

## **SBM BANK (MAURITIUS) LTD**

SBM Bank (Mauritius) Ltd ('the Bank') presents its interim unaudited condensed financial statements for the six months ended 30 June 2020.

The interim unaudited condensed financial statements have been prepared in accordance with the Bank of Mauritius Guideline on Public Disclosure of Information and IAS 34 - Interim Financial Reporting. The interim financial statements have been prepared, based on the accounting policies used in the audited financial statements for the year ended 31 December 2019, except for the adoption of all the new standards and interpretations which are effective as from 01 January 2020.

### **Operating Results**

The Bank's total assets grew to MUR 227.89 billion from MUR 212.04 billion as at 31 December 2019, registering 7.48% increase. This increase was mainly on account of maintaining a higher portfolio of investment securities at the reporting date from MUR 73.46 billion as at 31 December 2019 to MUR 89.27 billion at 30 June 2020. The loan book also grew by MUR 3.21 billion to reach MUR 102.51 billion as at 30 June 2020.

Due to the COVID-19 Pandemic which involved a high level of uncertainty regarding liquidity situation on the market, the Bank increased its borrowings by MUR 14.11 billion, from MUR 12.44 billion as at 31 December 2019 to MUR 26.55 billion as at 30 June 2020. Excluding the large bulk short term deposit amounting to MUR 9.92 billion received as at 31 December 2019 and paid off in the first half of 2020 (H1 2020), deposits of the Bank witnessed an increase of MUR 9.38 billion, or 5.71%. Total deposits of the Bank stood at MUR 173.65 billion as at 30 June 2020.

The results for H1 2020 continue to demonstrate the Bank's strong fundamentals and robust performance as evidenced by the MUR 4.61 billion operating income registered for the current period against MUR 4 billion for H1 2019. Profits realised on sale of investment securities during H1 2020 was exceptionally higher at MUR 1.03 billion compared to 215 million for H1 2019, contributing significantly to the operating income of the Bank. The Bank managed to maintain a similar level of Net Interest Income of MUR 2.8 billion despite the decrease in the key repo rate.

The Bank continues its vigorous cost containment drive as always. Non-interest expense witnessed a decrease of MUR 190.81 million for the period under review and managed to keep its Cost to Income ratio at 35.04% for H1 2020 compared to 45.21% in H1 2019.

The Bank continues to scale down its cross border risk appetite as a strategic risk containment measure. The Bank generated a profit of MUR 2,997 million (H1 2019: MUR 2,191 million) before providing prudentially for expected credit losses as well as taxes resulting in recording a net profit of MUR 1,057 million for H1 2020 against a profit of MUR 1,332 million for H1 2019. Credit loss expense charged to profit or loss amounted to MUR 1,902 million for H1 2020 against MUR 647 million for H1 2019.

### **Capital**

The Bank comfortably met the regulatory capital requirements for Domestic-Systemically Important banks. Shareholder's equity increased to MUR 20.26 billion as at 30 June 2020 from MUR 18.07 billion as at 31 December 2019. With a tier 1 capital base of MUR 16.18 billion, the capital adequacy ratio (CAR) stood at 16.16% and the tier 1 capital to risk weighed assets ratio moved to 14.49%. Return on equity for the half year stood at 11.09%.

By Order of the Board

12 August 2020

Copies of the abridged interim unaudited condensed financial statements can be obtained, free of charge, upon request to the Company Secretary at the registered office of the Bank, 1, Queen Elizabeth II Avenue, Port-Louis and can be viewed on our website: [www.sbmgroup.mu](http://www.sbmgroup.mu).

**SBM BANK (MAURITIUS) LTD**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2020**

	Unaudited 30 June 2020	Unaudited 30 June 2019	Audited 31 December 2019
	MUR' 000	MUR' 000	MUR' 000
<b>ASSETS</b>			
Cash and cash equivalents	11,528,568	10,010,479	15,386,899
Mandatory balances with central bank	9,790,213	8,801,323	9,326,006
Loans to and placements with banks	7,436,653	6,893,471	7,471,474
Derivative financial instruments	1,078,029	689,894	783,603
Loans and advances to non-bank customers	102,510,316	96,358,751	99,302,829
Investment securities	89,270,308	66,441,570	73,456,719
Equity investments	3,411	3,411	3,411
Property, equipment and right-of-use assets	2,796,609	2,718,046	2,846,736
Intangible assets	2,351,859	2,736,407	2,526,156
Deferred tax assets	344,109	-	219,302
Other assets	779,245	727,880	714,259
<b>Total assets</b>	<b>227,889,320</b>	<b>195,381,232</b>	<b>212,037,394</b>
<b>LIABILITIES</b>			
Deposits from banks	894,497	987,627	929,357
Deposits from non-bank customers	172,757,160	149,303,653	173,258,702
Other borrowed funds	26,551,884	20,651,695	12,438,151
Derivative financial instruments	1,140,352	651,996	794,275
Current tax liabilities	78,504	404,871	311,351
Deferred tax liabilities	-	51,526	-
Pension liability	333,605	86,621	334,005
Other liabilities	5,870,476	4,563,535	5,902,557
<b>Total liabilities</b>	<b>207,626,478</b>	<b>176,701,524</b>	<b>193,968,398</b>
<b>SHAREHOLDER'S EQUITY</b>			
Stated capital	400,000	400,000	400,000
Capital contribution	11,854,011	10,954,011	11,854,011
Retained earnings	4,885,049	5,663,552	3,804,163
Other reserves	3,123,782	1,662,145	2,010,822
<b>Total equity</b>	<b>20,262,842</b>	<b>18,679,708</b>	<b>18,068,996</b>
<b>Total liabilities and equity</b>	<b>227,889,320</b>	<b>195,381,232</b>	<b>212,037,394</b>

Approved by the Board of Directors and authorised for issue on 12 August 2020.

