

SBM BANK (MAURITIUS) LTD

SBM Bank (Mauritius) Ltd ('the Bank') is pleased to present its summary audited financial statements for the year ended 31 December 2021.

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 higher net profit of MUR 2,090.19 million for the year ended 31 December 2021 compared to MUR 1,453.91 million for the year ended 31 December 2020 despite the ongoing challenging operating environment characterised by high levels of uncertainty.

This increase can be attributed to a mixed performance in the revenue and cost lines. The Bank experienced the full impact of the decrease in key repo rate, prime lending rate and LIBOR on its operating results for the year ended 31 December 2021 compared to the same period of 2020. This resulted in a drop of MUR 12.95 million in its net interest income. The Bank further recorded a decrease in its operating income by MUR 61.37 million for the year 2021 when compared to 2020, which was mainly driven by a lower non-interest income at the back of lower gains from financial assets measured at fair value through other comprehensive income.

Impairment charge is significantly lower by 39.23% for the year ended 31 December 2021 standing at MUR 2,347.52 million compared to MUR 3,863.07 million for the year ended 31 December 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. Other expenses witnessed an increase of MUR 338.15 million over 2020. These were the main drivers for the higher non-interest expense of MUR 3,719.77 million for the year ended 31 December 2021 compared to MUR 3,056.97 million for the year ended 31 December 2020.

Total assets grew to MUR 276.57 billion as at 31 December 2021 from MUR 228.97 billion as at 31 December 2020, registering an increase of MUR 47.60 billion or 20.79%. 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 119.40 billion at 31 December 2021 whilst net loans and advances dropped by MUR 1.12 billion, to reach MUR 97.92 billion as at 31 December 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 243.01 billion at 31 December 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 20.58 billion as at 31 December 2021 from MUR 19.80 billion as at 31 December 2020 following dividend payment of MUR 400 million to its immediate parent. With a tier 1 capital base of MUR 16.93 billion, the Capital Adequacy Ratio (CAR) stood at 17.33% and the tier 1 capital to risk weighted assets ratio moved to 15.69%. Return on average equity for FY2021 improved to 10.35% compared to 7.68% for FY2020.

Economic Outlook

While global recovery is maintaining its course, the Russian-Ukraine crisis has added another layer of uncertainty to the global growth momentum, which has lately weakened on the back of the Omicron outbreaks, high inflation and prospects of tighter monetary policies. In Mauritius, despite the challenges, the economic growth returned into positive territory during 2021 as the country made significant progress in terms of vaccination, reopening of borders, higher external demand and successfully exiting FATF list of jurisdictions under increased monitoring.

The domestic economic prospect for 2022 will largely depend on the duration of the Russian-Ukraine conflict, its impact on country's main trading partners and the level of inflation. Hence, in light of the improving, albeit still uncertain context, the Bank will maintain a disciplined execution of its strategic intent, with focus on improving service quality, consolidating position in key segments and building capacity while enhancing risk management culture.

By Order of the Board

28 March 2022

The accompanying summary financial statements, without reference to the detailed notes, are derived from the audited financial statements of SBM Bank (Mauritius) Ltd (the "Bank") for the year ended 31 December 2021. These audited financial statements, which have been prepared in accordance with International Financial Reporting Standards and in compliance with the Mauritius Companies Act 2001, the Financial Reporting Act 2004, the Banking Act 2004 and guidelines issued by the Bank of Mauritius, 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.

Where necessary, comparative figures have been amended to conform with changes in presentation or in accounting policies.

The Board of Directors of SBM Bank (Mauritius) Ltd accepts full responsibility for the accuracy of the information contained in this communiqué.

Independent auditor's report to the Board of Directors of SBM Bank (Mauritius) Ltd

Opinion

The summary financial statements, which comprise the statement of financial position as at 31 December 2021, 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 and the related directors' comments and notes, are extracted from the audited financial statements of SBM Bank (Mauritius) Ltd (the "Bank") for the year ended 31 December 2021.

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 28 March 2022. 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 2021. 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 Board of Directors 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

28 March 2022

SBM BANK (MAURITIUS) LTD
STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2021

	31 December 2021	31 December 2020	31 December 2019
	MUR' 000	MUR' 000	MUR' 000
ASSETS			
Cash and cash equivalents	40,281,422	16,749,335	15,386,899
Mandatory balances with central banks	11,203,833	9,749,384	9,326,006
Loans to and placements with banks	837,970	3,130,387	5,174,088
Derivative financial instruments	579,946	774,785	889,301
Loans and advances to non-bank customers	97,916,200	99,038,527	99,025,404
Investment securities	119,399,335	93,338,046	73,460,130
Property and equipment	3,019,187	2,582,331	2,599,568
Right-of-use assets	212,037	255,603	247,168
Intangible assets	1,816,509	2,145,280	2,526,156
Deferred tax assets	518,443	497,123	219,302
Other assets	787,947	706,889	791,859
Total assets	276,572,829	228,967,690	209,645,881
LIABILITIES			
Deposits from banks	1,481,854	1,119,661	929,357
Deposits from non-bank customers	241,528,828	190,004,270	173,258,702
Other borrowed funds	5,275,400	11,085,951	10,140,215
Derivative financial instruments	565,655	1,165,271	1,000,972
Lease liability	184,665	233,590	240,180
Current tax liabilities	307,887	246,774	487,139
Pension liability	395,928	724,082	334,005
Other liabilities	6,249,910	4,591,660	5,190,076
Total liabilities	255,990,127	209,171,259	191,580,646
SHAREHOLDER'S EQUITY			
Stated capital	400,000	400,000	400,000
Capital contribution	11,854,011	11,854,011	11,854,011
Retained earnings	6,675,006	4,595,878	3,777,262
Other reserves	1,653,685	2,946,542	2,033,962
Total equity	20,582,702	19,796,431	18,065,235
Total liabilities and equity	276,572,829	228,967,690	209,645,881

Approved by the Board of Directors and authorised for issue on 28 March 2022.

