

Unaudited Interim Financial Statements for the Three Months ended 30 September 2020

AFRASIA BANK LIMITED



Statement of Financial Position as at 30 September 2020

	As at 30 September 2020 Unaudited	As at 30 September 2019 Unaudited	As at 30 June 2020 Audited
	MUR'000	MUR'000	MUR'000
ASSETS			
Cash and cash equivalents	65,399,920	49,596,775	69,032,249
Due from banks	17,162,662	14,014,833	11,132,738
Derivative financial instruments	262,909	57,695	321,961
Loans and advances to banks	4,100,622	5,658,862	5,245,927
Loans and advances to customers	21,344,240	22,891,607	23,043,922
Investment securities	56,066,550	59,490,642	48,664,900
Asset held for distribution	38,277	-	38,277
Property and equipment	164,943	181,518	170,977
Intangible assets	263,294	245,246	269,914
Right of use assets	71,384	84,330	80,017
Deferred tax assets	127,862	98,545	124,388
Other assets	2,451,119	2,204,943	2,347,559
TOTAL ASSETS	167,453,782	154,524,996	160,472,829
LIABILITIES AND EQUITY			
Due to banks	8,365	32,172	13,252
Deposits from banks	163,458	14,011	96,365
Deposits from customers	157,508,456	145,085,322	150,850,619
Derivative financial instruments	127,875	25,677	107,168
Debts issued	-	188,317	-
Retirement benefit obligations	99,851	64,654	99,851
Current tax liabilities	39,264	164,522	13,618
Lease liabilities	74,335	85,323	82,571
Other liabilities	490,265	547,707	568,061
TOTAL LIABILITIES	158,511,869	146,207,705	151,831,505
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
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	2,601,372	2,422,034	2,297,788
Other reserves	1,313,724	868,440	1,316,719
TOTAL EQUITY	8,941,913	8,317,291	8,641,324
TOTAL EQUITY AND LIABILITIES	167,453,782	154,524,996	160,472,829

Statement of Profit or Loss and other Comprehensive Income for the Three Months ended 30 September 2020

	Three months ended 30 September 2020 Unaudited	Three months ended 30 September 2019 Unaudited	Year ended 30 June 2020 Audited
	MUR'000	MUR'000	MUR'000
Interest income	476,508	873,602	3,114,028
Interest expense	(167,388)	(294,909)	(1,085,786)
Net interest income, calculated using EIR method	309,120	578,693	2,028,242
Fee and commission income	206,562	183,619	764,389
Fee and commission expense	(89,724)	(64,389)	(297,492)
Net fee and commission income	116,838	119,230	466,897
Net loss from derecognition of financial assets measured at amortised cost	-	-	(2,003)
Net trading income	21,274	151,372	616,554
Net loss from derecognition of financial assets measured at fair value through other comprehensive income	-	(2,460)	(3,046)
Net gain from foreign exchange and derivatives	201,198	218,484	685,796
Other operating income	4,591	2,418	22,714
Total operating income	653,021	1,067,737	3,815,154
Net impairment loss on financial assets	(24,904)	(81,433)	(839,095)
Net operating income	628,117	986,304	2,976,059
Personnel expenses	(158,213)	(198,114)	(718,079)
Depreciation of property and equipment	(9,595)	(8,574)	(35,713)
Depreciation of right of use assets	(8,168)	(7,972)	(31,735)
Amortisation of intangible assets	(13,136)	(9,795)	(40,923)
Other operating expenses	(116,243)	(105,073)	(448,226)
Total operating expenses	(305,355)	(329,528)	(1,274,676)
Operating profit	322,762	656,776	1,701,383
Impairment loss on receivable from subsidiary	-	-	(33,057)
Profit before tax	322,762	656,776	1,668,326
Tax expense	(22,173)	(54,815)	(146,771)
Profit for the period/year	300,589	601,961	1,521,555
Other comprehensive income/(loss) that may be subsequently reclassified to profit or loss:			
Movement in fair value reserve for debt instrument measured at fair value through other comprehensive income:			
- Losses arising during the period/year	-	(2,460)	(2,880)
- Reclassification of gains included in profit or loss on derecognition	-	2,460	3,046
- Expected credit losses	-	(1,074)	(1,074)
	-	(1,074)	(908)
Other comprehensive income/(loss) that will not be reclassified to profit or loss:			
Remeasurement of retirement benefit obligations	-	-	(21,731)
Deferred tax on remeasurement of retirement benefit obligations	-	-	1,318
Gain on equity instruments designated at fair value through other comprehensive income	-	-	1,370
	-	-	(19,043)
Other comprehensive loss for the period/year	-	(1,074)	(19,951)
Total comprehensive income for the period/year attributable to equity holders of the parent	300,589	600,887	1,501,604

