

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

SBM Bank (Mauritius) Ltd ('the Bank') is pleased to present its abridged unaudited financial statements for the quarter ended 31 March 2021.

The interim unaudited 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 adopted in the audited financial statements for the year ended 31 December 2020, except for the adoption of all the new standards and interpretations which are effective as from 01 January 2021. Where necessary, the figures for the quarter ended 31 March 2020 are restated or reclassified to conform with changes in presentation or in accounting policies applied in the audited financial statements 31 December 2020.

### **Operating Results**

The Bank achieved a higher net profit of MUR 724.92 million for the first quarter of 2021 compared to MUR 592.30 million for quarter March 2020 despite the challenging operating environment characterised by the high level of uncertainty following COVID-19 outbreak.

This increase can be attributed to a mixed performance in the revenue and cost lines. Overall, operating income decreased by MUR 10 million as the Bank experienced the full impact of the decrease in key repo rate, prime lending rate and LIBOR on its operating results for the quarter March 2021 compared to quarter March 2020. This resulted in a drop of MUR 168.29 million in net interest income but is offset by an increase of MUR 158.28 million in non-interest income driven by a higher net trading income and higher gains from financial assets measured at fair value through profit or loss.

A significantly lower impairment charge of MUR 390.13 million for the quarter ended 31 March 2021, from MUR 864.46 million for the quarter ended 31 March 2020 evidences the fact that the historical problem loans have been largely addressed and/or provisioned.

On the non-interest expenses side, the higher personnel costs is the result of the Bank's continued efforts to invest in its human capital as it thrives to remain an Employer of Choice. Higher amortisation charges on the IT systems were recognised during the quarter March 2021 as the Bank gears up towards its transformation project. These were the main drivers for the higher non-interest expense of MUR 985.43 million for quarter March 2021 compared to MUR 772.42 million for March 2020.

Total assets grew to MUR 232.03 billion as at 31 March 2021 from MUR 229.28 billion as at 31 December 2020, registering an increase of MUR 2.75 billion or 1.20%. This growth was mainly on account of maintaining a higher portfolio of investment securities at the reporting date from MUR 93.34 billion as at 31 December 2020 to MUR 97.59 billion at 31 March 2021 whilst net loans and advances dropped by MUR 416.96 million, to reach MUR 98.93 billion at March 2021. The Bank's strategy in the short to medium term remains to raise cheaper sources of funding by increasing its deposits book which stood at MUR 193.05 billion at 31 March 2021 compared to 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 20.14 billion as at 31 March 2021 from MUR 19.80 billion as at 31 December 2020. With a tier 1 capital base of MUR 16.32 billion, the Capital Adequacy Ratio (CAR) stood at 16.30% and the tier 1 capital to risk weighted assets ratio moved to 14.65%. Return on equity for the first quarter of 2021 improved to 14.72% compared to 7.68% for FY2020.

### **Economic Outlook**

The Mauritian economy is expected to recover during 2021. The easing of the lockdown measures as from May 2021, roll out of the vaccination campaign and phase reopening of our boundaries will be beneficial to economic operators.

For the forthcoming quarters, while continuing to monitor the impact of the economic situation on its activities, the Bank remains focused to execute its revamped strategy around technology, innovation and customer service and prepare for a potential recovery.

By Order of the Board

07 May 2021

Copies of the abridged interim unaudited 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**
**INTERIM UNAUDITED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2021**

