

SBM BANK (MAURITIUS) LTD

SBM Bank (Mauritius) Ltd ('the Bank') is pleased to present its abridged interim unaudited condensed financial statements for the nine months ended 30 September 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 nine months ended 30 September 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 1,592.72 million for the nine months period of 2021 compared to MUR 1,427.78 million for the nine months ended 30 September 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 275.38 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 nine months ended 30 September 2021 compared to the same period of 2020. This resulted in a drop of MUR 162.33 million in net interest income. Operating income was further impacted by a lower non-interest income of MUR 113.05 million driven by lower gains from financial assets measured at fair value through other comprehensive income for the current nine months period.

Impairment charge is significantly lower by MUR 1,054.19 million for the nine months ended 30 September 2021 compared to MUR 2,781.11 million for the nine months ended 30 September 2020. This lends support that the Bank's commitment to address exposure to problem loans is bearing positive results.

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 current nine months of FY2021 as the Bank gears up towards its transformation project. These were the main drivers for the higher non-interest expense of MUR 2,845.61 million for the nine months ended 30 September 2021 compared to MUR 2,314.40 million for the nine months ended 30 September 2020.

Total assets grew to MUR 264.49 billion as at 30 September 2021 from MUR 229.28 billion as at 31 December 2020, registering an increase of MUR 35.21 billion or 15.36%. 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 111.67 billion at 30 September 2021 whilst net loans and advances dropped by MUR 1.45 billion, to reach MUR 97.90 billion as at 30 September 2021 as a result of the Bank's conscious decision to exit risky positions. 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 229.09 billion at 30 September 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 marginally to MUR 19.94 billion as at 30 September 2021 from MUR 19.80 billion as at 31 December 2020 following payment of MUR 400 million of dividend to its immediate parent. With a tier 1 capital base of MUR 16.34 billion, the Capital Adequacy Ratio (CAR) stood at 16.48% and the tier 1 capital to risk weighted assets ratio moved to 14.83%. Return on equity for the nine months of FY2021 improved to 10.72% compared to 7.68% for FY2020.

Economic Outlook

Global recovery is maintaining its course, but the momentum weakened lately on the back of pandemic outbreaks and supply-side disruptions. In Mauritius, real GDP growth returned into positive territory after five consecutive quarters of contraction. Whereas challenges subsist, there are increasing signs of an economic upturn, amidst progress in vaccination, reopening of borders and firming up of external demand. Besides, the exit of Mauritius from the FATF list of jurisdictions under increased monitoring should support the financial sector and capital flows into the country.

While coping with unsteady economic conditions in some areas, the Bank will maintain the disciplined execution of its strategic intents in view of the improving context. To tap into emerging growth opportunities, the Bank will improve its value proposition, backed by innovation and technological adoption. It will further strengthen its operating model and risk management framework to promote its financial soundness.

By Order of the Board

09 November 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.

SBM BANK (MAURITIUS) LTD
INTERIM UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2021

	Unaudited 30 September 2021	Unaudited 30 September 2020	Audited 31 December 2020
	MUR' 000	MUR' 000	MUR' 000
ASSETS			
Cash and cash equivalents	35,687,851	14,849,228	16,749,335
Mandatory balances with central bank	10,896,143	9,325,402	9,749,384
Loans to and placements with banks	1,917,808	4,264,284	3,130,387
Derivative financial instruments	565,642	736,956	774,785
Loans and advances to non-bank customers	97,897,804	99,743,881	99,350,937
Investment securities	111,674,544	83,731,783	93,338,046
Property and equipment	2,755,286	2,578,306	2,582,331
Right-of-use assets	221,199	405,899	255,603
Intangible assets	1,668,765	2,250,925	2,145,280
Deferred tax assets	479,688	382,586	497,123
Other assets	730,634	712,600	706,889
Total assets	264,495,364	218,981,850	229,280,100
LIABILITIES			
Deposits from banks	1,290,411	1,066,158	1,119,661
Deposits from non-bank customers	227,800,114	175,014,993	190,004,270
Other borrowed funds	6,297,009	13,621,376	11,085,951
Derivative financial instruments	639,448	1,124,085	1,165,271
Lease liabilities	195,129	387,501	233,590
Current tax liabilities	218,089	140,543	246,774
Pension liabilities	724,809	96,086	724,082
Other liabilities	7,392,195	7,389,050	4,904,070
Total liabilities	244,557,204	198,839,792	209,483,669
SHAREHOLDER'S EQUITY			
Stated capital	400,000	400,000	400,000
Capital contribution	11,854,011	11,854,011	11,854,011
Retained earnings	5,824,374	5,240,820	4,595,878
Other reserves	1,859,775	2,647,227	2,946,542
Total equity	19,938,160	20,142,058	19,796,431
Total liabilities and equity	264,495,364	218,981,850	229,280,100

Approved by the Board of Directors and authorised for issue on 09 November 2021.

