

# ABRIDGED AUDITED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2018

### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	2018	2017	2016
	MUR	MUR	MUR
<b>ASSETS</b>			
Cash and cash equivalents	3,276,741,586	4,317,358,970	3,966,067,879
Due from banks	1,030,811,338	1,183,314,188	1,456,600,322
Derivative financial assets	4,289,595	4,407,594	4,478,577
Loans and advances to customers	6,054,488,404	5,095,744,575	4,594,454,589
Investment securities	6,223,153,289	4,716,445,587	4,832,329,437
Other assets	94,025,588	31,223,839	11,537,022
Property and equipment	394,861,578	372,510,402	222,202,278
Intangible assets	4,351,872	6,819,610	9,716,195
Deferred tax assets	21,307,487	24,025,071	27,044,221
<b>Total assets</b>	<b>17,104,030,737</b>	<b>15,751,849,836</b>	<b>15,124,430,520</b>
<b>LIABILITIES</b>			
Due to banks	110,061,479	-	140,006,397
Derivative financial liabilities	2,774,759	16,531,096	692,898
Deposits from customers	14,966,194,318	13,803,065,697	13,368,862,538
Preference shares	145,340,753	265,749,768	320,758,971
Current tax liabilities	30,924,434	23,175,879	33,230,172
Other liabilities	338,395,576	303,047,345	87,354,895
<b>Total liabilities</b>	<b>15,593,691,319</b>	<b>14,411,569,785</b>	<b>13,950,905,871</b>
<b>Shareholders' Equity</b>			
Issued capital	940,495,472	940,495,472	940,495,472
Retained earnings	478,528,990	322,022,542	186,460,977
Other reserves	91,314,956	77,762,037	46,568,200
<b>Capital and reserves</b>	<b>1,510,339,418</b>	<b>1,340,280,051</b>	<b>1,173,524,649</b>
<b>Total liabilities and equity</b>	<b>17,104,030,737</b>	<b>15,751,849,836</b>	<b>15,124,430,520</b>

These financial statements have been approved and authorised for issue by the Board of Directors on 26 September 2018

Hon. Y.K.J. Yeung Sik Yuen, G.O.S.K. Professor Donald Ah-Chuen, G.O.S.K. Sydney Ah Yoong  
Chairman Managing Director Chairperson of Audit Committee

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Issued capital	Retained earnings	Statutory reserve	Available-for-sale reserve	Total
	MUR	MUR	MUR	MUR	MUR
<b>At 1 July 2015</b>	506,699,200	56,345,374	21,039,399	1,761,946	585,845,919
Profit for the year	-	161,607,686	-	4,721,828	166,329,514
Other comprehensive income/(loss)	-	852,957	-	(5,196,126)	(4,343,169)
<b>Total comprehensive income/(loss) for the year</b>	-	162,460,643	-	(474,298)	161,986,345
Right issue	433,796,272	-	-	-	433,796,272
Transfer to statutory reserve	-	(24,241,153)	24,241,153	-	-
Equity dividends	-	(8,103,887)	-	-	(8,103,887)
<b>At 30 June 2016</b>	<b>940,495,472</b>	<b>186,460,977</b>	<b>45,280,552</b>	<b>1,287,648</b>	<b>1,173,524,649</b>
<b>At 1 July 2016</b>	940,495,472	186,460,977	45,280,552	1,287,648	1,173,524,649
Profit for the year	-	208,507,965	-	-	208,507,965
Other comprehensive loss	-	(483,394)	-	(82,358)	(565,752)
<b>Total comprehensive income/(loss) for the year</b>	-	208,024,571	-	(82,358)	207,942,213
Transfer to statutory reserve	-	(31,276,195)	31,276,195	-	-
Equity dividends	-	(41,186,811)	-	-	(41,186,811)
<b>At 30 June 2017</b>	<b>940,495,472</b>	<b>322,022,542</b>	<b>76,556,747</b>	<b>1,205,290</b>	<b>1,340,280,051</b>
<b>At 1 July 2017</b>	940,495,472	322,022,542	76,556,747	1,205,290	1,340,280,051
Profit for the year	-	242,431,728	-	-	242,431,728
Other comprehensive loss	-	(746,523)	-	(22,811,840)	(23,558,363)
<b>Total comprehensive income/(loss) for the year</b>	-	241,685,205	-	(22,811,840)	218,873,365
Transfer to statutory reserve	-	(36,364,759)	36,364,759	-	-
Equity dividends	-	(48,813,998)	-	-	(48,813,998)
<b>At 30 June 2018</b>	<b>940,495,472</b>	<b>478,528,990</b>	<b>112,921,506</b>	<b>(21,606,550)</b>	<b>1,510,339,418</b>

WEAL HOUSE, Duke of Edinburgh Avenue,  
Place d'Armes, 11328, Port Louis, Mauritius  
Tel: (230) 206 8000 Fax: (230) 208 0088  
Web: www.abcbanking.mu

