

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

SBM Bank (Mauritius) Ltd ('the Bank') presents its abridged audited financial statements for the year ended 31 December 2020. The audited financial statements have been prepared in accordance with International Financial Reporting Standards and the Bank of Mauritius Guideline on Public Disclosure of Information.

### **Operating Results**

The Bank achieved a net profit of MUR 1.45 billion for the year 2020 compared to MUR 500 million (after prior year adjustment of MUR 50 million) for 2019 despite the challenging operating environment characterised by the high level of uncertainty following COVID-19 outbreak. This increase was mainly on account of a significant rise in the non-interest income from MUR 2.28 billion for the year 2019 to MUR 2.94 billion for the year 2020 driven by the Bank's treasury management operation which resulted in strong gains during the year.

The results for 2020 demonstrate the Bank's strong fundamentals and robust performance as evidenced by the MUR 8.67 billion operating income registered for the current year against MUR 8.07 billion for 2019. The Bank managed to maintain a similar level of net interest income of MUR 5.7 billion despite the decrease in the key repo rate. The Bank continued its rigorous cost containment drive resulting in a decrease of MUR 402.78 million in non-interest expense for the year under review. This led the Bank to keep its cost to income ratio at 35.27% for 2020 compared to 42.88% for 2019.

Throughout 2020, the Bank continued to ensure it is an important economic player supporting the SME, retail, and corporate segments in line with the various COVID related measures announced by the Bank of Mauritius. Management has also proactively reviewed the Bank's portfolios and taken adequate provisions in line with the accounting standards.

Total assets grew to MUR 229.28 billion from MUR 209.92 billion as at 31 December 2020, registering an increase of 9.22%. This growth 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 93.34 billion at 31 December 2020. The Bank continues to scale down its cross border risk appetite as a strategic risk containment measure. The loan book witnessed an increase of MUR 3.72 billion to reach MUR 110.79 billion as at 31 December 2020. The Bank's strategy in the short to medium term remains to raise cheaper sources of funding by increasing its deposits book and total deposits of the Bank stood at MUR 191.12 billion as at 31 December 2020.

### **Capital**

The Bank comfortably met the regulatory capital requirements for Domestic-Systemically Important Banks. Shareholder's equity increased to MUR 19.80 billion as at 31 December 2020 from MUR 18.07 billion as at 31 December 2019. With a tier 1 capital base of MUR 15.80 billion, the Capital Adequacy Ratio (CAR) stood at 15.94% and the tier 1 capital to risk weighted assets ratio moved to 14.28%. Return on equity for 2020 improved to 7.68% compared to 2.81% for 2019.

### **Economic Outlook**

Following unprecedented contraction rates in sectoral and macroeconomic output during 2020, 2021 is expected to be a year of recovery driven by widespread vaccination campaigns and phased opening of borders, albeit not yet to pre-pandemic levels as significant challenges remain to be dealt with.

In the wake of the resurgence of local cases of contamination of the novel coronavirus, authorities have extended measures to provide financial support to individual and corporate players in the economy. While this is expected to cushion the impact of the resurgence on the operating environment, interest rates, exchange rates and asset quality will likely remain pressured until recovery takes a firmer hold, which also depends on the recovery of the economies of our key trade partners. Against this background, the Bank remains focused to execute its revamped strategy around technology, innovation and customer service to better serve its customer needs and prepare for a potential recovery.

By Order of the Board

31 March 2021

Copies of the abridged audited 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).

**Independent auditor's report to the Shareholder of  
SBM Bank (Mauritius) Ltd**

**Opinion**

The summary financial statements, which comprise the statement of financial position as at 31 December 2020, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the abridged statement of cash flows for the year then ended, are extracted from the audited financial statements of SBM Bank (Mauritius) Ltd (the "Bank") for the year ended 31 December 2020.

In our opinion, the accompanying summary financial statements are consistent in all material respects, with the audited financial statements of the Bank which are prepared in accordance with International Financial Reporting Standards (IFRSs), and in compliance with the requirements of the Mauritius Companies Act 2001, the Financial Reporting Act 2004 and the Banking Act 2004.

