

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 2023.

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 2022, except for the adoption of all the new standards and interpretations which are effective as from 01 January 2023.

Operating Results

The Bank achieved a higher net profit of MUR 1.1 billion for the quarter ended 31 March 2023 (Q1 2023) compared to MUR 772.1 million for the quarter ended 31 March 2022 (Q1 2022). This improved performance is mainly attributable to higher net interest income and higher non-interest income for the current quarter compared to the same period of last year.

Net interest income grew by MUR 421.6 million and stood at MUR 1,950.6 million for Q1 2023 compared to MUR 1,529.0 million for Q1 2022. Interest income from loans and advances from non-bank customers recorded an increase of MUR 860.7 million while interest income from investment securities went up by MUR 276.4 million. Interest expense moved up to attain MUR 997.1 million compared to MUR 169.8 million for Q1 2022.

Non-interest income also increased during the quarter under review and stood at MUR 779.9 million for Q1 2023, higher by MUR 223.5 million compared to Q1 2022. The main contributor to this increase is net trading income which posted a gain of MUR 429.9 million on account of higher gains from financial assets measured at fair value. The Bank recorded a higher operating income of MUR 2,730.6 million for Q1 2023, against MUR 2,085.4 million for Q1 2022.

On the non-interest expense side, an overall increase of MUR 133.9 million was noted for Q1 2023, notably accounted for by an increase of MUR 55.6 million in other expenses, after factoring in the appreciation of the US dollar. Impairment charge was higher by MUR 180.8 million for Q1 2023 and amounted to MUR 399.3 million compared to MUR 218.5 million for Q1 2022.

The Bank's assets grew by MUR 3.1 billion, with a major increase in the investment securities portfolio, which stood at MUR 130.1 billion as at 31 March 2023 compared to MUR 113.0 billion as at 31 December 2022. Net loans and advances to non-bank customers increased by MUR 1.1 billion to stand at MUR 109.2 billion as at 31 March 2023. The gross impaired ratio was contained at 7.0% as at 31 March 2023 from 7.9% as at 31 December 2022. A slight decrease of 0.9% was noted in deposits from non-bank customers, which stood at MUR 234.8 billion as at 31 March 2023 compared to MUR 236.9 billion as at 31 December 2022.

Capital

The Bank comfortably met the regulatory capital requirements for Domestic-Systemically Important Banks. Shareholder's equity increased to MUR 23.2 billion as at 31 March 2023 compared to MUR 21.7 billion as at 31 December 2022. With a Tier 1 capital of MUR 19.8 billion, the Tier 1 capital to risk weighted assets ratio moved to 16.3%, while the Capital Adequacy Ratio (CAR) stood at 17.9%. Return on average equity for the quarter ended 31 March 2023 improved to 19.6% compared to 16.7% for the financial year 2022.

Outlook

As per the latest World Economic Outlook of the IMF, the global economy is gradually recovering. However, the context remains fragile, amidst geopolitical tensions and stickier-than-expected inflationary pressures. Global growth is expected to bottom out and attain 2.8% this year, before rising marginally to 3.0% in 2024.

In Mauritius, the economic recovery momentum has, lately, been sustained and reinforced, in the wake of dedicated policies and initiatives by the public and private sectors. According to Statistics Mauritius, real GDP growth has stepped up to attain 8.7% last year. Reassuringly for 2023, growth is foreseen to oscillate around 5% as per latest indications, though macroeconomic challenges subsist in view of the evolving global landscape.

The Bank will pursue its growth agenda, backed by the continuous strengthening of its human and technological capabilities. The Bank will ensure that projects and initiatives underway are promptly realised, with the aim to further consolidate its local market footprint while diversifying its revenue streams.

This would help to further cement the Bank's positioning as a leading industry player, as it gears up to support the advancement of the Mauritian economy and society.

By Order of the Board

06 May 2023

SBM BANK (MAURITIUS) LTD
INTERIM UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2023

	Unaudited 31 March 2023	Unaudited 31 March 2022	Audited 31 December 2022
	MUR' 000	MUR' 000	MUR' 000
ASSETS			
Cash and cash equivalents	10,766,989	52,911,122	26,534,212
Mandatory balances with central bank	14,256,005	11,029,311	13,316,978
Loans to and placements with banks	1,021,677	841,438	1,221,415
Derivative financial instruments	524,499	732,276	637,903
Loans and advances to non-bank customers	109,192,090	98,309,015	108,118,967
Investment securities	130,149,706	123,520,283	113,044,546
Property and equipment	3,194,941	3,024,319	3,134,713
Right-of-use assets	211,935	195,045	234,150
Intangible assets	1,656,307	1,725,922	1,518,510
Deferred tax assets	502,940	534,691	511,001
Other assets	697,035	830,868	801,351
Total assets	272,174,124	293,654,290	269,073,746
LIABILITIES			
Deposits from banks	2,479,017	1,631,948	1,757,243
Deposits from non-bank customers	234,817,380	261,529,860	236,885,327
Other borrowed funds	1,465,009	863,487	757,808
Derivative financial instruments	450,097	543,194	574,694
Lease liability	163,392	163,697	189,756
Current tax liabilities	529,769	430,973	411,835
Pension liability	553,021	396,974	549,107
Other liabilities	8,506,123	6,542,418	6,244,460
Total liabilities	248,963,808	272,102,551	247,370,230
SHAREHOLDER'S EQUITY			
Stated capital	400,000	400,000	400,000
Capital contribution	13,054,011	12,354,011	13,054,011
Retained earnings	9,124,160	7,459,058	8,028,574
Other reserves	632,145	1,338,670	220,931
Total equity	23,210,316	21,551,739	21,703,516
Total liabilities and equity	272,174,124	293,654,290	269,073,746

Approved by the Board of Directors and authorised for issue on 06 May 2023.

