

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

**QUARTER ENDED SEPTEMBER 30, 2021**

	<b>Quarter 30-Sep-2021</b>	<b>Quarter 30-Sep-2020</b>	<b>Year - End 30-Jun-2021</b>
	Rs.	Rs.	Rs.
Interest income using effective interest rate	<b>638,695,448</b>	649,010,504	2,562,939,929
Interest expense	<b>(188,151,883)</b>	(205,026,484)	(790,601,006)
<b>Net interest income</b>	<b>450,543,565</b>	443,984,020	1,772,338,923
Other income	<b>3,726,382</b>	1,974,182	7,794,678
Rental income	<b>7,055,167</b>	6,992,937	17,248,131
Other gains	-	-	5,240
<b>Operating income</b>	<b>461,325,114</b>	452,951,139	1,797,386,971
Net release/(credit loss allowance) on financial assets	<b>3,552,240</b>	24,307,348	4,204,836
Personnel expenses	<b>(23,630,210)</b>	(21,853,143)	(121,255,597)
Depreciation and amortisation	<b>(8,743,527)</b>	(6,329,087)	(41,288,592)
Other expenses	<b>(19,990,433)</b>	(28,523,338)	(124,760,590)
Fair value adjustments of funds	-	-	(17,700,000)
Fair value gain/(loss) on investment properties	-	-	8,589,793
Fair value gain/(loss) on financial assets at fair value through profit or loss	<b>5,841,782</b>	(3,828,577)	12,095,227
Share of profit/(loss) of associate	-	-	(1,861,513)
	<b>(42,970,147)</b>	(36,226,796)	(281,978,437)
<b>Profit before income tax</b>	<b>418,354,967</b>	416,724,343	1,515,408,534
Income tax expense	<b>(68,486,139)</b>	(13,589,658)	(107,684,437)
<b>Profit/(Loss) for the period/year</b>	<b>349,868,828</b>	403,134,685	1,407,724,098
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements of pension benefit obligations	-	-	101,598,000
Income tax relating to components of other comprehensive income	-	-	(17,271,660)
<b>Net other comprehensive income/(loss)</b>	-	-	84,326,340
<b>Total comprehensive income/ (loss) for the period/year</b>	<b>349,868,828</b>	403,134,685	1,492,050,438

**THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD**  
**STATEMENTS OF FINANCIAL POSITION - AS AT SEPTEMBER 30, 2021**

	As at September 2021	As at September 2020	Year End June 2021
	Rs.	Rs.	Rs.
<b>Assets</b>			
Cash and cash equivalents	1,345,288,338	1,040,337,172	1,792,413,515
Loans and advances to members	33,873,492,803	33,048,627,418	33,542,882,606
Placements with bank and non-bank financial institutions	2,041,638,472	3,184,697,422	2,026,097,577
Financial assets at amortised cost	2,750,387,672	3,044,036,113	2,506,017,004
Financial assets at fair value through profit or loss	82,963,209	50,867,665	77,474,727
Property, equipment and right of use assets	294,300,133	261,420,640	300,491,440
Intangible assets	33,877,169	48,015,222	36,404,088
Investment in Associates	98,113,487	49,987,500	98,113,487
Investment properties	624,017,083	247,169,761	624,017,085
Current tax receivable	-	13,666,961	-
Deferred tax assets	163,483,447	30,664,022	163,483,446
Other assets	74,363,666	35,327,463	72,684,648
<b>Total assets</b>	<b>41,381,925,478</b>	<b>41,054,817,360</b>	<b>41,240,079,621</b>
<b>Liabilities</b>			
Deposits from customers	24,077,882,064	25,404,570,242	24,320,766,601
Current tax liabilities	151,765,244	-	83,279,106
Funds	3,513,224,271	3,342,429,273	3,490,646,894
Pension benefit obligations	46,648,000	139,994,000	46,648,000
Other liabilities	98,539,237	113,331,360	154,879,115
<b>Total liabilities</b>	<b>27,888,058,816</b>	<b>29,000,324,875</b>	<b>28,096,219,716</b>
<b>Shareholders' equity</b>			
Share capital	226,426,200	225,821,400	226,272,600
Retained earnings	12,902,941,532	11,568,196,803	12,577,870,648
Revaluation reserves	3,480,852	3,480,852	3,480,852
Statutory reserve	226,272,600	225,529,500	226,272,600
Actuarial reserves	(158,300,814)	(242,627,154)	(158,300,814)
Other reserves	293,046,292	274,091,083	268,263,550
<b>Total equity</b>	<b>13,493,866,662</b>	<b>12,054,492,484</b>	<b>13,143,859,436</b>
<b>Total equity and liabilities</b>	<b>41,381,925,478</b>	<b>41,054,817,360</b>	<b>41,240,079,621</b>

THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD

STATEMENTS OF CASH FLOWS - AS AT ENDED SEPTEMBER 30, 2021

	As at September 2021 Rs.	As at September 2020 Rs.	Year End June 2021 Rs.
<b>Cash flows from operating activities</b>			
Profit before income tax	418,354,967	416,724,343	1,515,408,535
<b>Adjustments for:</b>			
Net release/(credit loss allowance) on financial assets	(3,552,240)	(21,404,732)	(4,204,836)
Depreciation of property, equipment and right of use assets	6,216,609	5,437,391	26,329,942
Derecognition of right of use assets	-	-	153,441
Amortisation of intangible assets	2,526,918	891,696	14,958,650
Interest income	(638,695,448)	(649,010,504)	(2,562,939,929)
Interest expense	188,151,883	205,024,357	790,601,006
Pension expense	-	-	18,575,000
Share of loss of associate	-	-	1,861,513
Fair value (gain)/loss on investment properties	-	-	(8,589,793)
Interest expense on lease liabilities	187,547	-	617,717
Fair value (gain)/loss on financial assets at fair value through profit or loss	(5,841,782)	3,828,577	(12,095,227)
Realised loss on disposal of financial assets at fair value through profit or loss	7,500	-	117,565
Translation (gain)/loss on revaluation of cash balance denominated in foreign currency	(328)	-	5,240
Fair value adjustments of funds	-	-	17,700,000
	<u>(32,644,375)</u>	<u>(38,508,872)</u>	<u>(201,501,175)</u>
<b>Changes in operating assets and liabilities</b>			
Decrease/(Increase) in loans and advances to members	(388,562,486)	(1,212,202,980)	(1,853,523,607)
Decrease/(increase) in other assets	(1,679,018)	(16,643,907)	(55,253,092)
(Decrease)/Increase in deposits from customers	(259,625,749)	(551,680,589)	(1,532,264,808)
(Decrease)/increase in other liabilities	(56,518,298)	(5,055,076)	36,976,310
Decrease in pension benefit obligation *	-	-	(10,323,000)
(Decrease)/Increase in funds	72,761,035	106,877,558	325,101,915
	<u>(666,268,891)</u>	<u>(1,717,213,865)</u>	<u>(3,290,787,458)</u>
Interest received	625,055,362	637,458,925	2,563,062,157
Interest paid	(159,526,276)	(267,440,575)	(906,470,380)
Income tax refund	-	199,597	41,337,909
Income tax paid	-	-	(188,877,595)
<b>Net cash generated from/(used in) operating activities</b>	<u>(200,739,805)</u>	<u>(1,346,995,918)</u>	<u>(1,781,735,367)</u>
<b>Cash flows from investing activities</b>			
Proceeds from matured placements with bank and non-bank financial institutions	-	-	1,150,000,000
Proceeds from matured financial assets at amortised costs and fair value through profit or loss	505,256,700	1,127,283,035	4,159,426,441
Addition to financial assets at amortised cost and at fair value through profit or loss	(751,745,900)	(516,351,495)	(3,030,840,359)
Purchase of property, equipment and right of use assets	(25,300)	(30,180,170)	(89,654,754)
Purchase of intangible assets	-	-	(2,455,819)
Acquisition of investment in associate	-	(49,987,500)	(99,975,000)
Purchase of investment property	-	-	(368,257,530)
<b>Net cash generated from/(used in) investing activities</b>	<u>(246,514,500)</u>	<u>530,763,870</u>	<u>1,718,242,979</u>
<b>Cash flows from financing activities</b>			
Proceeds from issuing shares	153,600	291,900	743,100
Payment of the principal portion of the lease liability	-	-	(996,840)
Dividend paid	(24,800)	(500)	(111,500)
<b>Net cash used in financing activities</b>	<u>128,800</u>	<u>291,400</u>	<u>(365,240)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>(447,125,505)</u>	<u>(815,940,648)</u>	<u>(63,857,628)</u>
Effect of foreign exchange rate changes	328	-	(5,240)
Cash and cash equivalents at beginning of year / period	<u>1,792,413,515</u>	<u>1,856,277,820</u>	<u>1,856,277,797</u>
<b>Cash and cash equivalents at end of year / period</b>	<u><u>1,345,288,338</u></u>	<u><u>1,040,337,172</u></u>	<u><u>1,792,413,515</u></u>

**THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD**

**STATEMENTS OF CHANGES IN EQUITY - PERIOD ENDED SEPTEMBER 30, 2021**

	<b>Share capital</b>	<b>Statutory reserve</b>	<b>Revaluation 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.
Balance at July 1, 2020	225,529,500	225,529,500	3,480,852	356,741,048	(242,627,154)	11,082,412,152	11,651,065,898
Issue of shares	743,100	-	-	-	-	-	743,100
Profit for the year	-	-	-	-	-	1,407,724,098	1,407,724,098
Other comprehensive income for the year	-	-	-	-	84,326,340	-	84,326,340
Total comprehensive income	226,272,600	225,529,500	3,480,852	356,741,048	(158,300,814)	12,490,136,250	13,143,859,436
Transfer made to reserves for the year	-	743,100	-	(88,477,498)	-	87,734,398	-
Dividend declared	-	-	-	-	-	-	-
<b>Balance at June 30, 2021</b>	<b>226,272,600</b>	<b>226,272,600</b>	<b>3,480,852</b>	<b>268,263,550</b>	<b>(158,300,814)</b>	<b>12,577,870,648</b>	<b>13,143,859,436</b>
Balance at July 1, 2021	226,272,600	226,272,600	3,480,852	268,263,550	(158,300,814)	12,577,870,648	13,143,859,436
Issue of shares	153,600	-	-	-	-	-	153,600
Profit for the period	-	-	-	-	-	349,868,828	349,868,828
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income	226,426,200	226,272,600	3,480,852	268,263,550	(158,300,814)	12,927,739,477	13,493,881,865
Movement in respect of the period	-	-	-	24,782,742	-	(24,797,944)	(15,203)
Transfer made to reserves for the period	-	-	-	-	-	-	-
Dividend declared	-	-	-	-	-	-	-
<b>Balance at September 30, 2021</b>	<b>226,426,200</b>	<b>226,272,600</b>	<b>3,480,852</b>	<b>293,046,292</b>	<b>(158,300,814)</b>	<b>12,902,941,532</b>	<b>13,493,866,662</b>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Macroeconomic outlook**

According to the IMF, the global economy is projected to grow 6.0 percent in 2021 and 4.9 percent in 2022. The 2021 global forecast is unchanged from the April 2021 World Economic Outlook (WEO), but with offsetting revisions. Prospects for emerging markets and developing economies have been marked down for 2021, especially for Emerging Asia. By contrast, the forecast for advanced economies is revised up. These revisions reflect pandemic developments and changes in policy support. The 0.5 percentage-point upgrade for 2022 derives largely from the forecast upgrade for advanced economies, particularly the United States, reflecting the anticipated legislation of additional fiscal support in the second half of 2021 and improved health metrics more broadly across the group

