

# Deutsche Bank (Mauritius) Limited

Interim Unaudited Financial Statements  
June 2017



## Table of Contents

1. Management Review	2-4
2. Statement of profit or loss and other comprehensive income	5
3. Statement of financial position	6
4. Statement of changes in shareholders' equity	7
5. Statement of cash flows	8
6. Notes to the financial statements	9-13

## Management review for the quarter ended 30 June 2017

The interim abridged financial statements of the Bank for the quarter ended 30 June 2017 are set out on pages 5 to 13.

### Financial overview

The Bank's net profit after tax for the six month ended 30 June 2017 was USD 4,242,355 as compared to USD 2,566,174 for the equivalent period in 2016. This represents a 65% increase YoY.

### Risk profile

The Bank maintained a prudent risk profile during the quarter. Interest rate risks as well as the maturity gap were kept within the limits authorised by the Deutsche Bank Group and by the Board of Directors. The Bank's credit risk profile continues to be sound.

### Revenue Growth

Net interest income increased by 85% compared to the equivalent period in 2016. This is due to higher returns on longer term placement.

FX income remained more or less stable.

Other operating income represents the recharges to other group companies and the liquidity premium awarded by Group Treasury.

### Cost control

Overall, expenses increased by 9% compared to the June 2016 explained by an increase in personnel expenses.

### Credit quality

Deutsche Bank (Mauritius) Limited offers credit facilities in the form of buyers credit. The Bank's policy is to require suitable collateral to be provided by customers prior to the disbursement of the approved loans. These facilities are guaranteed by Deutsche Bank AG. The Bank's policy is governed by the Guideline in Credit Concentration limits issued by the Bank of Mauritius.

The table below shows a breakdown of credit concentration by sector:

	June 2017 USD	June 2016 USD
Sectors:		
Manufacturing	2,790,528	45,419,765
Information and communication	-	41,879,257
	2,790,528	87,299,022

## Management review for the quarter ended 30 June 2017 (continued)

### Capital

The Bank manages its capital base to maintain capital ratio and to support business growth.

Total regulatory capital consists of:

- Tier 1 capital which comprises of
  - (a) Common Equity Tier (CET) 1
  - (b) Additional Tier 1 Capital (AT)
- Tier 2 capital

The capital adequacy ratio (CAR) for June 2017 was as follows:

	June 2017 USD'000	June 2016 USD'000
Common Equity Tier 1 capital : instruments and reserves		
— Ordinary shares (paid-up) capital	7,800	7,800
— Statutory reserves	8,056	8,056
— Retained earnings	22,149	20,415
Common Equity Tier 1 capital before regulatory adjustments	38,005	36,271
Regulatory adjustments	-	-
Common Equity Tier 1 (CET1)	38,005	36,271
Additional Tier 1 Capital (AT1)	-	-
Tier 1 capital (CET1 + AT1)	38,005	36,271
Tier 2 Capital		
— Provision or loan-loss reserves	28	873
Total capital base	38,033	37,144
Risk Weighted Assets	102,269	129,323
CET capital ratio	37.16%	28.05%
Tier 1 capital ratio	37.16%	28.05%
Total capital ratio	37.19%	28.72%

### Liquidity Management

The Bank maintains a diversified funding base and is able to call upon funding from members of the Deutsche Bank Group if required.

## Management review for the quarter ended 30 June 2017 (continued)

### Forward-Looking Statements

This Interim Financial Statement contains forward-looking statements. Forward-looking statements are statements that are not historical facts, including statements about our beliefs and expectations. Any statement in this Interim Financial Statement that states our intentions, beliefs, expectations or predictions (and the assumptions underlying them) is a forward-looking statement. These statements are based on plans, estimates and projections as they are currently available to the management of Deutsche Bank (Mauritius) Limited. Forward-looking statements therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties. A number of important factors could therefore cause actual results to differ materially from those contained in any forward-looking statement. Such factors include the conditions in the financials, the reliability of our risk management policies, procedures and methods.

