

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

QUARTER ENDED MARCH 31, 2021

	Quarter 31-Mar-2021	Quarter 31-Mar-2020	9 Months to 31-Mar-2021	9 Months to 31-Mar-2020	Year - End 30-Jun-2020
	Rs.	Rs.	Rs.	Rs.	Rs.
Interest income using effective interest rate	630,046,423	765,683,413	1,933,735,508	2,344,170,889	2,980,444,070
Interest expense	(193,186,041)	(298,483,034)	(596,652,609)	(929,010,344)	(1,148,550,174)
Net interest income	436,860,382	467,200,379	1,337,082,899	1,415,160,545	1,831,893,896
Other income	862,400	1,478,098	5,324,235	6,630,501	6,552,746
Rental income	4,166,521	4,276,476	15,751,670	15,535,017	17,125,786
Other gains/(loss)	1,541	-	1,541	1,402	7,104
Operating income	441,890,844	472,954,953	1,358,160,344	1,437,327,465	1,855,579,531
Net credit loss allowance on financial assets	(216,568,634)	(19,003,343)	(163,321,708)	(80,784,505)	(318,613,518)
Personnel expenses	(24,832,826)	(35,839,594)	(81,862,463)	(77,246,162)	(94,416,341)
Depreciation and amortisation	(6,645,550)	(10,485,335)	(30,093,386)	(32,120,367)	(41,532,812)
Operating lease expenses	-	(616,716)	-	(2,212,311)	-
Other expenses	(32,505,496)	(24,931,846)	(93,313,853)	(74,362,905)	(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	(642,596)	(14,366,265)	(131,594)	(13,377,260)	(11,442,546)
	(281,195,102)	(105,243,099)	(368,723,004)	(280,103,509)	(450,356,257)
Profit before income tax	160,695,742	367,711,854	989,437,341	1,157,223,956	1,405,223,275
Income tax	(56,562,965)	8,526,651	(177,509,213)	(22,647,637)	(57,208,762)
(Loss)/profit for the period/year	104,132,778	376,238,505	811,928,128	1,134,576,319	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	-	-	-	-	(157,182,690)
Total comprehensive (loss)/income for the period/year	104,132,778	376,238,505	811,928,128	1,134,576,319	1,190,831,823

THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD

STATEMENTS OF FINANCIAL POSITION - AS AT MARCH 31, 2021

	As at March 2021	As at March 2020	Year End June 2020
	Rs.	Rs.	Rs.
Assets			
Cash and cash equivalents	938,749,098	1,562,727,389	1,856,277,820
Loans and advances to members	33,724,805,655	32,612,567,957	31,875,791,988
Placements with bank and non-bank financial institutions	2,540,814,241	3,388,165,929	3,157,199,780
Financial assets at amortised cost	2,202,025,767	3,314,757,520	3,679,502,947
Financial assets at fair value through profit or loss	62,229,156	34,088,906	38,714,355
Investment - Victoria Station Ltd	99,975,000	-	-
Property, plant and equipment	726,859,803	170,768,379	236,677,860
Intangible assets	40,006,322	111,941,140	48,906,919
Investment properties	247,288,258	241,801,666	247,169,762
Current Tax receivable	-	52,224,625	26,956,215
Deferred tax assets	30,664,022	21,784,932	30,664,022
Other assets	23,717,685	47,063,373	18,683,556
Total assets	40,637,135,007	41,557,891,815	41,216,545,224
Liabilities			
Deposits from customers	24,446,331,403	26,518,675,416	26,034,566,739
Current tax liabilities	58,509,361	-	-
Funds	3,424,805,120	3,347,370,423	3,272,531,651
Pension benefit obligations	139,994,000	-	139,994,000
Other liabilities	103,889,695	49,728,257	118,386,935
Total liabilities	28,173,529,580	29,915,774,096	29,565,479,325
Shareholders' equity			
Share capital	188,721,900	191,586,000	190,530,800
Forfeited shares	37,419,000	33,862,200	34,998,700
Retained earnings	11,675,223,856	10,687,111,863	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	575,857,473	586,456,169	356,741,048
Total equity	12,463,605,427	11,642,117,719	11,651,065,899
Total equity and liabilities	40,637,135,007	41,557,891,815	41,216,545,224

THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD

STATEMENTS OF CASH FLOWS - AS AT ENDED MARCH 31, 2021

	As at March 2021 Rs.	As at March 2020 Rs.	Year End June 2020 Rs.
Cash flows from operating activities			
Profit before income tax	989,437,341	1,157,223,956	1,405,223,275
Adjustments for:			
Net credit loss on financial assets	190,427,002	98,833,320	318,613,518
Depreciation of property, equipment and right of use assets	18,968,977	10,048,870	27,151,505
Amortisation of intangible assets	11,124,409	22,071,496	14,381,307
Interest income	(1,933,735,508)	(2,344,170,889)	(2,980,444,070)
Interest expense	596,652,609	929,010,344	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	(1,631,983)	14,171,585	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)
	<u>(128,757,153)</u>	<u>(135,311,317)</u>	<u>(199,894,417)</u>
Changes in operating assets and liabilities			
Decrease/(Increase) in loans and advances to members	(2,174,748,415)	446,806,992	892,708,188
Decrease/(increase) in other assets	(4,834,532)	65,791,829	74,891,997
(Decrease)/Increase in deposits from customers	(1,351,629,481)	(1,030,907,092)	(1,517,480,931)
(Decrease)/increase in other liabilities	(14,389,820)	(2,435,381)	28,549,015
(Decrease)/Increase in funds	249,517,919	93,705,321	153,129,673
Interest received	1,897,306,807	2,187,645,053	2,986,174,672
Interest paid	(784,532,723)	(1,037,988,992)	(1,236,836,244)
Income tax paid	(92,243,233)	(38,088,148)	(51,617,806)
Net cash generated from/(used in) operating activities	<u>(2,404,310,631)</u>	<u>549,218,264</u>	<u>1,129,624,147</u>
Cash flows from investing activities			
Addition to placements with bank and non-bank financial institutions	-	(275,000,000)	(3,275,000,000)
Proceeds from matured placements with bank and non-bank financial institutions	650,000,000	-	3,335,000,000
Proceeds from matured financial assets at amortised costs and fair value through profit or loss	3,473,773,265	450,000,000	2,333,495,805
Addition to financial assets at amortised cost and at fair value through profit or loss	(2,126,002,107)	(255,615,625)	(2,736,673,409)
Investment - Victoria Station Ltd	-	-	-
Purchase of property, equipment and right of use assets	(509,150,920)	(298,727)	(75,611,706)
Proceeds from sale of property, equipment and right of use assets	-	-	-
Purchase of intangible assets	(2,223,813)	(91,181,098)	(38,997,966)
Purchase of investment property	(118,497)	(353,281)	(399,297)
Net cash used in investing activities	<u>1,486,277,929</u>	<u>(172,448,732)</u>	<u>(458,186,573)</u>
Cash flows from financing activities			
Proceeds from issuing shares	611,400	383,101	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	(107,420)	(32,653,500)	(32,653,500)
Net cash used in financing activities	<u>503,980</u>	<u>(34,555,914)</u>	<u>(35,666,421)</u>
Net increase / (decrease) in cash and cash equivalents	<u>(917,528,722)</u>	<u>342,213,618</u>	<u>635,771,153</u>
Effect of foreign exchange rate changes	-	-	(7,104)
Cash and cash equivalents at beginning of year / period	<u>1,856,277,820</u>	<u>1,220,513,771</u>	<u>1,220,513,771</u>
Cash and cash equivalents at end of year / period	<u>938,749,098</u>	<u>1,562,727,389</u>	<u>1,856,277,820</u>

