

ABRIDGED AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	2018 MUR	2017 MUR	2016 MUR
ASSETS			
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
Total assets	17,104,030,737	15,751,849,836	15,124,430,520
LIABILITIES			
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
Total liabilities	15,593,691,319	14,411,569,785	13,950,905,871
Shareholders' Equity			
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
Capital and reserves	1,510,339,418	1,340,280,051	1,173,524,649
Total liabilities and equity	17,104,030,737	15,751,849,836	15,124,430,520

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. Chairman
 Professor Donald Ah-Chuen, G.O.S.K. Managing Director
 Sydney Ah Yoong Chairperson of Audit Committee

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

	Issued capital MUR	Retained earnings MUR	Statutory reserve MUR	Available-for-sale reserve MUR	Total MUR
At 1 July 2015	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)
Total comprehensive income/(loss) for the year	-	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)
At 30 June 2016	940,495,472	186,460,977	45,280,552	1,287,648	1,173,524,649
At 1 July 2016	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)
Total comprehensive income/(loss) for the year	-	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)
At 30 June 2017	940,495,472	322,022,542	76,556,747	1,205,290	1,340,280,051
At 1 July 2017	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)
Total comprehensive income/(loss) for the year	-	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)
At 30 June 2018	940,495,472	478,528,990	112,921,506	(21,606,550)	1,510,339,418

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 MUR	2017 MUR	2016 MUR
Interest income	653,296,994	645,237,899	568,364,546
Interest expense	(267,458,708)	(309,205,620)	(300,366,712)
Net interest income	385,838,286	336,032,279	267,997,834
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)
Net fee and commission income	80,482,928	89,139,108	100,656,868
Net trading income	85,243,497	63,830,549	65,420,427
Other operating income	7,884,314	4,005,926	1,545,861
Total other income	93,127,811	67,836,475	66,966,288
Operating income	559,449,025	493,007,862	435,620,990
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)
Non interest expenses	(258,156,580)	(219,737,365)	(188,006,626)
Operating profit before impairment	301,292,445	273,270,497	247,614,364
Allowance for credit impairment on financial assets	(9,538,421)	(22,952,713)	(61,431,636)
Operating profit before tax	291,754,024	250,317,784	186,182,728
Income tax expense	(49,322,296)	(41,809,819)	(24,575,042)
Profit for the year	242,431,728	208,507,965	161,607,686
Other comprehensive income			
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
Items that may be reclassified subsequently to profit or loss, net of tax:			
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)
Other comprehensive (loss)/income for the year	(23,558,363)	(565,752)	378,659
Total comprehensive income for the year	218,873,365	207,942,213	161,986,345
Earnings per share			
Basic and diluted	3.18	2.73	2.92

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	2018 MUR	2017 MUR	2016 MUR
Net cash generated from operating activities	509,319,738	686,730,674	1,032,313,953
Net cash used in investing activities	(1,535,543,957)	(63,601,349)	(1,775,029,364)
Net cash (used in)/generated from financing activities	(63,733,519)	(235,018,208)	565,698,782
Net (decrease)/increase in cash and cash equivalents	(1,089,957,738)	388,111,117	(177,016,629)
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
Net cash and cash equivalents at end of year	3,276,741,586	4,317,358,970	3,966,067,879
Operational cashflows from interest and dividends			
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.
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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) MUR M	TOTAL WEIGHTED VALUE (quarterly average of monthly observations) MUR M
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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:

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 ADJUSTED VALUE

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.