Friedrich Philipps  
Chief Country Officer

Date: 07 August 2017

Unaudited statement of profit or loss and other comprehensive income  
for the quarter ended 30 June 2017

	Three Months quarter ended 30 June 2017 USD	Three Months quarter ended 30 June 2016 USD	Six months ended 30 June 2017 USD	Six months ended 30 June 2016 USD	Year ended December 2016 USD
Interest income	1,986,589	1,111,463	3,932,089	2,201,544	4,701,139
Interest expense	(223,182)	(152,553)	(440,776)	(318,495)	(581,687)
<b>Net interest income</b>	<b>1,763,407</b>	<b>958,910</b>	<b>3,491,313</b>	<b>1,883,049</b>	<b>4,119,452</b>
Fee and commission income	267,738	255,829	554,234	517,839	1,090,583
Fee and commission expense	(46,286)	(38,105)	(88,383)	(95,487)	(177,039)
<b>Net fee and commission income</b>	<b>221,452</b>	<b>217,724</b>	<b>465,851</b>	<b>422,352</b>	<b>913,544</b>
Net trading income	139,052	164,857	300,359	302,254	693,273
<b>Revenue</b>	<b>2,123,911</b>	<b>1,341,491</b>	<b>4,257,523</b>	<b>2,607,655</b>	<b>5,726,269</b>
Other operating income	2,960,590	2,833,705	5,827,562	5,218,884	10,479,555
<b>Total operating income</b>	<b>5,084,501</b>	<b>4,175,196</b>	<b>10,085,085</b>	<b>7,826,539</b>	<b>16,205,824</b>
Personnel expenses	(1,795,207)	(1,672,010)	(3,682,292)	(3,455,893)	(7,038,376)
Operating lease expenses	(234,879)	(176,491)	(328,393)	(291,818)	(556,876)
Depreciation	(119,225)	(134,577)	(235,541)	(245,140)	(490,504)
Other expenses	(725,360)	(619,949)	(1,419,840)	(1,223,579)	(3,057,711)
	(2,874,671)	(2,603,027)	(5,666,066)	(5,216,430)	(11,143,467)
<b>Profit before tax</b>	<b>2,209,830</b>	<b>1,572,169</b>	<b>4,419,019</b>	<b>2,610,109</b>	<b>5,062,357</b>
Income tax expense	(87,495)	(802)	(176,664)	(43,935)	(151,395)
<b>Total profit and comprehensive income for the period(all attributable to equity shareholders)</b>	<b>2,122,335</b>	<b>1,571,367</b>	<b>4,242,355</b>	<b>2,566,174</b>	<b>4,910,962</b>

Unaudited statement of financial position  
as at 30 June 2017

	June 2017 USD	June 2016 USD	December 2016 USD
<b>Assets:</b>			
Cash and cash equivalents	459,598,769	317,365,677	387,587,689
Loans and advances to banks	155,762,231	123,636,580	149,972,477
Loans and advances to customers	2,790,528	87,299,022	62,727,846
Other assets	4,447,898	5,111,317	3,351,421
Property and equipment	858,801	1,313,493	1,068,918
<b>Total assets</b>	<b>623,458,227</b>	<b>534,726,089</b>	<b>604,708,351</b>
<b>Liabilities:</b>			
Deposits from customers	579,557,947	493,636,704	564,967,913
Current tax liabilities	165,962	99,478	143,518
Other liabilities	1,458,182	1,280,090	1,563,139
<b>Total liabilities</b>	<b>581,182,091</b>	<b>495,016,272</b>	<b>566,674,570</b>
<b>Equity:</b>			
Share capital	7,800,330	7,800,330	7,800,330
Revenue reserves	26,391,552	22,980,148	21,549,824
Other reserves	8,084,254	8,929,339	8,683,627
<b>Total equity attributable to equity holders of the Bank</b>	<b>42,276,136</b>	<b>39,709,817</b>	<b>38,033,781</b>
<b>Total liabilities and equity</b>	<b>623,458,227</b>	<b>534,726,089</b>	<b>604,708,351</b>

Unaudited statement of changes in shareholders' equity  
for the year ended 30 June 2017

	Share Capital USD	Revenue reserve USD	General Banking reserve USD	Statutory reserve USD	Total USD
Balance at 01 January 2017	7,800,330	21,549,824	627,278	8,056,349	38,033,781
Profit and total comprehensive income for the year		4,242,355			4,242,355
Transfer from general banking Reserve		599,373	(599,373)		
Balance at 30 June 2017	7,800,330	26,391,552	27,905	8,056,349	42,276,136
Balance at 01 January 2016	7,800,330	19,984,440	1,302,524	8,056,349	37,143,643
Profit and total comprehensive income for the year	-	2,566,174	-	-	2,566,174
Transfer from general banking Reserve	-	429,534	(429,534)	-	-
Balance at 30 June 2016	7,800,330	22,980,148	872,990	8,056,349	39,709,817



