

## **SBM BANK (MAURITIUS) LTD**

SBM Bank (Mauritius) Ltd ('the Bank') is pleased to present its abridged interim unaudited condensed financial statements for the nine months ended 30 September 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 nine months ended 30 September 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 2,584.94 million for the nine months ended 30 September 2022 compared to MUR 1,592.72 million for the nine months ended 30 September 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 777.61 million from MUR 4,185.74 million for 9M 2021 to MUR 4,963.35 for 9M 2022 on account of higher interest income derived from investment securities following an increase of 38.18% in the holdings of investment securities compared to 9M 2021. The Bank also recorded lower interest expense by MUR 93.23 million or 12.37% for 9M 2022 due to lower interest expense on borrowings and derivatives for the current period under review. Impairment charge was lower by MUR 858.17 million or 49.69%, at MUR 868.75 million for the nine months ended 30 September 2022 compared to MUR 1,726.92 million for the nine months ended 30 September 2021.

Despite the drop of MUR 489.55 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 6.78 billion for 9M 2022, against MUR 6.49 billion for 9M 2021.

On the non-interest expenses side, an overall increase of MUR 84.77 million was noted. Personnel expenses recorded an increase of MUR 157.19 million following the normal annual salary increase, whilst other expenses witnessed an increase of MUR 143.22 million over 9M 2021. These higher costs were offset by a lower amortisation charge on our IT systems.

The Bank redeployed part of its excess liquidity in loans and investment securities which registered an increase of MUR 10.95 billion and MUR 4.50 billion respectively at the reporting date. Deposits from non-bank customers stood at MUR 234.75 billion at 30 September 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 21.43 billion as at 30 September 2022 compared to MUR 20.58 billion as at 31 December 2021. The Bank made a dividend payment of MUR 2.2 billion to SBM (Bank) Holdings Ltd whilst a capital injection of MUR 1.2 billion was received from the latter. With a Tier 1 capital base of MUR 18.06 billion, the Capital Adequacy Ratio (CAR) stood at 16.72% and the Tier 1 capital to risk weighted assets ratio moved to 15.13%. Return on average equity for 9M 2022 improved to 16.45% compared to 10.72% for 9M 2021.

## Economic Outlook

Whilst the global economy was previously on track to register a tangible turnaround, the ramping up of the war in Ukraine – coupled with heightened supply chain bottlenecks engendered by the shutdowns in China due to resurging COVID-19 cases as well as accelerating monetary and fiscal policy tightening – has paved the way for an increasingly volatile, ambiguous, and disruptive external environment. Consequently, the IMF has projected that global growth will decelerate from 6.0% in 2021 to 3.2% in 2022 and 2.7% in 2023.

In Mauritius, encouraging signs of recovery are being witnessed on several fronts, especially in the tourism sector, despite the particularly challenging operating environment. Economic activity was sustained across most sectors of the economy and positive growth performance was broad-based, according to latest official figures. Nonetheless, Mauritius is being exposed to prominent risks to its short to medium term macroeconomic outlook, given the uncertain international context, and therefore the local economic situation requires constant reassessment.

In this context, the Bank will maintain the disciplined execution of its strategic intents and will continue to improve its value proposition, backed by innovation and technological adoption. It also remains committed to improve service quality and consolidate its positioning in key segments.

