



Abridged Unaudited Interim Financial Statements

for the Nine Months Ended

31 March 2020



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Management Discussion & Analysis

MauBank Ltd (“the bank”) presents the abridged unaudited interim financial statements of the Group and the Bank for the nine months ended 31 March 2020.

The abridged unaudited interim financial statements have been prepared using the same accounting policies as those adopted in the audited financial statements for the year ended 30 June 2019, and in accordance with the Bank of Mauritius Guidelines on Public Disclosure of Information and IAS 34.

The bank has recorded a profit of Rs 20.9 Mn for the nine months ended 31 March 2020 compared to a loss of Rs 93.8 Mn for the same period last year.

Total operating income stood at Rs 783.0 Mn for the nine months ended 31 March 2020 improving by 12.4% from Rs 696.7 Mn last year. The sustained level of income was mainly attributed to an increase in net interest income as the Bank pursues its strategy in diversifying its asset base through cross-border investment, coupled with a marked improvement in the level of fee and commission income from Rs 119.4 Mn last year to Rs 194.7 Mn for the current year.

The bank’s cost to income ratio significantly improved from 111.6% last year to 93.60% for the period under review attributed to the relentless effort for an optimum balance towards reducing overall operating cost while maintaining a sustained growth in revenue.

Trading and other income continues on a positive trend from Rs 155.7 Mn last year to Rs 163.2 Mn for the period ended 31 March 2020 and further improvement are expected with the unfolding of new products.

The Capital Adequacy Ratio (CAR) of the bank stood comfortably at 13.00% as at 31 March 2020 well above the regulatory minimum of 12.5%, which includes a capital conservation buffer of 2.5%.

The Bank’s total liquid assets represented 43% of the bank’s assets, or 51% of the bank’s deposit base, as the bank continues to monitor prudentially a sound approach towards liquidity management.

Other than actively monitoring its assets and liabilities maturity mismatch, the bank also ensures that it has a relatively large stable deposit base, in keeping with sufficient liquid assets to meet any unforeseen liquidity requirements.

Impact of Covid-19

For the quarter ended 31 March 2020, the bank has recorded fair value losses of Rs 93.2 Mn as disclosed in the statement of other comprehensive income mainly attribute to a significant drop in prices of foreign securities during the month of March 2020.

We estimate that these instruments shall be very volatile until the curves for the number of new cases and death on Covid-19 flatten. We expect the price could further drop given the illiquidity nature of these markets and panic investors who would be selling on negative headlines.

Covid-19 having led to an unprecedented situation causing a lot of uncertainty in the recoverability of credit facilities by financial institutions, the Bank of Mauritius has come forward with various support programmes to alleviate the burden of economic operators affected by the pandemic, thereby also mitigating the impact of credit losses on financial institutions. The regulator has also clarified that these support measures be also taken in account when assessing whether there has been a significant increase in credit risk for the provisioning level under IFRS 9.

As the Covid-19 could significantly impact the financial performance of financial institution, the bank remains transparent with regards to all required disclosures that need to convey any material and up to date information on the effect of the pandemic on the institution.



Management Discussion & Analysis

Outlook

Despite the current difficult economic context caused by Covid-19, the bank will continue to pursue its diversifying strategy for new products and markets, with an accent on the international front while the objectives for cost optimization and the SME sector remains equally in focus.

The bank's commitment for a relentless effort in delivering on its customers' expectations in an efficient and timely manner remains a key strength and undeniably provides a strong base for future growth with increasing stakeholders confidence.

Management and the Board of Directors firmly believe that the transformation journey of the Bank is well underway with sustainable growth and profitability and would like to thank all stakeholders for the strong vote of confidence in pursuing its strategy.

