

**THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD**  
**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**QUARTER ENDED SEPTEMBER 30, 2019**

	<b>Quarter 30-Sep-2019 Rs.</b>	<b>Quarter 30-Sep-2018 Rs.</b>	<b>Year - End 30-Jun-2019 Rs.</b>
Interest income using effective interest rate	795,220,345	820,089,232	3,224,110,550
Interest expense	<u>(319,762,219)</u>	<u>(345,568,886)</u>	<u>(1,356,415,675)</u>
<b>Net interest income</b>	<b>475,458,126</b>	<b>474,520,346</b>	<b>1,867,694,875</b>
Other income	2,579,327	2,250,735	9,072,983
Rental income	5,701,968	2,829,793	14,755,442
Other gains	1,402	-	903,471
<b>Operating income</b>	<b>483,740,824</b>	<b>479,600,873</b>	<b>1,892,426,771</b>
Net credit loss allowance on financial assets	(51,951,444)	(44,791,130)	(58,845,746)
Personnel expenses	(18,801,489)	(17,216,374)	(92,633,804)
Depreciation and amortisation	(7,074,389)	(3,039,039)	(19,600,792)
Operating lease expenses	(574,510)	(284,165)	(1,255,199)
Other expenses	(26,013,267)	(25,910,862)	(78,977,591)
Fair value adjustments of funds	-	-	20,900,000
Fair value gain/(loss) on investment properties	-	-	3,856,136
Fair value loss on financial assets at fair value through profit or loss	(686,771)	-	(2,432,524)
	<u>(105,101,870)</u>	<u>(91,241,569)</u>	<u>(228,989,520)</u>
<b>Profit before penalty and interest on tax assessment and income tax</b>	<b>378,638,953</b>	<b>388,359,304</b>	<b>1,663,437,251</b>
Penalty and interest on tax assessment	-	-	-
<b>Profit before income tax</b>	<b>378,638,953</b>	<b>388,359,304</b>	<b>1,663,437,251</b>
Income tax expense	(82,865,651)	(66,021,082)	(256,128,042)
<b>(Loss)/profit for the period/year</b>	<b>295,773,302</b>	<b>322,338,222</b>	<b>1,407,309,209</b>
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements of pension benefit obligations	-	-	(15,821,000)
Income tax relating to components of other comprehensive income	-	-	537,914
<b>Net other comprehensive (loss)/income</b>	<b>-</b>	<b>-</b>	<b>(15,283,086)</b>
<b>Total comprehensive (loss)/income for the period/year</b>	<b>295,773,302</b>	<b>322,338,222</b>	<b>1,392,026,123</b>

**THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD**  
**STATEMENTS OF FINANCIAL POSITION - AS AT SEPTEMBER 30, 2019**

	As at September 2019	As at September 2018	Year End June 2019
	Rs.	Rs.	Rs.
<b>Assets</b>			
Cash and cash equivalents	1,315,614,840	1,343,748,166	1,220,513,771
Loans and advances to members	33,013,107,497	33,782,041,109	33,257,794,283
Placements with bank and non-bank financial institutions	3,074,178,212	2,379,857,915	3,214,384,092
Financial assets at amortised cost	3,332,347,800	3,652,163,746	3,282,753,780
Financial assets at fair value through profit or loss	44,558,096	-	45,244,866
Property, plant and equipment	175,392,986	174,502,686	178,145,842
Intangible assets	21,880,346	5,107,171	24,290,260
Investment properties	241,956,936	236,810,724	241,933,716
Current Tax receivable	-	-	39,921,986
Deferred tax assets	21,784,932	92,011,801	17,756,897
Other assets	91,094,574	42,254,274	91,320,109
<b>Total assets</b>	<b>41,331,916,218</b>	<b>41,708,497,591</b>	<b>41,614,059,602</b>
<b>Liabilities</b>			
Deposits from customers	27,097,723,172	28,189,828,017	27,713,162,232
Interest bearing loans	-	125,590,329	2,285,515
Current tax liabilities	40,731,053	427,857,730	-
Funds	3,327,584,303	3,290,818,842	3,326,990,301
Pension benefit obligations	563,000	-	563,000
Other liabilities	62,239,987	108,290,317	66,275,860
<b>Total liabilities</b>	<b>30,528,841,515</b>	<b>32,142,385,236</b>	<b>31,109,276,908</b>
<b>Shareholders' equity</b>			
Share capital	192,997,000	195,498,800	193,404,100
Forfeited shares	32,211,200	29,176,000	31,661,000
Retained earnings	10,139,442,998	8,932,989,283	9,900,552,396
Revaluation reserves	3,480,852	3,480,852	3,480,852
Statutory reserve	225,065,100	224,562,840	225,065,100
Actuarial reserves	(85,444,464)	(70,161,378)	(85,444,464)
Other reserves	295,322,017	250,565,958	236,063,710
<b>Total equity</b>	<b>10,803,074,703</b>	<b>9,566,112,355</b>	<b>10,504,782,694</b>
<b>Total equity and liabilities</b>	<b>41,331,916,218</b>	<b>41,708,497,591</b>	<b>41,614,059,602</b>

**THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD**  
**STATEMENTS OF CASH FLOWS - QUARTER ENDED SEPTEMBER 30, 2019**

	<b>As at September 2019 Rs.</b>	<b>As at September 2018 Rs.</b>	<b>Year End June 2019 Rs.</b>
<b>Cash flows from operating activities</b>			
Profit before income tax	375,146,035	388,359,304	1,663,437,251
<b>Adjustments for:</b>			
Net credit loss on financial assets	74,315,054	44,791,130	58,845,746
Depreciation	4,664,475	2,551,901	11,326,689
Amortisation of intangible assets	2,409,914	487,137	8,274,103
Interest income	(795,220,345)	(820,089,232)	(3,224,110,550)
Interest expense	319,762,219	345,568,886	1,356,415,675
Pension (income) / expense	-	-	(22,949,000)
Fair value (gain)/ loss on investment properties	-	-	(3,856,136)
Gain on sale of property, plant and equipment	-	-	-
Fair value loss on financial assets at fair value through profit or loss	686,771	-	2,432,524
Unrealised exchange difference	-	97,151	-
Translation (loss)/gain on revaluation of cash balance denominated in foreign currency	-	-	(806,320)
Change in fair value of funds	-	-	(20,900,000)
	<u>(18,235,878)</u>	<u>(38,233,722)</u>	<u>(171,890,018)</u>
<b>Changes in operating assets and liabilities</b>			
Decrease/(increase) in loans and advances to members	145,322,868	(5,146,100)	375,012,127
Decrease/(increase) in other assets	225,535	(13,716,731)	(63,591,881)
(Decrease)/Increase in deposits from customers	(541,019,406)	(307,547,685)	(697,285,302)
(Decrease)/increase in other liabilities	(3,996,253)	33,459,625	1,023,931
(Decrease)/Increase in funds	30,989,286	(13,221,289)	167,213,493
Interest received	884,896,853	857,070,412	3,199,742,330
Interest paid	(375,940,831)	(301,499,092)	(1,329,043,193)
Interest and penalty paid	-	-	(67,119,907)
Income tax paid	(2,212,612)	(270,142,020)	(918,183,500)
<b>Net cash generated from/(used in) operating activities</b>	<u>120,029,562</u>	<u>(58,976,602)</u>	<u>495,878,080</u>
<b>Cash flows from investing activities</b>			
Movement in placements with bank and non-bank financial institutions	125,000,000	935,000,000	135,000,000
Proceeds from matured Investment securities	229,198,558	250,000,000	5,033,071,468
Additions of Investment Securities	(376,897,525)	(1,222,601,182)	(5,690,020,788)
Proceeds from winding of subsidiary	-	-	-
Purchase of property, plant and equipment	(24,270)	(2,588,540)	(12,861,373)
Proceeds from sale of property, plant and equipment	-	-	-
Purchase of intangible assets	-	-	(26,970,055)
Purchase of investment property	(23,220)	-	(1,266,857)
<b>Net cash used in investing activities</b>	<u>(22,746,457)</u>	<u>(40,189,722)</u>	<u>(563,047,605)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issuing shares	143,100	111,960	502,260
Decrease in interest bearing loans	(2,285,515)	(53,989,758)	(177,407,052)
Dividend paid	(39,620)	(9,520)	(33,117,190)
<b>Net cash used in financing activities</b>	<u>(2,182,035)</u>	<u>(53,887,318)</u>	<u>(210,021,982)</u>
<b>Net increase in cash and cash equivalents</b>	95,101,069	(153,053,642)	(277,191,507)
Effect of foreign exchange rate changes	-	(97,151)	806,320
Cash and cash equivalents at beginning of year	1,220,513,771	1,496,898,959	1,496,898,959
<b>Cash and cash equivalents at end of year</b>	<u>1,315,614,840</u>	<u>1,343,748,166</u>	<u>1,220,513,772</u>

**THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD**  
**STATEMENTS OF CHANGES IN EQUITY - QUARTER ENDED SEPTEMBER 30, 2019**

