

THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

QUARTER ENDED DECEMBER 31, 2020

	Quarter 31-Dec-2020	Quarter 31-Dec-2019	6 Months to 31-Dec-2020 Rs.	6 Months to 31-Dec-2019 Rs.	Year - End 30-Jun-2020 Rs.
Interest income using effective interest rate	654,678,581	783,267,131	1,303,689,085	1,578,487,476	2,980,444,070
Interest expense	(198,440,084)	(310,765,091)	(403,466,568)	(630,527,309)	(1,148,550,174)
Net interest income	456,238,497	472,502,040	900,222,517	947,960,166	1,831,893,896
Other income	2,487,652	2,573,076	4,461,835	5,152,403	6,552,746
Rental income	4,592,211	5,556,573	11,585,148	11,258,541	17,125,786
Other gains/(loss)	-	-	-	1,402	7,104
Operating income	463,318,361	480,631,689	916,269,500	964,372,512	1,855,579,531
Net credit allowance on financial assets	28,939,577	(9,829,717)	53,246,925	(61,781,162)	(318,613,518)
Personnel expenses	(35,176,494)	(22,605,079)	(57,029,636)	(41,406,568)	(94,416,341)
Depreciation and amortisation	(17,118,749)	(14,560,643)	(23,447,836)	(21,635,032)	(41,532,812)
Operating lease expenses	-	(1,021,085)	-	(1,595,595)	-
Other expenses	(32,285,018)	(23,417,792)	(60,808,356)	(49,431,059)	(105,937,789)
Fair value adjustments of funds	-	-	-	-	116,750,000
Fair value gain/(loss) on investment properties	-	-	-	-	4,836,749
Fair value gain/(loss) on financial assets at fair value through profit or loss	4,339,578	1,675,776	511,001	989,005	(11,442,546)
	(51,301,106)	(69,758,540)	(87,527,902)	(174,860,411)	(450,356,257)
Profit before penalty and interest on tax assessment and income tax	412,017,255	410,873,149	828,741,598	789,512,102	1,405,223,275
Penalty and interest on tax assessment	-	-	-	-	-
Profit before income tax	412,017,255	410,873,149	828,741,598	789,512,102	1,405,223,275
Income tax expense	(107,356,591)	51,691,363	(120,946,248)	(31,174,288)	(57,208,762)
(Loss)/profit for the period/year	304,660,665	462,564,512	707,795,350	758,337,814	1,348,014,513
Other comprehensive income:					
<i>Items that will not be reclassified to profit or loss:</i>					
Remeasurements of pension benefit obligations	-	-	-	-	(162,715,000)
Income tax relating to components of other comprehensive income	-	-	-	-	5,532,310
Net other comprehensive (loss)/income	304,660,665	462,564,512	707,795,350	758,337,814	(157,182,690)
Total comprehensive (loss)/income for the period/year	304,660,665	462,564,512	707,795,350	758,337,814	1,190,831,823

THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD
STATEMENTS OF FINANCIAL POSITION - AS AT DECEMBER 31, 2020

	As at December 2020 Rs.	As at December 2019 Rs.	Year End June 2020 Rs.
Assets			
Cash and cash equivalents	1,711,673,346	1,573,291,044	1,856,277,820
Loans and advances to members	33,495,091,135	32,668,667,539	31,875,791,988
Placements with bank and non-bank financial institutions	2,626,034,178	3,100,560,697	3,157,199,780
Financial assets at amortised cost	2,300,359,969	3,498,941,947	3,679,502,947
Financial assets at fair value through profit or loss	59,506,655	46,233,871	38,714,355
Investment - Victoria Station Ltd	99,975,000		-
Property, equipment and right of use assets	328,674,735	173,543,918	236,677,860
Intangible assets	43,679,015	119,601,648	48,906,919
Investment properties	247,250,058	238,308,748	247,169,762
Current Tax receivable	-	10,951,495	26,956,215
Deferred tax assets	30,664,022	21,784,932	30,664,022
Other assets	37,523,614	65,282,312	18,683,556
Total assets	40,980,431,728	41,517,168,151	41,216,545,224
Liabilities			
Deposits from customers	24,919,140,536	26,838,815,370	26,034,566,739
Current tax liabilities	59,992,008	-	-
Funds	3,402,604,051	3,334,971,083	3,272,531,651
Pension benefit obligations	139,994,000	-	139,994,000
Other liabilities	99,359,584	81,125,302	118,386,935
Total liabilities	28,621,090,179	30,254,911,755	29,565,479,325
Shareholders' equity			
Share capital	189,837,600	192,584,700	190,530,800
Forfeited shares	36,172,200	32,733,600	34,998,700
Retained earnings	11,861,641,884	10,518,242,062	11,082,412,152
Revaluation reserves	3,480,852	3,480,852	3,480,852
Statutory reserve	225,529,500	225,065,100	225,529,500
Actuarial reserves	(242,627,154)	(85,444,464)	(242,627,154)
Other reserves	285,306,667	375,594,546	356,741,048
Total equity	12,359,341,549	11,262,256,396	11,651,065,899
Total equity and liabilities	40,980,431,728	41,517,168,151	41,216,545,224

THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD

STATEMENTS OF CASH FLOWS - AS AT ENDED DECEMBER 31, 2020

	As at December 2020	As at December 2019	Year End June 2020
	Rs.	Rs.	Rs.
Cash flows from operating activities			
Profit before income tax	828,741,598	789,512,102	1,405,223,275
Adjustments for:			
Net credit loss on financial assets	(44,954,982)	79,590,226	318,613,518
Depreciation of property, equipment and right of use assets	15,996,120	7,273,331	27,151,505
Amortisation of intangible assets	7,451,715	14,361,701	14,381,307
Interest income	(1,303,689,085)	(1,578,487,476)	(2,980,444,070)
Interest expense	403,466,567	630,527,309	1,148,550,174
Pension (income) / expense	-	(22,500,000)	3,561,000
Fair value (gain)/loss on investment properties	-	-	(4,836,749)
Fair value (gain)/loss on financial assets at fair value through profit or loss	(511,001)	(989,005)	11,442,546
Realised loss on disposal of financial assets at fair value through profit or loss	-	-	50,973
Translation (gain)/loss on revaluation of cash balance denominated in foreign currency	-	-	7,104
Contribution paid	-	-	(26,845,000)
Change in fair value of funds	-	-	(116,750,000)
	(93,499,067)	(80,711,812)	(199,894,417)
Changes in operating assets and liabilities			
Decrease/(Increase) in loans and advances to members	(1,665,137,630)	434,698,117	892,708,188
Decrease/(increase) in other assets	(18,640,459)	64,093,608	74,891,994
(Decrease)/Increase in deposits from customers	(1,078,872,380)	(886,697,122)	(1,517,480,931)
(Decrease)/increase in other liabilities	(18,927,391)	(5,806,888)	28,549,015
(Decrease)/Increase in funds	192,540,500	69,080,791	153,129,673
Interest received	2,064,787,547	1,570,485,544	2,986,174,672
Interest and others	(407,309,510)	(581,619,773)	(1,236,836,244)
Income tax paid	(34,197,622)	(21,123,943)	(51,617,806)
Net cash generated from/(used in) operating activities	(1,059,256,013)	562,398,522	1,129,624,144
Cash flows from investing activities			
Addition to placements with bank and non-bank financial institutions	-	(2,150,000,000)	(3,275,000,000)
Proceeds from matured placements with bank and non-bank financial institutions	550,000,000	2,235,000,000	3,335,000,000
Proceeds from matured financial assets at amortised costs and fair value through profit or loss	1,590,019,212	621,229,400	2,333,495,805
Addition to financial assets at amortised cost and at fair value through profit or loss	(1,015,475,907)	(824,424,025)	(2,736,673,409)
Investment - Victoria Station Ltd	(99,975,000)	-	-
Purchase of property, equipment and right of use assets	(107,992,994)	(24,270)	(75,611,706)
Proceeds from sale of property, equipment and right of use assets	-	-	-
Purchase of intangible assets	(2,223,813)	(88,956,538)	(38,997,966)
Purchase of investment property	(80,297)	(353,281)	(399,297)
Net cash used in investing activities	914,271,202	(207,528,714)	(458,186,573)
Cash flows from financing activities			
Proceeds from issuing shares	480,300	253,200	464,400
Decrease in interest bearing loans	-	(2,285,515)	(2,346,598)
Payment of the principal portion of the lease liability	-	-	(1,130,723)
Dividend paid	(99,960)	(60,220)	(32,653,500)
Net cash used in financing activities	380,340	(2,092,535)	(35,666,421)
Net increase in cash and cash equivalents	(144,604,471)	352,777,273	635,771,151
Effect of foreign exchange rate changes	-	-	(7,104)
Cash and cash equivalents at beginning of year / period	1,856,277,817	1,220,513,772	1,220,513,771
Cash and cash equivalents at end of year / period	1,711,673,346	1,573,291,045	1,856,277,817

THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD
STATEMENTS OF CHANGES IN EQUITY - PERIOD ENDED DECEMBER 31, 2020

	Share capital	Forfeited shares	Statutory reserve	Revaluation reserves	Other Reserve	Actuarial reserves	Retained earnings	Total equity
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance at July 1, 2019	193,404,100	31,661,000	225,065,100	3,480,852	236,063,710	(85,444,464)	9,900,552,398	10,504,782,696
Issue of shares	464,400	-	-	-	-	-	-	464,400
Profit for the period	-	-	-	-	-	-	1,348,014,513	1,348,014,513
Other comprehensive income for the year	-	-	-	-	-	(157,182,690)	-	(157,182,690)
Total comprehensive income	-	-	-	-	-	(157,182,690)	1,348,014,513	1,190,831,823
Transfer made to reserves for the period	-	-	464,400	-	120,677,338	-	(121,141,738)	-
Transfer to forfeited shares	(3,337,700)	3,337,700	-	-	-	-	-	-
Dividend declared	-	-	-	-	-	-	(45,013,020)	(45,013,020)
Balance at June 30, 2020	190,530,800	34,998,700	225,529,500	3,480,852	356,741,048	(242,627,154)	11,082,412,152	11,651,065,899
Balance at July 1, 2020	190,530,800	34,998,700	225,529,500	3,480,852	356,741,049	(242,627,154)	11,082,412,152	11,651,065,900
Issue of shares	480,300	-	-	-	-	-	-	480,300
Profit for the period	-	-	-	-	-	-	707,795,350	707,795,350
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	(242,627,154)	11,790,207,502	12,359,341,549
Movement in respect of the year	-	-	-	-	(71,434,382)	-	71,434,382	-
Transfer made to reserves for the period	-	-	-	-	-	-	-	-
Transfer to Forfeited shares	(1,173,500)	1,173,500	-	-	-	-	-	-
Dividend declared	-	-	-	-	-	-	-	-
Balance at December 31, 2020	189,837,600	36,172,200	225,529,500	3,480,852	285,306,667	(242,627,154)	11,861,641,884	12,359,341,549

MANAGEMENT DISCUSSION AND ANALYSIS

Economic Environment

According to the IMF, all regions worldwide are projected to experience negative growth in 2020. Mauritius being a very open economy will also be impacted. The necessary lockdown measures have succeeded in slowing down the spread of the coronavirus but have also impacted business activity in many sectors of the economy.

According to Statistic Mauritius, the GDP at market price is forecasted to contract by around 13.0% in 2020, the worst contraction since 1980. The headline inflation rate for December 2020 worked out to 2.5%, compared to 0.5% for December 2019.

Financial Environment

During the period under review, the Monetary Policy Committee of the Bank of Mauritius met on two occasions and the Key Repo Rate remained unchanged to 1.85%. The weighted yield on 364-day Treasury Bills took the downward trend during the year under review. It decreased from 3.21% in December 2019 to reach 0.41% in December 2020.

