

FINANCIAL HIGHLIGHTS

As part of its strategic journey, the bank consciously exited some large deposit tickets which eventually brought down its deposit's portfolio from Rs48bn as at December 2020 to Rs36.8Bn as at September 2021.

Net loans and advances remained flat compared to December 2020. In the current Covid-19 context, investment opportunities remained subdued. The Bank, however, managed to offload its two largest NPL's, improving substantially its impairment ratio from 8.67% as at December 2020 to 3.87% in September 2021.

The Bank closed the quarter with profit after tax of Rs139m compared to Rs8m in September 2020.

The Bank reported (i) a comfortable Capital Adequacy Ratio at 21.12% as at September 2021 (September 2020:19.30% and December 2020:19.81%) against a regulatory limit of 11.875% and (ii)a consolidated LCR of 358% at end of the quarter against a regulatory requirement of 100%.

With the opening of the borders, there has been an improvement in the tourism and hospitality sector as expected. However, the surge of the Delta variant will definitely slow the pace of economic growth both locally and offshore.

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021		
	Unaudited 30 September 2021 Rs 000	Audited 31 December 2020 Rs 000
ASSETS		
Cash and cash equivalents	9,439,275	12,176,779
Derivative assets held for risk management	20,312	32,891
Loans and advances to banks	4,005,178	1,983,472
Loans and advances to customers	16,580,025	18,656,594
Investments in financial instruments measured at FVTOCI	2,109,691	12,035,154
Investments in financial instruments measured at amortised cost	10,516,823	10,228,322
Right-Of-Use asset	34,607	40,375
Property and equipment	396,354	345,607
Intangible assets	120,747	111,585
Deferred tax assets	47,002	88,682
Other assets	1,342,400	1,448,071
Total Assets	44,612,414	57,147,532
LIABILITIES		
Deposits from customers	36,769,308	48,050,492
Derivative liabilities held for risk management	1,852	13,041
Other borrowed funds	2,195,486	3,767,074
Subordinated liabilities	1,397,022	1,387,217
Pension obligations	63,859	80,146
Current tax liabilities	20,513	1,783
Other liabilities	485,831	381,048
Leased liabilities	44,012	48,074
Total Liabilities	40,977,883	53,728,875
EQUITY		
Stated capital	1,456,456	1,456,456
Retained earnings	1,711,151	1,376,237
Other reserves	466,924	585,964
Total Equity	3,634,531	3,418,657
Total Equity and Liabilities	44,612,414	57,147,532

INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021		
	Unaudited Nine months ended 30 September 2021 Rs 000	Restated Unaudited Nine months ended 30 September 2020 Rs 000
Cash and cash equivalents at beginning of period	12,176,779	7,945,661
Net cash (used in)/generated from operating activities	(10,741,341)	8,063,498
Net cash from/(used in) investing activities	9,570,784	(9,349,585)
Net cash (used in)/from financing activities	(1,566,947)	1,880,849
Net decrease/increase in cash and cash equivalents	(2,737,504)	594,762
Cash and cash equivalents at end of period	9,439,275	8,540,423

