

SBM BANK (MAURITIUS) LTD

SBM Bank (Mauritius) Ltd ('the Bank') is pleased to present its abridged interim unaudited condensed financial statements for the quarter ended 31 March 2022.

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 2021, except for the adoption of all the new standards and interpretations which are effective as from 01 January 2022. Where necessary, the figures for the quarter ended 31 March 2021 are reclassified to conform to changes in presentation or in accounting policies applied in the audited financial statements 31 December 2021.

Operating Results

The Bank achieved a higher net profit of MUR 772.13 million for the first quarter of the year 2022 compared to MUR 724.92 million for the quarter ended 31 March 2021. This increase in profits is mainly attributable to the significantly lower impairment charge and higher net interest income for the current quarter under review compared to the same quarter of last year.

Net interest income increased by MUR 186.19 million from MUR 1,342.79 million for Q1 2021 to MUR 1,528.98 for Q1 2022 on account of higher interest income derived from investment securities following an increase of more than 25% in the holdings of investment securities compared to Q1 2021. The Bank also recorded lower interest expense by MUR 103.64 million or 37.90% for Q1 2022 due to lower interest expense on borrowings and derivatives for the current quarter under review. Impairment charge was lower by MUR 255.82 million or 53.93%, at MUR 218.51 million for the quarter ended 31 March 2022 compared to MUR 474.33 million for the quarter ended 31 March 2021.

On the non-interest expenses side, an overall increase of only MUR 2.25 million was noted. Personnel expenses recorded an increase of MUR 49.60 million following the normal annual salary increase, whilst other expenses witnessed an increase of MUR 22.79 million over Q1 2021. These higher costs were offset by a lower amortisation charge on our IT systems.

Non-interest income was subject to a drop of MUR 389.68 million at the back of lower gains from financial assets measured at fair value through other comprehensive income and lower net fee and commission income. This resulted in a lower operating income of MUR 2.09 billion for Q1 2022, against MUR 2.29 billion for Q1 2021.

Total assets grew to MUR 293.65 billion as at 31 March 2022 from MUR 276.57 billion as at 31 December 2021, registering an increase of MUR 17.08 billion or 6.18%. This growth was mainly on account of maintaining a higher portfolio of investment securities at the reporting date from MUR 119.40 billion as at 31 December 2021 to MUR 123.52 billion at 31 March 2022 whilst net loans and advances from non-bank customers increased marginally by MUR 392.82 million or 0.40%, to reach MUR 98.31 billion as at 31 March 2022. 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 261.53 billion at 31 March 2022 compared to MUR 241.53 billion as at 31 December 2021.

Capital

The Bank comfortably met the regulatory capital requirements for Domestic-Systemically Important Banks. Shareholder's equity increased to MUR 21.55 billion as at 31 March 2022 from MUR 20.58 billion as at 31 December 2021 following capital injection of MUR 500 million from its immediate parent. With a tier 1 capital base of MUR 18.03 billion, the Capital Adequacy Ratio (CAR) stood at 18.04% and the tier 1 capital to risk weighted assets ratio moved to 16.42%. Return on average equity for Q1 2022 improved to 14.86% compared to 14.72% for Q1 2021.

Economic Outlook

The global economic environment remains volatile and uncertain, as evidenced by the recent downgrade in the global growth projections by the IMF. The direct ramification of the Russian-Ukraine conflict has been on the commodity markets, thereby amplifying inflationary pressures and supply disruptions already induced by the ongoing pandemic. As a result of broad price pressures, several central banks have begun to tighten their monetary policy and have indicated increasingly less accommodative future stances.

The spill-over effects of the conflict between Russia and Ukraine, notably in terms of higher commodity prices, will be non-negligible on the local economy. Against this backdrop, recovery is expected to be slower than anticipated. The local economic situation necessitates close monitoring and constant reassessment, subject to the duration of the Ukraine crisis. On the upside, latest figures show an upsurge in tourist arrivals since the beginning of the year. Thus, the tourism sector is expected to have positive spill-over effects on other segments, including wholesale and retail trade, transportation as well as food service activities.

In this regard, the Bank will continue to maintain a disciplined execution of its strategic intent, with focus on improving service quality and consolidating its position in key segments while enhancing risk management culture.

By Order of the Board

09 May 2022

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 31 MARCH 2022

	Unaudited 31 March 2022	Unaudited 31 March 2021	Audited 31 December 2021
	MUR' 000	MUR' 000	MUR' 000
ASSETS			
Cash and cash equivalents	52,911,122	16,085,857	40,281,422
Mandatory balances with central bank	11,029,311	9,680,373	11,203,833
Loans to and placements with banks	841,438	3,150,637	837,970
Derivative financial instruments	732,276	612,468	579,946
Loans and advances to non-bank customers	98,309,015	98,629,200	97,916,200
Investment securities	123,520,283	97,588,395	119,399,335
Property and equipment	3,024,319	2,571,712	3,019,187
Right-of-use assets	195,045	241,461	212,037
Intangible assets	1,725,922	1,984,620	1,816,509
Deferred tax assets	534,691	455,252	518,443
Other assets	830,868	730,239	787,947
Total assets	293,654,290	231,730,214	276,572,829
LIABILITIES			
Deposits from banks	1,631,948	1,140,767	1,481,854
Deposits from non-bank customers	261,529,860	191,905,350	241,528,828
Other borrowed funds	863,487	9,285,839	5,275,400
Derivative financial instruments	543,194	1,349,117	565,655
Lease liability	163,697	218,556	184,665
Current tax liabilities	430,973	308,883	307,887
Pension liability	396,974	724,441	395,928
Other liabilities	6,542,418	6,661,405	6,249,910
Total liabilities	272,102,551	211,594,358	255,990,127
SHAREHOLDER'S EQUITY			
Stated capital	400,000	400,000	400,000
Capital contribution	12,354,011	11,854,011	11,854,011
Retained earnings	7,459,058	5,332,721	6,675,006
Other reserves	1,338,670	2,549,124	1,653,685
Total equity	21,551,739	20,135,856	20,582,702
Total liabilities and equity	293,654,290	231,730,214	276,572,829

Approved by the Board of Directors and authorised for issue on 09 May 2022.

