

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

SBM Bank (Mauritius) Ltd ('the Bank') is pleased to present its abridged interim unaudited condensed financial statements for the six months ended 30 June 2021.

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 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 six months ended 30 June 2020 are restated or reclassified to conform to 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 1,167.44 million for the first half of 2021 compared to MUR 1,031.41 million for the six months ended 30 June 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 142.75 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 six months ended 30 June 2021 compared to the same period of 2020. This resulted in a drop of MUR 187.46 million in net interest income but is offset by an increase of MUR 44.71 million in non-interest income driven by a higher net trading income on account of higher profits from dealings in foreign currencies and higher gains from financial assets measured at fair value through profit or loss.

Impairment charge is significantly lower by MUR 752.65 million for the six months ended 30 June 2021 compared to MUR 1,902.07 million for the six months ended 30 June 2020, evidences the fact that the Bank has successfully addressed its exposure to problem loans.

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 first half of 2021 as the Bank gears up towards its transformation project. These were the main drivers for the higher non-interest expense of MUR 1,950.87 million for the six months ended 30 June 2021 compared to MUR 1,530.99 million for the six months ended 30 June 2020.

Total assets grew to MUR 251.22 billion as at 30 June 2021 from MUR 229.28 billion as at 31 December 2020, registering an increase of MUR 21.94 billion or 9.57%. 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 108.70 billion at 30 June 2021 whilst net loans and advances dropped by MUR 2.65 billion, to reach MUR 96.70 billion as at 30 June 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 216.07 billion at 30 June 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 decreased to MUR 19.36 billion as at 30 June 2021 from MUR 19.80 billion as at 31 December 2020 following dividend payment of MUR 400 million during the current period. With a tier 1 capital base of MUR 15.69 billion, the Capital Adequacy Ratio (CAR) stood at 16.06% and the tier 1 capital to risk weighted assets ratio moved to 14.40%. Return on equity for the first half of 2021 improved to 12.03% compared to 7.68% for FY2020.

### **Economic Outlook**

Globally, strong policy support, successful vaccine rollout and gradual lifting up of lockdown conditions are leading to an improvement in economic activity, although the COVID-19 pandemic continues to dominate the international landscape.

Locally, on-going recovery is being observed in economic sectors such as agriculture, construction and distributive trade. The outlook for underperforming sectors such as tourism and export-oriented sectors has been enhanced with the opening of the country's borders and the progress for the exit of Mauritius from the FATF grey list.

The Bank continues to monitor the evolution of the operating environment and stands prepared to re-engineer its strategic orientations to better capture opportunities posed by a potential recovery ahead.

By Order of the Board

10 August 2021

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**
**INTERIM UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021**

	Unaudited 30 June 2021	Unaudited 30 June 2020	Audited 31 December 2020
	MUR' 000	MUR' 000	MUR' 000
<b>ASSETS</b>			
Cash and cash equivalents	26,870,995	11,528,568	16,749,335
Mandatory balances with central bank	10,377,223	9,790,213	9,749,384
Loans to and placements with banks	1,941,829	4,747,772	3,130,387
Derivative financial instruments	681,531	1,138,024	774,785
Loans and advances to non-bank customers	96,702,199	102,510,316	99,350,937
Investment securities	108,698,398	89,273,719	93,338,046
Property and equipment	2,680,518	2,568,063	2,582,331
Right-of-use assets	225,806	228,546	255,603
Intangible assets	1,837,010	2,351,859	2,145,280
Deferred tax assets	471,370	344,109	497,123
Other assets	735,582	792,546	706,889
<b>Total assets</b>	<b>251,222,461</b>	<b>225,273,735</b>	<b>229,280,100</b>
<b>LIABILITIES</b>			
Deposits from banks	1,061,446	907,458	1,119,661
Deposits from non-bank customers	215,011,890	172,757,160	190,004,270
Other borrowed funds	7,661,497	23,884,984	11,085,951
Derivative financial instruments	776,043	1,220,261	1,165,271
Lease liabilities	202,025	209,888	233,590
Current tax liabilities	149,275	166,899	246,774
Pension liabilities	724,840	333,605	724,082
Other liabilities	6,277,990	5,566,867	4,904,070
<b>Total liabilities</b>	<b>231,865,006</b>	<b>205,047,122</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	5,387,174	4,832,530	4,595,878
Other reserves	1,716,270	3,140,072	2,946,542
<b>Total equity</b>	<b>19,357,455</b>	<b>20,226,613</b>	<b>19,796,431</b>
<b>Total liabilities and equity</b>	<b>251,222,461</b>	<b>225,273,735</b>	<b>229,280,100</b>

Approved by the Board of Directors and authorised for issue on 10 August 2021.

