



Abridged Unaudited Interim Financial Statements

for the Six Months ended
31 December 2018



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Management Discussion & Analysis

MauBank Ltd (“the Bank”) is pleased to present the abridged unaudited interim financial statements of the Group and the Bank for the six months ended 31 December 2018.

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 2018, and in accordance with the Bank of Mauritius Guidelines on Public Disclosure of Information and IAS 34.

The Bank has recorded an operating loss before impairment and tax of Rs 62.6 Mn for the six months ended 31 December 2018 against a profit of Rs 28.1 Mn for the same period last year. The drop in profit was expected and is mainly due to the recent sale of a net portfolio of loans and advances of Rs 5.1 Bn as at 30 June 2018. The sale of the non-performing advances resulted in a significant improvement in the quality of asset portfolio, liquidity position and Capital Adequacy Ratio of the Bank. Interest income decreased from Rs 616.5 Mn for the period 31 December 2017 to Rs 557.1 Mn for the period 31 December 2018. The impact on net interest income has been mitigated by an improvement in interest expense which decreased to Rs 235.3 Mn this year from Rs 284.1 Mn last year in line with the Bank’s strategy to reduce high priced term deposits. The Bank also benefited from an improvement in net fee income which increased from Rs 62.7 Mn to Rs 90.9 Mn. Trading and other income dropped by Rs 41.9 Mn from Rs 104.4 Mn to Rs 62.5 Mn. The Bank’s overall performance is nonetheless expected to improve sustainably.

The Capital Adequacy Ratio of the Bank stood at 16.17%, comfortably above the regulatory minimum of 11.25%, as at 31 December 2018. At this same date, 32% of the Bank’s assets, or 38% of the Bank’s deposit base, were invested in liquid assets. The Bank continues to adopt a prudent 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.



Management Discussion & Analysis

Outlook

The Bank has already made significant progress in addressing the broad strategies underpinning its primary targets and objectives. The Bank has successfully improved its financial ratios creating significant potential for future growth and to position itself to improve its profitability and appropriate actions are being taken in this regard.

Further development and initiatives are being implemented. The Bank is also keeping focus on its human capital to ensure efficiency of its operations for a better responsiveness in delivering on its customers' expectations in an efficient and timely manner.

There are many challenges in the operating and global environment while the Bank continues its efforts in its transformative journey. With the relentless effort in re-engineering and adopting sustainable strategies, the Management and Board is improving confidence and ensuring future sustainable growth and profit while positioning a stronger Bank.

 _____ Dr. D. Paligadu Chairman	 _____ Mr. J. Codabux Director	 _____ Mr. P. Mungar Chief Executive Officer
Date: 11 FEB 2019		