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017	2016
	MUR	MUR	MUR
Interest income	653,296,994	645,237,899	568,364,546
Interest expense	(267,458,708)	(309,205,620)	(300,366,712)
<b>Net interest income</b>	<b>385,838,286</b>	<b>336,032,279</b>	<b>267,997,834</b>
Fee and commission income	104,693,292	112,992,592	128,142,987
Fee and commission expense	(24,210,364)	(23,853,484)	(27,486,119)
<b>Net fee and commission income</b>	<b>80,482,928</b>	<b>89,139,108</b>	<b>100,656,868</b>
Net trading income	85,243,497	63,830,549	65,420,427
Other operating income	7,884,314	4,005,926	1,545,861
<b>Total other income</b>	<b>93,127,811</b>	<b>67,836,475</b>	<b>66,966,288</b>
<b>Operating income</b>	<b>559,449,025</b>	<b>493,007,862</b>	<b>435,620,990</b>
Personnel expenses	(162,194,232)	(127,203,015)	(100,909,341)
Depreciation and amortisation	(21,624,665)	(19,358,710)	(16,846,870)
Other operating expenses	(74,337,683)	(73,175,640)	(70,250,415)
<b>Non interest expenses</b>	<b>(258,156,580)</b>	<b>(219,737,365)</b>	<b>(188,006,626)</b>
<b>Operating profit before impairment</b>	<b>301,292,445</b>	<b>273,270,497</b>	<b>247,614,364</b>
Allowance for credit impairment on financial assets	(9,538,421)	(22,952,713)	(61,431,636)
<b>Operating profit before tax</b>	<b>291,754,024</b>	<b>250,317,784</b>	<b>186,182,728</b>
Income tax expense	(49,322,296)	(41,809,819)	(24,575,042)
<b>Profit for the year</b>	<b>242,431,728</b>	<b>208,507,965</b>	<b>161,607,686</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of retirement pension, net of deferred tax	(746,523)	(483,394)	852,957
<b>Items that may be reclassified subsequently to profit or loss, net of tax:</b>			
Fair value realised on disposal of available-for-sale financial assets	-	-	(389,784)
Net revaluation movement of available-for-sale financial assets	(22,811,840)	(82,358)	(84,514)
<b>Other comprehensive (loss)/income for the year</b>	<b>(23,558,363)</b>	<b>(565,752)</b>	<b>378,659</b>
<b>Total comprehensive income for the year</b>	<b>218,873,365</b>	<b>207,942,213</b>	<b>161,986,345</b>
<b>Earnings per share</b>			
Basic and diluted	3.18	2.73	2.92

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017	2016
	MUR	MUR	MUR
<b>Net cash generated from operating activities</b>	<b>509,319,738</b>	<b>686,730,674</b>	<b>1,032,313,953</b>
<b>Net cash used in investing activities</b>	<b>(1,535,543,957)</b>	<b>(63,601,349)</b>	<b>(1,775,029,364)</b>
<b>Net cash (used in)/generated from financing activities</b>	<b>(63,733,519)</b>	<b>(235,018,208)</b>	<b>565,698,782</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,089,957,738)</b>	<b>388,111,117</b>	<b>(177,016,629)</b>
Net foreign exchange difference	49,340,354	(36,820,026)	(66,928,152)
Net cash and cash equivalents at beginning of year	4,317,358,970	3,966,067,879	4,210,012,660
<b>Net cash and cash equivalents at end of year</b>	<b>3,276,741,586</b>	<b>4,317,358,970</b>	<b>3,966,067,879</b>
<b>Operational cashflows from interest and dividends</b>			
Interest paid	236,889,734	329,185,394	287,696,180
Interest received	652,985,611	659,937,021	568,981,305
Dividend received	1,237,480	1,176,385	1,036,164

### INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS TO THE MEMBERS OF ABC BANKING CORPORATION LTD

#### Opinion

In our opinion, the summary financial statements derived from the audited financial statements of ABC Banking Corporation Ltd for the year ended 30 June 2018 are consistent, in all material respects, with those financial statements, in accordance with International Financial Reporting Standards and comply with the Companies Act 2001, the Financial Reporting Act 2004 and the Banking Act 2004.

#### Summary Financial Statements

The accompanying summary financial statements, which comprise the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, are derived from the audited financial statements of ABC Banking Corporation Ltd (the 'bank') for the year ended 30 June 2018. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements. The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of ABC Banking Corporation Ltd.

#### The Audited Financial Statements and our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 26 September 2018. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

#### Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of a summary of the audited financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001, the Financial Reporting Act 2004 and the Banking Act 2004.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), "Engagements to Report on Summary Financial Statements."

#### Use of Our Report

This report has been prepared solely for the bank's members, as a body, in accordance with Section 205 of the Companies Act 2001.

