

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 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 six months ended 30 June 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 1,533.70 million for the first half of the year 2022 compared to MUR 1,167.44 million for the six months ended 30 June 2021. This increase in profits is mainly attributable to the significantly lower impairment charge and higher net interest income for the current period under review compared to the same period of last year.

Net interest income increased by MUR 425.08 million from MUR 2,740.18 million for H1 2021 to MUR 3,165.26 for H1 2022 on account of higher interest income derived from investment securities following an increase of 13.7% in the holdings of investment securities compared to H1 2021. The Bank also recorded lower interest expense by MUR 154.07 million or 29.33% for H1 2022 due to lower interest expense on borrowings and derivatives for the current period under review. Impairment charge was lower by MUR 446.95 million or 38.88%, at MUR 702.47 million for the six months ended 30 June 2022 compared to MUR 1,149.42 million for the six months ended 30 June 2021.

On the non-interest expenses side, an overall increase of only MUR 1.26 million was noted. Personnel expenses recorded an increase of MUR 108.08 million following the normal annual salary increase, whilst other expenses witnessed an increase of MUR 35.33 million over H1 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 470.06 million at the back of lower gains from financial assets measured at fair value through other comprehensive income and lower gains from financial assets held at fair value through profit or loss. This resulted in a lower operating income of MUR 4.40 billion for H1 2022, against MUR 4.44 billion for H1 2021.

Despite a decrease of MUR 8.59 billion or 3.11% in total assets from MUR 276.57 billion as at 31 December 2021 to MUR 267.98 billion as at 30 June 2022, the Bank registered an increase of MUR 4.20 billion in its portfolio of investment securities and MUR 5.89 billion in its loan books at the reporting date. The Bank's strategy in the short to medium term remains to raise cheaper sources of funding by increasing its deposits book. Deposits stood at MUR 237.84 billion at 30 June 2022.

Capital

The Bank comfortably met the regulatory capital requirements for Domestic-Systemically Important Banks. Shareholder's equity decreased to MUR 19.73 billion as at 30 June 2022 from MUR 20.58 billion as at 31 December 2021 following dividend payment of MUR 2.2 billion to SBM (Bank) Holdings Ltd, offset by a capital injection of MUR 500 million from its immediate parent. With a Tier 1 capital base of MUR 16.29 billion, the Capital Adequacy Ratio (CAR) stood at 15.79% and the Tier 1 capital to risk weighted assets ratio moved to 14.18%. Return on average equity for H1 2022 improved to 15.34% compared to 12.03% for H1 2021.

Economic Outlook

Global recovery is projected to slow down visibly, mainly as a result of the negative spillovers from the conflict between Russia and Ukraine, including geopolitical tensions and continuing supply strains. Relentless global inflationary pressures have led to financial tightening in both advanced and developing economies.

In Mauritius, some encouraging signs of recovery are being witnessed, despite the particularly challenging operating environment. Latest figures show that recent economic activity was sustained across most sectors of the economy and that positive growth performance was broad-based. The local economic situation, nonetheless, requires constant reassessment, subject to the duration of the ongoing Russia-Ukraine crisis.

Against this backdrop, the Bank remains committed to a disciplined execution of its strategic intent, with focus on improving service quality and consolidating its positioning in key segments.

By Order of the Board

08 August 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 30 JUNE 2022

	Unaudited 30 June 2022	Unaudited 30 June 2021	Audited 31 December 2021
	MUR' 000	MUR' 000	MUR' 000
ASSETS			
Cash and cash equivalents	20,914,900	26,870,995	40,281,422
Mandatory balances with central bank	11,444,089	10,377,223	11,203,833
Loans to and placements with banks	1,297,973	1,941,829	837,970
Derivative financial instruments	776,309	681,531	579,946
Loans and advances to non-bank customers	103,806,755	96,409,512	97,916,200
Investment securities	123,595,263	108,698,398	119,399,335
Property and equipment	3,053,668	2,680,518	3,019,187
Right-of-use assets	178,369	225,806	212,037
Intangible assets	1,634,444	1,837,010	1,816,509
Deferred tax assets	570,239	471,370	518,443
Other assets	710,898	735,582	787,947
Total assets	267,982,907	250,929,774	276,572,829
LIABILITIES			
Deposits from banks	1,922,319	1,061,446	1,481,854
Deposits from non-bank customers	237,837,494	215,011,890	241,528,828
Other borrowed funds	826,555	7,661,497	5,275,400
Derivative financial instruments	486,072	776,043	565,655
Lease liability	145,082	202,025	184,665
Current tax liabilities	363,198	149,275	307,887
Pension liability	391,480	724,840	395,928
Other liabilities	6,276,793	5,985,303	6,249,910
Total liabilities	248,248,993	231,572,319	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	6,032,560	5,387,174	6,675,006
Other reserves	947,343	1,716,270	1,653,685
Total equity	19,733,914	19,357,455	20,582,702
Total liabilities and equity	267,982,907	250,929,774	276,572,829

Approved by the Board of Directors and authorised for issue on 08 August 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 SIX MONTHS ENDED 30 JUNE 2022