Parvataneni Venkateswara Rao  
Chief Executive

Imalambaal Kichenin  
Chairperson, Audit Committee

Mohit Dhoorundhur  
Chairperson

**SBM BANK (MAURITIUS) LTD**
**STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	Unaudited Quarter ended 30 June 2020	Unaudited Quarter ended 30 June 2019	Unaudited Six months ended 30 June 2020	Unaudited Six months ended 30 June 2019	Audited Year ended 31 December 2019
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Interest income	1,655,058	1,942,794	3,604,483	3,824,048	7,688,851
Interest expense	(275,058)	(493,959)	(746,783)	(964,131)	(2,023,529)
<b>Net interest income</b>	<b>1,380,000</b>	<b>1,448,835</b>	<b>2,857,700</b>	<b>2,859,917</b>	<b>5,665,322</b>
Fee and commission income	239,797	309,291	519,103	577,909	1,206,321
Fee and commission expense	(9,564)	(8,012)	(18,140)	(13,981)	(31,716)
<b>Net fee and commission income</b>	<b>230,233</b>	<b>301,279</b>	<b>500,963</b>	<b>563,928</b>	<b>1,174,605</b>
<b>Other income</b>					
Profit arising from dealing in foreign currencies	95,790	179,426	199,534	333,224	534,430
Net gain from financial instruments	(51,029)	(5,419)	23,392	25,289	118,175
Net gain on sale of securities	637,287	116,850	1,031,790	214,902	626,674
Other operating income	-	-	-	800	884
	<b>682,048</b>	<b>290,857</b>	<b>1,254,716</b>	<b>574,215</b>	<b>1,280,163</b>
<b>Non-interest income</b>	<b>912,281</b>	<b>592,136</b>	<b>1,755,679</b>	<b>1,138,143</b>	<b>2,454,768</b>
<b>Operating income</b>	<b>2,292,281</b>	<b>2,040,971</b>	<b>4,613,379</b>	<b>3,998,060</b>	<b>8,120,090</b>
Personnel expenses	(382,771)	(424,971)	(737,324)	(817,949)	(1,719,592)
Depreciation of property, equipment and right-of-use assets	(50,763)	(47,453)	(90,686)	(95,111)	(193,062)
Amortisation of intangible assets	(107,422)	(117,134)	(214,145)	(256,213)	(474,547)
Other expenses	(217,611)	(292,305)	(488,833)	(499,280)	(1,072,553)
Bank levy	(42,842)	(138,933)	(85,684)	(138,933)	(171,368)
<b>Non-interest expense</b>	<b>(801,409)</b>	<b>(1,020,796)</b>	<b>(1,616,672)</b>	<b>(1,807,486)</b>	<b>(3,631,122)</b>
<b>Profit before credit loss expense</b>	<b>1,490,872</b>	<b>1,020,175</b>	<b>2,996,707</b>	<b>2,190,574</b>	<b>4,488,968</b>
Credit loss expense on financial assets & memorandum items	(1,037,608)	(470,723)	(1,902,071)	(646,820)	(3,606,666)
<b>Profit before income tax</b>	<b>453,264</b>	<b>549,452</b>	<b>1,094,636</b>	<b>1,543,754</b>	<b>882,302</b>
Tax expense	(9,147)	63,737	(37,604)	(211,556)	(331,810)
<b>Profit for the quarter / period / year</b>	<b>444,117</b>	<b>613,189</b>	<b>1,057,032</b>	<b>1,332,198</b>	<b>550,492</b>

The financial information has been extracted from the interim unaudited condensed financial statements for the six months ended 30 June 2020.

