

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2023**

	THE GROUP			THE BANK		
	As at 31 March 2023 Unaudited	As at 31 March 2022 Unaudited	As at 30 June 2022 Audited	As at 31 March 2023 Unaudited	As at 31 March 2022 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	25,683,419	48,226,321	46,935,661	25,683,412	48,226,311	46,935,652
Due from banks	30,470,847	60,420,460	47,333,177	30,470,847	60,420,460	47,333,177
Derivative financial instruments	382,428	439,049	371,979	382,428	439,049	371,979
Loans and advances to banks	13,118,663	12,573,807	11,990,476	13,118,663	12,573,807	11,990,476
Loans and advances to customers	35,330,482	25,644,311	27,256,624	35,330,482	25,644,311	27,256,624
Investment securities	127,362,322	62,001,139	70,965,299	127,362,322	62,001,139	70,965,299
Other assets	5,038,649	2,678,804	3,423,651	5,038,649	2,678,804	3,423,651
Property and equipment	149,225	130,634	119,206	149,225	130,634	119,206
Right of use assets	74,582	38,318	101,088	74,582	38,318	101,088
Intangible assets	359,129	327,780	362,436	359,129	327,780	362,436
Deferred tax assets	139,398	125,678	140,092	139,398	125,678	140,092
TOTAL ASSETS	238,109,144	212,606,301	208,999,689	238,109,137	212,606,291	208,999,680
EQUITY AND LIABILITIES						
LIABILITIES						
Due to banks	3,884	206	1,644	3,884	206	1,644
Deposits from banks	748,306	436,604	369,587	748,306	436,604	369,587
Deposits from customers	222,122,265	201,214,530	197,072,336	222,122,272	201,228,592	197,075,719
Borrowings from financial institution	149,683	147,514	140,547	149,683	147,514	140,547
Derivative financial instruments	202,458	255,125	166,845	202,458	255,125	166,845
Current tax liabilities	282,542	94,192	182,700	282,542	94,192	182,700
Lease liabilities	76,222	41,596	100,378	76,222	41,596	100,378
Other liabilities	1,072,067	536,580	694,194	1,071,072	535,607	693,221
Retirement benefit obligations	97,648	73,189	79,240	97,648	73,189	79,240
TOTAL LIABILITIES	224,755,075	202,799,536	198,807,471	224,757,087	202,812,625	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	6,150,240	3,299,527	3,568,710	6,129,710	3,267,917	3,547,780
Other reserves	2,177,012	1,480,421	1,596,691	2,195,523	1,498,932	1,615,202
TOTAL EQUITY	13,354,069	9,806,765	10,192,218	13,352,050	9,793,666	10,189,799
TOTAL EQUITY AND LIABILITIES	238,109,144	212,606,301	208,999,689	238,109,137	212,606,291	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 NINE MONTHS ENDED 31 MARCH 2023