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD/YEAR ENDED

	Group					Bank				
	Unaudited Quarter Ended	Unaudited Quarter Ended	Unaudited Six months Ended	Unaudited Six months Ended	Audited Year Ended	Unaudited Quarter Ended	Unaudited Quarter Ended	Unaudited Six months Ended	Unaudited Six months Ended	Audited Year Ended
	31-Dec-2018	31-Dec-2017	31-Dec-2018	31-Dec-2017	30-Jun-2018	31-Dec-2018	31-Dec-2017	31-Dec-2018	31-Dec-2017	30-Jun-2018
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Interest Income	276,724,402	294,230,628	549,937,612	608,634,780	1,250,003,778	280,281,754	298,041,928	557,076,574	616,503,137	1,265,387,720
Interest Expense	(113,298,814)	(133,467,301)	(235,318,380)	(284,113,427)	(534,955,443)	(113,298,814)	(133,467,301)	(235,318,380)	(284,113,427)	(534,955,443)
Net interest income	163,425,588	160,763,327	314,619,232	324,521,353	715,048,335	166,982,940	164,574,627	321,758,194	332,389,710	730,432,277
Fees and Commissions income	49,764,852	31,468,109	91,869,141	64,058,132	133,672,468	49,764,852	31,468,109	91,869,141	64,058,132	133,672,468
Fees and Commissions expense	(840,030)	(575,986)	(986,386)	(1,353,821)	(3,391,396)	(840,030)	(575,986)	(986,386)	(1,353,821)	(3,391,396)
Net fee and commission income	48,924,822	30,892,123	90,882,755	62,704,311	130,281,072	48,924,822	30,892,123	90,882,755	62,704,311	130,281,072
Net trading income	22,277,493	24,352,439	45,253,889	50,752,609	88,532,864	22,277,493	24,352,439	45,253,889	50,752,609	88,532,864
Other income	8,157,389	2,990,698	17,211,711	53,675,686	244,345,509	8,157,389	2,990,698	17,211,711	53,675,686	244,345,509
	30,434,882	27,343,137	62,465,600	104,428,295	332,878,373	30,434,882	27,343,137	62,465,600	104,428,295	332,878,373
Operating Income	242,785,292	218,998,587	467,967,587	491,653,959	1,178,207,780	246,342,644	222,809,887	475,106,549	499,522,316	1,193,591,722
Non-interest expense	(274,312,487)	(215,578,318)	(527,444,375)	(461,426,674)	(970,432,503)	(279,472,033)	(220,842,740)	(537,728,090)	(471,397,834)	(990,520,300)
(Loss)/Profit before net impairment (loss)/reversal on financial assets and income tax	(31,527,195)	3,420,269	(59,476,788)	30,227,285	207,775,277	(33,129,389)	1,967,147	(62,621,541)	28,124,482	203,071,422
Net impairment reversal/(loss) on financial assets	4,961,680	(90,859,517)	10,523,855	(70,683,560)	(166,617,172)	4,961,680	(90,859,517)	10,523,855	(70,683,560)	(166,617,172)
(Loss)/Profit after net impairment (loss)/reversal on financial assets but before income tax	(26,565,515)	(87,439,248)	(48,952,933)	(40,456,275)	41,158,105	(28,167,709)	(88,892,370)	(52,097,686)	(42,559,078)	36,454,250
Income tax credit/(expense)	-	9,459,465	-	(899)	(27,278,364)	-	9,460,364	-	-	(25,654,284)
(Loss)/Profit for the period/year attributable to equity holders of the parent	(26,565,515)	(77,979,783)	(48,952,933)	(40,457,174)	13,879,741	(28,167,709)	(79,432,006)	(52,097,686)	(42,559,078)	10,799,966
Earnings per share	(0.00)	(0.01)	(0.01)	(0.01)	0.00		(0.01)	(0.01)	(0.01)	0.00
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	-	-	-	-	-	-	-	-	-	-
Actuarial loss	-	-	-	-	(10,631,732)	-	-	-	-	(10,631,732)
Deferred tax on actuarial loss	-	-	-	-	1,807,394	-	-	-	-	1,807,394
<i>Items that may be classified subsequently to profit or loss</i>										
Change in fair value of available-for-sale financial assets	2,428,109	(28,590,852)	15,422,323	(87,718,308)	(167,415,281)	2,428,109	(28,590,852)	15,422,323	(87,718,308)	(167,415,281)
Other comprehensive income/(loss) for the period/year, net of tax	2,428,109	(28,590,852)	15,422,323	(87,718,308)	(176,239,619)	2,428,109	(28,590,852)	15,422,323	(87,718,308)	(176,239,619)
Total comprehensive loss for the period/year attributable to equity holders of the parent	(24,137,406)	(106,570,635)	(33,530,610)	(128,175,482)	(162,359,878)	(25,739,600)	(108,022,858)	(36,675,363)	(130,277,386)	(165,439,653)
Transfer to Statutory Reserve	-	-	-	-	(1,619,995)	-	-	-	-	(1,619,995)