Anoop Kumar Nilamber
 Chief Executive

Imalambaal Kichenin
 Chairperson, Audit Committee

Visvanaden Soondram
 Chairman

The financial information has been extracted from the audited financial statements for the year ended 31 December 2021.

SBM BANK (MAURITIUS) LTD
STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2021

	31 December 2021	31 December 2020	31 December 2019
Continuing Operations	MUR' 000	MUR' 000	MUR' 000
Interest income using the effective interest method	6,458,236	6,935,665	7,834,260
Other interest income	202,837	291,549	145,744
Interest expense using the effective interest method	(548,130)	(1,062,203)	(2,023,529)
Other interest expense	(395,716)	(434,831)	(163,906)
Net interest income	5,717,227	5,730,180	5,792,569
Fee and commission income	1,130,243	971,350	1,076,461
Fee and commission expense	(53,630)	(36,700)	(31,716)
Net fee and commission income	1,076,613	934,650	1,044,745
Other income			
Net trading income	972,356	827,551	1,097,350
Net gains/(losses) from financial assets at fair value through profit or loss	228,083	(29,218)	(92,289)
Net gains on derecognition of financial assets measured at fair value through other comprehensive income	588,098	1,203,006	224,380
Other operating income	23,304	878	884
	1,811,841	2,002,217	1,230,325
Non-interest income	2,888,454	2,936,867	2,275,070
Operating income	8,605,681	8,667,047	8,067,639
Personnel expenses	(1,748,224)	(1,402,217)	(1,697,838)
Depreciation of property and equipment	(149,112)	(150,225)	(143,121)
Depreciation of right-of-use assets	(64,107)	(37,439)	(49,941)
Amortisation of intangible assets	(411,081)	(457,997)	(474,547)
Other expenses	(1,347,241)	(1,009,095)	(1,094,307)
Non-interest expense	(3,719,765)	(3,056,973)	(3,459,754)
Profit before credit loss expense	4,885,916	5,610,074	4,607,885
Credit loss expense on financial assets and memorandum items	(2,347,518)	(3,863,072)	(3,606,666)
Profit before income tax	2,538,398	1,747,002	1,001,219
Tax expense	(448,211)	(293,088)	(501,452)
Profit for the year	2,090,187	1,453,914	499,767

SBM BANK (MAURITIUS) LTD
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	31 December 2021	31 December 2020	31 December 2019
	MUR' 000	MUR' 000	MUR' 000
Profit for the year	2,090,187	1,453,914	499,767
Other comprehensive income :			
<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	366,917	(734,415)	(203,865)
Deferred tax on remeasurement of defined benefit pension plan	(25,684)	51,409	14,271
Revaluation gains on equity instruments measured at FVTOCI	404	997	-
	341,637	(681,255)	115,323
<i>Items that may be reclassified subsequently to profit or loss:</i>			
<i>Investment securities measured at FVTOCI (Debt instruments)</i>			
Movement in fair value during the year	(663,969)	2,161,068	608,876
Reclassification of losses included in profit or loss on derecognition	(588,098)	(1,203,006)	(224,380)
Loss allowance relating to debt instruments held at FVTOCI	6,514	475	(6,370)
	(1,245,553)	958,537	378,126
Total other comprehensive (loss) / income	(903,916)	277,282	493,449
Total comprehensive income for the year	1,186,271	1,731,196	993,216

SBM BANK (MAURITIUS) LTD
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Stated capital	Capital contribution	Retained earnings	Statutory reserve	Fair value reserve on instruments	Property 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	4,841,342	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)
At 31 December 2019	400,000	11,854,011	3,777,262	400,000	283,401	1,350,561	18,065,235
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 (loss)/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 year	-	-	2,090,187	-	-	-	2,090,187
Other comprehensive income / (loss) for the year	-	-	341,233	-	(1,245,149)	-	(903,916)
Total comprehensive income / (loss) for the year	-	-	2,431,420	-	(1,245,149)	-	1,186,271
Revaluation surplus realised on depreciation	-	-	47,708	-	-	(47,708)	-
Cash dividend	-	-	(400,000)	-	-	-	(400,000)
At 31 December 2021	400,000	11,854,011	6,675,006	400,000	(2,214)	1,255,899	20,582,702

The financial information has been extracted from the audited financial statements for the year ended 31 December 2021.

SBM BANK (MAURITIUS) LTD

ABRIDGED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	31 December 2021	31 December 2020	31 December 2019
	MUR' 000	MUR' 000	MUR' 000
Net cash generated from operating activities	30,508,554	695,238	3,844,995
Net cash used in investing activities	(677,513)	(214,989)	(140,651)
Net cash (used in) / generated from financing activities	(6,293,161)	879,509	432,784
Net change in cash and cash equivalents	23,537,880	1,359,758	4,137,128
Expected credit loss on cash and cash equivalents	(5,793)	2,678	38,059
Cash and cash equivalents at start of year	16,749,335	15,386,899	11,211,712
Cash and cash equivalents at end of year	40,281,422	16,749,335	15,386,899