	Unaudited Quarter ended 30 June 2022	Unaudited Quarter ended 30 June 2021	Unaudited Six months ended 30 June 2022	Unaudited Six months ended 30 June 2021	Audited Year ended 31 December 2021
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Interest income using the effective interest method	1,804,951	1,587,398	3,476,345	3,133,088	6,458,236
Other interest income	32,631	61,712	60,053	132,290	202,837
Interest expense using the effective interest method	(159,029)	(133,717)	(279,037)	(270,723)	(548,130)
Other interest expense	(42,273)	(118,007)	(92,097)	(254,477)	(395,716)
Net interest income	1,636,280	1,397,386	3,165,264	2,740,178	5,717,227
Fee and commission income	319,961	243,790	595,350	545,682	1,130,243
Fee and commission expense	(16,518)	(13,050)	(28,543)	(28,014)	(53,630)
Net fee and commission income	303,443	230,740	566,807	517,668	1,076,613
Other income					
Net trading income	387,972	312,854	671,760	660,847	972,356
Net (losses) / gains from financial assets at fair value through profit or loss	(28,567)	22,190	(35,748)	37,447	228,083
Net gains on derecognition of financial assets measured at fair value through other comprehensive income	10,010	183,582	22,587	471,766	588,098
Other operating income	3,832	7,700	7,665	15,400	23,304
	373,247	526,326	666,264	1,185,460	1,811,841
Non-interest income	676,690	757,066	1,233,071	1,703,128	2,888,454
Operating income	2,312,970	2,154,452	4,398,335	4,443,306	8,605,681
Personnel expenses	(448,790)	(388,214)	(945,545)	(837,466)	(1,748,224)
Depreciation of property and equipment	(38,681)	(36,872)	(76,445)	(73,487)	(149,112)
Depreciation of right-of-use assets	(17,540)	(15,656)	(35,067)	(31,322)	(64,107)
Amortisation of intangible assets	(105,165)	(180,864)	(208,880)	(357,737)	(411,081)
Other expenses	(354,268)	(343,830)	(686,189)	(650,858)	(1,347,241)
Non-interest expense	(964,444)	(965,436)	(1,952,126)	(1,950,870)	(3,719,765)
Profit before credit loss expense	1,348,526	1,189,016	2,446,209	2,492,436	4,885,916
Credit loss expense on financial assets and memorandum items	(483,959)	(675,090)	(702,472)	(1,149,420)	(2,347,518)
Profit before income tax	864,567	513,926	1,743,737	1,343,016	2,538,398
Tax expense	(102,992)	(71,400)	(210,037)	(175,574)	(448,211)
Profit for the quarter / period / year	761,575	442,526	1,533,700	1,167,442	2,090,187

SBM BANK (MAURITIUS) LTD
INTERIM UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS
ENDED 30 JUNE 2022

	Unaudited Quarter ended 30 June 2022	Unaudited Quarter ended 30 June 2021	Unaudited Six months ended 30 June 2022	Unaudited Six months ended 30 June 2021	Audited Year ended 31 December 2021
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Profit for the quarter / period / year	761,575	442,526	1,533,700	1,167,442	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	1,531	404	1,531	404	404
	1,531	404	1,531	404	341,637
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Movement in fair value during the quarter / period / year	(357,152)	(634,809)	(605,808)	(765,489)	(663,969)
Reclassification of gains included in profit or loss on derecognition	(10,010)	(183,582)	(22,587)	(471,766)	(588,098)
Loss allowance relating to debt instruments held at FVTOCI	(13,769)	(2,940)	(55,624)	30,433	6,514
	(380,931)	(821,331)	(684,019)	(1,206,822)	(1,245,553)
Total other comprehensive loss	(379,400)	(820,927)	(682,488)	(1,206,418)	(903,916)
Total comprehensive income / (loss) for the quarter / period / year	382,175	(378,401)	851,212	(38,976)	1,186,271

SBM BANK (MAURITIUS) LTD
INTERIM UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 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 period	-	-	1,167,442	-	-	-	1,167,442
Other comprehensive loss for the period	-	-	-	-	(1,206,418)	-	(1,206,418)
Total comprehensive income / (loss) 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)
At 30 June 2021	400,000	11,854,011	5,387,174	400,000	36,517	1,279,753	19,357,455
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 period	-	-	1,533,700	-	-	-	1,533,700
Other comprehensive loss for the period	-	-	-	-	(682,488)	-	(682,488)
Total comprehensive income / (loss) for the period	-	-	1,533,700	-	(682,488)	-	851,212
Capital contribution received during the period	-	500,000	-	-	-	-	500,000
Revaluation surplus realised on depreciation	-	-	23,854	-	-	(23,854)	-
Dividend	-	-	(2,200,000)	-	-	-	(2,200,000)
At 30 June 2022	400,000	12,354,011	6,032,560	400,000	(684,702)	1,232,045	19,733,914

The financial information has been extracted from the interim unaudited condensed financial statements for the six months ended 30 June 2022.

SBM BANK (MAURITIUS) LTD
 INTERIM UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE
 2022

	Unaudited Six Months ended 30 June 2022	Unaudited Six Months ended 30 June 2021	Audited Year ended 31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Net cash (used in) / generated from operating activities	(13,076,404)	14,123,240	30,508,554
Net cash used in financing activities	(6,148,844)	(3,824,453)	(6,293,161)
Net cash used in investing activities	(137,715)	(177,510)	(677,513)
Net change in cash and cash equivalents	(19,362,963)	10,121,277	23,537,880
Expected credit loss on cash and cash equivalents	(3,559)	383	(5,793)
Cash and cash equivalents at start of period / year	40,281,422	16,749,335	16,749,335
Cash and cash equivalents at end of period / year	20,914,900	26,870,995	40,281,422