Anoop Kumar Nilamber  
Chief Executive

Imalambaal Kichenin  
Chairperson, Audit Committee

Visvanaden Soondram  
Deputy Chairman

*The financial information has been extracted from the interim unaudited condensed financial statements for the six months ended 30 June 2021.*

**SBM BANK (MAURITIUS) LTD**  
**INTERIM UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2021**

	Unaudited Quarter ended 30 June 2021	Unaudited Quarter ended 30 June 2020	Unaudited Six months ended 30 June 2021	Unaudited Six months ended 30 June 2020	Audited Year ended 31 December 2020
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Interest income using the effective interest method	1,587,398	1,739,104	3,133,088	3,737,951	6,935,665
Other interest income	61,712	57,999	132,290	121,915	291,549
Interest expense using the effective interest method	(133,717)	(275,058)	(270,723)	(746,783)	(1,062,203)
Other interest expense	(118,007)	(105,486)	(254,477)	(185,446)	(434,831)
<b>Net interest income</b>	<b>1,397,386</b>	<b>1,416,559</b>	<b>2,740,178</b>	<b>2,927,637</b>	<b>5,730,180</b>
Fee and commission income	243,790	210,218	545,682	466,035	971,350
Fee and commission expense	(13,050)	(9,564)	(28,014)	(18,140)	(36,700)
<b>Net fee and commission income</b>	<b>230,740</b>	<b>200,654</b>	<b>517,668</b>	<b>447,895</b>	<b>934,650</b>
<b>Other income</b>					
Net trading income	312,854	169,979	660,847	449,645	827,551
Net gains/(losses) from financial assets at fair value through profit or loss	22,190	(15,318)	37,447	(44,777)	(29,218)
Net gains on derecognition of financial assets measured at fair value through other comprehensive income	183,582	515,320	471,766	805,653	1,203,006
Other operating income	7,700	-	15,400	-	878
	<b>526,326</b>	<b>669,981</b>	<b>1,185,460</b>	<b>1,210,521</b>	<b>2,002,217</b>
<b>Non-interest income</b>	<b>757,066</b>	<b>870,635</b>	<b>1,703,128</b>	<b>1,658,416</b>	<b>2,936,867</b>
<b>Operating income</b>	<b>2,154,452</b>	<b>2,287,194</b>	<b>4,443,306</b>	<b>4,586,053</b>	<b>8,667,047</b>
Personnel expenses	(392,155)	(382,771)	(841,407)	(737,324)	(1,414,756)
Depreciation of property and equipment	(36,872)	(36,798)	(73,487)	(72,066)	(150,225)
Depreciation of right-of-use assets	(15,656)	(13,966)	(31,322)	(18,621)	(37,439)
Amortisation of intangible assets	(180,864)	(107,422)	(357,737)	(214,145)	(457,997)
Other expenses	(339,889)	(217,611)	(646,917)	(488,833)	(996,556)
<b>Non-interest expense</b>	<b>(965,436)</b>	<b>(758,568)</b>	<b>(1,950,870)</b>	<b>(1,530,989)</b>	<b>(3,056,973)</b>
<b>Profit before credit loss expense</b>	<b>1,189,016</b>	<b>1,528,626</b>	<b>2,492,436</b>	<b>3,055,064</b>	<b>5,610,074</b>
Credit loss expense on financial assets and memorandum items	(675,090)	(1,037,608)	(1,149,420)	(1,902,071)	(3,863,072)
<b>Profit before income tax</b>	<b>513,926</b>	<b>491,018</b>	<b>1,343,016</b>	<b>1,152,993</b>	<b>1,747,002</b>
Tax expense	(71,400)	(51,900)	(175,574)	(121,579)	(293,088)
<b>Profit for the quarter / period / year</b>	<b>442,526</b>	<b>439,118</b>	<b>1,167,442</b>	<b>1,031,414</b>	<b>1,453,914</b>

The financial information has been extracted from the interim unaudited condensed financial statements for the six months ended 30 June 2021.

