

# Unaudited Interim Financial Statements for the six months ended 31 December 2019



## AFRASIA BANK LIMITED

### STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

|                                                            | As at<br>31 December 2019<br>Unaudited | As at<br>31 December 2018<br>Unaudited | As at<br>30 June 2019<br>Audited |
|------------------------------------------------------------|----------------------------------------|----------------------------------------|----------------------------------|
|                                                            | MUR'000                                | MUR'000                                | MUR'000                          |
| <b>ASSETS</b>                                              |                                        |                                        |                                  |
| Cash and cash equivalents                                  | 56,827,564                             | 43,238,839                             | 50,698,992                       |
| Due from banks                                             | 13,238,826                             | 5,294,037                              | 12,967,930                       |
| Derivative financial instruments                           | 51,455                                 | 64,744                                 | 92,413                           |
| Loans and advances to banks                                | 5,438,766                              | 6,049,237                              | 6,013,240                        |
| Loans and advances to customers                            | 22,081,062                             | 22,884,064                             | 22,107,215                       |
| Investment securities                                      | 52,614,831                             | 46,249,812                             | 45,308,171                       |
| Investment in subsidiary                                   | -                                      | 189,563                                | -                                |
| Property and equipment                                     | 172,295                                | 181,240                                | 185,675                          |
| Right of use assets                                        | 75,894                                 | -                                      | -                                |
| Intangible assets                                          | 257,144                                | 245,521                                | 243,398                          |
| Deferred tax assets                                        | 72,836                                 | 92,159                                 | 100,953                          |
| Other assets                                               | 2,107,189                              | 2,018,946                              | 2,106,722                        |
| <b>TOTAL ASSETS</b>                                        | <b>152,937,862</b>                     | <b>126,508,162</b>                     | <b>139,824,709</b>               |
| <b>LIABILITIES</b>                                         |                                        |                                        |                                  |
| Due to banks                                               | 10,691                                 | 576,613                                | 30,434                           |
| Deposits from customers                                    | 143,986,574                            | 117,990,666                            | 131,208,365                      |
| Derivative financial instruments                           | 21,943                                 | 89,905                                 | 49,995                           |
| Debts issued                                               | -                                      | 225,963                                | 184,205                          |
| Retirement benefits obligation                             | 64,652                                 | 41,688                                 | 64,652                           |
| Current tax liabilities                                    | 45,157                                 | 82,260                                 | 112,116                          |
| Lease liabilities                                          | 77,517                                 | -                                      | -                                |
| Other liabilities                                          | 500,741                                | 319,957                                | 458,538                          |
| <b>TOTAL LIABILITIES</b>                                   | <b>144,707,275</b>                     | <b>119,327,052</b>                     | <b>132,108,305</b>               |
| <b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b> |                                        |                                        |                                  |
| Ordinary Shares                                            | 3,641,049                              | 3,641,049                              | 3,641,049                        |
| Class A shares                                             | 1,385,768                              | 1,385,768                              | 1,385,768                        |
| Retained earnings                                          | 2,002,748                              | 1,439,640                              | 1,836,242                        |
| Other reserves                                             | 1,201,022                              | 714,653                                | 853,345                          |
| <b>TOTAL EQUITY</b>                                        | <b>8,230,587</b>                       | <b>7,181,110</b>                       | <b>7,716,404</b>                 |
| <b>TOTAL EQUITY AND LIABILITIES</b>                        | <b>152,937,862</b>                     | <b>126,508,162</b>                     | <b>139,824,709</b>               |

### STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

|                                                       | Ordinary shares | Class A shares | Retained earnings | Other reserves | Total     |
|-------------------------------------------------------|-----------------|----------------|-------------------|----------------|-----------|
|                                                       | MUR'000         | MUR'000        | MUR'000           | MUR'000        | MUR'000   |
| At 01 July 2018 (audited)                             | 3,641,049       | 1,385,768      | 1,277,521         | 594,914        | 6,899,252 |
| Effect of adopting IFRS 9                             | -               | -              | (429,380)         | 547            | (428,833) |
| At 01 July 2018 (as restated)                         | 3,641,049       | 1,385,768      | 848,141           | 595,461        | 6,470,419 |
| Profit for the period                                 | -               | -              | 968,496           | -              | 968,496   |
| Other comprehensive income                            | -               | -              | -                 | 852            | 852       |
| Total comprehensive income for the period             | -               | -              | 968,496           | 852            | 969,348   |
| Appropriation of reserves                             | -               | -              | (118,340)         | 118,340        | -         |
| Dividends                                             | -               | -              | (258,657)         | -              | (258,657) |
| At 31 December 2018 (unaudited)                       | 3,641,049       | 1,385,768      | 1,439,640         | 714,653        | 7,181,110 |
| At 01 July 2018 (audited)                             | 3,641,049       | 1,385,768      | 1,277,521         | 594,914        | 6,899,252 |
| Effect of adopting IFRS 9                             | -               | -              | (429,380)         | 547            | (428,833) |
| At 01 July 2018 (as restated)                         | 3,641,049       | 1,385,768      | 848,141           | 595,461        | 6,470,419 |
| Profit for the year                                   | -               | -              | 1,584,783         | -              | 1,584,783 |
| Other comprehensive (loss)/income                     | -               | -              | (8,888)           | 3,598          | (5,290)   |
| Total comprehensive income for the year               | -               | -              | 1,575,895         | 3,598          | 1,579,493 |
| Appropriation of reserves                             | -               | -              | (254,286)         | 254,286        | -         |
| Dividends                                             | -               | -              | (333,508)         | -              | (333,508) |
| At 30 June 2019 (audited)                             | 3,641,049       | 1,385,768      | 1,836,242         | 853,345        | 7,716,404 |
| At 01 July 2019 (audited)                             | 3,641,049       | 1,385,768      | 1,836,242         | 853,345        | 7,716,404 |
| Profit for the period                                 | -               | -              | 1,018,089         | -              | 1,018,089 |
| Other comprehensive loss                              | -               | -              | -                 | (954)          | (954)     |
| Total comprehensive income/(loss) for the period      | -               | -              | 1,018,089         | (954)          | 1,017,135 |
| Adjustment in relation to Bank of Mauritius Guideline | -               | -              | (184,343)         | 184,343        | -         |
| Appropriation of reserves                             | -               | -              | (164,288)         | 164,288        | -         |
| Dividends                                             | -               | -              | (502,952)         | -              | (502,952) |
| At 31 December 2019 (unaudited)                       | 3,641,049       | 1,385,768      | 2,002,748         | 1,201,022      | 8,230,587 |