Mr. Ramanaidoo Sokappadu
Chairman

Mr. Premchand Mungar
Executive Director

Mr. Muhammad Javed Codabux
Director

Date: 11 May 2020

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD/YEAR ENDED

	Group				Bank			
	Unaudited Quarter Ended	Unaudited Quarter Ended	Unaudited Nine Months Ended	Audited Year Ended	Unaudited Quarter Ended	Unaudited Quarter Ended	Unaudited Nine Months Ended	Audited Year Ended
	31-Mar-2020	31-Mar-2019	31-Mar-2020	30-Jun-2019	31-Mar-2020	31-Mar-2019	31-Mar-2020	30-Jun-2019
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Interest income	297,103,472	269,930,966	858,441,557	1,042,446,380	300,236,684	261,327,954	868,071,143	1,056,574,734
Interest Expense	(148,762,886)	(113,068,511)	(408,844,440)	(458,530,017)	(148,762,886)	(113,068,511)	(408,844,440)	(458,530,017)
Net interest income	148,340,586	156,862,455	449,597,117	583,916,363	151,473,798	148,259,443	459,226,703	598,044,717
Fees and Commissions income	53,710,534	42,613,482	194,675,950	247,563,800	53,710,534	42,613,482	194,675,950	247,563,800
Fees and Commissions expense	(11,056,640)	(12,710,972)	(34,112,988)	(42,882,639)	(11,056,640)	(12,710,972)	(34,112,988)	(42,882,639)
Net fee and commission income	42,653,894	29,902,510	160,562,962	204,681,161	42,653,894	29,902,510	160,562,962	204,681,161
Net trading income	60,114,956	51,136,954	141,283,846	176,188,288	60,114,956	51,136,954	141,283,846	176,188,288
Net gain from derecognition of financial assets measured at FVTOCI	-	3,609,471	558,908	63,243,771	-	3,609,471	558,908	63,243,771
Other income	6,657,598	6,072,486	21,322,254	25,956,727	6,657,598	6,072,486	21,322,254	25,956,727
	66,772,554	60,818,911	163,165,008	265,388,786	66,772,554	60,818,911	163,165,008	265,388,786
Operating Income	257,767,034	247,583,876	773,325,087	1,053,986,310	260,900,246	238,980,864	782,954,673	1,068,114,664
Non-interest expense	(237,060,761)	(263,577,087)	(716,841,502)	(1,041,477,248)	(242,356,008)	(256,852,157)	(732,657,732)	(1,061,086,505)
Profit/(loss) before net impairment (loss)/reversal on financial assets and income tax	20,706,273	(15,993,211)	56,483,585	12,509,062	18,544,238	(17,871,293)	50,296,941	7,028,159
Net impairment (loss)/reversal on financial assets	(3,048,240)	(23,834,944)	(29,342,714)	(13,311,089)	(3,048,240)	(23,834,944)	(29,342,714)	(732,062)
Profit/(loss) after net impairment (loss)/reversal on financial assets but before income tax	17,658,033	(39,828,155)	27,140,871	11,177,000	15,495,998	(41,706,237)	20,954,227	6,296,097
Income tax credit/(expense)	-	-	-	(354,581,772)	-	-	-	(352,833,566)
Profit/(loss) for the period/year attributable to equity holders of the parent	17,658,033	(39,828,155)	27,140,871	(342,804,772)	15,495,998	(41,706,237)	20,954,227	(346,537,471)
Other comprehensive income/(loss)								
<i>Items that will not be reclassified subsequently to profit or loss</i>								
Gain on revaluation of property, plant and equipment	-	-	-	-	-	-	-	-
Deferred tax on revaluation of property, plant and equipment	-	-	-	45,278,393	-	-	-	45,278,393
Actuarial loss	-	-	-	(34,294,652)	-	-	-	(34,294,652)
Deferred tax on actuarial loss	-	-	-	1,714,733	-	-	-	1,714,733
<i>Items that may be classified subsequently to profit or loss</i>								
Change in fair value of financial assets at FVTOCI	(93,179,523)	-	(58,365,624)	19,229,212	(93,179,523)	-	(58,365,624)	19,229,212
Change in fair value of available-for-sale financial assets	-	25,246,686	-	-	-	25,246,686	-	-
Credit impairment charge on financial assets at FVTOCI	-	-	-	4,135,850	-	-	-	4,135,850
Other comprehensive income/(loss) for the period/year, net of tax	(93,179,523)	25,246,686	(58,365,624)	36,063,536	(93,179,523)	25,246,686	(58,365,624)	36,063,536
Total comprehensive income/(loss) for the period/year attributable to equity holders of the parent	(75,521,490)	(14,581,469)	(31,224,753)	(306,741,236)	(77,683,525)	(16,459,551)	(37,411,397)	(310,473,935)