Anoop Kumar Nilamber
Chief Executive

Imalambaal Kichenin
Chairperson, Audit Committee

Visvanaden Soondram
Chairman

SBM BANK (MAURITIUS) LTD
INTERIM UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS FOR THE QUARTER ENDED 31 MARCH 2022

	Unaudited Quarter ended 31 March 2022	Unaudited Quarter ended 31 March 2021	Audited Year ended 31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Interest income using the effective interest method	1,671,394	1,545,690	6,458,236
Other interest income	27,422	70,578	202,837
Interest expense using the effective interest method	(120,008)	(137,006)	(548,130)
Other interest expense	(49,824)	(136,470)	(395,716)
Net interest income	1,528,984	1,342,792	5,717,227
Fee and commission income	275,389	301,892	1,130,243
Fee and commission expense	(12,025)	(14,964)	(53,630)
Net fee and commission income	263,364	286,928	1,076,613
Other income			
Net trading income	283,788	347,993	972,356
Net (losses) / gains from financial assets at fair value through profit or loss	(7,181)	15,257	228,083
Net gains on derecognition of financial assets measured at fair value through other comprehensive income	12,577	288,184	588,098
Other operating income	3,833	7,700	23,304
	293,017	659,134	1,811,841
Non-interest income	556,381	946,062	2,888,454
Operating income	2,085,365	2,288,854	8,605,681
Personnel expenses	(496,755)	(447,153)	(1,748,224)
Depreciation of property and equipment	(37,764)	(36,615)	(149,112)
Depreciation of right-of-use assets	(17,527)	(15,666)	(64,107)
Amortisation of intangible assets	(103,715)	(176,873)	(411,081)
Other expenses	(331,921)	(309,127)	(1,347,241)
Non-interest expense	(987,682)	(985,434)	(3,719,765)
Profit before credit loss expense	1,097,683	1,303,420	4,885,916
Credit loss expense on financial assets and memorandum items	(218,513)	(474,330)	(2,347,518)
Profit before income tax	879,170	829,090	2,538,398
Tax expense	(107,045)	(104,174)	(448,211)
Profit for the quarter / year	772,125	724,916	2,090,187

SBM BANK (MAURITIUS) LTD
INTERIM UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED
31 MARCH 2022

	Unaudited Quarter ended 31 March 2022	Unaudited Quarter ended 31 March 2021	Audited Year ended 31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Profit for the quarter / year	772,125	724,916	2,090,187
Other comprehensive income :			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of defined benefit pension plan	-	-	366,917
Deferred tax on remeasurement of defined benefit pension plan	-	-	(25,684)
Revaluation gains on equity instruments measured at FVTOCI	-	-	404
	-	-	341,637
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Movement in fair value during the quarter / year	(248,656)	(130,680)	(663,969)
derecognition	(12,577)	(288,184)	(588,098)
Loss allowance relating to debt instruments held at FVTOCI	(41,855)	33,373	6,514
	(303,088)	(385,491)	(1,245,553)
Total other comprehensive loss	(303,088)	(385,491)	(903,916)
Total comprehensive income for the quarter / year	469,037	339,425	1,186,271

SBM BANK (MAURITIUS) LTD
INTERIM UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 MARCH 2022

	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 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 loss for the quarter	-	-	-	-	(385,491)	-	(385,491)
Total comprehensive income / (loss) for the quarter	-	-	724,916	-	(385,491)	-	339,425
Revaluation surplus realised on depreciation	-	-	11,927	-	-	(11,927)	-
At 31 March 2021	400,000	11,854,011	5,332,721	400,000	857,444	1,291,680	20,135,856
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
At 01 January 2022	400,000	11,854,011	6,675,006	400,000	(2,214)	1,255,899	20,582,702
Profit for the quarter	-	-	772,125	-	-	-	772,125
Other comprehensive loss for the quarter	-	-	-	-	(303,088)	-	(303,088)
Total comprehensive income / (loss) for the quarter	-	-	772,125	-	(303,088)	-	469,037
Capital contribution received during the quarter	-	500,000	-	-	-	-	500,000
Revaluation surplus realised on depreciation	-	-	11,927	-	-	(11,927)	-
At 31 March 2022	400,000	12,354,011	7,459,058	400,000	(305,302)	1,243,972	21,551,739

The financial information has been extracted from the interim unaudited condensed financial statements for the quarter ended 31 March 2022.

SBM BANK (MAURITIUS) LTD
 INTERIM UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 31 MARCH
 2022

	Unaudited Quarter ended 31 March 2022	Unaudited Quarter ended 31 March 2021	Audited Year ended 31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Net cash generated from operating activities	16,598,697	1,178,637	30,508,554
Net cash used in financing activities	(3,911,912)	(1,800,112)	(6,293,161)
Net cash used in investing activities	(55,999)	(42,209)	(677,513)
Net change in cash and cash equivalents	12,630,786	(663,684)	23,537,880
Expected credit loss on cash and cash equivalents	(1,086)	206	(5,793)
Cash and cash equivalents at start of quarter / year	40,281,422	16,749,335	16,749,335
Cash and cash equivalents at end of quarter / year	52,911,122	16,085,857	40,281,422