

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 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 unaudited condensed 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 4.3 billion for the nine months ended 30 September 2023 (9M 2023) compared to MUR 2.6 billion for the nine months ended 30 September 2022 (9M 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 1,327.4 million and stood at MUR 6,290.8 million for 9M 2023 compared to MUR 4,963.4 million for 9M 2022. Interest income from loans and advances to non-bank customers recorded an increase of MUR 2,618.0 million, while interest income from investment securities went up by MUR 997.6 million. Interest expense moved up to attain MUR 3,230.5 million compared to MUR 660.5 million for 9M 2022. Impairment charge was lower by MUR 597.1 million or 68.7% and amounted to MUR 271.6 million for 9M 2023 compared to MUR 868.7 million for 9M 2022.

Non-interest income also increased during the period under review and stood at MUR 2,215.2 million for 9M 2023, higher by MUR 401.7 million compared to 9M 2022. The main contributors to this increase are net trading income followed by net fee and commission income, which attained MUR 1,148.9 million and MUR 1,017.1 million respectively for 9M 2023, compared to MUR 926.7 million and 871.0 million for 9M 2022. The Bank recorded a higher operating income of MUR 8,506.0 million for 9M 2023, against MUR 6,776.8 million for 9M 2022.

On the non-interest expense side, an overall increase of MUR 709.0 million was noted for 9M 2023, from MUR 2,930.4 million for 9M 2022 to MUR 3,639.4 million for 9M 2023. The Bank continues to invest in its human capital, with personnel expenses standing at MUR 1,646.3 million for 9M 2023, representing an increase of MUR 258.5 million compared to 9M 2022.

The Bank's total assets moved further up to reach MUR 278.7 billion as at 30 September 2023 from MUR 269.1 billion as at 31 December 2022, supported mainly by a major increase in the investment securities portfolio, which stood at MUR 139.2 billion compared to MUR 113.0 billion as at 31 December 2022. Net loans and advances to non-bank customers increased by MUR 3.0 billion to stand at MUR 111.1 billion as at 30 September 2023. The gross impaired ratio improved from 7.9% as at 31 December 2022 to 5.2% as at 30 September 2023. Deposits from non-bank customers stood at MUR 240.7 billion as at 30 September 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 25.6 billion as at 30 September 2023 compared to MUR 21.7 billion as at 31 December 2022. With a Tier 1 capital of MUR 21.8 billion, the Tier 1 capital to risk weighted assets ratio moved to 17.5%, while the Capital Adequacy Ratio (CAR) stood at 19.0%. Return on average equity for the nine months ended 30 September 2023 improved to 24.1% compared to 16.7% for the financial year 2022.

Outlook

As per the latest World Economic Outlook of the IMF, the global recovery remains slow and uneven, whereas inflation is gradually declining from prior highs. In Mauritius, the economy has maintained its resilience, with notable GDP growth being expected for 2023, on the back of improved sectorial performances and investment levels.

For the periods ahead, the Bank is committed to executing its growth agenda in a prudent manner. While it embarks on its digital transformation journey, an important focus area of the Bank is to further enrich its value proposition and strengthen customer loyalty. Towards those ends, it will ensure that key projects underway are effectively realised, helped by the continued reinforcement of its risk management framework and internal capabilities.

At the same time, the Bank will pursue its sustainability agenda alongside supporting the socio-economic progress of Mauritius.

By Order of the Board

10 November 2023

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

	Unaudited 30 September 2023	Unaudited 30 September 2022	Audited 31 December 2022
	MUR' 000	MUR' 000	MUR' 000
ASSETS			
Cash and cash equivalents	5,977,802	13,165,701	26,534,212
Mandatory balances with central bank	13,061,094	12,715,189	13,316,978
Loans to and placements with banks	1,908,480	1,478,554	1,221,415
Derivative financial instruments	474,587	893,802	637,903
Loans and advances to non-bank customers	111,121,644	108,864,649	108,118,967
Investment securities	139,217,126	123,903,256	113,044,546
Property and equipment	3,304,292	3,096,625	3,134,713
Right-of-use assets	176,098	191,059	234,150
Intangible assets	1,711,826	1,550,657	1,518,510
Deferred tax assets	861,791	583,512	511,001
Other assets	865,784	698,491	801,351
Total assets	278,680,524	267,141,495	269,073,746
LIABILITIES			
Deposits from banks	2,597,717	1,222,768	1,757,243
Deposits from non-bank customers	240,706,320	234,753,311	236,885,327
Other borrowed funds	663,984	714,280	757,808
Derivative financial instruments	577,801	572,779	574,694
Lease liability	178,638	151,661	189,756
Current tax liabilities	671,452	446,157	411,835
Pension liability	562,867	391,500	549,107
Other liabilities	7,166,538	7,460,425	6,244,460
Total liabilities	253,125,317	245,712,881	247,370,230
SHAREHOLDER'S EQUITY			
Stated capital	400,000	400,000	400,000
Capital contribution	13,054,011	13,054,011	13,054,011
Retained earnings	10,759,625	7,095,731	8,028,574
Other reserves	1,341,571	878,872	220,931
Total equity	25,555,207	21,428,614	21,703,516
Total liabilities and equity	278,680,524	267,141,495	269,073,746

Approved by the Board of Directors and authorised for issue on 10 November 2023.