	Unaudited 31 March 2021	Unaudited 31 March 2020	Audited 31 December 2020
	MUR' 000	MUR' 000	MUR' 000
<b>ASSETS</b>			
Cash and cash equivalents	16,085,857	19,981,536	16,749,335
Mandatory balances with central bank	9,680,373	9,129,006	9,749,384
Loans to and placements with banks	3,150,637	6,425,575	3,130,387
Derivative financial instruments	612,468	2,301,424	774,785
Loans and advances to non-bank customers	98,933,976	101,784,007	99,350,937
Investment securities	97,588,395	70,930,400	93,338,046
Property and equipment	2,571,712	2,572,994	2,582,331
Right-of-use assets	241,461	242,512	255,603
Intangible assets	1,984,620	2,462,854	2,145,280
Deferred tax assets	455,252	275,514	497,123
Other assets	730,239	705,864	706,889
<b>Total assets</b>	<b>232,034,990</b>	<b>216,811,686</b>	<b>229,280,100</b>
<b>LIABILITIES</b>			
Deposits from banks	1,140,767	976,695	1,119,661
Deposits from non-bank customers	191,905,350	166,183,022	190,004,270
Other borrowed funds	9,285,839	22,737,775	11,085,951
Derivative financial instruments	1,349,117	2,329,615	1,165,271
Lease liabilities	218,556	222,761	233,590
Current tax liabilities	308,883	612,916	246,774
Pension liabilities	724,441	330,358	724,082
Other liabilities	6,966,181	4,852,089	4,904,070
<b>Total liabilities</b>	<b>211,899,134</b>	<b>198,245,231</b>	<b>209,483,669</b>
<b>SHAREHOLDER'S EQUITY</b>			
Stated capital	400,000	400,000	400,000
Capital contribution	11,854,011	11,854,011	11,854,011
Retained earnings	5,332,721	4,381,485	4,595,878
Other reserves	2,549,124	1,930,959	2,946,542
<b>Total equity</b>	<b>20,135,856</b>	<b>18,566,455</b>	<b>19,796,431</b>
<b>Total liabilities and equity</b>	<b>232,034,990</b>	<b>216,811,686</b>	<b>229,280,100</b>

Approved by the Board of Directors and authorised for issue on 07 May 2021.

Jorge Stock  
Officer-in-Charge

Imalambaal Kichenin  
Chairperson, Audit Committee

Visvanaden Soondram  
Deputy Chairman

**SBM BANK (MAURITIUS) LTD**  
**INTERIM UNAUDITED STATEMENT OF PROFIT OR LOSS FOR THE QUARTER ENDED 31 MARCH 2021**

	Unaudited 31 March 2021	Unaudited 31 March 2020	Audited 31 December 2020
	MUR' 000	MUR' 000	MUR' 000
Interest income using the effective interest method	1,545,690	1,998,847	6,935,665
Other interest income	70,578	63,916	291,549
Interest expense using the effective interest method	(137,006)	(471,725)	(1,062,203)
Other interest expense	(136,470)	(79,960)	(434,831)
<b>Net interest income</b>	<b>1,342,792</b>	<b>1,511,078</b>	<b>5,730,180</b>
Fee and commission income	301,892	255,817	971,350
Fee and commission expense	(14,964)	(8,576)	(36,700)
<b>Net fee and commission income</b>	<b>286,928</b>	<b>247,241</b>	<b>934,650</b>
<b>Other income</b>			
Net trading income	347,993	279,666	827,551
Net gains/(losses) from financial assets at fair value through profit or loss	15,257	(29,459)	(29,218)
Net gains on derecognition of financial assets measured at fair value through other comprehensive income	288,184	290,333	1,203,006
Other operating income	7,700	-	878
	<b>659,134</b>	<b>540,540</b>	<b>2,002,217</b>
<b>Non-interest income</b>	<b>946,062</b>	<b>787,781</b>	<b>2,936,867</b>
<b>Operating income</b>	<b>2,288,854</b>	<b>2,298,859</b>	<b>8,667,047</b>
Personnel expenses	(449,252)	(354,553)	(1,414,756)
Depreciation of property and equipment	(36,615)	(35,268)	(150,225)
Depreciation of right-of-use assets	(15,666)	(4,655)	(37,439)
Amortisation of intangible assets	(176,873)	(106,723)	(457,997)
Other expenses	(307,028)	(271,222)	(996,556)
<b>Non-interest expense</b>	<b>(985,434)</b>	<b>(772,421)</b>	<b>(3,056,973)</b>
<b>Profit before credit loss expense</b>	<b>1,303,420</b>	<b>1,526,438</b>	<b>5,610,074</b>
Credit loss expense on financial assets and memorandum items	(474,330)	(864,463)	(3,863,072)
<b>Profit before income tax</b>	<b>829,090</b>	<b>661,975</b>	<b>1,747,002</b>
Tax expense	(104,174)	(69,679)	(293,088)
<b>Profit for the quarter / year</b>	<b>724,916</b>	<b>592,296</b>	<b>1,453,914</b>