	THE GROUP					THE BANK				
	Three months ended 31 March 2023 Unaudited	Three months ended 31 March 2022 Unaudited	Nine months ended 31 March 2023 Unaudited	Nine months ended 31 March 2022 Unaudited	Year ended 30 June 2022 Audited	Three months ended 31 March 2023 Unaudited	Three months ended 31 March 2022 Unaudited	Nine months ended 31 March 2023 Unaudited	Nine months ended 31 March 2022 Unaudited	Year ended 30 June 2022 Audited
Interest income	2,105,571	503,623	4,765,018	1,356,086	2,009,725	2,105,571	503,623	4,765,018	1,356,086	2,009,725
Interest expense	(456,589)	(125,381)	(920,058)	(382,923)	(515,805)	(456,589)	(127,876)	(920,058)	(384,725)	(517,607)
Net interest income, calculated using EIR method	1,648,982	378,242	3,844,960	973,163	1,493,920	1,648,982	375,747	3,844,960	971,361	1,492,118
Fee and commission income	322,748	248,790	910,954	747,563	1,049,649	322,748	248,790	910,954	747,563	1,049,649
Fee and commission expense	(124,831)	(88,562)	(307,550)	(259,749)	(347,114)	(124,831)	(88,562)	(307,549)	(259,748)	(347,113)
Net fee and commission income	197,917	160,228	603,404	487,814	702,535	197,917	160,228	603,405	487,815	702,536
Net trading income	448,224	266,646	1,103,827	890,118	1,168,066	448,217	263,517	1,103,824	887,690	1,166,494
Other gains/(losses)	65	(197)	174	(1,170)	(1,191)	65	(197)	174	(1,170)	(1,191)
Other operating income	-	-	629	-	-	-	-	629	-	-
Total operating income	2,295,188	804,919	5,552,994	2,349,925	3,363,330	2,295,181	799,295	5,552,992	2,345,696	3,359,957
Net impairment loss on financial assets	170,167	(21,696)	(16,000)	(34,833)	(65,818)	170,167	(21,696)	(16,000)	(34,833)	(65,818)
Net operating income	2,465,355	783,223	5,536,994	2,315,092	3,297,512	2,465,348	777,599	5,536,992	2,310,863	3,294,139
Personnel expenses	(371,660)	(197,522)	(948,594)	(569,468)	(801,729)	(371,660)	(197,522)	(948,594)	(569,468)	(801,729)
Depreciation of property and equipment	(6,695)	(6,108)	(21,367)	(19,312)	(40,062)	(6,695)	(6,108)	(21,367)	(19,312)	(40,062)
Depreciation of right of use assets	(8,706)	(7,936)	(26,506)	(23,347)	(31,669)	(8,706)	(7,936)	(26,506)	(23,347)	(31,669)
Amortisation of intangible assets	(14,966)	(10,866)	(44,033)	(29,699)	(52,236)	(14,966)	(10,866)	(44,033)	(29,699)	(52,236)
Other operating expenses	(104,307)	(243,275)	(398,436)	(452,866)	(677,129)	(104,305)	(243,191)	(398,034)	(451,966)	(676,229)
Total operating expenses	(506,334)	(465,707)	(1,438,936)	(1,094,692)	(1,602,825)	(506,332)	(465,623)	(1,438,534)	(1,093,792)	(1,601,925)
Operating profit	1,959,021	317,516	4,098,058	1,220,400	1,694,687	1,959,016	311,976	4,098,458	1,217,071	1,692,214
Impairment credit on receivable from subsidiary	-	-	-	-	-	-	-	-	-	9,824
Profit before tax	1,959,021	317,516	4,098,058	1,220,400	1,694,687	1,959,016	311,976	4,098,458	1,217,071	1,702,038
Tax expense	(160,058)	(35,186)	(322,849)	(170,508)	(265,421)	(160,058)	(35,186)	(322,849)	(170,508)	(265,421)
Profit for the period/year	1,798,963	282,330	3,775,209	1,049,892	1,429,266	1,798,958	276,790	3,775,609	1,046,563	1,436,617
Other comprehensive income that will not be reclassified to profit or loss:										
Remeasurement of retirement benefit obligations	3,024	-	13,784	-	5,114	3,024	-	13,784	-	5,114
Deferred tax on remeasurement of retirement benefit obligations	(173)	-	(764)	-	(305)	(173)	-	(764)	-	(305)
Fair value gain on equity instruments designated at fair value through other comprehensive income	-	-	3	209	2,381	-	-	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	2,851	-	13,023	209	6,288	2,851	-	13,023	209	6,288
Total comprehensive income for the period/year attributable to equity holders of the parent	1,801,814	282,330	3,788,232	1,050,101	1,435,554	1,801,809	276,790	3,788,632	1,046,772	1,442,905

STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 31 MARCH 2023

THE GROUP	Ordinary shares	Class A shares	Retained earnings	Other reserves	Total
	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
Profit for the period	-	-	1,049,892	-	1,049,892
Other comprehensive income	-	-	-	209	209
Total comprehensive income for the period	-	-	1,049,892	209	1,050,101
Appropriation of reserves	-	-	(143,410)	143,410	-
Dividends	-	-	(300,030)	-	(300,030)
At 31 March 2022 (unaudited)	3,641,049	1,385,768	3,299,527	1,480,421	9,806,765
At 1 July 2021 (audited)	3,641,049	1,385,768	2,693,075	1,336,802	9,056,694
Profit for the year	-	-	1,429,266	-	1,429,266
Other comprehensive income	-	-	4,809	1,479	6,288
Total comprehensive income for the year	-	-	1,434,075	1,479	1,435,554
Appropriation of reserves	-	-	(258,410)	258,410	-
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 1 July 2022 (audited)	3,641,049	1,385,768	3,568,710	1,596,691	10,192,218
Profit for the period	-	-	3,775,209	-	3,775,209
Other comprehensive income	-	-	13,020	3	13,023
Total comprehensive income for the period	-	-	3,788,229	3	3,788,232
Appropriation of reserves	-	-	(580,318)	580,318	-
Dividends	-	-	(626,381)	-	(626,381)
At 31 March 2023 (unaudited)	3,641,049	1,385,768	6,150,240	2,177,012	13,354,069

THE BANK	Ordinary shares	Class A shares	Retained earnings	Other reserves	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
At 1 July 2021 (audited)	3,641,049	1,385,768	2,664,794	1,355,313	9,046,924
Profit for the period	-	-	1,046,563	-	1,046,563
Other comprehensive income	-	-	-	209	209
Total comprehensive income for the period	-	-	1,046,563	209	1,046,772
Appropriation of reserves	-	-	(143,410)	143,410	-
Dividends	-	-	(300,030)	-	(300,030)
At 31 March 2022 (unaudited)	3,641,049	1,385,768	3,267,917	1,498,932	9,793,666
At 1 July 2021 (audited)	3,641,049	1,385,768	2,664,794	1,355,313	9,046,924
Profit for the year	-	-	1,436,617	-	1,436,617
Other comprehensive income	-	-	4,809	1,479	6,288
Total comprehensive income for the year	-	-	1,441,426	1,479	1,442,905
Appropriation of reserves	-	-	(258,410)	258,410	-
Dividends	-	-	(300,030)	-	(300,030)
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	3,547,780	1,615,202	10,189,799
Profit for the period	-	-	3,775,609	-	3,775,609
Other comprehensive income	-	-	13,020	3	13,023
Total comprehensive income for the period	-	-	3,788,629	3	3,788,632
Appropriation of reserves	-	-	(580,318)	580,318	-
Dividends	-	-	(626,381)	-	(626,381)
At 31 March 2023 (unaudited)	3,641,049	1,385,768	6,129,710	2,195,523	13,352,050

STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED 31 MARCH 2023

	THE GROUP			THE BANK		
	Nine months ended 31 March 2023 Unaudited	Nine months ended 31 March 2022 Unaudited	Year ended 30 June 2022 Audited	Nine months ended 31 March 2023 Unaudited	Nine months ended 31 March 2022 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) / generated from operating activities	(39,300,910)	2,252,352	(13,889,513)	(39,300,908)	2,252,354	(13,889,510)
Net cash flows used in investing activities	(84,291)	(82,993)	(138,299)	(84,291)	(82,993)	(138,299)
Net cash flows used in financing activities	(650,090)	(325,809)	(420,097)	(650,090)	(325,809)	(420,097)
Net cash flows for the period/year	(40,035,291)	1,843,550	(14,447,909)	(40,035,289)	1,843,552	(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)/increase in cash and cash equivalents	(40,035,291)	1,843,550	(14,447,909)	(40,035,289)	1,843,552	(14,447,906)
Net foreign exchange difference	1,556,701	-	-	1,556,701	-	-
Cash and cash equivalents at end of period/year	36,636,061	91,406,110	75,114,651	36,636,054	91,406,100	75,114,642

MANAGEMENT COMMENTS

Financial Highlights

For the nine months ended 31 March 2023, AfrAsia Bank Limited (the "Bank") has delivered a strong financial performance with a net profit after tax ("NPAT") of **MUR 3.8bn**, representing an increase of **261%** over the prior year (March 2022: MUR 1.0bn). The Bank has continued on a strong growth trajectory marked by sustained core earnings and steady rise in yield levels.