**Summary financial statements**

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

**The audited financial statements and our report thereon**

We expressed an unmodified audit opinion on the audited financial statements in our report dated 31 March 2021. That report also includes the communication of key audit matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year.

**Responsibilities of Directors for the Summary Financial Statements**

The directors are responsible for the preparation of the summary financial statements, without reference to the detailed notes, extracted from the audited financial statements of the Bank for the year ended 31 December 2020. The audited financial statements have been prepared in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001, the Financial Reporting Act 2004 and the Banking Act 2004.

**Auditor's Responsibility**

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited 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*.

**Other Matter**

This report, including our opinion, has been prepared for and only for the Bank's shareholder in accordance with Section 34(6)(b)(ii) of the Banking Act 2004 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Deloitte  
Chartered Accountants**

31 March 2021

**SBM BANK (MAURITIUS) LTD**
**STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2020**

	31 December 2020	Restated 31 December 2019	Restated 31 December 2018
	MUR' 000	MUR' 000	MUR' 000
<b>ASSETS</b>			
Cash and cash equivalents	16,749,335	15,386,899	11,211,712
Mandatory balances with central banks	9,749,384	9,326,006	8,767,767
Loans to and placements with banks	3,130,387	5,174,088	9,256,411
Derivative financial instruments	774,785	889,301	897,514
Loans and advances to non-bank customers	99,350,937	99,302,829	94,296,051
Investment securities	93,338,046	73,460,130	50,937,720
Property and equipment	2,582,331	2,599,568	2,458,814
Right-of-use assets	255,603	247,168	-
Intangible assets	2,145,280	2,526,156	2,962,920
Deferred tax assets	497,123	219,302	-
Other assets	706,889	791,859	847,236
<b>Total assets</b>	<b>229,280,100</b>	<b>209,923,306</b>	<b>181,636,145</b>
<b>LIABILITIES</b>			
Deposits from banks	1,119,661	929,357	796,117
Deposits from non-bank customers	190,004,270	173,258,702	147,530,840
Other borrowed funds	11,085,951	10,140,215	9,216,441
Derivative financial instruments	1,165,271	1,000,972	960,873
Current tax liabilities	246,774	487,139	480,633
Deferred tax liabilities	-	-	163,996
Pension liability	724,082	334,005	173,055
Other liabilities	5,137,660	5,707,681	4,823,171
<b>Total liabilities</b>	<b>209,483,669</b>	<b>191,858,071</b>	<b>164,145,126</b>
<b>SHAREHOLDER'S EQUITY</b>			
Stated capital	400,000	400,000	310,000
Capital contribution	11,854,011	11,854,011	11,044,011
Retained earnings	4,595,878	3,777,262	4,841,342
Other reserves	2,946,542	2,033,962	1,295,666
<b>Total equity</b>	<b>19,796,431</b>	<b>18,065,235</b>	<b>17,491,019</b>
<b>Total liabilities and equity</b>	<b>229,280,100</b>	<b>209,923,306</b>	<b>181,636,145</b>

Approved by the Board of Directors and authorised for issue on 31 March 2021.

