

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 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 2.5 billion for the six months ended 30 June 2023 (HY 2023) compared to MUR 1.5 billion for the six months ended 30 June 2022 (HY 2022). This improved performance is mainly attributable to higher net interest income and a lower impairment charge for the current period compared to the same period of last year.

Net interest income grew by MUR 870.8 million and stood at MUR 4,036.1 million for HY 2023 compared to MUR 3,165.3 million for HY 2022. Interest income from loans and advances to non-bank customers recorded an increase of MUR 1,775.2 million, while interest income from investment securities went up by MUR 582.0 million. Interest expense moved up to attain MUR 2,032.2 million compared to MUR 371.1 million for HY 2022. Impairment charge was lower by MUR 447.0 million or 63.6% and amounted to MUR 255.5 million for HY 2023 compared to MUR 702.5 million for HY 2022.

Non-interest income also increased during the period under review and stood at MUR 1,437.1 million for HY 2023, higher by MUR 204.0 million compared to HY 2022. The main contributor to this increase is net fee and commission income, which attained MUR 687.4 million for HY 2023 compared to MUR 566.8 million for HY 2022. The Bank recorded a higher operating income of MUR 5,473.2 million for HY 2023, against MUR 4,398.3 million for HY 2022.

On the non-interest expense side, an overall increase of MUR 321.7 million was noted for HY 2023, notably accounted for by a rise of MUR 144.0 million in 'other expenses', after factoring in the appreciation of the US dollar. The Bank continues to invest in its human capital, with personnel expenses standing at MUR 1,083.4 million for HY 2023, representing an increase of MUR 137.9 million compared to HY 2022.

The Bank's total assets moved further up to reach MUR 271.5 billion as at 30 June 2023, supported mainly by a major increase in the investment securities portfolio, which stood at MUR 134.4 billion compared to MUR 113.0 billion as at 31 December 2022. Net loans and advances to non-bank customers increased by MUR 1.6 billion to stand at MUR 109.7 billion as at 30 June 2023. The gross impaired ratio was contained at 5.9% as at 30 June 2023 from 7.9% as at 31 December 2022. Deposits from non-bank customers stood at MUR 230.1 billion as at 30 June 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 30 June 2023 compared to MUR 21.7 billion as at 31 December 2022. With a Tier 1 capital of MUR 19.9 billion, the Tier 1 capital to risk weighted assets ratio moved to 16.4%, while the Capital Adequacy Ratio (CAR) stood at 17.9%. Return on average equity for the six months ended 30 June 2023 improved to 22.8% compared to 16.7% for the financial year 2022.

Outlook

As per latest reports, while headline inflation rates have recently declined in key economies, global economic growth remains sluggish and is exposed to downside risks. In Mauritius, whereas challenges subsist at some levels, the economic recovery momentum is being sustained, supported by appreciable performances across sectors and rising investment levels. According to Statistics Mauritius, real GDP growth is likely to attain 5.3% in 2023, in the wake notably of policy measures announced in the last National Budget and the continued rise in tourist arrivals.

Against this backdrop, the Bank will execute its growth agenda in a prudent way, alongside strengthening its capabilities to tap into business opportunities. It will ensure that key projects and endeavours underway are effectively realised, with focus on further reinforcing its risk management set-up, achieving its digital transformation and improving its competitive edge. At the same time, the Bank will duly support the advancement of the Mauritian economy, while promoting the welfare of the society and its people.

By Order of the Board

04 August 2023

SBM BANK (MAURITIUS) LTD
INTERIM UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

	Unaudited 30 June 2023	Unaudited 30 June 2022	Audited 31 December 2022
	MUR' 000	MUR' 000	MUR' 000
ASSETS			
Cash and cash equivalents	7,060,114	20,914,900	26,534,212
Mandatory balances with central bank	12,326,614	11,444,089	13,316,978
Loans to and placements with banks	1,156,410	1,297,973	1,221,415
Derivative financial instruments	502,402	776,309	637,903
Loans and advances to non-bank customers	109,718,416	103,806,755	108,118,967
Investment securities	134,410,876	123,595,263	113,044,546
Property and equipment	3,180,501	3,053,668	3,134,713
Right-of-use assets	186,901	178,369	234,150
Intangible assets	1,723,991	1,634,444	1,518,510
Deferred tax assets	398,004	570,239	511,001
Other assets	809,427	710,898	801,351
Total assets	271,473,656	267,982,907	269,073,746
LIABILITIES			
Deposits from banks	2,749,754	1,922,319	1,757,243
Deposits from non-bank customers	230,070,224	237,837,494	236,885,327
Other borrowed funds	4,682,649	826,555	757,808
Derivative financial instruments	437,538	486,072	574,694
Lease liability	190,525	145,082	189,756
Current tax liabilities	366,945	363,198	411,835
Pension liability	558,943	391,480	549,107
Other liabilities	9,209,796	6,276,793	6,244,460
Total liabilities	248,266,374	248,248,993	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	8,986,244	6,032,560	8,028,574
Other reserves	767,027	947,343	220,931
Total equity	23,207,282	19,733,914	21,703,516
Total liabilities and equity	271,473,656	267,982,907	269,073,746

Approved by the Board of Directors and authorised for issue on 04 August 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 six months ended 30 June 2023.