Anoop Kumar Nilamber
Chief Executive

Imalambaal Kichenin
Chairperson, Audit Committee

Visvanaden Soondram
Chairman

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

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

	Unaudited Quarter ended 30 September 2021	Unaudited Quarter ended 30 September 2020	Unaudited Nine months ended 30 September 2021	Unaudited Nine months ended 30 September 2020	Audited Year ended 31 December 2020
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Interest income using the effective interest method	1,629,954	1,630,041	4,763,042	5,367,992	6,935,665
Other interest income	44,106	88,835	176,396	210,750	291,549
Interest expense using the effective interest method	(141,788)	(183,371)	(412,511)	(930,154)	(1,062,203)
Other interest expense	(86,711)	(115,075)	(341,188)	(300,521)	(434,831)
Net interest income	1,445,561	1,420,430	4,185,739	4,348,067	5,730,180
Fee and commission income	269,332	257,951	815,014	723,986	971,350
Fee and commission expense	(9,445)	(9,259)	(37,459)	(27,399)	(36,700)
Net fee and commission income	259,887	248,692	777,555	696,587	934,650
Other income					
Net trading income	79,031	186,708	739,878	636,353	827,551
Net gains/(losses) from financial assets at fair value through profit or loss	161,312	22,752	198,759	(22,025)	(29,218)
Net gains on derecognition of financial assets measured at fair value through other comprehensive income	91,936	298,624	563,702	1,104,277	1,203,006
Other operating income	7,700	850	23,100	850	878
	339,979	508,934	1,525,439	1,719,455	2,002,217
Non-interest income	599,866	757,626	2,302,994	2,416,042	2,936,867
Operating income	2,045,427	2,178,056	6,488,733	6,764,109	8,667,047
Personnel expenses	(395,696)	(383,206)	(1,237,103)	(1,120,530)	(1,414,756)
Depreciation of property and equipment	(36,835)	(41,680)	(110,322)	(113,746)	(150,225)
Depreciation of right-of-use assets	(16,006)	(6,057)	(47,328)	(24,678)	(37,439)
Amortisation of intangible assets	(182,921)	(108,288)	(540,658)	(322,433)	(457,997)
Other expenses	(263,282)	(244,177)	(910,199)	(733,010)	(996,556)
Non-interest expense	(894,740)	(783,408)	(2,845,610)	(2,314,397)	(3,056,973)
Profit before credit loss expense	1,150,687	1,394,648	3,643,123	4,449,712	5,610,074
Credit loss expense on financial assets and memorandum items	(577,499)	(879,042)	(1,726,919)	(2,781,113)	(3,863,072)
Profit before income tax	573,188	515,606	1,916,204	1,668,599	1,747,002
Tax expense	(147,915)	(119,243)	(323,489)	(240,822)	(293,088)
Profit for the quarter / period / year	425,273	396,363	1,592,715	1,427,777	1,453,914

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

SBM BANK (MAURITIUS) LTD
INTERIM UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2021

	Unaudited Quarter ended 30 September 2021	Unaudited Quarter ended 30 September 2020	Unaudited Nine months ended 30 September 2021	Unaudited Nine months ended 30 September 2020	Audited Year ended 31 December 2020
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Profit for the quarter / period / year	425,273	396,363	1,592,715	1,427,777	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	-	997
	-	-	404	-	(681,255)
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Movement in fair value during the quarter / period / year	148,165	(167,944)	(617,324)	1,756,938	2,161,068
Reclassification of gains included in profit or loss on derecognition	(91,936)	(298,622)	(563,702)	(1,104,294)	(1,203,006)
Loss allowance relating to debt instruments held at FVTOCI	99,203	(14,352)	129,636	(3,598)	475
	155,432	(480,918)	(1,051,390)	649,046	958,537
Total other comprehensive income / (loss)	155,432	(480,918)	(1,050,986)	649,046	277,282
Total comprehensive income / (loss) for the quarter/ period / year	580,705	(84,555)	541,729	2,076,823	1,731,196

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SBM BANK (MAURITIUS) LTD
INTERIM UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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	-	-	1,427,777	-	-	-	1,427,777
Other comprehensive income for the period	-	-	-	-	649,046	-	649,046
Total comprehensive income for the period	-	-	1,427,777	-	649,046	-	2,076,823
Revaluation surplus realised on depreciation	-	-	35,781	-	-	(35,781)	-
At 30 September 2020	400,000	11,854,011	5,240,820	400,000	932,447	1,314,780	20,142,058
At 01 January 2021	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)	-
At 31 December 2020	400,000	11,854,011	4,595,878	400,000	1,242,935	1,303,607	19,796,431
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	-	-	1,592,715	-	-	-	1,592,715
Other comprehensive loss for the period	-	-	-	-	(1,050,986)	-	(1,050,986)
Total comprehensive income for the period	-	-	1,592,715	-	(1,050,986)	-	541,729
Revaluation surplus realised on depreciation	-	-	35,781	-	-	(35,781)	-
Dividend	-	-	(400,000)	-	-	-	(400,000)
At 30 September 2021	400,000	11,854,011	5,824,374	400,000	191,949	1,267,826	19,938,160

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INTERIM UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

	Unaudited Nine months ended 30 September 2021	Unaudited Nine months ended 30 September 2020	Audited Year ended 31 December 2020
	MUR' 000	MUR' 000	MUR' 000
Net cash generated from / (used in) operating activities	24,477,668	(3,661,983)	695,238
Net cash (used in) / generated from financing activities	(5,188,942)	3,257,660	(214,990)
Net cash (used in) / generated from investing activities	(349,478)	(133,348)	879,510
Net change in cash and cash equivalents	18,939,248	(537,671)	1,359,758
Expected credit loss on cash and cash equivalents	(732)	-	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	35,687,851	14,849,228	16,749,335