

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	THE GROUP			THE BANK		
	As at 31 December 2022 Unaudited	As at 31 December 2021 Unaudited	As at 30 June 2022 Audited	As at 31 December 2022 Unaudited	As at 31 December 2021 Unaudited	As at 30 June 2022 Audited
	MUR'000	Restated* MUR'000	MUR'000	MUR'000	Restated* MUR'000	MUR'000
ASSETS						
Cash and balances with banks	56,480,704	46,698,158	46,935,661	56,480,697	46,698,148	46,935,652
Due from banks	24,802,871	57,121,763	47,333,177	24,802,871	57,121,763	47,333,177
Derivative financial instruments	370,332	429,745	371,979	370,332	429,745	371,979
Loans and advances to banks	13,211,271	10,479,160	11,990,476	13,211,271	10,479,160	11,990,476
Loans and advances to customers	35,831,902	24,916,761	27,256,624	35,831,902	24,916,761	27,256,624
Investment securities	85,383,445	56,730,000	70,965,299	85,383,445	56,730,000	70,965,299
Other assets	3,879,831	2,631,280	3,423,651	3,879,831	2,631,280	3,423,651
Property and equipment	126,715	131,754	119,206	126,715	131,754	119,206
Right of use assets	83,288	46,254	101,088	83,288	46,254	101,088
Intangible assets	359,866	327,528	362,436	359,866	327,528	362,436
Deferred tax assets	139,079	123,853	140,092	139,079	123,853	140,092
TOTAL ASSETS	220,669,304	199,636,256	208,999,689	220,669,297	199,636,246	208,999,680
EQUITY AND LIABILITIES						
LIABILITIES						
Due to banks	877	323	1,644	877	323	1,644
Deposits from banks	380,392	465,913	369,587	380,392	465,913	369,587
Deposits from customers	207,249,933	188,681,686	197,072,336	207,252,976	188,695,301	197,075,719
Borrowings from financial institution	140,302	146,323	140,547	140,302	146,323	140,547
Derivative financial instruments	196,363	263,776	166,845	196,363	263,776	166,845
Current tax liabilities	165,312	87,953	182,700	165,312	87,953	182,700
Lease liabilities	84,051	48,927	100,378	84,051	48,927	100,378
Other liabilities	804,668	343,731	694,194	803,632	337,665	693,221
Retirement benefit obligations	95,151	73,189	79,240	95,151	73,189	79,240
TOTAL LIABILITIES	209,117,049	190,111,821	198,807,471	209,119,056	190,119,370	198,809,881
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT						
Ordinary shares	3,641,049	3,641,049	3,641,049	3,641,049	3,641,049	3,641,049
Class A shares	1,385,768	1,385,768	1,385,768	1,385,768	1,385,768	1,385,768
Retained earnings	4,655,195	3,036,152	3,568,710	4,634,670	3,010,082	3,547,780
Other reserves	1,870,243	1,461,466	1,596,691	1,888,754	1,479,977	1,615,202
TOTAL EQUITY	11,552,255	9,524,435	10,192,218	11,550,241	9,516,876	10,189,799
TOTAL EQUITY AND LIABILITIES	220,669,304	199,636,256	208,999,689	220,669,297	199,636,246	208,999,680

*The presentation of the statement of financial position for prior period has been amended in line with the order of liquidity. Cash and cash equivalents has been changed to cash and balances with banks which entailed that short term placements are now excluded from cash and balances with banks and due from banks now includes the short term placements. These amendments have taken effect since 30 June 2022.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