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

	Share capital	Forfeited shares	Statutory reserve	Revaluation and other reserves	Other Reserve	Actuarial reserves	Retained earnings	Total equity
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance at July 1, 2018	195,909,440	28,653,400	224,562,840	3,480,852	257,007,727	(70,161,378)	8,538,109,759	9,177,562,640
Impact of adopting IFRS 9	-	-	-	-	-	-	(20,395,761)	(20,395,761)
Restated opening balance under IFRS 9	195,909,440	28,653,400	224,562,840	3,480,852	257,007,727	(70,161,378)	8,517,713,998	9,157,166,879
Issue of shares	502,260	-	-	-	-	-	-	502,260
Profit for the period	-	-	-	-	-	-	1,407,309,209	1,407,309,209
Other comprehensive income for the year	-	-	-	-	-	(15,283,086)	-	(15,283,086)
Total comprehensive income	-	-	-	-	-	(15,283,086)	1,407,309,209	1,392,026,123
Movement	-	-	502,260	-	(20,944,017)	-	20,441,757	-
Transfer to forfeited shares	(3,007,600)	3,007,600	-	-	-	-	-	-
Dividend declared	-	-	-	-	-	-	(44,912,568)	(44,912,568)
Balance at June 30, 2019	193,404,100	31,661,000	225,065,100	3,480,852	236,063,710	(85,444,464)	9,900,552,396	10,504,782,694
Balance at July 1, 2019	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
Issue of shares	611,400	-	-	-	-	-	-	611,400
Profit for the period	-	-	-	-	-	-	811,928,128	811,928,129
Transfer to Forfeited shares	(2,420,300)	2,420,300	-	-	-	-	-	-
Movement	-	-	-	-	219,116,424	-	(219,116,424)	-
Balance at March 31, 2020	188,721,900	37,419,000	225,529,500	3,480,852	575,857,473	(242,627,154)	11,675,223,856	12,463,605,427

MANAGEMENT DISCUSSION AND ANALYSIS

Economic Environment

According to the IMF, the global economy would grow by 6.0 per cent in 2021. However, with the emergence of new virus variants and the current situation in India, the expected 6.0 per cent might be negatively impacted.

As regards to the domestic economy, the IMF projected a real GDP growth of 6.6 per cent. According to Statistics Mauritius, the CPI stood at 108.5 as at end of March 2021. At the same period, the headline inflation was 2.2 per cent.

Financial Environment

During the period July 2020 to March 2021, the Monetary Policy Committee of the Bank of Mauritius met on three 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 0.74% in March 2020 to reach 0.41% in March 2021.

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 period 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 4.15% 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 regards the second lockdown. As a result, the specific provisions accounted for March 2021 were much higher than of previous periods. 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 437m was generated for the quarter ended March 2021.

Cost to Income

The Association continues to maintain a relatively low cost to income ratio. As at March 2021, the cost to income ratio stood at about 15.11%, 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. 40.64bn in March 2021 compared to Rs. 41.56bn at end of March 2020.

Loans and advances to members

Loans and advances are granted solely to public sector employees and pensioners. Net loans and advances increased from Rs. 32.61bn to Rs. 33.72bn.

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

The Association maintained cash and cash equivalents of Rs. 939m as at end of March 2021. Placements made by the Mutual Aid Association in other financial institutions stood at Rs. 2.5bn at end of March 2021.

High Quality Liquid Assets

During the period under review investment in High-Quality Liquid Assets (HQLAs) stood at Rs 2.2bn as at end of March 2021.

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 March 2021, the ratio stood comfortably at 22.30% which is in line with the liquidity risk management strategy of the Association.

Liabilities

Deposits from customers

The total deposits as at March 2021 stood at Rs. 24.4bn 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 March 2021. For quarter ended March 2021, 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. 12.5bn as at end of March 2021.

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. 19.4m respectively for the period ended March 2021. The weighted amount of on-balance sheet assets was Rs. 18.9bn for the same period. Consequently, the CAR of the Association has reached a note of about 59.42% thus confirming once more the financial soundness of the Association.