Compared to the same period in 2022, net interest income rose by **296%** to reach **MUR 3.8bn**, on the back of new bookings and investments in products bearing higher interest rate.

Net fee and commission income, a key contributor to the Bank's NPAT, increased by **24%** to **MUR 603.4m** at end of March 2023 (March 2022: MUR 487.8m). This rise is mainly attributed to the higher commission on trade finance.

Net trading income, another significant contributor to the increase in NPAT, saw a rise of **24%** by MUR 216.1m to reach **MUR 1.1bn** (March 2022: MUR 887.7m) mainly on the back of fair value of derivatives.

Net impairment on financial assets stood at **MUR 16m** for the period ended 31 March 2023 against MUR 34.8m for the same period last year. The Bank maintains a vigorous monitoring over the prevailing economic climate, scrutinising any changes and promptly reassessing its impairment level.

Operating income grew by **137%** as compared to the same period last year. Operating expenses rose by **32%** as a result of the Bank's commitment to invest in its talented workforce, as well as the impact of rising inflation. Cost-to-income ratio stood at **26%** as at end of March 2023.

Our balance sheet remains a source of strength, with total assets standing at **MUR 238.1bn** as at March 2023, up **12%** compared to March 2022 (MUR 212.6bn). Loans and advances improved by **MUR 10.2bn**, reaching **MUR 48.4bn** as at end of March 2023 (March 2022: MUR 38.2bn) and loan-to-deposit ratio increased to **22%** from 19% in the same period last year.

On the liability side of the balance sheet, the Bank's deposits base rose from MUR 201.7bn as at end of March 2022 to **MUR 222.9bn** by the end of March 2023, representing a strong growth of **11%**, reflecting the continued confidence clients have in our outlook.

The shareholders' equity of the Bank witnessed a growth of **36%** on a period-to-period basis, resulting in a total of **MUR 13.4bn** as of March 2023, compared to MUR 9.8bn in March 2022. This exceptional performance is primarily due to the Bank's positive bottom-line growth, which indicates a steady improvement in our core earnings.

The Bank's total Capital Adequacy Ratio stood at **19.01%** (March 2022: 14.82%), which is above the minimum regulatory requirements as at March 2023.

Global Economy

The first quarter of 2023 has witnessed a banking crisis in both the US and Europe, increasing fears about the possibility of a contagion. However, those worries have receded somewhat as the focus has shifted to the global economic slowdown, which is occurring against a backdrop of high interest rates. Global production has already dropped since the beginning of the year and a possible decline in credit growth will further dampen economic progress. The International Monetary Fund (IMF) has lowered its global growth forecast and it is now anticipated to fall from 3.4% in 2022 to 2.8% in 2023. On a more positive note, global headline inflation is set to fall from 8.7% in 2022 to 7.0% in 2023 on the back of lower commodity prices. However, core inflation is likely to remain stubbornly high, which could present further challenges for policymakers.

As such, the global outlook remains fragile and any distress across the financial sector or sovereign debt could spread and become more systemic, especially in the current environment of high interest rates and lower growth. While policymakers were previously focused on containing inflation, they are now faced with an increasing recession risk. As a result, they may need to provide temporary support to their respective economies to mitigate any potential negative effects.

Domestic Economy

Despite domestic companies showing improved results, the local market still finds itself under pressure due to the high interest rates and inflationary environment. In fact, inflation peaked at the end of the quarter to reach 11% and the Key Rate is currently at 4.5% until the next meeting of the Monetary Policy Committee.

By Order of the Board
15 May 2023

For the information of stakeholders, AfrAsia Bank Limited is pleased to present its unaudited interim condensed financial statements for the nine months ended 31 March 2023.