

SBM BANK (MAURITIUS) LTD

SBM Bank (Mauritius) Ltd ('the Bank') is pleased to present a summary of its audited financial statements for the year ended 31 December 2022.

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 net profit of MUR 3,527.94 million for the year ended 31 December 2022 compared to MUR 2,090.19 million for the year ended 31 December 2021. This increase in profits is mainly attributable to the significantly lower impairment charge and higher net interest income for the current year compared to last year.

Net interest income grew by MUR 1,212.78 million for 2022 and stood at MUR 6,930.01 million for 2022 compared to MUR 5,717.23 million for 2021. In addition to expanding business volumes associated with its loans and investment securities portfolios, the Bank benefitted from the increase in market interest rates in line with global trends. Revenue growth was partly attributable to the increase in the Key Rate which translated into higher prime lending rate and savings rate during the period under review. Interest income from loans and advances from non-bank customers recorded an increase of MUR 845.83 million while interest income from investment securities registered an increase of MUR 682.49 million. Interest expense was higher at MUR 1,270.12 million compared to MUR 943.85 million last year. Impairment charge was lower by MUR 1.18 billion or 50.15% for the year and amounted to MUR 1.17 billion for 2022 compared to MUR 2.35 billion for 2021.

Despite the drop of MUR 434.28 million in non-interest income which was mainly on account of lower gains from financial assets measured at fair value, the Bank recorded a higher operating income of MUR 9.38 billion for 2022, against MUR 8.61 billion for 2021.

On the non-interest expenses side, an overall increase of MUR 467.13 million was noted. Personnel expenses recorded an increase of MUR 265.73 million compared to 2021 following the annual salary increase and higher pension provision arising from the recent change in legislation. Depreciation & amortisation charges also increased by MUR 62.10 million due to capitalisation of the ongoing branch renovation project while other expenses increased by MUR 139.30 million on account of US dollars appreciation.

The Bank managed to grow its loans and advances to non-bank customers by MUR 10.20 billion or 10.42%, to stand at MUR 108.12 billion on 31 December 2022. Gross impaired ratio improved from 9.95% as at 31 December 2021 to 7.90% as at 31 December 2022. Deposits from non-bank customers stood at MUR 236.89 billion at 31 December 2022 compared to MUR 241.53 billion in 2021.

Capital

The Bank comfortably met the regulatory capital requirements for Domestic-Systemically Important Banks. Shareholder's equity increased to MUR 21.70 billion at 31 December 2022 compared to MUR 20.58 billion last year. The Bank made a dividend payment of MUR 2.2 billion to its immediate parent company and benefited from a capital injection of MUR 1.2 billion during the year. With a Tier 1 capital base of MUR 18.44 billion, the Tier 1 capital to risk weighted assets ratio moved to 15.32% while the Capital Adequacy Ratio (CAR) stood at 16.89%. Return on average equity for financial year 2022 improved to 16.69% compared to 10.35% for financial year 2021.

Economic Outlook

In its latest World Economic Outlook Update, the IMF highlighted that the global economy remains in a testing zone. While being exposed to downside risks, worldwide growth is expected to decline from 3.4% in 2022 to 2.9% in 2023, on the back of the war in Ukraine and the rising interest rate environment.

Mauritius has gradually recuperated from the aftershocks of the pandemic, with real GDP growth standing at 7.6%, 14.5% and 7.4% in the first, second and third quarters of 2022 respectively as per Statistics Mauritius. For 2023, growth is projected to stand at above 5%, underpinned by improved business sentiment and gearing up of public infrastructures. That said, the operating environment remains challenging in view of dampened economic conditions faced by the country's main export markets and pressures on inflation, whereas the impact of monetary policy tightening is to be monitored.

Against this backdrop, the Bank is committed to prudently pursue the implementation of its growth-enabling endeavours, in alignment with its strategic orientations. A key thrust of the Bank is to further strengthen its footprint in the retail and corporate markets. It will thoughtfully appraise and tap into business development opportunities beyond, while capitalising on a robust risk appetite and reinforced capabilities. Along the way, a prime objective of the Bank is to deliver increasingly personalised experiences to its valued customers, supported by best-in-class digital channels and product offerings.

Overall, as it invests for a renewed future, the Bank looks forward to consolidating its position as a leading player in the domestic banking industry, alongside supporting the advancement of the Mauritian economy and society.

By Order of the Board

27 March 2023

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 2022. 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 2022, 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 2022.

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 27 March 2023. 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 2022. 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
27 March 2023

SBM BANK (MAURITIUS) LTD
STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2022

	31 December 2022	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000
ASSETS			
Cash and cash equivalents	26,534,212	40,281,422	16,749,335
Mandatory balances with central bank	13,316,978	11,203,833	9,749,384
Loans to and placements with banks	1,221,415	837,970	3,130,387
Derivative financial instruments	637,903	579,946	774,785
Loans and advances to non-bank customers	108,118,967	97,916,200	99,038,527
Investment securities	113,044,546	119,399,335	93,338,046
Property and equipment	3,134,713	3,019,187	2,582,331
Right-of-use assets	234,150	212,037	255,603
Intangible assets	1,518,510	1,816,509	2,145,280
Deferred tax assets	511,001	518,443	497,123
Other assets	801,351	787,947	706,889
Total assets	269,073,746	276,572,829	228,967,690
LIABILITIES			
Deposits from banks	1,757,243	1,481,854	1,119,661
Deposits from non-bank customers	236,885,327	241,528,828	190,004,270
Other borrowed funds	757,808	5,275,400	11,085,951
Derivative financial instruments	574,694	565,655	1,165,271
Lease liability	189,756	184,665	233,590
Current tax liabilities	411,835	307,887	246,774
Pension liability	549,107	395,928	724,082
Other liabilities	6,244,460	6,249,910	4,591,660
Total liabilities	247,370,230	255,990,127	209,171,259
SHAREHOLDER'S EQUITY			
Stated capital	400,000	400,000	400,000
Capital contribution	13,054,011	11,854,011	11,854,011
Retained earnings	8,028,574	6,675,006	4,595,878
Other reserves	220,931	1,653,685	2,946,542
Total equity	21,703,516	20,582,702	19,796,431
Total liabilities and equity	269,073,746	276,572,829	228,967,690