**SBM BANK (MAURITIUS) LTD**
**STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	Unaudited Quarter ended 30 June 2020	Unaudited Quarter ended 30 June 2019	Unaudited Six months ended 30 June 2020	Unaudited Six months ended 30 June 2019	Audited Year ended 31 December 2019
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
<b>Profit for the quarter / period / year</b>	<b>444,117</b>	613,189	<b>1,057,032</b>	1,332,198	550,492
<b>Other comprehensive income :</b>					
<i>Items that will not be reclassified subsequently to profit or loss (net of deferred tax):</i>					
Increase in revaluation of property	-	-	-	-	204,398
Deferred tax on revaluation of property	-	-	-	-	(9,950)
Change in deferred tax rate on revaluation of property	-	-	-	-	118,392
Change in deferred tax rate on defined benefit pension plan	-	-	-	-	(7,923)
Remeasurement of defined benefit pension plan	-	-	-	-	(203,865)
Deferred tax on remeasurement of defined benefit pension plan	-	-	-	-	14,272
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>115,324</b>
<i>Items that may be reclassified subsequently to profit or loss:</i>					
<b>Investment securities measured at FVTOCI (Debt instruments)</b>					
Movement in fair value during the quarter / period / year	<b>1,706,975</b>	268,528	<b>1,931,732</b>	307,104	585,735
Fair value re-cycled on disposal	<b>(515,339)</b>	-	<b>(805,672)</b>	-	(224,380)
Credit / (loss) allowance on debt instruments held at FVTOCI	<b>26,103</b>	8,653	<b>10,754</b>	(11,789)	(6,370)
	<b>1,217,739</b>	277,181	<b>1,136,814</b>	295,315	354,985
<b>Total other comprehensive income</b>	<b>1,217,739</b>	277,181	<b>1,136,814</b>	295,315	470,309
<b>Total comprehensive income for the quarter / period / year</b>	<b>1,661,856</b>	890,370	<b>2,193,846</b>	1,627,513	1,020,801

**SBM BANK (MAURITIUS) LTD**  
**STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	Stated capital	Capital Contribution	Retained earnings	Statutory reserve	Fair value reserve on financial instruments recognised in OCI	Property revaluation reserve	Total equity
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
At 01 January 2019	310,000	11,044,011	4,817,518	310,000	(94,725)	1,080,391	17,467,195
Profit for the period	-	-	1,332,198	-	-	-	1,332,198
Movement in credit loss expense relating to debt instruments held at FVTOCI	-	-	-	-	(11,789)	-	(11,789)
Other comprehensive income for the period	-	-	-	-	307,104	-	307,104
Total comprehensive income for the period	-	-	1,332,198	-	295,315	-	1,627,513
Transfer to statutory reserve	-	-	(90,000)	90,000	-	-	-
Transfer to retained earnings	-	-	18,836	-	-	(18,836)	-
Dividend	-	-	(415,000)	-	-	-	(415,000)
<b>At 30 June 2019</b>	<b>400,000</b>	<b>10,954,011</b>	<b>5,663,552</b>	<b>400,000</b>	<b>200,590</b>	<b>1,061,555</b>	<b>18,679,708</b>
At 01 January 2019	310,000	11,044,011	4,817,518	310,000	(94,725)	1,080,391	17,467,195
Profit for the year	-	-	550,492	-	-	-	550,492
Loss allowance relating to debt instruments held at FVTOCI	-	-	-	-	(6,370)	-	(6,370)
Other comprehensive income for the year	-	-	(197,517)	-	361,355	312,841	476,679
Total comprehensive income for the year	-	-	352,975	-	354,985	312,841	1,020,801
Capital contribution received during the year	-	900,000	-	-	-	-	900,000
Conversion of capital contribution	90,000	(90,000)	-	-	-	-	-
Transfer to retained earnings	-	-	42,670	-	-	(42,670)	-
Transfer to statutory reserve	-	-	(90,000)	90,000	-	-	-
Dividend	-	-	(1,319,000)	-	-	-	(1,319,000)
<b>At 31 December 2019</b>	<b>400,000</b>	<b>11,854,011</b>	<b>3,804,163</b>	<b>400,000</b>	<b>260,260</b>	<b>1,350,562</b>	<b>18,068,996</b>
At 01 January 2020	400,000	11,854,011	3,804,163	400,000	260,260	1,350,562	18,068,996
Profit for the period	-	-	1,057,032	-	-	-	1,057,032
Movement in credit loss expense relating to debt instruments held at FVTOCI	-	-	-	-	10,754	-	10,754
Other comprehensive income for the period	-	-	-	-	1,126,060	-	1,126,060
Total comprehensive income for the period	-	-	1,057,032	-	1,136,814	-	2,193,846
Transfer to retained earnings	-	-	23,854	-	-	(23,854)	-
<b>At 30 June 2020</b>	<b>400,000</b>	<b>11,854,011</b>	<b>4,885,049</b>	<b>400,000</b>	<b>1,397,074</b>	<b>1,326,708</b>	<b>20,262,842</b>

The financial information has been extracted from the interim unaudited condensed financial statements for the six months ended 30 June 2020.

SBM BANK (MAURITIUS) LTD

ABRIDGED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Unaudited Six months ended 30 June 2020	Unaudited Six months ended 30 June 2019	Audited Year ended 31 December 2019
	MUR' 000	MUR' 000	MUR' 000
Net cash (used in) / from operating activities	(17,891,660)	(9,302,473)	4,142,618
Net cash from financing activities	14,113,735	8,164,435	173,220
Net cash used in investing activities	(80,406)	(63,195)	(140,651)
Net change in cash and cash equivalents	(3,858,331)	(1,201,233)	4,175,187
Cash and cash equivalents at start of period / year	15,386,899	11,211,712	11,211,712
Cash and cash equivalents at end of period / year	11,528,568	10,010,479	15,386,899