By Order of the Board

07 November 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](http://www.sbmgroup.mu).

**SBM BANK (MAURITIUS) LTD**
**INTERIM UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2022**

	Unaudited 30 September 2022	Unaudited 30 September 2021	Audited 31 December 2021
	MUR' 000	MUR' 000	MUR' 000
<b>ASSETS</b>			
Cash and cash equivalents	13,165,701	35,687,851	40,281,422
Mandatory balances with central bank	12,715,189	10,896,143	11,203,833
Loans to and placements with banks	1,478,554	1,917,808	837,970
Derivative financial instruments	893,802	565,642	579,946
Loans and advances to non-bank customers	108,864,649	97,599,148	97,916,200
Investment securities	123,903,256	111,674,544	119,399,335
Property and equipment	3,096,625	2,755,286	3,019,187
Right-of-use assets	191,059	221,199	212,037
Intangible assets	1,550,657	1,668,765	1,816,509
Deferred tax assets	583,512	479,688	518,443
Other assets	698,491	730,634	787,947
<b>Total assets</b>	<b>267,141,495</b>	<b>264,196,708</b>	<b>276,572,829</b>
<b>LIABILITIES</b>			
Deposits from banks	1,222,768	1,290,411	1,481,854
Deposits from non-bank customers	234,753,311	227,800,114	241,528,828
Other borrowed funds	714,280	6,297,009	5,275,400
Derivative financial instruments	572,779	639,448	565,655
Lease liability	151,661	195,129	184,665
Current tax liabilities	446,157	218,089	307,887
Pension liability	391,500	724,809	395,928
Other liabilities	7,460,425	7,093,539	6,249,910
<b>Total liabilities</b>	<b>245,712,881</b>	<b>244,258,548</b>	<b>255,990,127</b>
<b>SHAREHOLDER'S EQUITY</b>			
Stated capital	400,000	400,000	400,000
Capital contribution	13,054,011	11,854,011	11,854,011
Retained earnings	7,095,731	5,824,374	6,675,006
Other reserves	878,872	1,859,775	1,653,685
<b>Total equity</b>	<b>21,428,614</b>	<b>19,938,160</b>	<b>20,582,702</b>
<b>Total liabilities and equity</b>	<b>267,141,495</b>	<b>264,196,708</b>	<b>276,572,829</b>

Approved by the Board of Directors and authorised for issue on 07 November 2022.

Anoop Kumar Nilamber  
Chief Executive

Imalambaal Kichenin  
Chairperson, Audit Committee

Visvanaden Soondram  
Chairman

*The financial information has been extracted from the interim unaudited condensed financial statements for the nine months ended 30 September 2022.*

**SBM BANK (MAURITIUS) LTD**  
**INTERIM UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022**

	Unaudited Quarter ended 30 September 2022	Unaudited Quarter ended 30 September 2021	Unaudited Nine months ended 30 September 2022	Unaudited Nine months ended 30 September 2021	Audited Year ended 31 December 2021
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Interest income using the effective interest method	2,057,560	1,629,954	5,533,905	4,763,042	6,458,236
Other interest income	29,864	44,106	89,917	176,396	202,837
Interest expense using the effective interest method	(252,697)	(141,788)	(531,734)	(412,511)	(548,130)
Other interest expense	(36,639)	(86,711)	(128,736)	(341,188)	(395,716)
<b>Net interest income</b>	<b>1,798,088</b>	<b>1,445,561</b>	<b>4,963,352</b>	<b>4,185,739</b>	<b>5,717,227</b>
Fee and commission income	317,654	269,332	913,004	815,014	1,130,243
Fee and commission expense	(13,472)	(9,445)	(42,015)	(37,459)	(53,630)
<b>Net fee and commission income</b>	<b>304,182</b>	<b>259,887</b>	<b>870,989</b>	<b>777,555</b>	<b>1,076,613</b>
<b>Other income</b>					
Net trading income	254,955	79,031	926,715	739,878	972,356
Net gains / (losses) from financial assets at fair value through profit or loss	17,055	161,312	(18,693)	198,759	228,083
Net gains on derecognition of financial assets measured at fair value through other comprehensive income	711	91,936	23,298	563,702	588,098
Other operating income	3,471	7,700	11,136	23,100	23,304
	<b>276,192</b>	<b>339,979</b>	<b>942,456</b>	<b>1,525,439</b>	<b>1,811,841</b>
<b>Non-interest income</b>	<b>580,374</b>	<b>599,866</b>	<b>1,813,445</b>	<b>2,302,994</b>	<b>2,888,454</b>
<b>Operating income</b>	<b>2,378,462</b>	<b>2,045,427</b>	<b>6,776,797</b>	<b>6,488,733</b>	<b>8,605,681</b>
Personnel expenses	(442,196)	(389,145)	(1,387,742)	(1,230,552)	(1,748,224)
Depreciation of property and equipment	(39,217)	(36,835)	(115,661)	(110,322)	(149,112)
Depreciation of right-of-use assets	(18,266)	(16,006)	(53,333)	(47,328)	(64,107)
Amortisation of intangible assets	(104,798)	(182,921)	(313,678)	(540,658)	(411,081)
Other expenses	(373,777)	(269,833)	(1,059,966)	(916,750)	(1,347,241)
<b>Non-interest expense</b>	<b>(978,254)</b>	<b>(894,740)</b>	<b>(2,930,380)</b>	<b>(2,845,610)</b>	<b>(3,719,765)</b>
<b>Profit before credit loss expense</b>	<b>1,400,208</b>	<b>1,150,687</b>	<b>3,846,417</b>	<b>3,643,123</b>	<b>4,885,916</b>
Credit loss expense on financial assets and memorandum items	(166,276)	(577,499)	(868,748)	(1,726,919)	(2,347,518)
<b>Profit before income tax</b>	<b>1,233,932</b>	<b>573,188</b>	<b>2,977,669</b>	<b>1,916,204</b>	<b>2,538,398</b>
Tax expense	(182,688)	(147,915)	(392,725)	(323,489)	(448,211)
<b>Profit for the quarter / period / year</b>	<b>1,051,244</b>	<b>425,273</b>	<b>2,584,944</b>	<b>1,592,715</b>	<b>2,090,187</b>