Unaudited abridged statement of cash flows  
for the year ended 30 June 2017

	June 2017 USD	June 2016 USD	December 2016 USD
Profit before income tax	4,419,019	2,610,109	5,062,357
Cash flows from operating activities:			
Adjustment for separately disclosed and non cash items:			
Income tax paid	(152,728)	(138,185)	(203,097)
Depreciation	235,541	245,140	490,504
Profit on sale of property and equipment	-	-	56
	4,501,832	2,717,064	5,349,820
Adjustments for net change in assets and liabilities:			
Change in loans and advances to banks	(5,789,754)	(16,549)	(26,352,446)
Change in loans and advances to customers	59,937,318	42,953,392	67,524,568
Change in deposits from customers	14,590,034	(193,412,470)	(122,081,261)
Change in other assets	(1,096,476)	(2,294,279)	(534,383)
Change in other liabilities	(104,957)	(327,426)	(44,378)
Net cash from/(used in) operating activities	72,037,997	(150,380,268)	(76,138,080)
Cash flows from investing activities:			
Acquisition of property and equipment	(26,917)	(188,904)	(188,256)
Net cash (used in) investing activities	(26,917)	(188,904)	(188,256)
Cash flows from financing activities:			
Dividend paid	-	-	(4,020,824)
Net cash (used in) financing activities	-	-	(4,020,824)
Net increase /decrease in cash and cash equivalents	72,011,080	(150,569,172)	(80,347,160)
Cash and cash equivalents at beginning of period / year	387,587,689	467,934,849	467,934,849
Cash and cash equivalents at end of period / year	459,598,769	317,365,677	387,587,689

## Notes to interim financial statements for the quarter ended 30 June 2017

### Accounting policies

#### (a) Statement of compliance

The interim financial statements are unaudited and have been prepared in accordance with International Accounting Standards (IAS) 34 – Interim Financial Reporting and with the Bank of Mauritius guideline on Public Disclosure of Information.

#### (b) Basis of preparation

The financial statements are presented in USD and are prepared using the same accounting policies as those adopted in the financial statements for the year ended 31 December 2016.

The taxation charge for the quarter is based on the estimated effective tax rate for the full year.

### Cash and cash equivalents

	June 2017 USD	June 2016 USD	December 2016 USD
Cash and cash equivalents			
Balances with local banks	37,329	43,197	51,982
Balances with banks abroad	14,359,345	5,879,846	5,746,006
Money market placements	445,202,095	311,442,634	381,789,701
<b>Total</b>	<b>459,598,769</b>	<b>317,365,677</b>	<b>387,587,689</b>

	June 2017 USD	June 2016 USD	December 2016 USD
Cash and cash equivalents as per statement of cash flows			
Cash and cash equivalent as above	459,598,769	317,365,677	387,587,689
<b>Total</b>	<b>459,598,769</b>	<b>317,365,677</b>	<b>387,587,689</b>

Notes to interim financial statements for the quarter ended 30 June 2017(continued)

Loans and advances to Banks

	June 2017 USD	June 2016 USD	December 2016 USD
Loans and advances to banks			
Outside Mauritius	155,762,231	123,636,580	149,972,477
Less: specific allowance for impairment	-	-	-
<b>Total</b>	<b>155,762,231</b>	<b>123,636,580</b>	<b>149,972,477</b>

Remaining terms to maturity

	June 2017 USD	June 2016 USD	December 2016 USD
Loans and advances to banks – remaining terms to maturity			
Up to three months	9,000,000	10,506,470	93,713,218
Over 3 months and up to 6 months	146,762,231	113,130,110	51,208,629
Over 6 months and up to 12 months	-	-	5,050,630
<b>Total</b>	<b>155,762,231</b>	<b>123,636,580</b>	<b>149,972,477</b>

Loans and advances to customers

	June 2017 USD	June 2016 USD	December 2016 USD
Loans and advances to customers			
Outside Mauritius	2,790,528	87,299,022	62,727,846
Less: specific allowance for impairment	-	-	-
<b>Total</b>	<b>2,790,528</b>	<b>87,299,022</b>	<b>62,727,846</b>

