at 30 September 2020 which is well above the Basel III regulatory norm.

Shareholder's equity went up by 14.0% to reach Rs55.3 billion as at 30 September 2020 compared to the same quarter last year and the Bank's BIS ratio and Tier 1 ratio at 17.1% and 16.0% respectively, remained at comfortable levels.

## **OUTLOOK**

The operating context remains particularly challenging, with little visibility on the evolution of the situation going forward especially with a second wave of the pandemic in many countries. Difficult market and economic conditions are likely to take their toll on customer segments across markets, albeit to varying degrees. Whilst some business segments, notably on the international front, are expected to be resilient, our operating results are likely to be down in view of restrained business activities amidst the economic slump and dampened investor confidence as well as squeezed margins.

Against this backdrop, the Bank will maintain its market vigilance and monitor the situation closely with regular assessment of potential scenarios and recently through its Internal Capital Adequacy Assessment Process stress testing to ensure it maintains adequate buffers to preserve its financial soundness.

By order of the Board

12 November 2020

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](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.*