STATEMENT OF FINANCIAL POSITION AS AT

	Group				Bank			
	Unaudited		Audited		Unaudited		Audited	
	31-Mar-2020	31-Mar-2019	30-Jun-2019		31-Mar-2020	31-Mar-2019	30-Jun-2019	
ASSETS	Rs	Rs	Rs	Rs	Rs	Rs	Rs	
Cash and cash equivalents	4,654,938,310	884,685,785	4,117,331,280	4,654,938,310	884,685,785	4,117,331,280		
Loans to and placements with banks	75,020,940	110,022,163	73,722,466	75,020,940	110,022,163	73,722,466		
Derivative assets	79,694,502	7,441,577	2,830,728	79,694,502	7,441,577	2,830,728		
Trading assets	3,943,906,826	2,876,708,368	1,620,255,263	3,943,906,826	2,876,708,368	1,620,255,263		
Investment securities	2,791,384,477	2,551,748,381	1,927,225,589	2,791,384,477	2,551,748,381	1,927,225,589		
Loans and advances to customers	15,395,187,844	14,928,187,104	14,935,784,208	15,590,584,124	15,140,786,156	15,146,836,349		
Property, plant and equipment	1,695,225,419	1,740,741,417	1,723,756,990	1,460,731,762	1,497,610,944	1,484,210,276		
Intangible assets	201,355,684	198,896,206	215,650,705	201,355,684	198,896,206	215,650,705		
Investment properties	66,460,000	66,460,000	66,460,000	66,460,000	66,460,000	66,460,000		
Investment in subsidiary	-	-	-	100,000	100,000	100,000		
Current tax assets	6,920,067	836,872	6,920,064	6,293,906	836,872	6,293,906		
Deferred tax assets	77,699,730	380,941,082	77,699,731	76,340,528	380,128,812	76,340,528		
Receivable from fellow subsidiary	-	-	-	-	-	-		
Other assets	2,371,995,580	2,314,180,695	2,048,901,636	2,408,117,469	2,349,991,527	2,086,924,806		
Total assets	31,359,789,379	26,060,849,650	26,816,538,660	31,354,928,528	26,065,416,791	26,824,181,896		
LIABILITIES								
Deposits from customers	26,748,267,767	21,665,756,931	23,056,443,423	26,750,139,514	21,672,008,879	23,064,500,010		
Derivative liabilities	267,224,976	472,375	2,382,221	267,224,976	472,375	2,382,221		
Other borrowed funds	1,019,010,813	262,401,219	198,345,266	1,019,010,813	262,401,219	198,345,266		
Payable to fellow subsidiary	5,521,825	439,715,636	38,180,968	5,521,825	439,715,636	38,180,968		
Other liabilities	477,556,881	576,052,216	647,754,912	476,854,162	575,531,599	647,184,796		
Retirement benefits obligations	109,812,754	65,214,969	109,812,754	109,812,754	65,214,969	109,812,754		
Total liabilities	28,627,395,016	23,009,613,346	24,052,919,544	28,628,564,044	23,015,344,677	24,060,406,015		
SHAREHOLDERS' EQUITY								
Stated capital	2,466,420,956	2,466,420,956	2,466,420,956	2,466,420,956	2,466,420,956	2,466,420,956		
Statutory reserve	1,619,995	1,619,995	1,619,995	1,619,995	1,619,995	1,619,995		
Retained earnings/(accumulated losses)	(243,925,558)	47,185,972	(271,066,429)	(258,987,430)	36,989,789	(279,941,657)		
Net owned funds	2,224,115,393	2,515,226,923	2,196,974,522	2,209,053,521	2,505,030,740	2,188,099,294		
General banking reserve	90,709,840	90,709,840	90,709,840	90,709,840	90,709,840	90,709,840		
Fair value reserve	(60,876,074)	18,929,347	(2,510,450)	(60,876,074)	18,929,347	(2,510,450)		
Other reserve	5,978,082	-	5,978,082	5,978,082	-	5,978,082		
Revaluation Reserve	472,467,122	426,370,194	472,467,122	481,499,115	435,402,187	481,499,115		
Total equity attributable to equity holders of the parent	2,732,394,363	3,051,236,304	2,763,619,116	2,726,364,484	3,050,072,114	2,763,775,881		
Total liabilities and equity	31,359,789,379	26,060,849,650	26,816,538,660	31,354,928,528	26,065,416,791	26,824,181,896		
CONTINGENT LIABILITIES AND COMMITMENTS								
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	2,145,561,403	1,111,539,394	1,300,989,705	2,145,561,403	1,111,539,394	1,300,989,705		
Credit commitments	2,094,313,627	1,980,359,308	2,260,463,823	2,094,313,627	1,980,359,308	2,260,463,823		