Approved by the Board of Directors and authorised for issue on 27 March 2023.

Sanjaiye Rawoteea
Acting Chief Executive

Imalambaal Kichenin
Chairperson, Audit Committee

Visvanaden Soondram
Chairman, Board

SBM BANK (MAURITIUS) LTD
STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2022

	31 December 2022	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000
Continuing Operations			
Interest income using the effective interest method	8,062,262	6,458,236	6,935,665
Other interest income	137,868	202,837	291,549
Interest expense using the effective interest method	(1,099,822)	(548,130)	(1,062,203)
Other interest expense	(170,299)	(395,716)	(434,831)
Net interest income	6,930,009	5,717,227	5,730,180
Fee and commission income	1,261,493	1,130,243	971,350
Fee and commission expense	(65,224)	(53,630)	(36,700)
Net fee and commission income	1,196,269	1,076,613	934,650
Other income			
Net trading income	1,229,832	972,356	827,551
Net (losses)/gains from financial assets at fair value through profit or loss	(24,334)	228,083	(29,218)
Net gains on derecognition of financial assets measured at fair value through other comprehensive income	34,914	588,098	1,203,006
Other operating income	17,497	23,304	878
	1,257,909	1,811,841	2,002,217
Non-interest income	2,454,178	2,888,454	2,936,867
Operating income	9,384,187	8,605,681	8,667,047
Personnel expenses	(2,013,950)	(1,748,224)	(1,402,217)
Depreciation of property and equipment	(195,532)	(149,112)	(150,225)
Depreciation of right-of-use assets	(71,319)	(64,107)	(37,439)
Amortisation of intangible assets	(419,552)	(411,081)	(457,997)
Other expenses	(1,486,545)	(1,347,241)	(1,009,095)
Non-interest expense	(4,186,898)	(3,719,765)	(3,056,973)
Profit before credit loss expense	5,197,289	4,885,916	5,610,074
Credit loss expense on financial assets and memorandum items	(1,170,348)	(2,347,518)	(3,863,072)
Profit before income tax	4,026,941	2,538,398	1,747,002
Tax expense	(499,001)	(448,211)	(293,088)
Profit for the year	3,527,940	2,090,187	1,453,914

The financial information has been extracted from the audited financial statements for the year ended 31 December 2022.

SBM BANK (MAURITIUS) LTD
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	31 December 2022	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000
Profit for the year	3,527,940	2,090,187	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	(23,742)	366,917	(734,415)
Deferred tax on remeasurement of defined benefit pension plan	1,662	(25,684)	51,409
Revaluation gains on equity instruments measured at FVTOCI	1,531	404	997,139.04
	(20,549)	341,637	(681,255)
<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	(1,318,535)	(663,969)	2,161,068
Reclassification of losses included in profit or loss on derecognition	(34,914)	(588,098)	(1,203,006)
Loss allowance relating to debt instruments held at FVTOCI	(33,128)	6,514	475
	(1,386,577)	(1,245,553)	958,537
Total other comprehensive (loss) / income	(1,407,126)	(903,916)	277,282
Total comprehensive income for the year	2,120,814	1,186,271	1,731,196

SBM BANK (MAURITIUS) LTD
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 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 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
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 year	-	-	3,527,940	-	-	-	3,527,940
Other comprehensive income / (loss) for the year	-	-	(22,080)	-	(1,385,046)	-	(1,407,126)
Total comprehensive income / (loss) for the year	-	-	3,505,860	-	(1,385,046)	-	2,120,814
Capital contribution received during the year	-	1,200,000	-	-	-	-	1,200,000
Revaluation surplus realised on depreciation	-	-	47,708	-	-	(47,708)	-
Cash dividend	-	-	(2,200,000)	-	-	-	(2,200,000)
At 31 December 2022	400,000	13,054,011	8,028,574	400,000	(1,387,260)	1,208,191	21,703,516

The financial information has been extracted from the audited financial statements for the year ended 31 December 2022.

SBM BANK (MAURITIUS) LTD
ABRIDGED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2020
	MUR' 000	MUR' 000	MUR' 000
Net cash (used in) / generated from operating activities	(7,675,010)	30,508,554	695,238
Net cash used in investing activities	(455,494)	(677,513)	(214,989)
Net cash (used in) / generated from financing activities	(5,618,020)	(6,293,161)	879,509
Net change in cash and cash equivalents	(13,748,524)	23,537,880	1,359,758
Expected credit loss on cash and cash equivalents	1,314	(5,793)	2,678
Cash and cash equivalents at start of year	40,281,422	16,749,335	15,386,899
Cash and cash equivalents at end of year	26,534,212	40,281,422	16,749,335