	THE GROUP					THE BANK				
	Three months ended 31 December 2022 Unaudited	Three months ended 31 December 2021 Unaudited	Six months ended 31 December 2022 Unaudited	Six months ended 31 December 2021 Unaudited	Year ended 30 June 2022 Audited	Three months ended 31 December 2022 Unaudited	Three months ended 31 December 2021 Unaudited	Six months ended 31 December 2022 Unaudited	Six months ended 31 December 2021 Unaudited	Year ended 30 June 2022 Audited
Interest income	1,592,331	445,614	2,659,447	852,463	2,009,725	1,592,331	445,614	2,659,447	852,463	2,009,725
Interest expense	(298,050)	(132,085)	(463,469)	(257,542)	(515,805)	(298,050)	(131,737)	(463,469)	(256,849)	(517,607)
Net interest income, calculated using EIR method	1,294,281	313,529	2,195,978	594,921	1,493,920	1,294,281	313,877	2,195,978	595,614	1,492,118
Fee and commission income	304,556	263,623	588,206	498,773	1,049,649	304,556	263,623	588,206	498,773	1,049,649
Fee and commission expense	(97,513)	(85,995)	(182,719)	(171,187)	(347,114)	(97,512)	(85,995)	(182,718)	(171,186)	(347,113)
Net fee and commission income	207,043	177,628	405,487	327,586	702,535	207,044	177,628	405,488	327,587	702,536
Net trading income	393,811	290,094	655,603	623,472	1,168,066	393,813	290,795	655,607	624,173	1,166,494
Other gains/(losses)	63	347	109	(973)	(1,191)	63	(46)	109	(973)	(1,191)
Other operating income	-	-	629	-	-	-	-	629	-	-
Total operating income	1,895,198	781,598	3,257,806	1,545,006	3,363,330	1,895,201	782,254	3,257,811	1,546,401	3,359,957
Net impairment loss on financial assets	(29,072)	(4,550)	(186,167)	(13,137)	(65,818)	(29,072)	(4,550)	(186,167)	(13,137)	(65,818)
Net operating income	1,866,126	777,048	3,071,639	1,531,869	3,297,512	1,866,129	777,704	3,071,644	1,533,264	3,294,139
Personnel expenses	(345,723)	(189,414)	(576,934)	(371,946)	(801,729)	(345,723)	(189,414)	(576,934)	(371,946)	(801,729)
Depreciation of property and equipment	(8,255)	(6,273)	(14,672)	(13,204)	(40,062)	(8,255)	(6,273)	(14,672)	(13,204)	(40,062)
Depreciation of right of use assets	(8,900)	(7,781)	(17,800)	(15,411)	(31,669)	(8,900)	(7,781)	(17,800)	(15,411)	(31,669)
Amortisation of intangible assets	(15,401)	(9,325)	(29,067)	(18,833)	(52,236)	(15,401)	(9,325)	(29,067)	(18,833)	(52,236)
Other operating expenses	(144,112)	(83,711)	(294,129)	(209,591)	(677,129)	(144,067)	(83,214)	(293,729)	(208,775)	(676,225)
Total operating expenses	(522,391)	(296,504)	(932,602)	(628,985)	(1,602,825)	(522,346)	(296,007)	(932,202)	(628,169)	(1,601,925)
Operating profit	1,343,735	480,544	2,139,037	902,884	1,694,687	1,343,783	481,697	2,139,442	905,095	1,692,214
Impairment credit on receivable from subsidiary	-	-	-	-	-	-	-	-	-	9,824
Profit before tax	1,343,735	480,544	2,139,037	902,884	1,694,687	1,343,783	481,697	2,139,442	905,095	1,702,038
Tax expense	(95,682)	(54,743)	(162,791)	(135,322)	(265,421)	(95,682)	(54,743)	(162,791)	(135,322)	(265,421)
Profit for the period/year	1,248,053	425,801	1,976,246	767,562	1,429,266	1,248,101	426,954	1,976,651	769,773	1,436,617
Other comprehensive income that will not be reclassified to profit or loss:										
Remeasurement of retirement benefit obligations	10,760	-	10,760	-	5,114	10,760	-	10,760	-	5,114
Deferred tax on remeasurement of retirement benefit obligations	(591)	-	(591)	-	(305)	(591)	-	(591)	-	(305)
Fair value gain on equity instruments designated at fair value through other comprehensive income	3	209	3	209	2,381	3	209	3	209	2,381
Revaluation loss on equity instruments designated at fair value through other comprehensive income	-	-	-	-	(902)	-	-	-	-	(902)
Other comprehensive income for the period/year	10,172	209	10,172	209	6,288	10,172	209	10,172	209	6,288
Total comprehensive income for the period/year attributable to equity holders of the parent	1,258,225	426,010	1,986,418	767,771	1,435,554	1,258,273	427,163	1,986,823	769,982	1,442,905

STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

THE GROUP	Ordinary shares	Class A shares	Retained earnings	Other reserves	Total	THE BANK	Ordinary shares	Class A shares	Retained earnings	Other reserves	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000		MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
At 1 July 2021 (audited)	3,641,049	1,385,768	2,693,075	1,336,802	9,056,694	At 1 July 2021 (audited)	3,641,049	1,385,768	2,664,794	1,355,313	9,046,924
Profit for the period	-	-	767,562	-	767,562	Profit for the period	-	-	769,773	-	769,773
Other comprehensive income	-	-	-	209	209	Other comprehensive income	-	-	-	209	209
Total comprehensive income for the period	-	-	767,562	209	767,771	Total comprehensive income for the period	-	-	769,773	209	769,982
Appropriation of reserves	-	-	(124,455)	124,455	-	Appropriation of reserves	-	-	(124,455)	124,455	-
Dividends	-	-	(300,030)	-	(300,030)	Dividends	-	-	(300,030)	-	(300,030)
At 31 December 2021 (unaudited)	3,641,049	1,385,768	3,036,152	1,461,466	9,524,435	At 31 December 2021 (unaudited)	3,641,049	1,385,768	3,010,082	1,479,977	9,516,876
At 1 July 2021 (audited)	3,641,049	1,385,768	2,693,075	1,336,802	9,056,694	At 1 July 2021 (audited)	3,641,049	1,385,768	2,664,794	1,355,313	9,046,924
Profit for the year	-	-	1,429,266	-	1,429,266	Profit for the year	-	-	1,436,617	-	1,436,617
Other comprehensive income	-	-	4,809	1,479	6,288	Other comprehensive income	-	-	4,809	1,479	6,288
Total comprehensive income for the year	-	-	1,434,075	1,479	1,435,554	Total comprehensive income for the year	-	-	1,441,426	1,479	1,442,905
Appropriation of reserves	-	-	(258,410)	258,410	-	Appropriation of reserves	-	-	(258,410)	258,410	-
Dividends	-	-	(300,030)	-	(300,030)	Dividends	-	-	(300,030)	-	(300,030)
At 30 June 2022 (audited)	3,641,049	1,385,768	3,568,710	1,596,691	10,192,218	At 30 June 2022 (audited)	3,641,049	1,385,768	3,547,780	1,615,202	10,189,799
At 1 July 2022 (audited)	3,641,049	1,385,768	3,568,710	1,596,691	10,192,218	At 1 July 2022 (audited)	3,641,049	1,385,768	3,547,780	1,615,202	10,189,799
Profit for the period	-	-	1,976,246	-	1,976,246	Profit for the period	-	-	1,976,651	-	1,976,651
Other comprehensive income	-	-	10,169	3	10,172	Other comprehensive income	-	-	10,169	3	10,172
Total comprehensive income for the period	-	-	1,986,415	3	1,986,418	Total comprehensive income for the period	-	-	1,986,820	3	1,986,823
Appropriation of reserves	-	-	(273,549)	273,549	-	Appropriation of reserves	-	-	(273,549)	273,549	-
Dividends	-	-	(626,381)	-	(626,381)	Dividends	-	-	(626,381)	-	(626,381)
At 31 December 2022 (unaudited)	3,641,049	1,385,768	4,655,195	1,870,243	11,552,255	At 31 December 2022 (unaudited)	3,641,049	1,385,768	4,634,670	1,888,754	11,550,241

STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

	THE GROUP			THE BANK		
	Six months ended 31 December 2022 Unaudited	Six months ended 31 December 2021 Unaudited	Year ended 30 June 2022 Audited	Six months ended 31 December 2022 Unaudited	Six months ended 31 December 2021 Unaudited	Year ended 30 June 2022 Audited
	MUR'000	Restated* MUR'000	MUR'000	MUR'000	Restated* MUR'000	MUR'000
Net cash flows used in operating activities	(14,172,700)	(7,455,812)	(13,889,513)	(14,172,698)	(7,455,810)	(13,889,510)
Net cash flows used in investing activities	(40,857)	(66,009)	(138,299)	(40,857)	(66,009)	(138,299)
Net cash flows used in financing activities	(640,402)	(401,661)	(420,097)	(640,402)	(401,661)	(420,097)
Net cash flows for the period/year	(14,853,959)	(7,923,482)	(14,447,909)	(14,853,957)	(7,923,480)	(14,447,906)
Movement in cash and cash equivalents						
Cash and cash equivalents at 1 July	75,114,651	89,562,560	89,562,560	75,114,642	89,562,548	89,562,548
Net decrease in cash and cash equivalents	(14,853,959)	(7,923,482)	(14,447,909)	(14,853,957)	(7,923,480)	(14,447,906)
Net foreign exchange difference	109,999	-	-	109,999	-	-
Cash and cash equivalents at end of period/year	60,370,691	81,639,078	75,114,651	60,370,684	81,639,068	75,114,642