STATEMENT OF CHANGES IN EQUITY

The Group

	Stated capital	Statutory Reserve	Retained earnings/ Accumulated losses	General Banking Reserve	Fair Value Reserve	Other Reserve	Revaluation Reserve	Total equity attributable to holders of the parent
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
At 01 July 2019	2,466,420,956	1,619,995	(271,066,429)	90,709,840	(2,510,450)	5,978,082	472,467,122	2,763,619,116
Profit for the period	-	-	27,140,871	-	-	-	-	27,140,871
Change in fair value of financial assets held at FVTOCI	-	-	(58,365,624)	-	(58,365,624)	-	-	(58,365,624)
At 31 March 2020	2,466,420,956	1,619,995	(243,925,558)	90,709,840	(60,876,074)	5,978,082	472,467,122	2,732,394,363
At 01 July 2018	2,466,420,956	1,619,995	135,936,241	90,709,840	(21,739,662)	-	426,370,194	3,099,317,564
Loss for the period	-	-	(88,750,269)	-	-	-	-	(88,750,269)
Change in fair value of available-for-sale financial assets	-	-	40,669,009	-	40,669,009	-	-	40,669,009
At 31 March 2019	2,466,420,956	1,619,995	47,185,972	90,709,840	18,929,347	-	426,370,194	3,051,236,304
At 01 July 2018	2,466,420,956	1,619,995	135,936,241	90,709,840	(21,739,662)	-	426,370,194	3,099,317,564
Impact of transition to IFRS 9	-	-	(30,799,444)	-	-	1,842,232	-	(28,957,212)
Loss for the year	-	-	105,136,797	90,709,840	(21,739,662)	1,842,232	426,370,194	3,070,360,352
Transfer from revaluation reserve to retained earnings	-	-	(342,804,772)	-	-	-	-	(342,804,772)
Effect of tax rate change on deferred tax arising on revaluation of property, plant and equipment	-	-	(818,535)	-	-	-	818,535	-
Change in fair value of financial assets held at FVTOCI	-	-	-	-	19,229,212	-	45,278,393	45,278,393
Credit impairment charge on financial assets at FVTOCI	-	-	-	-	-	4,135,850	-	4,135,850
Actuarial loss for the year	-	-	(34,294,652)	-	-	-	-	(34,294,652)
Deferred tax on actuarial loss	-	-	1,714,733	-	-	-	-	1,714,733
At 30 June 2019	2,466,420,956	1,619,995	(271,066,429)	90,709,840	(2,510,450)	5,978,082	472,467,122	2,763,619,116

STATEMENT OF CHANGES IN EQUITY

The Bank

	Stated capital	Statutory Reserve	Retained earnings/ Accumulated losses	General Banking Reserve	Fair Value Reserve	Other Reserve	Revaluation Reserve	Total equity attributable to holders of the parent
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
At 01 July 2019	2,466,420,956	1,619,995	(279,941,657)	90,709,840	(2,510,450)	5,978,082	481,499,115	2,763,775,881
Profit for the period	-	-	20,954,227	-	-	-	-	20,954,227
Change in fair value of financial assets held at FVTOCI	-	-	(58,365,624)	-	(58,365,624)	-	-	(58,365,624)
At 31 March 2020	2,466,420,956	1,619,995	(258,987,430)	90,709,840	(60,876,074)	5,978,082	481,499,115	2,726,364,484
At 01 July 2018	2,466,420,956	1,619,995	130,793,712	90,709,840	(21,739,662)	-	435,402,187	3,103,207,028
Loss for the period	-	-	(93,803,923)	-	-	-	-	(93,803,923)
Change in fair value of available-for-sale financial assets	-	-	40,669,009	-	40,669,009	-	-	40,669,009
At 31 March 2019	2,466,420,956	1,619,995	36,989,789	90,709,840	18,929,347	-	435,402,187	3,050,072,114
At 01 July 2018	2,466,420,956	1,619,995	130,793,712	90,709,840	(21,739,662)	-	435,402,187	3,103,207,028
Impact of transition to IFRS 9	-	-	(30,799,444)	-	-	1,842,232	-	(28,957,212)
Loss for the year	-	-	99,994,268	90,709,840	(21,739,662)	1,842,232	435,402,187	3,074,249,816
Transfer from revaluation reserve to retained earnings	-	-	(346,537,471)	-	-	-	-	(346,537,471)
Effect of tax rate change on deferred tax arising on revaluation of property, plant and equipment	-	-	(818,535)	-	-	-	818,535	-
Change in fair value of financial assets held at FVTOCI	-	-	-	-	19,229,212	-	45,278,393	45,278,393
Credit impairment charge on financial assets at FVTOCI	-	-	-	-	-	4,135,850	-	4,135,850
Actuarial loss for the year	-	-	(34,294,652)	-	-	-	-	(34,294,652)
Deferred tax on actuarial loss	-	-	1,714,733	-	-	-	-	1,714,733
At 30 June 2019	2,466,420,956	1,619,995	(279,941,657)	90,709,840	(2,510,450)	5,978,082	481,499,115	2,763,775,881