STATEMENT OF FINANCIAL POSITION AS AT

	Group			Bank		
	Unaudited 31-Dec-2018	Unaudited 31-Dec-2017	Audited 30-Jun-2018	Unaudited 31-Dec-2018	Unaudited 31-Dec-2017	Audited 30-Jun-2018
	Rs	Rs	Rs	Rs	Rs	Rs
ASSETS						
Cash and cash equivalents	930,082,324	855,588,515	1,329,205,952	930,082,324	855,588,515	1,329,205,952
Loans to and placements with banks	107,055,976	17,736,004	314,467,714	107,055,976	17,736,004	314,467,714
Derivative assets	105,803	-	1,006,361	105,803	-	1,006,361
Trading assets	2,779,014,296	2,475,534,264	1,192,675,454	2,779,014,296	2,475,534,264	1,192,675,454
Investment securities	2,641,887,006	3,434,031,168	2,928,036,240	2,641,887,006	3,434,031,168	2,928,036,240
Loans and advances to customers	14,499,400,514	15,397,527,645	11,177,109,838	14,716,170,430	15,630,140,429	11,404,531,039
Property, plant and equipment	1,762,016,437	1,838,346,537	1,791,989,667	1,516,657,832	1,583,196,243	1,541,772,716
Intangible assets	210,230,451	185,577,880	220,608,500	210,230,451	185,577,880	220,608,500
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	1,621,968	17,544,346	1,621,967	836,872	15,834,563	836,872
Deferred tax assets	380,941,082	389,291,055	380,941,082	380,128,812	388,733,705	380,128,812
Receivable from fellow subsidiary	-	-	5,097,577,730	-	-	5,097,577,730
Other assets	2,220,695,076	2,157,356,748	2,075,455,065	2,257,214,866	2,195,390,129	2,113,478,233
Total assets	25,599,510,933	26,834,994,162	26,577,155,570	25,605,944,668	26,848,322,900	26,590,885,623
LIABILITIES						
Deposits from customers	21,380,392,287	22,695,890,209	22,336,114,499	21,386,709,626	22,704,994,221	22,346,501,200
Derivative liabilities	271,724	-	531,529	271,724	-	531,529
Other borrowed funds	217,501,463	516,331,208	399,431,739	217,501,463	516,331,208	399,431,739
Payable to fellow subsidiary	277,882,785	-	-	277,882,785	-	-
Other liabilities	592,460,751	409,788,530	676,545,270	591,832,436	409,145,921	675,999,158
Retirement benefits obligations	65,214,969	79,482,255	65,214,969	65,214,969	79,482,255	65,214,969
Total liabilities	22,533,723,979	23,701,492,202	23,477,838,006	22,539,413,003	23,709,953,605	23,487,678,595
SHAREHOLDERS' EQUITY						
Stated capital	2,466,420,956	6,670,858,232	2,466,420,956	2,466,420,956	6,670,858,232	2,466,420,956
Statutory reserve	1,619,995	-	1,619,995	1,619,995	-	1,619,995
Retained earnings/(accumulated losses)	86,983,308	(4,112,393,617)	135,936,241	78,696,026	(4,116,558,275)	130,793,712
Net owned funds	2,555,024,259	2,558,464,615	2,603,977,192	2,546,736,977	2,554,299,957	2,598,834,663
General banking reserve	90,709,840	90,709,840	90,709,840	90,709,840	90,709,840	90,709,840
Fair value reserve	(6,317,339)	57,957,311	(21,739,662)	(6,317,339)	57,957,311	(21,739,662)
Revaluation Reserve	426,370,194	426,370,194	426,370,194	435,402,187	435,402,187	435,402,187
Total equity attributable to equity holders of the parent	3,065,786,954	3,133,501,960	3,099,317,564	3,066,531,665	3,138,369,295	3,103,207,028
Total liabilities and equity	25,599,510,933	26,834,994,162	26,577,155,570	25,605,944,668	26,848,322,900	26,590,885,623
	-	-	-	-	-	-
CONTINGENT LIABILITIES AND COMMITMENTS						
Letters of credit, guarantees, acceptances, endorsements and other obligations on account of customers	1,401,895,744	1,774,791,384	1,364,714,537	1,401,895,744	1,774,791,384	1,364,714,537
Credit commitments	2,791,446,503	1,925,855,610	2,617,580,952	2,791,446,503	1,925,855,610	2,617,580,952