Remaining terms to maturity

	June 2017 USD	June 2016 USD	December 2016 USD
Loans and advances to customers – remaining terms to maturity			
Up to three months	2,790,528	87,299,022	55,317,507
Over 3 months and up to 6 months	-	-	7,410,339
<b>Total</b>	<b>2,790,528</b>	<b>87,299,022</b>	<b>62,727,846</b>

Notes to interim financial statements for the quarter ended 30 June 2017(continued)

Other assets

	June 2017 USD	June 2016 USD	December 2016 USD
Other assets			
Mandatory balances with Central Banks	781,851	694,291	367,008
Accrued interest receivable	1,044,563	552,442	765,520
Other receivables	2,468,577	3,683,434	2,070,088
Prepayments	68,345	145,251	68,895
Other (VAT & others)	84,562	35,899	79,910
<b>Total</b>	<b>4,447,898</b>	<b>5,111,317</b>	<b>3,351,421</b>

Deposits from customers

	June 2017 USD	June 2016 USD	December 2016 USD
Deposits from customers			
Corporate customers:			
— Current accounts	502,792,570	461,183,078	513,358,367
— Time deposits			
Up to 3 months	68,998,823	25,248,933	45,350,285
Over 3 months and up to 6 months	6,266,554	7,204,693	1,208,632
Over 6 months and up to 12 months	1,500,000	-	5,050,629
<b>Total</b>	<b>579,557,947</b>	<b>493,636,704</b>	<b>564,967,913</b>

Notes to interim financial statements for the quarter ended 30 June 2017(continued)

Other liabilities

	June 2017 USD	June 2016 USD	December 2016 USD
Other liabilities			
Accrued interest payable	111,455	57,017	279,918
Accrued expenses	684,439	494,467	710,619
Balances in clearing	354,022	515,922	323,516
Balance due to related parties	201,994	100,017	88,003
Other (VAT, TDS & Group provision)	106,272	112,667	161,083
<b>Total</b>	<b>1,458,182</b>	<b>1,280,090</b>	<b>1,563,139</b>

Shareholders' equity

	June 2017 USD	June 2016 USD	December 2016 USD
Share capital			
Authorised issued and fully paid			
5,000,000 ordinary shares of no par value	7,800,330	7,800,330	7,800,330

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Bank.

All shares rank equally with regard to the Bank's residual assets.

Related Party Transactions

The Bank has a related party relationship with Deutsche Bank AG, the ultimate holding Company, and its group companies. The Bank also has a related party relationship with its directors. The Bank has entered into a number of banking transactions with its related parties in the normal course of business. These include placements or loans to/from banks, deposits as well as other normal banking transactions. These transactions were carried out on commercial terms and at market rates. As at 30 June 2017, no specific charge for bad and doubtful debts had to be made on these balances (30 June 2016 – nil provision).

The Bank, as the main operating entity of Deutsche Bank in Mauritius, provides certain central support functions to other Deutsche Bank entities incorporated in Mauritius. The costs associated with any such support are charged out by the Bank on a cost basis in line with the policy of the Group. The net volumes of related party transactions, outstanding balances, the relating expenses and income for the quarter ended 30 June 2017 are as follows:

Notes to interim financial statements for the quarter ended 30 June 2017(continued)

Related party transactions (continued)

	June 2017 USD	June 2016 USD	December 2016 USD
(All are under 'Other related parties' classification as per IAS 24)			
<b>Balances and placements with banks:</b>			
— At beginning of the year	537,508,053	591,524,965	591,524,965
— Net movement during the period/year	77,812,741	(150,571,352)	(54,016,912)
— At end of the period/year	615,320,794	440,953,613	537,508,053
Interest income earned	3,428,362	1,488,456	3,365,840
<b>Deposits:</b>			
— At beginning of the year	89,637,020	27,081,498	27,081,498
— Net movement during the period/year	(60,349,529)	31,948,510	62,555,522
— At end of the period/year	29,287,491	59,030,008	89,637,020
Interest expense	3,399	8,379	17,298
Other revenues – operating income	5,827,562	5,218,884	10,479,555
Other expenses – fee and commission expense	87,591	94,620	175,916
Other expenses - overhead recharges	51,218	122,233	287,454
Guarantees received from DB AG	2,790,528	87,299,022	62,727,846
Amount receivable/payable from/to related companies	2,670,572	3,649,306	2,152,876

All related party balances and placements are arm's length transactions and there is no specific provisions recognised in respect of these assets.

Total remuneration of the directors for the period amounted to USD 149,750 (period ended June 2016 - USD 146,030).