STATEMENT OF CASH FLOWS FOR PERIOD/YEAR ENDED

	Group			Bank		
	Unaudited Nine Months Ended 31-Mar-2020	Unaudited Nine Months Ended 31-Mar-2019	Audited Year Ended 30-Jun-2019	Unaudited Nine Months Ended 31-Mar-2020	Unaudited Nine Months Ended 31-Mar-2019	Audited Year Ended 30-Jun-2019
	Rs	Rs	Rs	Rs	Rs	Rs
Cash flow from operating activities						
Profit/(Loss) for the period/year before income tax	27,140,871	(88,750,269)	11,777,000	20,954,227	(93,803,923)	6,296,097
Adjustments for :						
Impairment losses on loans and advances	40,477,628	23,306,360	13,270,754	40,477,628	23,306,360	13,270,754
Depreciation	63,529,939	80,502,036	112,735,865	56,666,263	73,415,558	102,065,626
Amortisation	30,230,788	37,547,238	44,440,351	30,230,788	37,547,238	44,440,351
Loss on disposal of property, plant and equipment	-	283,776	283,776	-	283,776	283,776
Profit on revaluation of trading assets	(12,714,869)	(2,744,700)	(5,396,743)	(12,714,869)	(2,744,700)	(5,396,743)
Retirement benefit obligations	-	-	10,303,133	-	-	10,303,133
	148,664,357	50,144,441	187,414,136	135,614,037	38,004,309	171,262,994
Changes in operating assets and liabilities						
Increase in trading assets	(2,310,936,695)	(1,681,288,214)	(423,578,399)	(2,310,936,695)	(1,681,288,214)	(423,578,399)
Increase in derivative	187,978,981	(6,494,371)	26,325	187,978,981	(6,494,371)	26,325
Increase in loans and advances to customers	(499,881,262)	(3,774,383,625)	(3,809,879,763)	(484,225,401)	(3,759,561,476)	(3,793,510,696)
Decrease in receivable from fellow subsidiary	-	5,537,293,366	5,135,758,698	-	5,537,293,366	5,135,758,698
Decrease in payable to fellow subsidiary	(32,659,143)	-	-	(32,659,143)	-	-
Increase/(decrease) in deposits from customers	3,691,824,344	(670,357,569)	720,328,923	3,685,639,504	(674,492,321)	717,998,810
(Increase)/decrease in other assets	(323,093,945)	(238,725,627)	26,553,434	(321,192,665)	(236,513,286)	26,553,434
Decrease in other liabilities	(170,198,034)	(100,493,062)	(29,849,972)	(170,330,636)	(100,467,566)	(29,873,974)
Cash (used in)/generated from operations	691,698,603	(884,304,661)	1,806,773,392	689,887,982	(883,519,559)	1,804,637,192
Tax paid	-	-	(8,378,332)	-	-	(5,457,034)
Tax refund received	-	785,102	785,098	-	-	-
Net cash (used in)/generated from operating activities	691,698,603	(883,519,559)	1,799,180,158	689,887,982	(883,519,559)	1,799,180,158
Cash flow from investing activities						
(Increase)/decrease in securities	(922,524,511)	416,956,868	1,033,682,343	(922,524,511)	416,956,868	1,033,682,343
(Increase)/decrease in placements with banks	(1,298,474)	204,445,551	240,628,904	(1,298,474)	204,445,551	240,628,904
Acquisition of property, plant and equipment	(34,998,371)	(37,235,325)	(63,035,735)	(33,187,750)	(37,235,325)	(63,035,735)
Acquisition of intangibles	(15,935,767)	(15,834,943)	(28,931,545)	(15,935,767)	(15,834,943)	(28,931,545)
Proceeds from disposal of property, plant and equipment	-	7,697,761	7,697,761	-	7,697,761	7,697,761
Net cash (used in)/from investing activities	(974,757,123)	576,029,912	1,190,041,728	(972,946,502)	576,029,912	1,190,041,728
Cash flows from financing activities						
Increase/(decrease) in other borrowed funds	820,665,547	(137,030,520)	(201,086,473)	820,665,547	(137,030,520)	(201,086,473)
Net cash generated from/(used in) financing activities	820,665,547	(137,030,520)	(201,086,473)	820,665,547	(137,030,520)	(201,086,473)
Net (decrease)/increase in cash and cash equivalents	537,607,027	(444,520,167)	2,788,135,413	537,607,027	(444,520,167)	2,788,135,413
Cash and cash equivalents at the beginning of the period/year	4,117,341,365	1,329,205,952	1,329,205,952	4,117,341,365	1,329,205,952	1,329,205,952
Cash and cash equivalents at the end of the period/year	4,654,948,392	884,685,785	4,117,341,365	4,654,948,392	884,685,785	4,117,341,365