

THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD

The Mauritius Civil Service Mutual Aid Association Ltd (the Association) is pleased to present its unaudited interim financial reports for the period 3 months ended 30 September 2023.

The unaudited interim financial reports have been prepared in accordance with the Bank of Mauritius Guideline on Public Disclosure of Information and IAS 34 - *Interim Financial Reporting*. The same accounting policies have been used to those applicable to the annual report.

Macroeconomic outlook for Mauritius

The World Bank in its updated report of 24 September 2023, stated that despite its successful handling of the public health emergency, the pandemic's economic impact was severe, and the country's Gross Domestic Product (GDP) contracted by 14.6% in 2020, causing Mauritius to slide towards upper-middle income country status.

GDP growth rebounded by a relatively modest 3.5% in 2021 and accelerated to an estimated 8.3% in 2022, supported by a strong recovery in tourism despite headwinds from the war in Ukraine. GDP growth is projected to moderate to around 5.0% in 2023 as economic activities gradually return to normal.

According to Statistics Mauritius, based on the latest information obtained, the GDP growth rate at market prices for 2022 was revised upward to 8.9% instead of 8.8% as estimated in June 2023. The GDP growth rate at market prices for 2023 is expected to reach 6.8% compared to a growth of 5.3% forecasted in June 2023. Based on performance observed in the first semester of 2023, the GVA growth rate at basic prices is expected to increase to 6.7%.

Year-on-year (Y-o-y) inflation worked out to 5.2% in September 2023, compared to 11.9% in September 2022. Headline inflation for the 12-months ended September 2023 worked out to 9.0%, compared to 9.4% for the 12-months ending September 2022.

Financial Environment

During the period under review, the Bank of Mauritius maintained the Key Repo Rate at 4.50%. The weighted yield on 364-day Treasury Bills took the downward trend during the period. It has decreased from 4.82% in June 2023 to reach 3.59% in September 2023.

Experience by Industry sectors

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. As far as loans and advances are concerned, the Association is offering interest rate as from 5.00% per annum whereas the highest interest rate on deposits is 4.85%.

Furthermore, since the Association deals mainly with public sector employees, 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 unemployment rate as the main economic indicator.

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 catering for the changing needs of its members, the Association has been revisiting its products and services using a risk-based approach.

Principal Activities and nature of customers

The principal activities of the Association are to grant loans to its members and to 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 with public sector employees based on the principle of mutuality. Regarding deposit taking activities, the Association mobilizes fund from the general public as well as from institutional investors.

Revenue Growth 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 547m was generated for the quarter ended September 2023. As regards to profit before tax, the Association achieved a performance of Rs 431m.

Cost Control

The Association continued to maintain a relatively low cost to income ratio. For the quarter ended September 2023, the cost to income ratio stood at about 13.80%, thus testifying in a real way the high level of operational efficiency achieved.

Credit Quality

Loans and advances are granted solely to public sector employees and pensioners. During the period under review, net loans and advances stood at Rs 35.95bn.

The Association has adopted the IFRS 9 model and an amount of Rs 738m has been recognized in the statements of financial position as regards to Expected Credit Loss. There has been a charge of Rs 60m for the period ended September 2023.

Liquidity Management

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 2023, the ratio stood comfortably at about 24.66% which is in line with the liquidity risk management strategy of the Association.

The Association maintained cash and cash equivalents to the tune of Rs 1.2bn as at end of September 2023. Placements made by the Mutual Aid Association in other financial institutions stood at Rs 257m as at end of September 2023.

During the period under review, the Association invested in treasury bills/notes in order to create a pool of High-Quality Liquid Assets (HQLAs). Investment in HQLAs stood at Rs 3.5bn as at end of September 2023.

Capital Structure and Capital Adequacy Ratio (CAR)

According to the Guidelines on Capital Adequacy Ratio for Non-Bank Deposit Taking Institutions (NBDTIs), the Association shall be required to risk weight the credit risks which form part of its balance sheet assets and shall maintain a capital adequacy ratio of 10 per cent.

The total Tier 1 and Tier 2 capital of the Association was to the tune of Rs 15.1bn as at September 2023. The weighted amount of on-balance sheet assets was Rs 19.7bn for the period. Consequently, the CAR of the Association stood at about 77% thus confirming once more the financial soundness of the Association.

Deposits from customers

The total deposits as at end of September 2023 stood at Rs 19.5bn 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 3.8bn as at end of September 2023.

Shareholders' equity

Shareholders' equity stood at Rs 16.2bn as at end of September 2023 compared to Rs 14.9bn for the same period last year.