Sanjaiye Rawoteea
Acting Chief Executive Officer

Imalambaal Kichenin
Chairperson, Audit Committee

Visvanaden Soondram
Chairman, Board

The financial information has been extracted from the interim unaudited condensed financial statements for the quarter ended 31 March 2023.

SBM BANK (MAURITIUS) LTD
INTERIM UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS FOR THE QUARTER ENDED 31 MARCH 2023

	Unaudited Quarter ended 31 March 2023	Unaudited Quarter ended 31 March 2022	Audited Year ended 31 December 2022
	MUR' 000	MUR' 000	MUR' 000
Interest income using the effective interest method	2,895,741	1,671,394	8,062,262
Other interest income	51,946	27,422	137,868
Interest expense using the effective interest method	(957,430)	(120,008)	(1,099,822)
Other interest expense	(39,637)	(49,824)	(170,299)
Net interest income	1,950,620	1,528,984	6,930,009
Fee and commission income	340,636	275,389	1,261,493
Fee and commission expense	(21,557)	(12,025)	(65,224)
Net fee and commission income	319,079	263,364	1,196,269
Other income			
Net trading income	429,876	283,788	1,229,832
Net gains / (losses) from financial assets at fair value through profit or loss	9,096	(7,181)	(24,334)
Net gains on derecognition of financial assets measured at fair value through other comprehensive income	17,442	12,577	34,914
Other operating income	4,441	3,833	17,497
	460,855	293,017	1,257,909
Non-interest income	779,934	556,381	2,454,178
Operating income	2,730,554	2,085,365	9,384,187
Personnel expenses	(554,929)	(496,755)	(2,013,950)
Depreciation of property and equipment	(51,681)	(37,764)	(195,532)
Depreciation of right-of-use assets	(22,214)	(17,527)	(71,319)
Amortisation of intangible assets	(105,230)	(103,715)	(419,552)
Other expenses	(387,550)	(331,921)	(1,486,545)
Non-interest expense	(1,121,604)	(987,682)	(4,186,898)
Profit before credit loss expense	1,608,950	1,097,683	5,197,289
Credit loss expense on financial assets and memorandum items	(399,295)	(218,513)	(1,170,348)
Profit before income tax	1,209,655	879,170	4,026,941
Tax expense	(125,996)	(107,045)	(499,001)
Profit for the quarter / year	1,083,659	772,125	3,527,940

The financial information has been extracted from the interim unaudited condensed financial statements for the quarter ended 31 March 2023.

SBM BANK (MAURITIUS) LTD
INTERIM UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2023

	Unaudited Quarter ended 31 March 2023	Unaudited Quarter ended 31 March 2022	Audited Year ended 31 December 2022
	MUR' 000	MUR' 000	MUR' 000
Profit for the quarter / year	1,083,659	772,125	3,527,940
Other comprehensive income :			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of defined benefit pension plan	-	-	(23,742)
Deferred tax on remeasurement of defined benefit pension plan	-	-	1,662
Revaluation gains on equity instruments measured at FVTOCI	-	-	1,531
	-	-	(20,549)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Movement in fair value during the quarter / year	381,401	(248,656)	(1,318,535)
Reclassification of gains included in profit or loss on derecognition	(17,442)	(12,577)	(34,914)
Provision for / (refund of) loss allowance relating to debt instruments held at FVTOCI	59,182	(41,855)	(33,128)
	423,141	(303,088)	(1,386,577)
Total other comprehensive income / (loss)	423,141	(303,088)	(1,407,126)
Total comprehensive income for the quarter / year	1,506,800	469,037	2,120,814

The financial information has been extracted from the interim unaudited condensed financial statements for the quarter ended 31 March 2023.

SBM BANK (MAURITIUS) LTD
INTERIM UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 MARCH 2023

	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 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
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 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
At 01 January 2023	400,000	13,054,011	8,028,574	400,000	(1,387,260)	1,208,191	21,703,516
Profit for the quarter	-	-	1,083,659	-	-	-	1,083,659
Other comprehensive income for the quarter	-	-	-	-	423,141	-	423,141
Total comprehensive income for the quarter	-	-	1,083,659	-	423,141	-	1,506,800
Revaluation surplus realised on depreciation	-	-	11,927	-	-	(11,927)	-
At 31 March 2023	400,000	13,054,011	9,124,160	400,000	(964,119)	1,196,264	23,210,316

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SBM BANK (MAURITIUS) LTD
INTERIM UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 31 MARCH 2023

	Unaudited Quarter ended 31 March 2023	Unaudited Quarter ended 31 March 2022	Audited Year ended 31 December 2022
	MUR' 000	MUR' 000	MUR' 000
Net cash (used in) / generated from operating activities	(16,109,164)	16,598,697	(7,675,010)
Net cash generated from / used in financing activities	707,201	(3,911,912)	(455,494)
Net cash used in investing activities	(354,937)	(55,999)	(5,618,020)
Net change in cash and cash equivalents	(15,756,900)	12,630,786	(13,748,524)
Expected credit loss on cash and cash equivalents	(10,322)	(1,086)	1,314
Cash and cash equivalents at start of quarter / year	26,534,212	40,281,422	40,281,422
Cash and cash equivalents at end of quarter / year	10,766,989	52,911,122	26,534,212

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