Jorge Stock  
Officer-in-Charge

Imalambaal Kichenin  
Chairperson, Audit Committee

Visvanaden Soondram  
Deputy Chairman

**SBM BANK (MAURITIUS) LTD**
**STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2020**

	31 December 2020	Restated 31 December 2019	Restated 31 December 2018
<b>Continuing Operations</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>
Interest income using the effective interest method	6,935,665	7,834,260	7,257,774
Other interest income	291,549	145,744	282,998
Interest expense using the effective interest method	(1,062,203)	(2,023,529)	(1,643,374)
Other interest expense	(434,831)	(163,906)	(267,674)
<b>Net interest income</b>	<b>5,730,180</b>	<b>5,792,569</b>	<b>5,629,724</b>
Fee and commission income	971,350	1,076,461	928,204
Fee and commission expense	(36,700)	(31,716)	(23,015)
<b>Net fee and commission income</b>	<b>934,650</b>	<b>1,044,745</b>	<b>905,189</b>
<b>Other income</b>			
Net trading income	784,090	1,025,589	1,474,396
Net gains/(losses) from financial assets at fair value through profit or loss	14,243	(20,528)	(7,356)
Net gains on derecognition of financial assets measured at amortised cost	-	-	4,728
Net gains on derecognition of financial assets measured at fair value through other comprehensive income	1,203,006	224,380	-
Other operating income	878	884	-
	<b>2,002,217</b>	<b>1,230,325</b>	<b>1,471,768</b>
<b>Non-interest income</b>	<b>2,936,867</b>	<b>2,275,070</b>	<b>2,376,957</b>
<b>Operating income</b>	<b>8,667,047</b>	<b>8,067,639</b>	<b>8,006,681</b>
Personnel expenses	(1,414,756)	(1,719,592)	(1,271,165)
Depreciation of property and equipment	(150,225)	(143,121)	(145,188)
Depreciation of right-of-use assets	(37,439)	(49,941)	-
Amortisation of intangible assets	(457,997)	(474,547)	(549,948)
Other expenses	(996,556)	(1,072,553)	(768,432)
<b>Non-interest expense</b>	<b>(3,056,973)</b>	<b>(3,459,754)</b>	<b>(2,734,733)</b>
<b>Profit before credit loss expense</b>	<b>5,610,074</b>	<b>4,607,885</b>	<b>5,271,948</b>
Credit loss expense on financial assets & memorandum items	(3,863,072)	(3,606,666)	(3,010,356)
<b>Profit before income tax</b>	<b>1,747,002</b>	<b>1,001,219</b>	<b>2,261,592</b>
Tax expense	(293,088)	(501,452)	(680,960)
<b>Profit for the year from continuing operations</b>	<b>1,453,914</b>	<b>499,767</b>	<b>1,580,632</b>
<b>Discontinued operations</b>			
Loss after tax for the year/period from discontinued operations	-	-	(221,374)
Loss on distribution of dividend in specie	-	-	(685,838)
	-	-	(907,212)
<b>Profit for the year</b>	<b>1,453,914</b>	<b>499,767</b>	<b>673,420</b>

**SBM BANK (MAURITIUS) LTD**
**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020**

	31 December 2020	Restated 31 December 2019	Restated 31 December 2018
	MUR' 000	MUR' 000	MUR' 000
<b>Profit for the year</b>	<b>1,453,914</b>	<b>499,767</b>	<b>673,420</b>
<b>Other comprehensive income :</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Increase in revaluation of property	754	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	(734,415)	(203,865)	(33,496)
Deferred tax on remeasurement of defined benefit pension plan	51,409	14,271	5,694
	<b>(682,252)</b>	<b>115,323</b>	<b>(27,802)</b>
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations	-	-	564,044
<i>Investment securities measured at FVTOCI (Debt instruments)</i>			
Movement in fair value during the year	2,162,065	608,876	(138,912)
Reclassification of (losses)/gains included in profit or loss on derecognition	(1,203,006)	(224,380)	1,491
Loss allowance relating to debt instruments held at FVTOCI	475	(6,370)	26,415
	<b>959,534</b>	<b>378,126</b>	<b>453,038</b>
Total other comprehensive income	<b>277,282</b>	<b>493,449</b>	<b>425,236</b>
<b>Total comprehensive income for the year</b>	<b>1,731,196</b>	<b>993,216</b>	<b>1,098,656</b>