SBM BANK (MAURITIUS) LTD  
 INTERIM UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH  
 2021

	Unaudited 31 March 2021	Unaudited 31 March 2020	Audited 31 December 2020
	MUR' 000	MUR' 000	MUR' 000
Profit for the quarter / year	724,916	592,296	1,453,914
Other comprehensive income :			
<i>Items that will not be reclassified to profit or loss:</i>			
Increase in revaluation of property	-	-	754
Remeasurement of defined benefit pension plan	-	-	(734,415)
Deferred tax on remeasurement of defined benefit pension plan	-	-	51,409
Revaluation gains on equity instruments measured at FVTOCI	-	-	997
	-	-	(681,255)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Movement in fair value during the quarter / year	(130,680)	214,606	2,161,068
Reclassification of gains included in profit or loss on derecognition	(288,184)	(290,333)	(1,203,006)
Loss allowance relating to debt instruments held at FVTOCI	33,373	(15,349)	475
	(385,491)	(91,076)	958,537
Total other comprehensive (loss) / income	(385,491)	(91,076)	277,282
Total comprehensive income for the quarter/ year	339,425	501,220	1,731,196

**SBM BANK (MAURITIUS) LTD**  
**INTERIM UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 MARCH 2021**

	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 2020	400,000	11,854,011	3,777,262	400,000	283,401	1,350,561	18,065,235
Profit for the quarter	-	-	592,296	-	-	-	592,296
Other comprehensive income for the quarter	-	-	-	-	(91,076)	-	(91,076)
Total comprehensive income for the quarter	-	-	592,296	-	(91,076)	-	501,220
Revaluation surplus realised on depreciation	-	-	11,927	-	-	(11,927)	-
<b>At 31 March 2020</b>	<b>400,000</b>	<b>11,854,011</b>	<b>4,381,485</b>	<b>400,000</b>	<b>192,325</b>	<b>1,338,634</b>	<b>18,566,455</b>
At 01 January 2020	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>19,796,431</b>
At 01 January 2021	400,000	11,854,011	4,595,878	400,000	1,242,935	1,303,607	19,796,431
Profit for the quarter	-	-	724,916	-	-	-	724,916
Other comprehensive income for the quarter	-	-	-	-	(385,491)	-	(385,491)
Total comprehensive income for the quarter	-	-	724,916	-	(385,491)	-	339,425
Revaluation surplus realised on depreciation	-	-	11,927	-	-	(11,927)	-
<b>At 31 March 2021</b>	<b>400,000</b>	<b>11,854,011</b>	<b>5,332,721</b>	<b>400,000</b>	<b>857,444</b>	<b>1,291,680</b>	<b>20,135,856</b>

The financial information has been extracted from the interim unaudited financial statements for the quarter ended 31 March 2021.

SBM BANK (MAURITIUS) LTD

INTERIM UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 31 MARCH 2021

	Unaudited Quarter ended 31 March 2021	Unaudited Quarter ended 31 March 2020	Audited Year ended 31 December 2020
	MUR' 000	MUR' 000	MUR' 000
Net cash generated from / (used in) operating activities	1,178,637	(8,255,694)	695,238
Net cash (used in) / generated from financing activities	(1,800,112)	12,901,539	(214,990)
Net cash (used in) / generated from investing activities	(42,209)	(52,113)	879,510
Net change in cash and cash equivalents	(663,684)	4,593,732	1,359,758
Expected credit loss on cash and cash equivalents	206	905	2,678
Cash and cash equivalents at start of quarter / year	16,749,335	15,386,899	15,386,899
Cash and cash equivalents at end of quarter / year	16,085,857	19,981,536	16,749,335