STATEMENT OF CHANGES IN EQUITY

The Group	Stated capital	Statutory Reserve	Retained earnings/ Accumulated losses	General Banking Reserve	Fair Value Reserve	Revaluation Reserve	Total equity attributable to equity holders of the parent
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
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	-	-	(48,952,933)	-	-	-	(48,952,933)
Change in fair value of available-for-sale financial assets	-	-	-	-	15,422,323	-	15,422,323
At 31 December 2018	2,466,420,956	1,619,995	86,983,308	90,709,840	(6,317,339)	426,370,194	3,065,786,954
At 01 July 2017	6,670,858,232	-	(4,071,936,443)	90,709,840	145,675,619	426,370,194	3,261,677,442
Loss for the period	-	-	(40,457,174)	-	-	-	(40,457,174)
Change in fair value of available-for-sale financial assets	-	-	-	-	(87,718,308)	-	(87,718,308)
At 31 December 2017	6,670,858,232	-	(4,112,393,617)	90,709,840	57,957,311	426,370,194	3,133,501,960
At 01 July 2017	6,670,858,232	-	(4,071,936,443)	90,709,840	145,675,619	426,370,194	3,261,677,442
Capital reduction	(4,204,437,276)	-	4,204,437,276	-	-	-	-
Profit for the year	-	-	13,879,741	-	-	-	13,879,741
Transfer to statutory reserve	-	1,619,995	(1,619,995)	-	-	-	-
Change in fair value of available-for-sale financial assets	-	-	-	-	(167,415,281)	-	(167,415,281)
Actuarial loss for the year	-	-	(10,631,732)	-	-	-	(10,631,732)
Deferred tax on actuarial loss	-	-	1,807,394	-	-	-	1,807,394
At 30 June 2018	2,466,420,956	1,619,995	135,936,241	90,709,840	(21,739,662)	426,370,194	3,099,317,564

STATEMENT OF CHANGES IN EQUITY

The Bank	Stated capital	Statutory Reserve	Retained earnings/ Accumulated losses	General Banking Reserve	Fair Value Reserve	Revaluation Reserve	Total equity attributable to equity holders of the parent
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
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
Issue of ordinary shares	-	-	-	-	-	-	-
Loss for the period	-	-	(52,097,686)	-	-	-	(52,097,686)
Change in fair value of available-for-sale financial assets	-	-	-	-	15,422,323	-	15,422,323
At 31 December 2018	2,466,420,956	1,619,995	78,696,026	90,709,840	(6,317,339)	435,402,187	3,066,531,665
At 01 July 2017	6,670,858,232	-	(4,073,999,197)	90,709,840	145,675,619	435,402,187	3,268,646,681
Issue of ordinary shares	-	-	-	-	-	-	-
Loss for the period	-	-	(42,559,078)	-	-	-	(42,559,078)
Change in fair value of available-for-sale financial assets	-	-	-	-	(87,718,308)	-	(87,718,308)
At 31 December 2017	6,670,858,232	-	(4,116,558,275)	90,709,840	57,957,311	435,402,187	3,138,369,295
At 01 July 2017	6,670,858,232	-	(4,073,999,197)	90,709,840	145,675,619	435,402,187	3,268,646,681
Capital reduction	(4,204,437,276)	-	4,204,437,276	-	-	-	-
Profit for the year	-	-	10,799,966	-	-	-	10,799,966
Transfer to statutory reserve	-	1,619,995	(1,619,995)	-	-	-	-
Change in gain on fair value of available-for-sale financial assets	-	-	-	-	(167,415,281)	-	(167,415,281)
Actuarial loss for the year	-	-	(10,631,732)	-	-	-	(10,631,732)
Deferred tax on actuarial loss	-	-	1,807,394	-	-	-	1,807,394
At 30 June 2018	2,466,420,956	1,619,995	130,793,712	90,709,840	(21,739,662)	435,402,187	3,103,207,028

