

FINANCIAL HIGHLIGHTS

The bank strategy during the first semester has been to consolidate further its deposits portfolio (mostly offshore) as far as compliance is concerned. As part of its journey, the bank deliberately exited some large deposit tickets which eventually brought down its deposit's portfolio from Rs48bn as at December 2020 to Rs39.2bn as at June 2021. The review of the files is nearly completed, and no further material outflow is expected in future quarters.

The performing loan book improved by Rs1bn during the six-month period, mainly contributed by the offshore segment.

The impairment ratio improved significantly from 8.67% as at December 2020 to 3.74% in June 2021 with the successful settlement of the two largest non-performing exposures of the bank.

Despite the difficult operating environment, the Bank closed the quarter with profit after tax of Rs136m ably supported by all business lines against losses of Rs275m in June 2020.

The Bank Capital Adequacy Ratio stood at 19.20% as at June 2021 (June 2020:17.09% and December 2020:19.81%) against a regulatory limit of 11.875% and reported a consolidated LCR of 197% at end of the quarter.

The second wave of the COVID-19 outbreak resulting in a second lockdown which ended in May 2021, had and continue to have material impact on businesses, both locally and internationally. The opening of the borders is expected to gradually revive the tourism and hospitality sector as from Q4/2021.

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2021

	Unaudited Three months ended 30 June 2021	Unaudited Six months ended 30 June 2021	Restated Unaudited Three months ended 30 June 2020	Restated Unaudited Six months ended 30 June 2020
	Rs 000	Rs 000	Rs 000	Rs 000
Interest income	283,835	567,033	381,391	874,316
Interest expense	(82,459)	(171,497)	(139,838)	(339,267)
Net interest income	201,376	395,536	241,553	535,049
Fee and commission income	182,224	359,699	171,165	325,378
Fee and commission expense	(108,035)	(234,542)	(116,957)	(224,389)
Net fee and commission income	74,189	125,157	54,208	100,989
Net gain on dealing in foreign currencies and derivatives	33,533	68,447	39,164	80,741
Net gain from derecognition of financial assets measured at fair value through other comprehensive income (FVTOCI)	78,117	91,810	82	38,377
Other operating loss	(13)	(13)	(221)	(320)
	111,637	160,244	39,025	118,798
Operating income	387,202	680,937	334,786	754,836
Personnel expenses	(126,823)	(242,472)	(113,387)	(231,915)
Depreciation and amortisation	(17,790)	(36,260)	(19,837)	(39,080)
Other expenses	(105,420)	(176,993)	(53,986)	(124,882)
Non-interest expenses	(250,033)	(455,725)	(187,210)	(395,877)
Profit before impairment and tax	137,169	225,212	147,576	358,959
Net impairment reversal/(loss) on financial assets	58,897	41,612	(470,184)	(822,544)
Profit/(loss) before income tax	196,066	266,824	(322,608)	(463,585)
Income tax (expense)/credit	(60,031)	(69,074)	47,301	36,566
Profit/(loss) for the period	136,035	197,750	(275,307)	(427,019)
Other Comprehensive income :				
<i>Items that will not be classified subsequently to profit or loss:</i>				
Remeasurement of defined pension obligation, net of tax	20,835	20,835	(21,407)	(21,407)
Movement in investment revaluation reserve for equity instruments at FVTOCI	57	685	64	1,580
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Reclassification of gain during the period	(78,117)	(91,810)	(82)	(38,377)
(Credit)/loss allowance relating to debt instruments held at FVTOCI	(2,240)	(1,165)	(985)	68
(Loss)/ gain on FVTOCI investments during the period	(31,657)	(41,866)	41,582	91,792
Other Comprehensive (loss)/ Income for the period	(91,122)	(113,321)	19,172	33,656
Total Comprehensive Income/ (loss) for the period	44,913	84,429	(256,135)	(393,363)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Stated capital	Capital Contribution	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	Rs 000
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	-	-	-	-	-	-	-	(427,019)	(427,019)
Other comprehensive income	-	-	-	-	-	55,063	(21,407)	-	33,656
Total comprehensive loss	-	-	-	-	-	55,063	(21,407)	(427,019)	(393,363)
Transfer to general banking reserve	-	-	-	-	4,412	-	-	(4,412)	-
Capital contribution	-	300,000	-	-	-	-	-	-	300,000
Balance as at 30 June 2020	1,156,456	300,000	97,313	401,538	52,294	97,597	(91,292)	1,444,238	3,458,144
Balance as at 1 January 2021	1,456,456	-	97,313	401,538	55,589	128,689	(97,165)	1,376,237	3,418,657
Profit for the period	-	-	-	-	-	-	-	197,750	197,750
Other comprehensive loss	-	-	-	-	-	(134,156)	20,835	-	(113,321)
Total comprehensive income	-	-	-	-	-	(134,156)	20,835	197,750	84,429
Transfer to general banking reserve	-	-	-	-	2,279	-	-	(2,279)	-
Balance as at 30 June 2021	1,456,456	-	97,313	401,538	57,868	(5,467)	(76,330)	1,571,708	3,503,086

INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Unaudited Six months ended 30 June 2021	Restated Unaudited Six months ended 30 June 2020
	Rs 000	Rs 000
Cash and cash equivalents at beginning of period	12,176,779	7,945,661
Net cash (used in)/generated from operating activities	(9,504,481)	7,475,857
Net cash from/(used in) investing activities	9,457,401	(5,861,613)
Net cash (used in)/from financing activities	(1,446,049)	1,190,639
Net decrease/increase in cash and cash equivalents	(1,493,129)	2,804,883
Cash and cash equivalents at end of period	10,683,650	10,750,544

Liquidity Coverage Ratio - Quarter ending June 2021

(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)	7,234,157	7,234,157
CASH OUTFLOWS		
Retail deposits and deposits from small business customers, of which:		
<i>Less stable deposits</i>	14,215,993	1,421,599
<i>Unsecured wholesale funding, of which:</i>		
<i>Non-operational deposits (all counterparties)</i>	15,139,643	6,055,857
<i>Unsecured debt</i>	2,371,703	2,371,703
<i>Additional requirements, of which:</i>		
<i>Credit and liquidity facilities</i>	537,406	120,807
Other contractual funding obligations		
Other contingent funding obligations	438,330	21,917
TOTAL CASH OUTFLOWS	32,703,075	9,991,883
CASH INFLOWS		
Secured funding	5,609,691	5,609,691
Inflows from fully performing exposures	1,394,968	697,484
Other cash inflows	9,185	9,185
TOTAL CASH INFLOWS	7,013,844	6,316,360
		TOTAL ADJUSTED VALUE
TOTAL HQLA		7,234,157
TOTAL NET CASH OUTFLOWS		3,675,524
LIQUIDITY COVERAGE RATIO (%)		197%
QUARTERLY AVERAGE OF DAILY HQLA		7,287,318

Notes: The reported values for 'quarterly average of monthly observations' are based on April, May and June 2021 month end figures.

The reported values for 'quarterly average of daily HQLA' are based on business days figures over 1st April 2021 to 30th June 2021's period.

COMMENTS:

- As at the end of June 2021 the Bank's quarterly average LCR was 197%, significantly above the regulatory minimum of 100%.
- This is driven by an excess of MUR 3.6Bn of High Quality Liquid Assets (HQLA) over Net Cash Outflows(NCO).
- The bank's HQLA is primarily made up of cash, unrestricted balances with Central Bank, Sovereign and Central Bank Securities.
- The Bank's stock of High Quality Liquid Assets (HQLA) is proactively managed to ensure high levels of liquidity which are monitored on a daily basis.