*The financial information has been extracted from the interim unaudited condensed financial statements for the nine months ended 30 September 2022.*

**SBM BANK (MAURITIUS) LTD**  
**INTERIM UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS**  
**ENDED 30 SEPTEMBER 2022**

	Unaudited Quarter ended 30 September 2022	Unaudited Quarter ended 30 September 2021	Unaudited Nine months ended 30 September 2022	Unaudited Nine months ended 30 September 2021	Audited Year ended 31 December 2021
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Profit for the quarter / period / year	1,051,244	425,273	2,584,944	1,592,715	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	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	(65,236)	148,165	(671,044)	(617,324)	(663,969)
Reclassification of gains included in profit or loss on derecognition	(711)	(91,936)	(23,298)	(563,702)	(588,098)
Loss allowance relating to debt instruments held at FVTOCI	9,403	99,203	(46,221)	129,636	6,514
	(56,544)	155,432	(740,563)	(1,051,390)	(1,245,553)
Total other comprehensive (loss) / gain	(56,544)	155,432	(739,032)	(1,050,986)	(903,916)
Total comprehensive income for the quarter / period / year	994,700	580,705	1,845,912	541,729	1,186,271

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**SBM BANK (MAURITIUS) LTD**
**INTERIM UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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	-	-	1,592,715	-	-	-	1,592,715
Other comprehensive loss for the period	-	-	-	-	(1,050,986)	-	(1,050,986)
Total comprehensive income for the period	-	-	1,592,715	-	(1,050,986)	-	541,729
Revaluation surplus realised on depreciation	-	-	35,781	-	-	(35,781)	-
Dividend	-	-	(400,000)	-	-	-	(400,000)
<b>At 30 September 2021</b>	<b>400,000</b>	<b>11,854,011</b>	<b>5,824,374</b>	<b>400,000</b>	<b>191,949</b>	<b>1,267,826</b>	<b>19,938,160</b>
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)
<b>At 31 December 2021</b>	<b>400,000</b>	<b>11,854,011</b>	<b>6,675,006</b>	<b>400,000</b>	<b>(2,214)</b>	<b>1,255,899</b>	<b>20,582,702</b>
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	-	-	2,584,944	-	-	-	2,584,944
Other comprehensive loss for the period	-	-	-	-	(739,032)	-	(739,032)
Total comprehensive income / (loss) for the period	-	-	2,584,944	-	(739,032)	-	1,845,912
Capital contribution received during the period	-	1,200,000	-	-	-	-	1,200,000
Revaluation surplus realised on depreciation	-	-	35,781	-	-	(35,781)	-
Dividend	-	-	(2,200,000)	-	-	-	(2,200,000)
<b>At 30 September 2022</b>	<b>400,000</b>	<b>13,054,011</b>	<b>7,095,731</b>	<b>400,000</b>	<b>(741,246)</b>	<b>1,220,118</b>	<b>21,428,614</b>

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**SBM BANK (MAURITIUS) LTD**  
**INTERIM UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022**

	Unaudited Nine Months ended 30 September 2022	Unaudited Nine Months ended 30 September 2021	Audited Year ended 31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Net cash (used in) / generated from operating activities	(21,312,671)	24,477,667	30,508,554
Net cash used in financing activities	(5,561,120)	(5,188,942)	(6,293,161)
Net cash used in investing activities	(241,261)	(349,478)	(677,513)
Net change in cash and cash equivalents	(27,115,052)	18,939,247	23,537,880
Expected credit loss on cash and cash equivalents	(669)	(731)	(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	<u>13,165,701</u>	<u>35,687,851</u>	<u>40,281,422</u>

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