**SBM BANK (MAURITIUS) LTD**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020**

	Stated capital	Capital contribution	Retained earnings	Statutory reserve	Fair value reserve on financial instruments recognised in OCI	Property revaluation reserve	Foreign currency translation reserve	Total equity
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
At 01 January 2018								
- As previously stated	310,000	9,063,106	7,605,450	530,390	16,281	1,180,889	(564,044)	18,142,072
- Prior year adjustments	-	-	(95,443)	-	-	-	-	(95,443)
- As restated	310,000	9,063,106	7,510,007	530,390	16,281	1,180,889	(564,044)	18,046,629
Profit for the year	-	-	673,420	-	-	-	-	673,420
Other comprehensive (loss)/income for the year	-	-	(27,802)	-	(111,006)	-	564,044	425,236
Total comprehensive income for the year	-	-	645,618	-	(111,006)	-	564,044	1,098,656
Capital contribution received during the year	-	1,980,905	-	-	-	-	-	1,980,905
Revaluation surplus realised on depreciation	-	-	37,690	-	-	(37,690)	-	-
Cash dividend	-	-	(1,100,500)	-	-	-	-	(1,100,500)
Distribution in specie leading to derecognition of foreign operations	-	-	(2,251,473)	(220,390)	-	(62,808)	-	(2,534,671)
<b>At 31 December 2018 (restated)</b>	<b>310,000</b>	<b>11,044,011</b>	<b>4,841,342</b>	<b>310,000</b>	<b>(94,725)</b>	<b>1,080,391</b>	<b>-</b>	<b>17,491,019</b>
At 01 January 2019 (restated)	310,000	11,044,011	4,841,342	310,000	(94,725)	1,080,391	-	17,491,019
Profit for the year	-	-	499,767	-	-	-	-	499,767
Other comprehensive (loss)/income for the year	-	-	(197,517)	-	378,126	312,840	-	493,449
Total comprehensive income for the year	-	-	302,250	-	378,126	312,840	-	993,216
Capital contribution received during the year	-	900,000	-	-	-	-	-	900,000
Conversion of capital contribution	90,000	(90,000)	-	-	-	-	-	-
Revaluation surplus realised on depreciation	-	-	42,670	-	-	(42,670)	-	-
Transfer to statutory reserve	-	-	(90,000)	90,000	-	-	-	-
Cash dividend	-	-	(1,319,000)	-	-	-	-	(1,319,000)
<b>At 31 December 2019 (restated)</b>	<b>400,000</b>	<b>11,854,011</b>	<b>3,777,262</b>	<b>400,000</b>	<b>283,401</b>	<b>1,350,561</b>	<b>-</b>	<b>18,065,235</b>
At 01 January 2020 (restated)	400,000	11,854,011	3,777,262	400,000	283,401	1,350,561	-	18,065,235
Profit for the year	-	-	1,453,914	-	-	-	-	1,453,914
Other comprehensive income for the year	-	-	(683,006)	-	959,534	754	-	277,282
Total comprehensive income for the year	-	-	770,908	-	959,534	754	-	1,731,196
Revaluation surplus realised on depreciation	-	-	47,708	-	-	(47,708)	-	-
<b>At 31 December 2020</b>	<b>400,000</b>	<b>11,854,011</b>	<b>4,595,878</b>	<b>400,000</b>	<b>1,242,935</b>	<b>1,303,607</b>	<b>-</b>	<b>19,796,431</b>

The financial information has been extracted from the audited financial statements for the year ended 31 December 2020.

SBM BANK (MAURITIUS) LTD

ABRIDGED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Year ended 31 December 2020	Restated Year ended 31 December 2019	Restated Year ended 31 December 2018
	MUR' 000	MUR' 000	MUR' 000
Net cash generated from / (used in) operating activities	697,914	3,883,054	(4,005,045)
Net cash used in Investing activities	(214,986)	(140,651)	(371,002)
Net cash from financing activities	879,508	432,784	1,766,082
Net change in cash and cash equivalents	1,362,436	4,175,187	(2,609,965)
Net foreign exchange difference	-	-	(71,792)
Cash transfer upon distribution in specie of the Indian Operations	-	-	(1,727,309)
Cash and cash equivalents at start of year	15,386,899	11,211,712	15,620,778
Cash and cash equivalents at end of year	16,749,335	15,386,899	11,211,712