

SBM BANK (MAURITIUS) LTD

SBM Bank (Mauritius) Ltd ('the Bank') presents its interim unaudited condensed financial statements for the nine months ended 30 September 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 220.97 billion from MUR 212.04 billion as at 31 December 2019, registering 4.21% 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 83.73 billion at 30 September 2020. The loan book also grew by MUR 441.05 million to reach MUR 99.74 billion as at 30 September 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 3.26 billion, from MUR 12.44 billion as at 31 December 2019 to MUR 15.70 billion as at 30 September 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 11.81 billion, or 7.19%. Total deposits of the Bank stood at MUR 176.08 billion as at 30 September 2020.

The results for the nine months ended September 2020 continue to demonstrate the Bank's strong fundamentals and robust performance as evidenced by the MUR 6.74 billion operating income registered for the current period against MUR 5.93 billion for the nine months ended September 2019. Profits realised on sale of investment securities during the nine months ended September 2020 was exceptionally higher at MUR 1.36 billion compared to MUR 322 million for nine months ended September 2019, contributing significantly to the operating income of the Bank. The Bank managed to maintain a similar level of Net Interest Income of MUR 4.24 billion despite the decrease in the key repo rate.

The Bank continues its rigorous cost containment drive as always. Non-interest expense witnessed a decrease of MUR 280.94 million for the period under review and the Bank managed to keep its Cost to Income ratio at 36.27% for nine months ended September 2020 compared to 45.90% for the nine months ended September 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 4,292 million (September 2019: MUR 3,210 million) before providing prudentially for expected credit losses as well as taxes resulting in recording a net profit of MUR 1,399 million for the nine months ended September 2020 against a profit of MUR 1,879 million for the nine months ended September 2019. Credit loss expense charged to profit or loss amounted to MUR 2,781 million for the nine months ended September 2020 against MUR 1,067 million for the nine months ended September 2019.

Capital

The Bank comfortably met the regulatory capital requirements for Domestic-Systemically Important banks. Shareholder's equity increased to MUR 20.14 billion as at 30 September 2020 from MUR 18.07 billion as at 31 December 2019. With a tier 1 capital base of MUR 16.15 billion, the capital adequacy ratio (CAR) stood at 16.38% and the tier 1 capital to risk weighed assets ratio moved to 14.70%. Return on equity for the nine months ended September 2020 stood at 9.78%.

By Order of the Board

11 November 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.

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

	Unaudited 30 September 2020	Unaudited 30 September 2019	Audited 31 December 2019
	MUR' 000	MUR' 000	MUR' 000
ASSETS			
Cash and cash equivalents	14,849,228	6,772,606	15,386,899
Mandatory balances with central bank	9,325,402	8,535,361	9,326,006
Loans to and placements with banks	6,335,356	5,697,494	7,471,474
Derivative financial instruments	690,060	1,402,566	783,603
Loans and advances to non-bank customers	99,743,881	101,120,949	99,302,829
Investment securities	83,728,372	65,447,436	73,456,719
Equity investments	3,411	3,411	3,411
Property, equipment and right-of-use assets	2,984,205	2,717,252	2,846,736
Intangible assets	2,250,925	2,647,812	2,526,156
Deferred tax assets	382,586	18,265	219,302
Other assets	672,152	846,167	714,259
Total assets	220,965,578	195,209,319	212,037,394
LIABILITIES			
Deposits from banks	1,066,158	1,309,456	929,357
Deposits from non-bank customers	175,014,993	147,313,496	173,258,702
Other borrowed funds	15,695,811	20,821,931	12,438,151
Derivative financial instruments	1,032,243	1,441,453	794,275
Current tax liabilities	7,462	486,862	311,351
Pension liability	96,086	82,760	334,005
Other liabilities	7,909,559	4,003,126	5,902,557
Total liabilities	200,822,312	175,459,084	193,968,398
SHAREHOLDER'S EQUITY			
Stated capital	400,000	400,000	400,000
Capital contribution	11,854,011	11,854,011	11,854,011
Retained earnings	5,239,072	5,768,214	3,804,163
Other reserves	2,650,183	1,728,010	2,010,822
Total equity	20,143,266	19,750,235	18,068,996
Total liabilities and equity	220,965,578	195,209,319	212,037,394

Approved by the Board of Directors and authorised for issue on 11 November 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 NINE MONTHS ENDED 30 SEPTEMBER 2020