MANAGEMENT COMMENTS
Financial Highlights

AfrAsia Bank Limited (the "Bank") achieved a strong financial performance with a net profit after tax ("NPAT") of **MUR 2.0bn** for its six months ended 31 December 2022; this represents a significant increase of **157%** compared to the same period the previous year (December 2021: MUR 769.8m). This rise was mainly driven by an improved performance across all products of the Bank, backed mainly by continuous growing yield levels.

The Bank witnessed a rise of **269%** in net interest income to reach **MUR 2.2bn** compared to MUR 595.6m for the same period in 2021. This is the result of increasing interest rates which have positively contributed to improve profits on the Bank's interest-bearing assets, notably a strong increase in interest from the Bank's interbank placements and loans performance.

Net fee and commission income, a major contributor to the Bank's NPAT, rose by **24%** to **MUR 405.5m** as at end of December 2022 against MUR 327.6m as at December 2021.

Net trading income, another major contributor to the increase in NPAT, saw an increase of **5%** by MUR 31.4m to reach **MUR 655.6m** (December 2021: MUR 624.2m), primarily driven by a growth in foreign exchange ("FX") sales and FX trading.

For the period ended 31 December 2022, net impairment on financial assets stood at **MUR 186.2m** (December 2021: MUR 13.1m). The Bank is continuously monitoring the prevailing economic conditions and reassessing its impairment level accordingly.

Operating income and operating expenses grew by **111%** and **48%** respectively as compared to the same period the year before. Cost-to-income ratio stood at **29%** as at end of December 2022.

The Bank's balance sheet remains robust, with total assets standing at **MUR 220.7bn** as at December 2022, up **11%** compared to December 2021 (MUR 199.6bn). Loans and advances improved by **MUR 13.6bn** to reach **MUR 49.0bn** as at end of December 2022 (December 2021: MUR 35.4bn) and loan-to-deposit ratio increased to **24%** from 19% in the same period last year.

On the liability side of the balance sheet, the Bank's deposits base rose from MUR 189.2bn as at end of December 2021 to **MUR 207.6bn** by the end of December 2022, representing a growth of **10%**, which demonstrates our customers' continued confidence in the Bank.

The Bank's total capital adequacy ratio stood at **17.37%** (December 2021: 15.08%), which is above the minimum regulatory requirements as at December 2022.

The shareholders' equity of the Bank witnessed a growth of **21%** period-on-period to reach **MUR 11.6bn** as at end of December 2022 (December 2021: MUR 9.5bn); this is attributed to the Bank's positive bottom-line performance which reflects a continuous improvement in our core earnings.

Global Economy

The end of 2022 was marked by fears of a global recession caused by one of the fastest monetary policy tightening cycles. As per the International Monetary Fund, global growth is forecasted to be 2.9% in 2023, down from 3.2% in 2022 and 6% in 2021. The World Bank revised its projections even further downwards at 1.7% for 2023. Contracting economic activity, weak export growth and the energy crisis stemming from the Russia-Ukraine war continue to weigh on economies worldwide with stagflation being a possible

scenario in some developed markets. However, the silver lining is that 2023 should not be a repetition of 2022. Signs of inflation slowing down globally might push central banks to pause their quantitative tightening and the easing of China's COVID-19 restrictions currently keep the risks of a prolonged recession in the two largest economies at the low end. Furthermore, positive developments between China and the US regarding a partial lifting of tariffs between the two countries, and commodity prices decreasing by approximately 30% from their peak in June 2022 are factors that will support the global economy.

Domestic Economy

The last quarter of 2022 ended with headline inflation reaching 10.8% and the Bank of Mauritius increasing its repo rate by 150 basis points to 4.5%. The economy could be facing some headwinds in 2023 with companies facing higher financing costs and consumer purchasing power remaining under pressure. The tourism industry, which recovered well in 2022 and reached 1 million tourist arrivals, could suffer a slowdown once again due to the economic situation in Europe.

By Order of the Board
14 February 2023

For the information of stakeholders, AfrAsia Bank Limited is pleased to present its unaudited interim condensed financial statements for the six months ended 31 December 2022.