As far as the Mauritius economic outlook is concerned, the African Development Bank Group (ADBG) stated that the medium-term outlook is for a strong recovery with real GDP growth projected to average 7.1% over the next two years. Still, the fiscal deficit is projected to widen to 10.8% of GDP in 2021, fueled by high public investment and continued support to businesses and jobs. The deficit will narrow in 2022 to 5.0%, with economic recovery supporting growth in tax revenues. The current account deficit is projected to improve starting in 2021 because of improvement in the trade balance and a gradual recovery in tourist receipts as air links resume between Mauritius and Europe, the main source of tourists. Inflation is projected to rise, averaging 3.4% over the medium-term as domestic demand increases. The main risk to the outlook stems from a potential second or a third wave of COVID-19 in key tourism markets.

According to Statistics Mauritius, the GDP at market price is forecasted to rebound by 5.4 % in 2021, after a severe contraction of 14.9% in 2020 due to COVID-19 pandemic. Year-on-year (Y-o-y) inflation worked out to 5.9% in June 2021, compared to 1.7% in June 2020. Headline inflation for the 12-months ending June 2021 worked out to 2.2%, compared to 1.8% for the 12-months ending June 2020.

### **Financial Environment**

From October 2020 to September 2021, the Monetary Policy Committee of the Bank of Mauritius met on two occasions and the Key Repo Rate remained constant at 1.85%. The weighted yield on 364-day Treasury Bills took the downward trend during the period under review. It has decreased from 1.40% in September 2020 to reach 0.92% in September 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 quarter under review. Furthermore, the interest rate on Retirement Savings Scheme is 2.40% and the average savings rate in the market is about 0.25%. 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.

### **Association's 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. In view of better serving its members, the Association has been revisiting its products and services without compromising on risk management.

### **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 and Profitability**

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 451m was generated for the quarter ended September 2021. As regards to profit before tax, the Association (the group) achieved a performance of Rs 418m.

##### **Cost to Income**

The Association continues to maintain a relatively low cost to income ratio. For the period ended September 2021, the cost to income ratio stood at about 11%, thus testifying in a real way the high level of operational efficiency achieved.

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

Loans and advances are granted solely to public sector employees and pensioners. Net loans and advances increased from Rs 33.0bn to Rs 33.9bn during the period under review.

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

The Association maintained cash and cash equivalents to the tune of Rs 1.3bn as at end of September 2021. Placements made by the Mutual Aid Association in other financial institutions stood at Rs 2.0bn at the end of September 30, 2021.

##### **High Quality Liquid Assets**

During the year under review, the Association invested in treasury bills and notes in order to create a pool of High-

Quality Liquid Assets (HQLAs). Investment in HQLAs stood at Rs 2.8bn as at end of September 2021.

### **Liquid Assets**

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 September 2021, the ratio stood comfortably at 26% which is in line with the liquidity risk management strategy of the Association.

### **Liabilities**

#### **Deposits from customers**

The total deposits as at September 2021 stood at Rs 24.1bn 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. 3.5bn as at September 30, 2021. For the quarter ended September 2021, the interest rate of 2.40% has been paid to RSS holders during the period under review, whereas the average savings rate was about 0.25%.

#### **Shareholders' equity**

Shareholders' equity stood at Rs 13.5bn as at end of September 2021 compared to Rs 12.1bn as at end of September 2020.

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

The total Tier 1 and Tier 2 capital of the Association (*the Company*) was to the tune of Rs 12.6bn for the year ended September 2021. The weighted amount of on-balance sheet assets was Rs 18.9bn for the same period. Consequently, the CAR of the Association has increased to about 67% thus confirming once more the financial soundness of the Association.

#### **Provisions under IFRS 9**

The Association has adopted the IFRS 9 model and an amount of Rs 1.1bn has been recognized in the statements of financial position as regards to Expected Credit Loss. However, there has been a release of Rs 3.6m in the profit and loss account compared to a release of Rs 24m last period.