STATEMENT OF CASH FLOWS FOR PERIOD/YEAR ENDED	Group			Bank		
	Unaudited Six months Ended 31-Dec-2018	Unaudited Six months Ended 31-Dec-2017	Audited Year Ended 30-Jun-2018	Unaudited Six months Ended 31-Dec-2018	Unaudited Six months Ended 31-Dec-2017	Audited Year Ended 30-Jun-2018
	Rs	Rs	Rs	Rs	Rs	Rs
Cash flow from operating activities						
(Loss)/profit for the period/year before income tax	(48,952,933)	(40,456,275)	41,158,105	(52,097,686)	(42,559,078)	36,454,250
Adjustments for :						
Impairment losses on loans and advances	(1,536,380)	72,711,396	180,266,854	(1,536,380)	72,711,396	180,266,854
Depreciation	54,333,704	53,768,868	107,189,283	49,475,358	48,886,325	97,275,138
Amortisation	25,478,517	19,316,652	43,880,264	25,478,517	19,316,652	43,880,264
(Loss)/profit on disposal of property, plant and equipment	403,760	(4,348)	(416,308)	403,760	(4,348)	(416,308)
(Profit)/loss on revaluation of trading assets	(2,235,569)	4,659,065	3,527,975	(2,235,569)	4,659,065	3,527,975
Retirement benefit obligations	-	-	(43,830,148)	-	-	(43,830,148)
	27,491,099	109,995,358	331,776,025	19,488,000	103,010,012	317,158,025
Changes in operating assets and liabilities						
(Increase)/decrease in trading assets	(1,584,103,274)	(375,198,231)	908,791,669	(1,584,103,274)	(375,198,231)	908,791,669
Decrease in derivative	640,753	-	550,260	640,753	-	550,260
(Increase)/decrease in loans and advances to customers	(3,320,754,296)	885,960,899	4,998,823,249	(3,310,103,011)	893,405,680	5,011,459,612
Decrease/(increase) in receivable from fellow subsidiary	5,375,460,515	-	(5,097,577,729)	5,375,460,515	-	(5,097,577,729)
(Decrease)/increase in deposits from customers	(955,722,213)	753,639,174	393,863,464	(959,791,574)	755,509,271	397,016,250
Increase in other assets	(145,240,005)	(438,649,809)	(361,584,006)	(143,736,626)	(440,803,230)	(363,728,113)
Increase/(decrease) in other liabilities	(84,084,521)	(10,848,760)	259,596,063	(84,166,725)	(11,024,871)	259,516,451
Decrease in retirement benefits obligations	-	(18,931,130)	-	-	(18,931,130)	-
Cash (used in)/generated from operations	(686,311,942)	905,967,501	1,434,238,995	(686,311,942)	905,967,501	1,433,186,425
Tax paid	-	-	(3,618,469)	-	-	(955,269)
Tax refund received	-	-	2,543,451	-	-	834,563
Net cash (used in)/generated from operating activities	(686,311,942)	905,967,501	1,433,163,977	(686,311,942)	905,967,501	1,433,065,719
Cash flow from investing activities						
Decrease/(increase) in securities	301,571,556	(1,070,221,739)	(643,923,784)	301,571,556	(1,070,221,739)	(643,923,784)
Placements with correspondent banks	207,411,738	14,146,932	(282,584,778)	207,411,738	14,146,932	(282,584,778)
Acquisition of property, plant and equipment	(25,555,497)	(21,249,361)	(29,107,465)	(25,555,497)	(21,249,361)	(29,009,207)
Acquisition of intangibles	(15,100,468)	(6,928,304)	(66,522,535)	(15,100,468)	(6,928,304)	(66,522,535)
Proceeds from disposal of property, plant and equipment	791,261	4,348	1,210,868	791,261	4,348	1,210,868
Net cash from/(used in) investing activities	469,118,590	(1,084,248,124)	(1,020,927,694)	469,118,590	(1,084,248,124)	(1,020,829,436)
Cash flows from financing activities						
(Decrease)/increase in other borrowed funds	(181,930,276)	185,752,556	68,853,087	(181,930,276)	185,752,556	68,853,087
Decrease in subordinated Liabilities	-	(162,622,782)	(162,622,782)	-	(162,622,782)	(162,622,782)
Net cash (used in)/generated from financing activities	(181,930,276)	23,129,774	(93,769,695)	(181,930,276)	23,129,774	(93,769,695)
Net (decrease)/increase in cash and cash equivalents	(399,123,628)	(155,150,849)	318,466,588	(399,123,628)	(155,150,849)	318,466,588
Cash and cash equivalents at the beginning of the period/year	1,329,205,952	1,010,739,364	1,010,739,364	1,329,205,952	1,010,739,364	1,010,739,364
Cash and cash equivalents at the end of the period/year	930,082,324	855,588,515	1,329,205,952	930,082,324	855,588,515	1,329,205,952

