

FINANCIAL HIGHLIGHTS

Total assets grew by 8% from Rs55.6bn as at December 2019 to Rs60.0bn as at March 2020.

Net Loans and advances book improved by 4% during the year to close at Rs28.9bn as at March 2020 while the impairment ratio went up from 4.23% in December 2019 to 6.13% as at March 2020.

Total Deposits base went up by 9% in 2020 with substantial contributions from offshore segment.

The Bank reported profits before impairment of Rs196m for the quarter under review. After booking impairment charges of Rs352m for the same period, the bank ended the quarter with loss after tax of Rs152m as compared to profits of Rs194m for the same period previous year.

The Bank Capital Adequacy Ratio closed at 13.53% as at March 2020 (13.58% in Q1 2019 and 14.71% in Dec 2019) against a regulatory limit of 12.50%.

The economic effect of the virus on Mauritius and on the Bank in particular is difficult to ascertain at this stage. The Bank has however proactively built up a significant MUR and USD liquidity cushion and undertaken a detailed review of its asset portfolio to assess the impact on profitability, liquidity, capital adequacy and asset quality. As at March 2020, the increase in the overall credit risk has been factored into the Bank's Q1 results and the resulting rise in provisioning levels.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Unaudited 31 March 2020	Audited 31 December 2019
	Rs 000	Rs 000
ASSETS		
Cash and cash equivalents	13,071,277	7,945,661
Derivative assets held for risk management	6,484	3,770
Loans and advances to banks	6,483,743	4,912,421
Securities purchased under agreement to resell	2,154,058	2,034,570
Loans and advances to customers	22,441,704	22,928,271
Investments in financial instruments measured at FVTOCI	1,647,357	2,568,506
Investments in financial instruments measured at amortised cost	12,154,181	13,066,886
Right-Of-Use asset	52,788	55,096
Property and equipment	366,431	371,821
Intangible assets	122,133	138,466
Deferred tax assets	68,829	51,277
Other assets	1,445,800	1,546,750
Total Assets	60,014,785	55,623,495
LIABILITIES		
Deposits from customers	52,493,047	48,138,611
Derivative liabilities held for risk management	5,076	33,348
Other borrowed funds	2,636,807	2,449,494
Subordinated liabilities	729,898	713,831
Current tax liabilities	34,716	20,734
Other liabilities	645,072	658,247
Leased liabilities	55,890	57,723
Total Liabilities	56,600,506	52,071,988
EQUITY		
Stated capital	1,156,456	1,156,456
Retained earnings	1,721,911	1,875,669
Other reserves	535,912	519,382
Total Equity	3,414,279	3,551,507
Total Equity and Liabilities	60,014,785	55,623,495

CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2020

	Unaudited Three months ended 31 March 2020	Unaudited Three months ended 31 March 2019
	Rs 000	Rs 000
Cash and cash equivalents at beginning of period	7,945,661	6,648,888
Net cash generated from operating activities	2,698,197	3,154,193
Net cash from investing activities	2,429,252	373,777
Net cash used in financing activities	(1,833)	(3,008)
Net decrease in cash and cash equivalents	5,125,616	3,524,962
Cash and cash equivalents at end of period	13,071,277	10,173,850

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 MARCH 2020

	Unaudited Three months ended 31 March 2020	Unaudited Three months ended 31 March 2019
	Rs 000	Rs 000
Interest income	492,925	411,447
Interest expense	(199,142)	(141,887)
Net interest income	293,783	269,560
Fee and commission income	154,213	163,821
Fee and commission expense	(107,432)	(87,646)
Net fee and commission income	46,781	76,175
Net gain on dealing in foreign currencies and derivatives	41,289	29,737
Net gain from derecognition of financial assets measured at fair value through other comprehensive income (FVTOCI)	38,294	630
Other operating (loss)/income	(99)	139
	79,484	30,506
Operating income	420,048	376,241
Personnel expenses	(118,527)	(103,681)
Depreciation and amortisation	(19,243)	(20,206)
Other expenses	(86,147)	(42,817)
	(223,917)	(166,704)
Profit before impairment and tax	196,131	209,537
Net impairment loss on financial assets	(352,360)	(8,386)
(Loss)/profit before income tax	(156,229)	201,151
Income tax credit/ (expense)	4,517	(7,352)
(Loss)/income for the period	(151,712)	193,799
Other Comprehensive income :		
<i>Items that will not be classified subsequently to profit or loss:</i>		
Movement in investment revaluation reserve for equity instruments at FVTOCI	1,516	924
<i>Items that may be classified subsequently to profit or loss:</i>		
Movement in investment revaluation reserve for debt instruments at FVTOCI/AFS investments securities, net of tax:		
Reclassification of gain/(loss) during the period	23,995	(181)
(Losses)/gains arising during the period	(11,027)	13,293
Other Comprehensive Income for the period	14,484	14,036
Total Comprehensive (loss)/income for the period	(137,228)	207,835