	<b>Share capital</b>	<b>Forfeited shares</b>	<b>Statutory reserve</b>	<b>Revaluation and other reserves</b>	<b>Other Reserve</b>	<b>Actuarial reserves</b>	<b>Retained earnings</b>	<b>Total equity</b>
	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	<b>195,909,440</b>	<b>28,653,400</b>	<b>224,562,840</b>	<b>3,480,852</b>	<b>257,007,727</b>	<b>(70,161,378)</b>	<b>8,517,713,998</b>	<b>9,157,166,879</b>
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)
<b>Balance at June 30, 2019</b>	<b>193,404,100</b>	<b>31,661,000</b>	<b>225,065,100</b>	<b>3,480,852</b>	<b>236,063,710</b>	<b>(85,444,464)</b>	<b>9,900,552,396</b>	<b>10,504,782,694</b>
Balance at July 1, 2019	193,404,100	31,661,000	225,065,100	3,480,852	236,063,710	(85,444,464)	9,900,552,396	<b>10,504,782,694</b>
Issue of shares	143,100	-	-	-	-	-	-	<b>143,100</b>
Profit for the period	-	-	-	-	-	-	295,773,302	<b>295,773,302</b>
Movement	(550,200)	550,200	-	-	59,258,307	-	(56,882,701)	<b>2,375,606</b>
<b>Balance at September 30, 2019</b>	<b>192,997,000</b>	<b>32,211,200</b>	<b>225,065,100</b>	<b>3,480,852</b>	<b>295,322,017</b>	<b>(85,444,464)</b>	<b>10,139,442,997</b>	<b>10,803,074,702</b>

## **Financial Environment**

During the period under review, the Monetary Policy Committee of the Bank of Mauritius met on one occasion and the Key Repo Rate was reduced to 3.35%. The weighted yield on 364-day Treasury Bills decreased from 3.62% in September 2018 to reach 2.78% in September 2019.

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. As regards to loans and advances, the Association is offering interest rate starting from 4.45% per annum.

## **Outlook**

Looking forward, the business segment in which the Association operates is set to remain turbulent and volatile, with continuing challenges which are outside its span of control. The challenges are impacting on the activities of the Association.

An analysis of Association's key financial information and performance is summarized below.

## **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 475m was generated for the quarter ended September 2019.

#### **Cost to Income**

The Association continues to maintain a relatively low cost to income ratio. For the quarter September 2019, the cost to income ratio stood at about 10.85%, thus showing that a high level of operational efficiency was achieved.

### **Assets**

The total assets of the Association stood at Rs 41.3bn as at end of September 2019.

#### **Loans and advances to members**

Loans and advances are granted solely to public sector employees and pensioners. Net loans and advances was to the tune of Rs 33.0bn as at end of September 2019. A negative growth of 0.74% arose due to factors, outside the control of the Association.

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

The Association maintained cash and cash equivalents of Rs 1.3bn as at end of September 2019. Placements made by the Mutual Aid Association in other financial institutions stood at Rs 3.1bn at the end of September 2019.

#### **Liquid Assets**

Cash and cash equivalents, 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 September 2019, the ratio stood comfortably at 25% which is in line with the liquidity risk management strategy of the Association.

#### **Liabilities**

##### **Deposits from customers**

The total deposits stood at Rs 27.1bn as at September 2019 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 Fund (RSF). The Funds stood at Rs. 3.3bn as at September 2019. For the quarter ended September 2019, the interest rate of 4.00% has been paid to RSF holders, whereas the average savings rate was about 1.70%.

##### **Shareholders' equity**

Shareholders' equity increased from Rs 9.6bn in September 2018 to Rs 10.8bn in September 2019.

##### **Capital Structure and Capital Adequacy Ratio (CAR)**

The Tier 1 and Tier 2 capital of the Association were to the tune of Rs. 10.2bn and Rs. 17.1m respectively for the said period. The weighted amount of on-balance sheet assets was Rs. 18.7bn for the same period. Consequently, the CAR of the Association reached a note of about 55% thus confirming once more the financial soundness of the Association.

##### **Specific, Portfolio and Prudential Provisions**

The cumulative specific provisions as at September 30, 2019 amounted to Rs434.5m, including a sum of Rs 73.0m for deceased loanees. Therefore, the provisions on account of default customers stood at Rs. 361.5m.

In addition to the specific provisions, the Association also earmarked cumulative portfolio provision of Rs. 325.2m for the said period.

Besides, the Association also made a prudential provision of Rs. 295.3m for the financial year under review through the appropriation of reserves.

Therefore, the total provisions effected by the Association were to the tune of Rs. 1.06bn at the end of September 2019.