Our audit work has been undertaken so that we might state to the bank's members those matters we are required to state to the latter in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not assume responsibility to anyone other than the bank and the bank's members, as a body, for our audit work, for this report, or for the opinions we have formed.

#### Report on other legal and regulatory requirements

Companies Act 2001  
We have no relationship with or interests in the bank other than in our capacities as auditors, tax advisors and in dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the bank as far as it appears from our examination of those records.

#### Banking Act 2004

In our opinion, the financial statements have been prepared on a consistent basis and are complete, fair and properly drawn up and comply with the Banking Act 2004 and the regulations and guidelines of the Bank of Mauritius. The explanations or information called for or given to us by the officers or agents of the bank were satisfactory.

#### Financial Reporting Act 2004

The directors are responsible for preparing the Corporate Governance Report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance (the 'Code') as disclosed in the annual report and whether the disclosure is consistent with the requirements of the Code. In our opinion, the disclosures in the Corporate Governance Report are consistent with the requirements of the Code.

ERNST & YOUNG  
Ebène,  
Mauritius  
26 September 2018

ANDRE LAI WAN LOONG, F.C.A.  
Licensed by FRC

#### COMMENTS FOR THE YEAR ENDED 30 JUNE 2018

ABC Banking Corporation Ltd achieved a profit before tax of MUR 292 million for the year ended 30 June 2018, representing an increase of 17% compared to last year.

The improvement in performance was mainly due to the increase in loans and advances and investment securities portfolio coupled with the decreasing interest rate on deposit. Net interest income increased by MUR 50 million year on year while the bank also registered an improvement in its net trading income of MUR 21 million. With eyes set for the coming years, the bank continues to invest in its employees and infrastructure and to create value for its shareholders in the most efficient manner while sustaining appreciable growth.

At 30 June 2018, the bank's total assets base reached MUR 17.1 billion. Despite the challenging situation, the bank was able to achieve a growth of 19% in terms of loan portfolio while its investment portfolio grew by 32% to reach MUR 6.2 billion.

Total deposits progressed by 8% to reach MUR 15.0 billion compared to last year's 13.8 billion. The return on equity for our shareholders were up to 16.1% from 15.6% achieved in preceding year.

The bank reported a Capital Adequacy Ratio of 15.2% and a Liquidity Coverage Ratio of 312% for the year ended 30 June 2018.

This notice is issued pursuant to DEM Rule 18 and Rule 5 of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007.

The Board of Directors of ABC Banking Corporation Ltd accepts full responsibility for the accuracy of the information contained in this report.

By Order of the Board  
ABC Professional & Secretarial Services Ltd  
Company Secretary

26 September 2018

### LIQUIDITY COVERAGE RATIO

	TOTAL UNWEIGHTED VALUE (quarterly average of monthly observations)	TOTAL WEIGHTED VALUE (quarterly average of monthly observations)
	MUR M	MUR M

#### HIGH-QUALITY LIQUID ASSETS

Total high-quality liquid assets  
(HQLA) 4,276 4,198

#### CASH OUTFLOWS

Retail deposits and deposits from small business customers, of which:

Stable deposits - -  
Less stable deposits 4,430 443

Unsecured wholesale funding, of which: 258 26

Operational deposits (all counterparties) 6,814 1,703

Non-operational deposits (all counterparties) 389 161

Unsecured debt - -

Secured wholesale funding - -

Additional requirements, of which: - -

Outflows related to derivative exposures and other collateral requirements 324 324

Outflows related to loss of funding on debt products - -

Credit and liquidity facilities 1,163 216

Other contractual funding obligations 37 37

Other contingent funding obligations 130 6

**TOTAL CASH OUTFLOWS** **13,545** **2,916**

#### CASH INFLOWS

Secured funding (e.g. reverse repos) - -

Inflows from fully performing exposures 2,505 2,275

Other cash inflows 326 326

**TOTAL CASH INFLOWS** **2,831** **2,601**

**TOTAL HQLA** **4,198**

**TOTAL NET CASH OUTFLOWS** **917**

**LIQUIDITY COVERAGE RATIO (%)** **458%**

**QUARTERLY AVERAGE OF DAILY HQLA** **4,503**

**Liquidity Coverage Ratio**

In October 2017, the Bank of Mauritius released the revised Guideline on Liquidity Risk Management with emphasis on the adoption of the Basel Committee on Banking Supervision's (BCBS) principles, including the requirement for banks to disclose their Liquidity Coverage Ratio (LCR).

The bank's high-quality liquid assets (HQLA) is primarily made up of sovereign and central bank securities and the value as at end of June was MUR 3.7 billion (quarterly average of monthly observations for the Quarter ended 30 June 2018 was at MUR 4.2 billion). As at 30 June 2018, the bank's LCR stood at 312% whereas the quarterly average of monthly observations for the Quarter ended 30 June 2018 was 458%, mainly due to the significant investment in eligible securities. The bank continues to monitor its liquidity position and will adjust its investment strategy to meet the prescribed requirement.