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2020

	Stated capital	Revaluation surplus	Statutory reserve	General Banking reserve	Fair value reserve	Retirement Benefit Plan Reserve	Retained earnings	Total equity
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1 January 2019	856,456	97,313	306,969	37,030	(4,471)	(47,752)	1,484,994	2,730,539
Profit for the period	-	-	-	-	-	-	193,799	193,799
Other comprehensive income	-	-	-	-	14,036	-	-	14,036
Total comprehensive income	-	-	-	-	14,036	-	193,799	207,835
Balance as at 31 March 2019	856,456	97,313	306,969	37,030	9,565	(47,752)	1,678,793	2,938,374
Balance as at 1 January 2020	1,156,456	97,313	401,538	47,882	42,534	(69,885)	1,875,669	3,551,507
Loss for the period	-	-	-	-	-	-	(151,712)	(151,712)
Other comprehensive income	-	-	-	-	14,484	-	-	14,484
Total comprehensive loss	-	-	-	-	14,484	-	(151,712)	(137,228)
Transfer to general banking reserve	-	-	-	2,046	-	-	(2,046)	-
Balance as at 31 March 2020	1,156,456	97,313	401,538	49,928	57,018	(69,885)	1,721,911	3,414,279

Liquidity Coverage Ratio - Quarter ending March 2020

(Consolidated in MUR'000s)	TOTAL UNWEIGHTED VALUE (quarterly average of monthly observations)	TOTAL WEIGHTED VALUE (quarterly average of monthly observations)
HIGH-QUALITY LIQUID ASSETS		
Total high-quality liquid assets (HQLA)	6,418,023	6,418,023
CASH OUTFLOWS		
Retail deposits and deposits from small business customers, of which:		
Less stable deposits	16,644,259	1,664,426
Unsecured wholesale funding, of which:		
Non-operational deposits (all counterparties)	20,104,990	8,041,996
Unsecured debt	3,219,711	3,219,711
Additional requirements, of which:		
Credit and liquidity facilities	542,159	345,171
Other contractual funding obligations	44,541	44,541
Other contingent funding obligations	679,356	33,968
TOTAL CASH OUTFLOWS	1,266,056	423,681
CASH INFLOWS		
Secured funding	8,425,117	8,425,117
Inflows from fully performing exposures	2,059,702	1,029,851
Other cash inflows	145,682	145,682
TOTAL CASH INFLOWS	10,630,502	9,600,651
		TOTAL ADJUSTED VALUE
TOTAL HQLA		6,418,023
TOTAL NET CASH OUTFLOWS		2,400,163
LIQUIDITY COVERAGE RATIO (%)		267%
QUARTERLY AVERAGE OF DAILY HQLA		6,844,483

Notes: The reported values for 'quarterly average of monthly observations' are based on January, February and March 2020 month end figures.

The reported values for 'quarterly average of daily HQLA' are based on business days figures over the 3rd January 2020 to 31st March 2020's period.

COMMENTS

As at 31st March 2020, the bank's quarterly average LCR stood at 267%, indicating a healthy liquidity position significantly above 100%.

The High Quality Liquid Assets (HQLA) exceeds the Total Net Cash Outflows by MUR 4Bn. The Bank's HQLA remains the main driver for the Bank's LCR which is primarily made up of cash, unrestricted balances with Central Bank, Sovereign and Central Bank Securities. The Bank's Total Net Cash Outflow from January 2020 to March 2020 showed a slight regression. On a quarter to quarter basis, the LCR went down from 295% in December 2019 to 267% in March 2020 on account of a drop-off in investment in eligible securities qualified as HQLA. The bank is proactively managing the ratio by an ongoing monitoring of the stock of High Quality Liquid Assets (HQLA) in order to meet liquidity and regulatory needs.