Sanjaiye Rawoteea
Acting Chief Executive Officer

Imalambaal Kichenin
Chairperson, Audit Committee

Raoul Gufflet
Director

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

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

	Unaudited Quarter ended 30 September 2023	Unaudited Quarter ended 30 September 2022	Unaudited Nine months ended 30 September 2023	Unaudited Nine months ended 30 September 2022	Audited Year ended 31 December 2022
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Interest income using the effective interest method	3,389,092	2,057,560	9,363,219	5,533,905	8,062,262
Other interest income	63,842	29,864	158,081	89,917	137,868
Interest expense using the effective interest method	(1,156,692)	(252,697)	(3,107,835)	(531,734)	(1,099,822)
Other interest expense	(41,556)	(36,639)	(122,663)	(128,736)	(170,299)
Net interest income	2,254,686	1,798,088	6,290,802	4,963,352	6,930,009
Fee and commission income	355,071	317,654	1,084,000	913,004	1,261,493
Fee and commission expense	(25,349)	(13,472)	(66,903)	(42,015)	(65,224)
Net fee and commission income	329,722	304,182	1,017,097	870,989	1,196,269
Other income					
Net trading income	431,292	254,955	1,148,850	926,715	1,229,832
Net gains / (losses) from financial assets at fair value through profit or loss	3,123	17,055	15,904	(18,693)	(24,334)
Net gains on derecognition of financial assets measured at fair value through other comprehensive income	9,440	711	19,691	23,298	34,914
Other operating income	4,489	3,471	13,638	11,136	17,497
	448,344	276,192	1,198,083	942,456	1,257,909
Non-interest income	778,066	580,374	2,215,180	1,813,445	2,454,178
Operating income	3,032,752	2,378,462	8,505,982	6,776,797	9,384,187
Personnel expenses	(562,828)	(442,196)	(1,646,264)	(1,387,742)	(2,013,950)
Depreciation of property and equipment	(51,666)	(39,217)	(154,824)	(115,661)	(195,532)
Depreciation of right-of-use assets	(14,556)	(18,266)	(57,705)	(53,333)	(71,319)
Amortisation of intangible assets	(88,422)	(104,798)	(302,326)	(313,678)	(419,552)
Other expenses	(648,022)	(373,777)	(1,478,232)	(1,059,966)	(1,486,545)
Non-interest expense	(1,365,494)	(978,254)	(3,639,351)	(2,930,380)	(4,186,898)
Profit before credit loss expense	1,667,258	1,400,208	4,866,631	3,846,417	5,197,289
Credit loss expense on financial assets and memorandum items	(16,136)	(166,276)	(271,591)	(868,748)	(1,170,348)
Profit before income tax	1,651,122	1,233,932	4,595,040	2,977,669	4,026,941
Tax expense	69,999	(182,688)	(340,103)	(392,725)	(499,001)
Profit for the quarter / period / year	1,721,121	1,051,244	4,254,937	2,584,944	3,527,940

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

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

	Unaudited Quarter ended 30 September 2023	Unaudited Quarter ended 30 September 2022	Unaudited Nine months ended 30 September 2023	Unaudited Nine months ended 30 September 2022	Audited Year ended 31 December 2022
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Profit for the quarter / period / year	1,721,121	1,051,244	4,254,937	2,584,944	3,527,940
Other comprehensive income :					
<i>Items that will not be reclassified to profit or loss:</i>					
Change in deferred tax rate on revaluation of property	(72,151)	-	(72,151)	-	-
Change in deferred tax rate on defined benefit pension plan	40,333	-	40,333	-	-
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	1,531
	(31,818)	-	(31,165)	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	586,383	(65,236)	1,148,370	(671,044)	(1,318,535)
Reclassification of gains included in profit or loss on derecognition	(9,440)	(711)	(19,691)	(23,298)	(34,914)
Provision for / (Reversal of) loss allowance relating to debt instruments held at FVTOCI	81,679	9,403	99,240	(46,221)	(33,128)
	658,622	(56,544)	1,227,919	(740,563)	(1,386,577)
Total other comprehensive income / (loss)	626,804	(56,544)	1,196,754	(739,032)	(1,407,126)
Total comprehensive income for the quarter / period / year	2,347,925	994,700	5,451,691	1,845,912	2,120,814

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SBM BANK (MAURITIUS) LTD

INTERIM UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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	-	-	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)	-
Cash dividend	-	-	(2,200,000)	-	-	-	(2,200,000)
At 30 September 2022	400,000	13,054,011	7,095,731	400,000	(741,246)	1,220,118	21,428,614
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 period	-	-	4,254,937	-	-	-	4,254,937
Other comprehensive income / (loss) for the period	-	-	40,333	-	1,228,572	(72,151)	1,196,754
Total comprehensive income / (loss) for the period	-	-	4,295,270	-	1,228,572	(72,151)	5,451,691
Revaluation surplus realised on depreciation	-	-	35,781	-	-	(35,781)	-
Cash dividend	-	-	(1,600,000)	-	-	-	(1,600,000)
At 30 September 2023	400,000	13,054,011	10,759,625	400,000	(158,688)	1,100,259	25,555,207

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

	Unaudited Nine months ended 30 September 2023	Unaudited Nine months ended 30 September 2022	Audited Year ended 31 December 2022
	MUR' 000	MUR' 000	MUR' 000
Net cash used in operating activities	(18,039,561)	(21,312,671)	(7,675,010)
Net cash used in financing activities	(1,693,824)	(5,561,120)	(455,494)
Net cash used in investing activities	(820,045)	(241,261)	(5,618,020)
Net decrease in cash and cash equivalents	(20,553,430)	(27,115,052)	(13,748,524)
Expected credit loss on cash and cash equivalents	(2,980)	(669)	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	5,977,802	13,165,701	26,534,212

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