SBM BANK (MAURITIUS) LTD
INTERIM UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Unaudited Quarter ended 30 June 2023	Unaudited Quarter ended 30 June 2022	Unaudited Six months ended 30 June 2023	Unaudited Six months ended 30 June 2022	Audited Year ended 31 December 2022
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Interest income using the effective interest method	3,078,386	1,804,951	5,974,127	3,476,345	8,062,262
Other interest income	42,293	32,631	94,239	60,053	137,868
Interest expense using the effective interest method	(993,713)	(159,029)	(1,951,143)	(279,037)	(1,099,822)
Other interest expense	(41,470)	(42,273)	(81,107)	(92,097)	(170,299)
Net interest income	2,085,496	1,636,280	4,036,116	3,165,264	6,930,009
Fee and commission income	388,293	319,961	728,929	595,350	1,261,493
Fee and commission expense	(19,997)	(16,518)	(41,554)	(28,543)	(65,224)
Net fee and commission income	368,296	303,443	687,375	566,807	1,196,269
Other income					
Net trading income	287,682	387,972	717,558	671,760	1,229,832
Net gains / (losses) from financial assets at fair value through profit or loss	3,685	(28,567)	12,781	(35,748)	(24,334)
Net (losses) / gains on derecognition of financial assets measured at fair value through other comprehensive income	(7,191)	10,010	10,251	22,587	34,914
Other operating income	4,708	3,832	9,149	7,665	17,497
	288,884	373,247	749,739	666,264	1,257,909
Non-interest income	657,180	676,690	1,437,114	1,233,071	2,454,178
Operating income	2,742,676	2,312,970	5,473,230	4,398,335	9,384,187
Personnel expenses	(528,507)	(448,790)	(1,083,436)	(945,545)	(2,013,950)
Depreciation of property and equipment	(51,477)	(38,681)	(103,158)	(76,445)	(195,532)
Depreciation of right-of-use assets	(20,935)	(17,540)	(43,149)	(35,067)	(71,319)
Amortisation of intangible assets	(108,674)	(105,165)	(213,904)	(208,880)	(419,552)
Other expenses	(442,660)	(354,268)	(830,210)	(686,189)	(1,486,545)
Non-interest expense	(1,152,253)	(964,444)	(2,273,857)	(1,952,126)	(4,186,898)
Profit before credit loss expense	1,590,423	1,348,526	3,199,373	2,446,209	5,197,289
Credit loss expense on financial assets and memorandum items	143,840	(483,959)	(255,455)	(702,472)	(1,170,348)
Profit before income tax	1,734,263	864,567	2,943,918	1,743,737	4,026,941
Tax expense	(284,106)	(102,992)	(410,102)	(210,037)	(499,001)
Profit for the quarter / period / year	1,450,157	761,575	2,533,816	1,533,700	3,527,940

The financial information has been extracted from the interim unaudited condensed financial statements for the six months ended 30 June 2023.

SBM BANK (MAURITIUS) LTD
INTERIM UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED
30 JUNE 2023

	Unaudited Quarter ended 30 June 2023	Unaudited Quarter ended 30 June 2022	Unaudited Six months ended 30 June 2023	Unaudited Six months ended 30 June 2022	Audited Year ended 31 December 2022
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Profit for the quarter / period / year	1,450,157	761,575	2,533,816	1,533,700	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	653	1,531	653	1,531	1,531
	653	1,531	653	1,531	(20,549)
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Movement in fair value during the quarter / period / year	180,586	(357,152)	561,987	(605,808)	(1,318,535)
Reclassification of gains included in profit or loss on derecognition	7,191	(10,010)	(10,251)	(22,587)	(34,914)
(Reversal of) / Provision for loss allowance relating to debt instruments held at FVTOCI	(41,621)	(13,769)	17,561	(55,624)	(33,128)
	146,156	(380,931)	569,297	(684,019)	(1,386,577)
Total other comprehensive income / (loss)	146,809	(379,400)	569,950	(682,488)	(1,407,126)
Total comprehensive income for the quarter / period / year	1,596,966	382,175	3,103,766	851,212	2,120,814

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SBM BANK (MAURITIUS) LTD

INTERIM UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 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 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)	-
Cash 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
At 01 January 2023	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 period	-	-	2,533,816	-	-	-	2,533,816
Other comprehensive income for the period	-	-	-	-	569,950	-	569,950
Total comprehensive income for the period	-	-	2,533,816	-	569,950	-	3,103,766
Revaluation surplus realised on depreciation	-	-	23,854	-	-	(23,854)	-
Cash dividend	-	-	(1,600,000)	-	-	-	(1,600,000)
At 30 June 2023	400,000	13,054,011	8,986,244	400,000	(817,310)	1,184,337	23,207,282

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SBM BANK (MAURITIUS) LTD
INTERIM UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Unaudited Six months ended 30 June 2023	Unaudited Six months ended 30 June 2022	Audited Year ended 31 December 2022
	MUR' 000	MUR' 000	MUR' 000
Net cash used in operating activities	(21,227,994)	(13,076,404)	(7,675,010)
Net cash generated from / (used in) financing activities	2,324,841	(6,148,844)	(455,494)
Net cash used in investing activities	(568,331)	(137,715)	(5,618,020)
Net change in cash and cash equivalents	(19,471,484)	(19,362,963)	(13,748,524)
Expected credit loss on cash and cash equivalents	(2,614)	(3,559)	1,314
Cash and cash equivalents at start of period / year	26,534,212	40,281,422	40,281,422
Cash and cash equivalents at end of period / year	7,060,114	20,914,900	26,534,212

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