**SBM BANK (MAURITIUS) LTD**  
**INTERIM UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS**  
**ENDED 30 JUNE 2021**

	Unaudited Quarter ended 30 June 2021	Unaudited Quarter ended 30 June 2020	Unaudited Six months ended 30 June 2021	Unaudited Six months ended 30 June 2020	Audited Year ended 31 December 2020
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Profit for the quarter / period / year	442,526	439,118	1,167,442	1,031,414	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	404	-	404	-	997
	<b>404</b>	<b>-</b>	<b>404</b>	<b>-</b>	<b>(681,255)</b>
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Movement in fair value during the quarter / period / year	(634,809)	1,710,276	(765,489)	1,924,882	2,161,068
Reclassification of gains included in profit or loss on derecognition	(183,582)	(515,339)	(471,766)	(805,672)	(1,203,006)
Loss allowance relating to debt instruments held at FVTOCI	(2,940)	26,103	30,433	10,754	475
	<b>(821,331)</b>	<b>1,221,040</b>	<b>(1,206,822)</b>	<b>1,129,964</b>	<b>958,537</b>
Total other comprehensive (loss) / income	<b>(820,927)</b>	<b>1,221,040</b>	<b>(1,206,418)</b>	<b>1,129,964</b>	<b>277,282</b>
Total comprehensive (loss) / income for the quarter/ period / year	<b>(378,401)</b>	<b>1,660,158</b>	<b>(38,976)</b>	<b>2,161,378</b>	<b>1,731,196</b>

**SBM BANK (MAURITIUS) LTD**
**INTERIM UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 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 period	-	-	1,031,414	-	-	-	1,031,414
Other comprehensive income for the period	-	-	-	-	1,129,964	-	1,129,964
Total comprehensive income for the period	-	-	1,031,414	-	1,129,964	-	2,161,378
Revaluation surplus realised on depreciation	-	-	23,854	-	-	(23,854)	-
<b>At 30 June 2020</b>	<b>400,000</b>	<b>11,854,011</b>	<b>4,832,530</b>	<b>400,000</b>	<b>1,413,365</b>	<b>1,326,707</b>	<b>20,226,613</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 period	-	-	1,167,442	-	-	-	1,167,442
Other comprehensive income for the period	-	-	-	-	(1,206,418)	-	(1,206,418)
Total comprehensive income for the period	-	-	1,167,442	-	(1,206,418)	-	(38,976)
Revaluation surplus realised on depreciation	-	-	23,854	-	-	(23,854)	-
Dividend	-	-	(400,000)	-	-	-	(400,000)
<b>At 30 June 2021</b>	<b>400,000</b>	<b>11,854,011</b>	<b>5,387,174</b>	<b>400,000</b>	<b>36,517</b>	<b>1,279,753</b>	<b>19,357,455</b>

The financial information has been extracted from the interim unaudited condensed financial statements for the six months ended 30 June 2021.

SBM BANK (MAURITIUS) LTD

INTERIM UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Unaudited Six months ended 30 June 2021	Unaudited Six months ended 30 June 2020	Audited Year ended 31 December 2020
	MUR' 000	MUR' 000	MUR' 000
Net cash generated from / (used in) operating activities	14,123,240	(17,891,660)	695,238
Net cash (used in) / generated from financing activities	(3,824,453)	14,113,735	(214,990)
Net cash (used in) / generated from investing activities	(177,510)	(80,406)	879,510
Net change in cash and cash equivalents	10,121,277	(3,858,331)	1,359,758
Expected credit loss on cash and cash equivalents	383	-	2,678
Cash and cash equivalents at start of period / year	16,749,335	15,386,899	15,386,899
Cash and cash equivalents at end of period / year	26,870,995	11,528,568	16,749,335