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS STATEMENT AND COMPREHENSIVE INCOME FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2021				
	Unaudited Three months ended 30 September 2021 Rs 000	Unaudited Nine months ended 30 September 2021 Rs 000	Restated Unaudited Three months ended 30 September 2020 Rs 000	Restated Unaudited Nine months ended 30 September 2020 Rs 000
Interest income	293,488	860,521	315,720	1,190,036
Interest expense	(84,072)	(255,569)	(119,020)	(458,287)
Net interest income	209,416	604,952	196,700	731,749
Fee and commission income	99,660	459,359	184,166	507,558
Fee and commission expense	(49,476)	(284,018)	(143,767)	(366,171)
Net fee and commission income	50,184	175,341	40,399	141,387
Net gain on dealing in foreign currencies and derivatives	49,945	118,392	35,813	116,554
Net gain from derecognition of financial assets measured at fair value through other comprehensive income (FVTOCI)	1,232	93,042	87	38,464
Net gain arising from the derecognition of financial assets measured at amortised cost	28,808	28,808	-	-
Other operating profit/(loss)	276	263	(25)	(345)
	80,261	240,505	35,875	154,673
Operating income	339,861	1,020,798	272,974	1,027,809
Personnel expenses	(128,455)	(370,927)	(97,830)	(329,745)
Depreciation and amortisation	(17,966)	(54,226)	(20,430)	(59,510)
Other expenses	(69,908)	(246,901)	(51,825)	(176,706)
Non-interest expenses	(216,329)	(672,054)	(170,085)	(565,961)
Profit before impairment and tax	123,532	348,744	102,889	461,848
Net impairment reversal/(loss) on financial assets	33,142	74,754	(95,145)	(917,689)
Profit/(loss) before income tax	156,674	423,498	7,744	(455,841)
Income tax (expense)/credit	(17,231)	(86,305)	273	36,839
Profit/(loss) for the period	139,443	337,193	8,017	(419,002)
Other Comprehensive income :				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined pension obligation,net of tax	-	20,835	-	(21,407)
Movement in investmentment revaluation reserve for equity instruments at FVTOCI	100	785	127	1,707
Items that may be reclassified subsequently to profit or loss:				
Reclassification of gain on disposal of FVTOCI instruments during the period	(1,232)	(93,042)	(87)	(38,464)
Loss allowance relating to debt instruments held at FVTOCI	1,289	124	3,462	3,530
(Loss)/ gain on FVTOCI instruments during the period	(8,155)	(50,021)	(300)	91,493
Other Comprehensive (loss)/ Income for the period	(7,998)	(121,319)	3,202	36,859
Total Comprehensive Income/ (loss) for the period	131,445	215,874	11,219	(382,143)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021								
	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 2020	1,156,456	97,313	401,538	47,882	42,534	(69,885)	1,875,669	3,551,507
Loss for the period	-	-	-	-	-	-	(419,002)	(419,002)
Other comprehensive income	-	-	-	-	58,266	(21,407)	-	36,859
Total comprehensive loss	-	-	-	-	58,266	(21,407)	(419,002)	(382,143)
Transfer to general banking reserve	-	-	-	4,412	-	-	(4,412)	
Transaction with owners:								
Issue of shares	300,000	-	-	-	-	-	-	300,000
Balance as at 30 September 2020	1,456,456	97,313	401,538	52,294	100,800	(91,292)	1,452,255	3,469,364
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	-	-	-	-	-	-	337,193	337,193
Other comprehensive loss	-	-	-	-	(142,154)	20,835	-	(121,319)
Total comprehensive income for the period	-	-	-	-	(142,154)	20,835	337,193	215,874
Transfer to general banking reserve	-	-	-	2,279	-	-	(2,279)	-
Balance as at 30 September 2021	1,456,456	97,313	401,538	57,868	(13,465)	(76,330)	1,711,151	3,634,531

Liquidity Coverage Ratio - Quarter ending September 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)	7,492,516	7,492,516
CASH OUTFLOWS		
Retail deposits and deposits from small business customers, of which:		
Less stable deposits	13,270,288	1,327,029
Unsecured wholesale funding, of which:		
Non-operational deposits (all counterparties)	10,784,153	4,313,661
Unsecured debt	2,454,238	2,454,238
Additional requirements, of which:		
Credit and liquidity facilities	629,555	165,989
Other contractual funding obligations	-	-
Other contingent funding obligations	429,490	21,474
TOTAL CASH OUTFLOWS	27,567,724	8,282,392
CASH INFLOWS		
Secured funding	5,817,012	5,817,012
Inflows from fully performing exposures	746,116	373,058
Other cash inflows	1,772	1,772
TOTAL CASH INFLOWS	6,564,900	6,191,842
TOTAL ADJUSTED VALUE		
TOTAL HQLA		7,492,516
TOTAL NET CASH OUTFLOWS		2,090,550
LIQUIDITY COVERAGE RATIO (%)		358%
QUARTERLY AVERAGE OF DAILY HQLA		7,044,847

Notes: The reported values for ‘quarterly average of monthly observations’ are based on July, August and September 2021 month end figures.
The reported values for ‘quarterly average of daily HQLA’ are based on business days figures over 1st July 2021 to 30th September 2021’s period.

COMMENTS:
- As at the end of September 2021 the Bank’s quarterly average LCR was 358%, significantly above the regulatory minimum of 100%.
- This is driven by an excess of MUR 5.4Bn 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.