	Unaudited Quarter ended 30 September 2020	Unaudited Quarter ended 30 September 2019	Unaudited Nine months ended 30 September 2020	Unaudited Nine months ended 30 September 2019	Audited Year ended 31 December 2019
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Interest income	1,572,543	1,931,436	5,177,026	5,755,484	7,688,851
Interest expense	(183,371)	(549,849)	(930,154)	(1,513,980)	(2,023,529)
Net interest income	1,389,172	1,381,587	4,246,872	4,241,504	5,665,322
Fee and commission income	286,940	274,511	806,043	852,420	1,206,321
Fee and commission expense	(9,259)	(10,388)	(27,399)	(24,369)	(31,716)
Net fee and commission income	277,681	264,123	778,644	828,051	1,174,605
Other income					
Profit arising from dealing in foreign currencies	98,673	122,891	298,207	456,115	534,430
Net gain from financial instruments	27,427	59,670	50,819	84,959	118,175
Net gain on sale of securities	328,144	107,392	1,359,934	322,294	626,674
Other operating income	850	-	850	800	884
	455,094	289,953	1,709,810	864,168	1,280,163
Non-interest income	732,775	554,076	2,488,454	1,692,219	2,454,768
Operating income	2,121,947	1,935,663	6,735,326	5,933,723	8,120,090
Personnel expenses	(383,206)	(426,488)	(1,120,530)	(1,244,437)	(1,719,592)
Depreciation of property, equipment and right-of-use assets	(47,738)	(48,834)	(138,424)	(143,945)	(193,062)
Amortisation of intangible assets	(108,288)	(106,014)	(322,433)	(362,227)	(474,547)
Other expenses	(244,177)	(252,332)	(733,010)	(751,612)	(1,072,553)
Bank levy	(42,842)	(82,707)	(128,526)	(221,640)	(171,368)
Non-interest expense	(826,251)	(916,375)	(2,442,923)	(2,723,861)	(3,631,122)
Profit before credit loss expense	1,295,696	1,019,288	4,292,403	3,209,862	4,488,968
Credit loss expense on financial assets & memorandum items	(879,042)	(420,311)	(2,781,113)	(1,067,131)	(3,606,666)
Profit before income tax	416,654	598,977	1,511,290	2,142,731	882,302
Tax expense	(74,558)	(51,734)	(112,162)	(263,290)	(331,810)
Profit for the period / year	342,096	547,243	1,399,128	1,879,441	550,492

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

SBM BANK (MAURITIUS) LTD
STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

	Unaudited Quarter ended 30 September 2020	Unaudited Quarter ended 30 September 2019	Unaudited Nine months ended 30 September 2020	Unaudited Nine months ended 30 September 2019	Audited Year ended 31 December 2019
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Profit for the period / year	342,096	547,243	1,399,128	1,879,441	550,492
Other comprehensive income :					
<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	-	-	-	-	118,393
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	-	-	-	-	14,271
	-	-	-	-	115,324
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Investment securities measured at FVTOCI (Debt instruments)					
Movement in fair value during the period / year	(148,698)	72,525	1,783,034	379,629	585,735
Fair value re-cycled on disposal	(298,622)	-	(1,104,294)	-	(224,380)
Credit loss movement on debt instruments held at FVTOCI	(14,352)	2,759	(3,598)	(9,030)	(6,370)
	(461,672)	75,284	675,142	370,599	354,985
Total other comprehensive (loss) / income	(461,672)	75,284	675,142	370,599	470,309
Total comprehensive income for the period / year	(119,576)	622,527	2,074,270	2,250,040	1,020,801

SBM BANK (MAURITIUS) LTD
STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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	-	-	1,879,441	-	-	-	1,879,441
Movement in credit loss expense relating to debt instruments held at FVTOCI	-	-	-	-	(9,030)	-	(9,030)
Other comprehensive income for the period	-	-	-	-	379,629	-	379,629
Total comprehensive income for the period	-	-	1,879,441	-	370,599	-	2,250,040
Capital contribution received during the period	-	900,000	-	-	-	-	900,000
Conversion of capital contribution to stated capital	90,000	(90,000)	-	-	-	-	-
Transfer to statutory reserve	-	-	(90,000)	90,000	-	-	-
Transfer to retained earnings	-	-	28,255	-	-	(28,255)	-
Dividend	-	-	(867,000)	-	-	-	(867,000)
At 30 September 2019	400,000	11,854,011	5,768,214	400,000	275,874	1,052,136	19,750,235
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)
At 31 December 2019	400,000	11,854,011	3,804,163	400,000	260,260	1,350,562	18,068,996
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	-	-	1,399,128	-	-	-	1,399,128
Movement in credit loss expense relating to debt instruments held at FVTOCI	-	-	-	-	(3,598)	-	(3,598)
Other comprehensive income for the period	-	-	-	-	678,740	-	678,740
Total comprehensive income for the period	-	-	1,399,128	-	675,142	-	2,074,270
Transfer to retained earnings	-	-	35,781	-	-	(35,781)	-
At 30 September 2020	400,000	11,854,011	5,239,072	400,000	935,402	1,314,781	20,143,266

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

SBM BANK (MAURITIUS) LTD

ABRIDGED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

	Unaudited Nine months ended 30 September 2020	Unaudited Nine months ended 30 September 2019	Audited Year ended 31 December 2019
	MUR' 000	MUR' 000	MUR' 000
Net cash (used in) / generated from operating activities	(3,661,983)	(13,108,464)	4,142,618
Net cash generated from financing activities	3,257,660	8,798,010	173,220
Net cash used in investing activities	(133,348)	(128,652)	(140,651)
Net change in cash and cash equivalents	(537,671)	(4,439,106)	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	14,849,228	6,772,606	15,386,899