The Mutual Aid Association continued to offer competitive interest rates on deposits and had maintained a premium of 25 basis points to Pensioner depositors during the year under review. Furthermore, the actual interest rate on Retirement Savings Scheme is 3.45%. As far as loans and advances are concerned, the Association is offering interest rate starting from 3.20% per annum.

Furthermore, the Association deals mainly with public sector employees. Consequently, Covid 19 did not have a major impact on its activities. Regarding IFRS 9, a forward looking framework was used for the Expected Credit Loss Model, incorporating actual economic indicators. As a result, the specific provisions accounted for June 2020 were much higher than of previous years. Nevertheless, the Association is still having very sound capital adequacy and liquid assets ratio as can be testified below.

Outlook

Looking forward, the business segment in which the Association operates is set to remain volatile, with continuing challenges which are outside its span of control. The Association has enhanced its level of preparedness to better perform in a turbulent environment.

Principal Activities and nature of customers

The principal activities of the Association are to grant loans to its members and accept deposits from the public. All such activities are carried out at its registered office in Mauritius. The Association has a sub-office in Rodrigues, where loan applications are collected for onward processing in Mauritius.

As regards to its loan activities, the Association deals exclusively with its members based on the principle of mutuality. Regarding deposit taking activities, the Association mobilizes fund from the general public as well as from institutional investors.

Review by business lines

Income

Net interest income

Notwithstanding the pressure on margins, the Mutual Aid Association is continuing to offer competitive interest rates for both its loan and deposit products, a net interest income of Rs 456m was generated for the quarter ended December 2020.

Cost to Income

The Association continues to maintain a relatively low cost to income ratio. As at December 2020, the cost to income ratio stood at about 15.42%, thus testifying in a real way the high level of operational efficiency achieved.

Assets

Total assets of the Association were to the tune of Rs. 40.98bn in December 2020 compared to Rs. 41.52bn at end of December 2019.

Loans and advances to members

Loans and advances are granted solely to public sector employees and pensioners. Net loans and advances increased from Rs. 32.67bn to Rs. 33.50bn.

Cash and cash equivalents and Placements with bank and non-bank financial institutions

The Association maintained cash and cash equivalents of Rs. 1.7bn as at end of December 2020. Placements made by the Mutual Aid Association in other financial institutions stood at Rs. 2.6bn at end of December 2020.

High Quality Liquid Assets

During the period under review investment in High-Quality Liquid Assets (HQLAs) stood at Rs 2.3bn as at end of December 2020.

Liquid Assets of the Company

Cash and cash equivalents, HQLAs, and placements with banks and non-banks financial institutions have been undertaken to meet the minimum requirement of 10% investment in liquid assets. As at end of December 2020, the ratio stood comfortably at 20.31% which is in line with the liquidity risk management strategy of the Association.

Liabilities

Deposits from customers

The total deposits as at December 2020 stood at Rs. 24.9bn thus showing the high level of trust placed in the Association by its depositors.

Funds

The Funds consist of the Guarantee Benevolent Scheme (GBS), Mutual Solidarity Contribution (MSC) and Retirement Savings Scheme (RSS). The Funds stood at Rs. 3.4bn as at December 2020. For quarter ended December 2020, the interest rate of 3.45% has been paid to RSS holders, whereas the average savings rate was about 0.33%.

Shareholders' equity

Shareholders' equity stood at Rs. 12.4bn as at end of December 2020.

Capital Structure and Capital Adequacy Ratio (CAR)

The Tier 1 and Tier 2 capital of the Association(*the Company*) were to the tune of Rs. 11.2bn and Rs. 17.1m respectively for the period ended December 2020. The weighted amount of on-balance sheet assets was Rs. 18.7bn for the same period. Consequently, the CAR of the Association has reached a note of about 60.01% thus confirming once more the financial soundness of the Association.