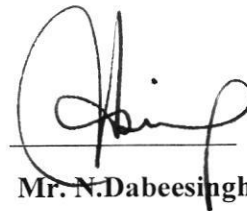
Mr. M. Bheekhee

Chairperson



Mr. P. Ramjug

Director



Mr. N. Dabeesingh


Chief Executive Officer

13 November 2023

THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD
STATEMENTS OF FINANCIAL POSITION - AS AT SEPTEMBER 30, 2023

	THE GROUP			THE COMPANY		
	As at September 2023	As at September 2022	Year End June 2023	As at September 2023	As at September 2022	Year End June 2023
	Unaudited Rs'000	Unaudited Rs'000	Audited Rs'000	Unaudited Rs'000	Unaudited Rs'000	Audited Rs'000
ASSETS						
Cash and cash equivalents	1,257,412	812,748	1,049,252	1,214,782	779,081	1,008,858
Loans and advances to members	35,954,259	34,503,473	35,434,631	35,954,259	34,503,473	35,434,631
Placements with bank and non-bank financial institutions	256,888	249,409	507,138	256,888	249,409	507,138
Financial assets at amortised cost	3,547,939	3,947,415	3,952,383	3,547,939	3,947,415	3,952,383
Financial assets at fair value through profit or loss	224,126	162,770	203,946	224,126	162,770	203,946
Investment in subsidiary	-	-	-	433,802	433,802	433,802
Property, equipment and right of use assets	368,189	242,229	311,394	215,117	106,365	158,222
Intangible assets	8,056	20,337	10,353	8,056	18,937	10,352
Investment in associates	134,481	88,312	134,481	134,481	88,312	134,481
Investment properties	533,469	531,569	533,469	247,984	248,106	247,984
Deferred tax assets	95,127	113,297	95,611	112,271	125,703	112,271
Other assets	389,032	299,823	362,934	384,821	298,343	364,147
Total assets	42,768,978	40,971,382	42,595,592	42,734,526	40,961,714	42,568,215
LIABILITIES						
Deposits from customers	19,541,381	21,394,795	20,259,073	19,541,381	21,394,795	20,259,073
Interest bearing loans	2,776,582	750,000	2,368,652	2,776,582	750,000	2,368,652
Current tax liabilities	188,871	125,972	83,156	188,239	125,241	83,158
Funds	3,792,029	3,660,352	3,739,685	3,792,029	3,660,352	3,739,685
Pension benefit obligations	5,612	47,562	5,612	5,612	47,562	5,612
Other liabilities	240,158	127,810	246,052	236,575	124,766	242,454
Total liabilities	26,544,633	26,106,492	26,702,230	26,540,417	26,102,717	26,698,634
Shareholders' equity						
Share capital	227,342	226,834	227,196	227,342	226,834	227,196
Retained earnings	15,726,012	14,263,220	15,401,945	15,699,256	14,260,808	15,381,645
Revaluation reserve	3,481	3,481	3,481	-	-	-
Statutory reserve	227,197	226,728	227,196	227,197	226,728	227,196
Actuarial reserves	(136,258)	(148,736)	(136,259)	(136,258)	(148,736)	(136,259)
Other reserves	176,573	293,364	169,803	176,573	293,364	169,803
Total equity	16,224,345	14,864,890	15,893,362	16,194,109	14,858,997	15,869,581
Total equity and liabilities	42,768,978	40,971,382	42,595,592	42,734,526	40,961,714	42,568,215

These financial statements have been approved for issue on 13 November 2023 and signed on its behalf by:


 Mr. M. Bheekhee
 Chairperson


 Mr. P. Ramjug
 Director


 Mr. N. Dabeesingh
 Chief Executive Officer

THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2023

	THE GROUP			THE COMPANY		
	Quarter 30-Sep-2023 Unaudited Rs'000	Quarter 30-Sep-2022 Unaudited Rs'000	Year - End 30-Jun-2023 Audited Rs'000	Quarter 30-Sep-2023 Unaudited Rs'000	Quarter 30-Sep-2022 Unaudited Rs'000	Year - End 30-Jun-2023 Audited Rs'000
	Interest income using effective interest rate method	876,169	673,610	3,133,570	876,169	673,610
Interest expense	(329,467)	(178,084)	(1,115,861)	(329,467)	(178,084)	(1,115,861)
Net interest income	546,702	495,526	2,017,709	546,702	495,526	2,017,709
Other income	4,095	4,126	16,145	4,747	4,778	18,754
Rental income	12,533	5,019	18,563	-	-	-
Operating income	563,330	504,670	2,052,417	551,449	500,304	2,036,463
Net credit loss (expense)/release on financial assets	(60,419)	(36,978)	(90,211)	(60,465)	(36,978)	(90,166)
Personnel expenses	(31,940)	(29,162)	(151,791)	(31,940)	(29,162)	(151,791)
Depreciation and amortisation	(15,532)	(9,504)	(46,074)	(15,090)	(8,746)	(46,306)
Other expenses	(33,039)	(26,610)	(130,745)	(29,066)	(27,729)	(129,188)
Impairment reversal/(charge) on property, plant and equipment	-	-	317	-	-	317
Fair value adjustments of funds	-	-	82,200	-	-	82,200
Fair value gain/(loss) on investment properties	-	-	11,213	-	-	301
Fair value gain/(loss) on financial assets at fair value through profit or loss	16,039	662	(11,351)	16,039	662	(11,351)
Share of profit/(loss) of associate	-	-	(2,951)	-	-	(2,951)
	(124,892)	(101,592)	(339,393)	(120,521)	(101,953)	(348,934)
Profit before income tax	438,438	403,078	1,713,024	430,928	398,351	1,687,529
Income tax expense	(72,522)	(66,449)	(315,424)	(71,402)	(65,717)	(311,808)
Profit for the period/year	365,916	336,629	1,397,600	359,526	332,634	1,375,721
Other comprehensive income:						
<i>Items that will not be reclassified to profit or loss:</i>						
Remeasurements of pension benefit obligations	-	-	15,033	-	-	15,033
Income tax relating to components of other comprehensive income	-	-	(2,556)	-	-	(2,556)
Net other comprehensive income/(loss)	-	-	12,477	-	-	12,477
Total comprehensive income/(loss) for the period/year	365,916	336,629	1,410,077	359,526	332,634	1,388,198

THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD
STATEMENTS OF CHANGES IN EQUITY - PERIOD ENDED SEPTEMBER 30, 2023

THE GROUP	Share Capital	Statutory Reserve	Revaluation Reserve	Other Reserves	Actuarial Reserves	Retained Earnings	Total Equity
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at July 1, 2022	226,728	226,728	3,481	327,081	(148,736)	13,892,879	14,528,160
Issue of shares	468	-	-	-	-	-	468
Profit for the year	-	-	-	-	-	1,397,600	1,397,600
Other comprehensive income for the year	-	-	-	-	12,477	-	12,477
Total comprehensive income	-	-	-	-	12,477	1,397,600	1,410,077
Transfer made to reserves for the year	-	468	-	(157,278)	-	156,810	-
Dividend declared	-	-	-	-	-	(45,344)	(45,344)
Balance at June 30, 2023	227,196	227,196	3,481	169,803	(136,259)	15,401,945	15,893,362
Balance at July 1, 2023	227,196	227,196	3,481	169,803	(136,259)	15,401,945	15,893,362
Issue of shares	146	-	-	-	-	-	146
Profit for the period	-	-	-	-	-	365,916	365,916
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	365,916	365,916
Movement in respect for the period	-	-	-	6,770	-	(41,850)	(35,080)
Balance at September 30, 2023	227,342	227,196	3,481	176,573	(136,259)	15,726,012	16,224,345

THE COMPANY	Share Capital	Statutory Reserve	Revaluation Reserve	Other Reserves	Actuarial Reserves	Retained Earnings	Total Equity
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at July 1, 2022	226,728	226,728	-	327,081	(148,736)	13,894,458	14,526,259
Issue of shares	468	-	-	-	-	-	468
Profit for the year	-	-	-	-	-	1,375,721	1,375,721
Other comprehensive income for the year	-	-	-	-	12,477	-	12,477
Total comprehensive income	-	-	-	-	12,477	1,375,721	1,388,199
Transfer made to reserves for the year	-	468	-	(157,278)	-	156,809	-
Dividend declared	-	-	-	-	-	(45,344)	(45,344)
Balance at June 30, 2023	227,196	227,196	-	169,803	(136,259)	15,381,645	15,869,581
Balance at July 1, 2023	227,196	227,196	-	169,803	(136,259)	15,381,645	15,869,581
Issue of shares	146	-	-	-	-	-	146
Profit for the period	-	-	-	-	-	359,526	359,526
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	359,525,691	359,525,691
Movement in respect for the period	-	-	-	6,770	-	(41,915)	(35,145)
Balance at September 30, 2023	227,341	227,196	-	176,573	(136,259)	15,699,256	16,194,109

THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD
STATEMENTS OF CASH FLOWS - AS AT SEPTEMBER 30, 2023

	THE GROUP			THE COMPANY		
	As at September 2023	As at September 2022	Year End June 2023	As at September 2023	As at September 2022	Year End June 2023
	Unaudited Rs'000	Unaudited Rs'000	Audited Rs'000	Unaudited Rs'000	Unaudited Rs'000	Audited Rs'000
Cash flows from operating activities						
Profit before income tax	438,438	403,078	1,713,024	430,928	398,351	1,687,529
Adjustments for:						
(Net release)/credit loss allowance on financial assets	60,465	36,978	90,211	60,465	36,978	90,166
Depreciation of property, equipment and right of use assets	13,285	6,066	32,018	12,843	5,327	32,364
Amortisation of intangible assets	2,247	3,438	14,056	2,247	3,419	13,942
Interest income	(876,169)	(673,610)	(3,133,570)	(876,169)	(673,610)	(3,133,570)
Interest expense	329,467	178,084	1,186,711	329,467	178,084	1,186,711
Pension expense	-	-	(26,917)	-	-	(26,917)
Share of loss of associate	-	-	2,951	-	-	2,951
Fair value (gain)/loss on investment properties	-	-	(301)	-	-	(301)
Impairment on property, plant and equipment	-	-	(317)	-	-	(317)
Interest expense on lease liabilities	-	344	1,376	-	344	1,372
Fair value (gain)/loss on financial assets at fair value through profit or loss	(16,039)	(662)	11,351	(16,039)	(662)	11,351
Realised (gain)/loss on disposal of financial assets at fair value through profit or loss	-	1,650	1,650	-	1,650	1,650
Translation (gain)/loss on revaluation of cash balance denominated in foreign currency	(12)	0	2	(12)	(0)	2
Fair value adjustments of funds	-	-	(82,200)	-	-	(82,200)
	(48,318)	(46,282)	(189,955)	(56,271)	(51,767)	(215,268)
Changes in operating assets and liabilities						
(Increase)/Decrease in loans and advances to members	(597,839)	(139,633)	(1,221,472)	(597,839)	(139,633)	(1,221,472)
(Increase)/Decrease in other assets	(26,544)	(218,706)	(290,505)	(21,151)	(219,351)	(289,292)
(Decrease)/Increase in deposits from customers	(735,874)	(807,565)	(1,983,036)	(735,874)	(807,565)	(1,983,036)
(Decrease)/Increase in other liabilities	(5,891)	(143,504)	(13,101)	(5,873)	(142,720)	(8,867)
Increase/(Decrease) in funds	54,774	10,976	182,723	54,774	10,976	182,723
	(1,359,692)	(1,344,713)	(3,515,346)	(1,362,234)	(1,350,059)	(3,535,212)
Interest received	852,682	714,066	3,142,043	852,682	714,065	3,142,043
Interest paid	(284,023)	(168,168)	(966,597)	(284,023)	(168,168)	(966,597)
Income tax paid	(1,467)	(7,000)	(284,297)	(1,467)	(7,000)	(284,297)
Net cash (used in)/generated from operating activities	(792,500)	(805,816)	(1,624,197)	(795,041)	(811,163)	(1,644,062)
Cash flows from investing activities						
Addition to placements with bank and non-bank financial institutions	-	(250,000)	(500,000)	-	(250,000)	(500,000)
Proceeds from matured placements with bank and non-bank financial institutions	250,000	250,000	250,000	250,000	250,000	250,000
Proceeds from matured financial assets at amortised costs and fair value through profit or loss	1,500,000	989,687	991,365	1,500,000	989,687	991,365
Addition to financial assets at amortised cost and at fair value through profit or loss	(1,080,942)	(1,041,875)	(1,098,044)	(1,080,942)	(1,041,875)	(1,098,045)
Purchase of property and equipment	(69,995)	-	(80,895)	(69,688)	-	(75,505)
Acquisition of investment in associate	-	-	(49,120)	-	-	(49,120)
Purchase of investment property	-	-	(1,945)	-	-	-
Purchase of intangible assets	-	(667)	0	-	(667)	-
Net cash generated from/(used in) investing activities	599,063	(52,856)	(488,639)	599,370	(52,856)	(481,305)
Cash flows from financing activities						
Proceeds from issuing shares	146	105	468	146	105	468
Increase in interest bearing loans	500,000	750,000	2,500,000	500,000	750,000	2,500,000
Repayment of loans	(98,556)	-	(195,369)	(98,556)	-	(195,369)
Payment of the principal portion of the lease liability	-	-	(1,837)	-	-	(1,767)
Dividend paid	(6)	31,186	(31,348)	(6)	31,186	(31,348)
Net cash generated from/(used in) financing activities	401,584	781,291	2,271,915	401,584	781,291	2,271,984
Net increase/(decrease) in cash and cash equivalents	208,147	(77,381)	159,079	205,912	(82,728)	146,617
Effect of foreign exchange rate changes	12	(0)	(2)	12	0	(2)
ECL arising on Cash and Cash Equivalents	-	-	46	-	-	435
Cash and cash equivalents at beginning of period / year	1,049,252	890,129	890,129	1,008,858	861,808	861,808
Cash and cash equivalents at end of period / year	1,257,412	812,748	1,049,252	1,214,782	779,081	1,008,858