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

|                                                                                                                            | Six months ended<br>31 December 2019<br>Unaudited | Six months ended<br>31 December 2018<br>Unaudited | Year ended<br>30 June 2019<br>Audited |
|----------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|---------------------------------------------------|---------------------------------------|
|                                                                                                                            | MUR'000                                           | MUR'000                                           | MUR'000                               |
| Interest income                                                                                                            | 1,705,011                                         | 1,547,207                                         | 3,169,047                             |
| Interest expense                                                                                                           | (593,913)                                         | (399,649)                                         | (858,274)                             |
| <b>Net interest income</b>                                                                                                 | <b>1,111,098</b>                                  | <b>1,147,558</b>                                  | <b>2,310,773</b>                      |
| Fee and commission income                                                                                                  | 378,414                                           | 345,131                                           | 718,151                               |
| Fee and commission expense                                                                                                 | (161,315)                                         | (136,978)                                         | (291,379)                             |
| <b>Net fee and commission income</b>                                                                                       | <b>217,099</b>                                    | <b>208,153</b>                                    | <b>426,772</b>                        |
| Net gain from derecognition of financial assets measured at amortised cost                                                 | 19,846                                            | 23,927                                            | 23,927                                |
| Net trading income                                                                                                         | 197,555                                           | 89,342                                            | 228,862                               |
| Net (loss)/gain from derecognition of financial assets measured at fair value through other comprehensive income           | (3,056)                                           | -                                                 | 98                                    |
| Net gain from foreign exchange and derivatives                                                                             | 456,593                                           | 337,802                                           | 687,941                               |
| Other operating income                                                                                                     | 5,847                                             | 6,768                                             | 15,118                                |
| <b>Total operating income</b>                                                                                              | <b>2,004,982</b>                                  | <b>1,813,550</b>                                  | <b>3,693,491</b>                      |
| Net impairment loss on financial assets                                                                                    | (131,281)                                         | (84,577)                                          | (468,380)                             |
| <b>Net operating income</b>                                                                                                | <b>1,873,701</b>                                  | <b>1,728,973</b>                                  | <b>3,225,111</b>                      |
| Personnel expenses                                                                                                         | (374,620)                                         | (344,152)                                         | (646,296)                             |
| Depreciation on property and equipment                                                                                     | (17,210)                                          | (17,757)                                          | (36,361)                              |
| Depreciation on right of use assets                                                                                        | (15,945)                                          | -                                                 | -                                     |
| Amortisation of intangible assets                                                                                          | (19,589)                                          | (17,920)                                          | (38,586)                              |
| Other operating expenses                                                                                                   | (216,805)                                         | (207,694)                                         | (387,303)                             |
| <b>Total operating expenses</b>                                                                                            | <b>(644,169)</b>                                  | <b>(587,523)</b>                                  | <b>(1,108,546)</b>                    |
| <b>Operating profit</b>                                                                                                    | <b>1,229,532</b>                                  | <b>1,141,450</b>                                  | <b>2,116,565</b>                      |
| Impairment loss on investment in subsidiary                                                                                | -                                                 | -                                                 | (189,563)                             |
| Impairment loss on receivable from subsidiary                                                                              | (92,672)                                          | -                                                 | (103,000)                             |
| <b>Profit before tax</b>                                                                                                   | <b>1,136,860</b>                                  | <b>1,141,450</b>                                  | <b>1,824,002</b>                      |
| Tax expense                                                                                                                | (118,771)                                         | (172,954)                                         | (239,219)                             |
| <b>Profit for the period/year</b>                                                                                          | <b>1,018,089</b>                                  | <b>968,496</b>                                    | <b>1,584,783</b>                      |
| <b>Other comprehensive (loss)/income that may be subsequently reclassified to profit or loss:</b>                          |                                                   |                                                   |                                       |
| Movement in investment revaluation reserve for debt instruments measured at fair value through other comprehensive income: |                                                   |                                                   |                                       |
| - (Losses)/gains arising during the period/year                                                                            | (3,964)                                           | 852                                               | 2,574                                 |
| - Reclassification of fair value reserve to profit or loss on derecognition                                                | 3,056                                             | -                                                 | (98)                                  |
|                                                                                                                            | (908)                                             | 852                                               | 2,476                                 |
| <b>Other comprehensive loss that will not be reclassified to profit or loss:</b>                                           |                                                   |                                                   |                                       |
| Remeasurement of retirement benefits obligation                                                                            | -                                                 | -                                                 | (9,269)                               |
| Deferred tax on remeasurement of retirement benefits obligation                                                            | -                                                 | -                                                 | 381                                   |
| Fair value (losses)/gains on equity instruments designated at fair value through other comprehensive income                | (46)                                              | -                                                 | 1,122                                 |
|                                                                                                                            | (46)                                              | -                                                 | (7,766)                               |
| <b>Other comprehensive (loss)/income for the period/year</b>                                                               | <b>(954)</b>                                      | <b>852</b>                                        | <b>(5,290)</b>                        |
| <b>Total comprehensive income for the period/year attributable to equity holders of the parent</b>                         | <b>1,017,135</b>                                  | <b>969,348</b>                                    | <b>1,579,493</b>                      |

### STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

|                                                                     | Six months ended<br>31 December 2019<br>Unaudited | Six months ended<br>31 December 2018<br>Unaudited | Year ended<br>30 June 2019<br>Audited |
|---------------------------------------------------------------------|---------------------------------------------------|---------------------------------------------------|---------------------------------------|
|                                                                     | MUR'000                                           | MUR'000                                           | MUR'000                               |
| <b>Net cash flows generated from/(used in) operating activities</b> | <b>6,852,249</b>                                  | <b>(6,104,618)</b>                                | <b>1,535,482</b>                      |
| <b>Net cash flows used in investing activities</b>                  | <b>(36,818)</b>                                   | <b>(22,996)</b>                                   | <b>(67,184)</b>                       |
| <b>Net cash flows used in financing activities</b>                  | <b>(688,728)</b>                                  | <b>(601,430)</b>                                  | <b>(718,541)</b>                      |
| <b>Net cash flows for the period/year</b>                           | <b>6,126,703</b>                                  | <b>(6,729,044)</b>                                | <b>749,757</b>                        |
| <b>Movement in cash and cash equivalents</b>                        |                                                   |                                                   |                                       |
| Cash and cash equivalents at start of period/year                   | 50,724,291                                        | 49,974,533                                        | 49,974,533                            |
| Net increase/(decrease) in cash and cash equivalents                | 6,126,703                                         | (6,729,044)                                       | 749,758                               |
| <b>Cash and cash equivalents at end of period/year</b>              | <b>56,850,994</b>                                 | <b>43,245,489</b>                                 | <b>50,724,291</b>                     |
| <b>Operational cash flows from interest</b>                         |                                                   |                                                   |                                       |
| Interest paid                                                       | (540,846)                                         | (484,316)                                         | (881,183)                             |
| Interest received                                                   | 1,538,947                                         | 1,456,238                                         | 2,864,516                             |

### MANAGEMENT'S COMMENTS

The Bank achieved steady growth for its first half of the financial year with a profit after tax of MUR 1.0bn resulting in a year on year increase of 5.1% on account of sustainable growth in its overall activities. The Bank's total operating income increased by 10.6% to reach MUR 2.0bn compared to MUR 1.8bn for the six months ended 31 December 2018.

Net interest income dropped slightly by 3.2% for the six-month period compared to last year.

Non-interest income increased by 34.2% resulting in a contribution of MUR 893.9m to the profit after tax of the Bank.

The Bank's impairment on financial assets of MUR 131.3m is adequate and in line with the provision requirements of "IFRS 9 - Financial Instruments".

Total operating expenses amounted to MUR 644.2m for the period mainly on account of personnel expenses which grew by 8.9% to stand at MUR 374.6m. The cost-to-income ratio of the Bank continues to be stable at 32.1%.

Customer deposits at MUR 144.0bn as at the end of December 2019, an increase of 22.0% from December 2018, mainly on account of our non-resident portfolio.

The above performance led to a strong Return on Average Equity of 25.9%.

The Bank's Capital Adequacy Ratio stood at 14.97% as at end of December 2019 against a regulatory limit of 12.88% compared to 15.84% for the same period last year against a regulatory limit of 12.00%.

By Order of the Board  
Company Secretary  
06 February 2020

For the information of stakeholders, AfrAsia Bank Limited is pleased to present its interim unaudited financial statements for the six months ended 31 December 2019.

This notice is issued pursuant to the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007.

Copies of the unaudited interim financial statements (which can also be viewed on the Bank's website www.afrasiabank.com) are available free of charge at the registered office of the Bank, Bowen Square, 10, Dr Ferrière Street, Port Louis, Mauritius. The statement of direct and indirect interests of officers, pursuant to Rule 8(2)(m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007, is also available free of charge, upon request at the registered office of the Bank.