

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

QUARTER ENDED DECEMBER 31, 2019

	Quarter 31-Dec-2019	Quarter 31-Dec-2018	6 Months to 31-Dec-2019 Rs.	6 Months to 31-Dec-2018 Rs.	Year - End 30-Jun-2019 Rs.
Interest income using effective interest rate	783,267,131	832,104,250	1,578,487,476	1,652,193,482	3,224,110,550
Interest expense	(310,765,091)	(350,437,836)	(630,527,309)	(696,006,722)	(1,356,415,675)
Net interest income	472,502,040	481,666,414	947,960,166	956,186,759	1,867,694,875
Other income	2,573,076	52,512,179	5,152,403	54,762,914	9,072,983
Rental income	5,556,573	5,285,726	11,258,541	8,115,519	14,755,442
Other gains/(loss)	-	885,486	1,402	885,486	903,471
Operating income	480,631,689	540,349,805	964,372,512	1,019,950,678	1,892,426,771
Net credit loss allowance on financial assets	(9,829,717)	14,267,365	(61,781,162)	(30,523,765)	(58,845,746)
Personnel expenses	(22,605,079)	(60,926,455)	(41,406,568)	(78,142,828)	(92,633,804)
Depreciation and amortisation	(14,560,643)	(5,643,886)	(21,635,032)	(8,682,925)	(19,600,792)
Operating lease expenses	(1,021,085)	(267,011)	(1,595,595)	(551,176)	(1,255,199)
Other expenses	(23,417,792)	(13,872,852)	(49,431,059)	(39,783,714)	(78,977,591)
Fair value adjustments of funds	-	-	-	-	20,900,000
Fair value gain/(loss) on investment properties	-	-	-	-	3,856,136
Fair value gain/(loss) on financial assets at fair value through profit or loss	1,675,776	(206,100)	989,005	(206,100)	(2,432,524)
	(69,758,540)	(66,648,939)	(174,860,411)	(157,890,508)	(228,989,520)
Profit before penalty and interest on tax assessment and income tax	410,873,149	473,700,866	789,512,102	862,060,170	1,663,437,250
Penalty and interest on tax assessment	-	-	-	-	-
Profit before income tax	410,873,149	473,700,866	789,512,102	862,060,170	1,663,437,250
Income tax expense	51,691,363	(80,529,147)	(31,174,288)	(146,550,229)	(256,128,042)
(Loss)/profit for the period/year	462,564,512	393,171,719	758,337,814	715,509,941	1,407,309,208
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
Net other comprehensive (loss)/income	462,564,512	393,171,719	758,337,814	715,509,941	(15,283,086)
Total comprehensive (loss)/income for the period/year	462,564,512	393,171,719	758,337,814	715,509,941	1,392,026,122

THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD
STATEMENTS OF FINANCIAL POSITION - AS AT DECEMBER 31, 2019

	As at December 2019 Rs.	As at December 2018 Rs.	Year End June 2019 Rs.
Assets			
Cash and cash equivalents	1,573,291,044	1,496,267,411	1,220,513,771
Loans and advances to members	32,668,667,539	33,403,848,017	33,257,794,283
Placements with bank and non-bank financial institutions	3,100,560,697	2,244,889,864	3,214,384,092
Investment in subsidiary company	-	433,802,000	-
Financial assets at amortised cost	3,498,941,947	3,935,948,083	3,282,753,780
Financial assets at fair value through profit or loss	46,233,871	45,491,090	45,244,866
Property, plant and equipment	173,543,918	28,837,913	178,145,842
Intangible assets	119,601,648	3,097,217	24,290,260
Investment properties	238,308,748	-	241,933,716
Current Tax receivable	10,951,495		39,921,986
Deferred tax assets	21,784,932	92,011,801	17,756,897
Other assets	65,282,312	108,190,029	91,320,109
Total assets	41,517,168,151	41,792,383,426	41,614,059,602
Liabilities			
Deposits from customers	26,838,815,370	28,283,470,765	27,713,162,232
Interest bearing loans	-	66,843,753	2,285,515
Current tax liabilities	-	15,261,023	-
Funds	3,334,971,083	3,326,336,456	3,326,990,301
Pension benefit obligations	-	7,691,000	563,000
Other liabilities	81,125,302	56,332,171	66,275,860
Total liabilities	30,254,911,755	31,755,935,167	31,109,276,908
Shareholders' equity			
Share capital	192,584,700	166,711,810	193,404,100
Forfeited shares	32,733,600	58,078,880	31,661,000
Retained earnings	10,518,242,062	9,346,726,458	9,900,552,396
Revaluation reserves	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	375,594,546	310,529,649	236,063,710
Total equity	11,262,256,396	10,036,448,259	10,504,782,694
Total equity and liabilities	41,517,168,151	41,792,383,426	41,614,059,602

THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD

STATEMENTS OF CASH FLOWS - AS AT ENDED DECEMBER 31, 2019

	As at December 2019	As at December 2018	Year End June 2019
	Rs.	Rs.	Rs.
Cash flows from operating activities			
Profit before income tax	789,512,102	862,060,170	1,663,437,251
Adjustments for:			
Net credit loss on financial assets	79,590,226	30,523,765	58,845,746
Depreciation	7,273,331	6,185,834	11,326,689
Amortisation of intangible assets	14,361,701	2,497,090	8,274,103
Interest income	(1,578,487,476)	(1,652,193,482)	(3,224,110,550)
Interest expense	630,527,309	696,006,722	1,356,415,675
Rental Income	-	(8,115,519)	-
Pension (income) / expense	(22,500,000)	-	(22,949,000)
Fair value (gain)/loss on investment properties	-	-	(3,856,136)
Gain on sale of property, plant and equipment	-	(47,802,926)	-
Revaluation reserves	-	(3,480,852)	-
Fair value (gain)/loss on financial assets at fair value through profit or loss	(989,005)	206,100	2,432,524
Unrealised exchange difference	-	(788,335)	-
Translation (gain)/loss on revaluation of cash balance denominated in foreign currency	-	-	(806,320)
Change in fair value of funds	-	-	(20,900,000)
Reversal of over provision on tax	-	(14,381,498)	-
	(80,711,812)	(129,282,929)	(171,890,018)
Changes in operating assets and liabilities			
Decrease/(Increase) in loans and advances to members	434,698,117	437,374,699	375,012,127
Decrease/(increase) in other assets	64,093,608	(3,563,431)	(63,591,881)
(Decrease)/Increase in deposits from customers	(886,697,122)	(328,926,391)	(697,285,302)
(Decrease)/increase in other liabilities	(5,806,888)	1,587,754	1,023,931
(Decrease)/Increase in funds	69,080,791	(12,874,262)	167,213,493
Interest received	1,570,485,544	1,639,813,441	3,199,742,330
Interest paid	(581,619,773)	(501,820,340)	(1,329,043,193)
Interest and penalty paid	-	-	(67,119,907)
Income tax paid	(21,123,943)	(791,808,996)	(918,183,500)
Net cash generated from/(used in) operating activities	562,398,522	310,499,545	495,878,080
Cash flows from investing activities			
Investment in Equity	-	(45,284,990)	-
Movement in placements with bank and non-bank financial institutions	85,000,000	1,085,000,000	135,000,000
Proceeds from matured Investment securities	621,229,400	1,060,600,000	5,033,071,468
Additions of Investment Securities	(824,424,025)	(2,295,391,238)	(5,690,020,788)
Purchase of property, plant and equipment	(24,270)	(4,181,531)	(12,861,373)
Proceeds from sale of property, plant and equipment	-	-	-
Purchase of intangible assets	(88,956,538)	(203,516)	(26,970,055)
Purchase of investment property	(353,281)	-	(1,266,857)
Net cash used in investing activities	(207,528,714)	(199,461,274)	(563,047,605)
Cash flows from financing activities			
Proceeds from issuing shares	253,200	227,850	502,260
Decrease in interest bearing loans	(2,285,515)	(112,660,883)	(177,407,052)
Dividend paid	(60,220)	(25,120)	(33,117,190)
Net cash used in financing activities	(2,092,535)	(112,458,153)	(210,021,982)
Net increase in cash and cash equivalents	352,777,272	(1,419,883)	(277,191,507)
Effect of foreign exchange rate changes	-	788,335	806,320
Cash and cash equivalents at beginning of year / period	1,220,513,772	1,496,898,959	1,496,898,959
Cash and cash equivalents at end of year / period	1,573,291,044	1,496,267,411	1,220,513,772

THE MAURITIUS CIVIL SERVICE MUTUAL AID ASSOCIATION LTD
STATEMENTS OF CHANGES IN EQUITY - PERIOD ENDED DECEMBER 31, 2019

	<u>Share capital</u>	<u>Treasury shares</u>	<u>Statutory reserve</u>	<u>Revaluation and other reserves</u>	<u>Other Reserve</u>	<u>Actuarial reserves</u>	<u>Retained earnings</u>	<u>Total equity</u>
	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	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
Issue of shares	253,200	-	-	-	-	-	-	253,200
Profit for the period	-	-	-	-	-	-	758,337,814	758,337,814
Movement	(1,072,600)	1,072,600	-	-	139,530,836	-	(140,648,148)	(1,117,312)
Balance at December 31, 2019	192,584,700	32,733,600	225,065,100	3,480,852	375,594,546	(85,444,464)	10,518,242,062	11,262,256,396

MANAGEMENT DISCUSSION AND ANALYSIS

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 remained unchanged to 3.35%. The weighted yield on 364-day Treasury Bills decreased from 3.70% in December 2018 to reach 3.21% in December 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 473m was generated for the quarter ended December 2019.

Cost to Income

The Association continues to maintain a relatively low cost to income ratio. For the quarter December 2019, the cost to income ratio stood at about 11.83%, thus showing that a high level of operational efficiency was achieved.

Assets

The total assets of the Association stood at Rs 41.5bn as 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 was to the tune of Rs 32.7bn as at end of December 2019. A negative growth of 2.20% 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 1.6bn as at end of December 2019. Placements made by the Mutual Aid Association in other financial institutions stood at Rs 3.1bn at the end of December 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 December 2019, the ratio stood comfortably at 24% which is in line with the liquidity risk management strategy of the Association.

Liabilities

Deposits from customers

The total deposits stood at Rs 26.8bn as at December 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 December 2019. For the quarter ended December 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 10.0bn in December 2018 to Rs 11.3bn in December 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. 15.8m respectively for the said period. The weighted amount of on-balance sheet assets was Rs. 18.6bn 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 December 31, 2019 amounted to Rs461.9m, including a sum of Rs 75.0m for deceased loanees. Therefore, the provisions on account of default customers stood at Rs. 386.9m.

In addition to the specific provisions, the Association also earmarked cumulative portfolio provision of Rs. 317.7m for the said period.

Besides, the Association also made a prudential provision of Rs. 375.6m 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. 1.16bn at the end of December 2019.