Statement of Changes in Equity for the Three Months ended 30 September 2020

	Ordinary shares	Class A shares	Retained earnings	Other reserves	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
At 1 July 2019 (audited)	3,641,049	1,385,768	1,836,242	853,345	7,716,404
Profit for the period	-	-	601,961	-	601,961
Other comprehensive loss	-	-	-	(1,074)	(1,074)
Total comprehensive income/(loss) for the period	-	-	601,961	(1,074)	600,887
Appropriation of reserves	-	-	(16,169)	16,169	-
At 30 September 2019 (unaudited)	3,641,049	1,385,768	2,422,034	868,440	8,317,291
At 1 July 2020 (audited)	3,641,049	1,385,768	1,836,242	853,345	7,716,404
Profit for the year	-	-	1,521,555	-	1,521,555
Other comprehensive (loss)/income	-	-	(20,413)	462	(19,951)
Total comprehensive income for the year	-	-	1,501,142	462	1,501,604
Additional provision in relation to Bank of Mauritius Guideline	-	-	(146,054)	146,054	-
Appropriation of reserves	-	-	(316,858)	316,858	-
Dividends	-	-	(576,684)	-	(576,684)
At 30 June 2020 (audited)	3,641,049	1,385,768	2,297,788	1,316,719	8,641,324
At 1 July 2020 (audited)	3,641,049	1,385,768	2,297,788	1,316,719	8,641,324
Profit for the period	-	-	300,589	-	300,589
Total comprehensive income for the period	-	-	300,589	-	300,589
Appropriation of reserves	-	-	2,995	(2,995)	-
At 30 September 2020 (unaudited)	3,641,049	1,385,768	2,601,372	1,313,724	8,941,913

Statement of Cash Flows for the Three Months ended 30 September 2020

	Three months ended 30 September 2020 Unaudited	Three months ended 30 September 2019 Unaudited	Year ended 30 June 2020 Audited
	MUR'000	MUR'000	MUR'000
Net cash flows (used in)/generated from operating activities	(3,603,461)	(1,007,424)	19,209,087
Net cash flows used in investing activities	(16,750)	(108,821)	(126,567)
Net cash flows used in financing activities	(8,237)	-	(778,266)
Net cash flows for the period/year	(3,628,448)	(1,116,245)	18,304,254
Movement in cash and cash equivalents			
Cash and cash equivalents at 1 July	69,025,374	50,698,345	50,698,345
Net increase in cash and cash equivalents	(3,628,448)	(1,116,245)	18,304,254
Effect of IFRS 9 impairment charge	1,273	11,857	22,774
Cash and cash equivalents end of period/year	65,398,199	49,593,957	69,025,373
Operational cash flows from interest			
Interest paid	(472,166)	(224,051)	(1,051,776)
Interest received	719,531	823,656	2,821,688

Management's Comments

During the last few months, most countries across the globe are reporting more and more new COVID-19 cases every day and data for the global picture shows that the pandemic is far from over. In Mauritius, we have been lucky not to have local COVID-19 cases for the last few months until recently. However, the damage for the Mauritian economy was inevitable with a sharper emphasis on the tourism sector due to the closing of our borders.

Amidst the challenging environment, all AfrAsia Bank Limited's (the "Bank") efforts have been on capital preservation with more investments geared towards liquid assets.

The Bank registered a profit after tax of MUR 300.6m for the first quarter ended 30 September 2020 which represents a decrease of 50% compared to MUR 602.0m for the same quarter last year.

Interest rates contraction had a considerable impact on the Bank's net interest income which dropped by 47% for the quarter ended 30 September 2020 as compared to the same quarter last year. Net trading income and net gain from foreign exchange and derivatives decreased by 40% compared to September 2019 to reach MUR 222.5m.

Operating expenses were slightly lower compared to September 2019, however, cost to income ratio rose to 46.8% subsequent to the drop in total operating income by 39% compared to the same quarter last year.

The Bank total assets grew by 8% compared to September 2019 to reach MUR 167.5bn. The change in assets mix and shift towards more liquid assets consequently reduced the loans-to-deposits to 16% as at 30 September 2020.

Management continues to actively monitor the evolution of the quality of its loan book for any additional provision.

On the other side of the Balance sheet, deposit base stood at MUR 157.7m as at 30 September 2020, an increase of 9% from September 2019.

The Bank remains well capitalised with a Capital Adequacy Ratio of 16.19% as at end of September 2020 against a regulatory limit of 12.88% compared to 15.26% last year.

By Order of the Board
Neeven N. Parsooramen
Company Secretary
19 November 2020

For the information of stakeholders, AfrAsia Bank Limited is pleased to present its interim unaudited financial statements for the three months ended 30 September 2020.

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.