

Unaudited Interim Financial Statements for the six months ended 31 December 2020

AFRASIA BANK LIMITED



Statement of Financial Position as at 31 December 2020

	As at 31 December 2020 Unaudited	As at 31 December 2019 Unaudited	As at 30 June 2020 Audited
	MUR'000	(Restated) MUR'000	(Restated) MUR'000
ASSETS			
Cash and cash equivalents	68,023,142	56,827,564	69,032,249
Due from banks	19,321,943	13,238,826	11,132,738
Derivative financial instruments	257,214	51,455	321,961
Loans and advances to banks	5,122,957	5,438,766	5,245,927
Loans and advances to customers	19,577,413	22,081,062	23,043,922
Investment securities	54,925,789	52,614,831	48,664,900
Asset held for distribution	38,277	-	38,277
Property and equipment	156,277	172,295	170,977
Intangible assets	289,406	257,144	269,914
Right of use assets	62,722	75,894	80,017
Deferred tax assets	149,302	72,836	124,388
Other assets	2,377,599	2,107,189	2,347,559
TOTAL ASSETS	170,302,041	152,937,862	160,472,829
EQUITY AND LIABILITIES			
LIABILITIES			
Due to banks	3,033	10,691	13,252
Deposits from banks	163,573	14,487	96,365
Deposits from customers	160,393,662	143,972,087	150,850,619
Derivative financial instruments	175,036	21,943	107,168
Retirement benefit obligations	99,851	64,652	99,851
Current tax liabilities	88,574	81,777	95,283
Lease liabilities	65,937	77,517	82,571
Other liabilities	359,123	464,121	486,396
TOTAL LIABILITIES	161,348,789	144,707,275	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	2,716,705	2,103,792	2,297,788
Other reserves	1,209,730	1,099,978	1,316,719
TOTAL EQUITY	8,953,252	8,230,587	8,641,324
TOTAL EQUITY AND LIABILITIES	170,302,041	152,937,862	160,472,829

Statement of Cash Flows for the six months ended 31 December 2020

	Six months ended 31 December 2020 Unaudited	Six months ended 31 December 2019 Unaudited	Year ended 30 June 2020 Audited
	MUR'000	(Restated) MUR'000	(Restated) MUR'000
Net cash flows (used in)/generated from operating activities	(934,944)	6,852,278	19,209,087
Net cash flows used in investing activities	(54,650)	(36,818)	(126,567)
Net cash flows used in financing activities	(16,634)	(688,757)	(778,266)
Net cash flows for the period/year	(1,006,228)	6,126,703	18,304,254
Movement in cash and cash equivalents			
Cash and cash equivalents at 1 July	69,025,374	50,724,291	50,698,345
Net (decrease)/increase in cash and cash equivalents	(1,006,228)	6,126,703	18,304,254
Effect of IFRS 9 impairment charge	963	(25,576)	22,774
Cash and cash equivalents end of period/year	68,020,109	56,825,418	69,025,373
Operational cash flows from interest			
Interest paid	(392,715)	(538,282)	(1,051,776)
Interest received	1,096,495	1,538,947	2,821,688

Statement of Profit or Loss and Other Comprehensive Income for the six months ended 31 December 2020

	Six months ended 31 December 2020 Unaudited	Six months ended 31 December 2019 Unaudited	Year ended 30 June 2020 Audited
	MUR'000	(Restated) MUR'000	(Restated) MUR'000
Interest income	896,901	1,705,011	3,114,028
Interest expense	(322,834)	(593,913)	(1,085,786)
Net interest income, calculated using EIR method	574,067	1,111,098	2,028,242
Fee and commission income	421,016	378,414	764,389
Fee and commission expense	(178,222)	(161,315)	(297,492)
Net fee and commission income	242,794	217,099	466,897
Net gain/(loss) from derecognition of financial assets measured at amortised cost	-	19,846	(2,003)
Net trading income	12,079	197,555	616,554
Net gain on equity instrument measured at fair value through profit or loss	211	-	-
Net loss from derecognition of financial assets measured at fair value through other comprehensive income	-	(3,056)	(3,046)
Net gain from foreign exchange and derivatives	441,960	456,593	685,796
Other operating income	6,790	5,847	22,714
Total operating income	1,277,901	2,004,982	3,815,154
Net impairment loss on financial assets	(336,759)	(131,281)	(839,095)
Net operating income	941,142	1,873,701	2,976,059
Personnel expenses	(291,456)	(374,620)	(718,079)
Depreciation of property and equipment	(18,497)	(17,210)	(35,713)
Depreciation of right of use assets	(16,365)	(15,945)	(31,735)
Amortisation of intangible assets	(23,072)	(19,589)	(40,923)
Other operating expenses	(166,940)	(180,185)	(366,561)
Total operating expenses	(516,330)	(607,549)	(1,193,011)
Operating profit	424,812	1,266,152	1,783,048
Impairment loss on receivable from subsidiary	-	(92,672)	(33,057)
Profit before tax	424,812	1,173,480	1,749,991
Tax expense	(74,506)	(155,391)	(228,436)
Profit for the period/year	350,306	1,018,089	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	-	(2,890)	(2,880)
- Reclassification of gains included in profit or loss on derecognition	-	3,056	3,046
- Expected credit losses	-	(1,074)	(1,074)
	-	(908)	(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
(Losses)/gains on equity instruments designated at fair value through other comprehensive income	(101)	(46)	1,370
	(101)	(46)	(19,043)
	(101)	(954)	(19,951)
Other comprehensive loss for the period/year	(101)	(954)	(19,951)
Total comprehensive income for the period/year attributable to equity holders of the parent	350,205	1,017,135	1,501,604

Statement of Changes in Equity for the six months ended 31 December 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	-	-	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
Additional provision in relation to Bank of Mauritius Guideline	-	-	(83,299)	83,299	-
Appropriation of reserves	-	-	(164,288)	164,288	-
Dividends	-	-	(502,952)	-	(502,952)
At 31 December 2019 (unaudited), as restated	3,641,049	1,385,768	2,103,792	1,099,978	8,230,587
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	-	-	350,306	-	350,306
Other comprehensive loss	-	-	-	(101)	(101)
Total comprehensive income/(loss) for the period	-	-	350,306	(101)	350,205
Reversal of provision in relation to Bank of Mauritius Guideline	-	-	146,054	(146,054)	-
Appropriation of reserves	-	-	(39,166)	39,166	-
Dividends	-	-	(38,277)	-	(38,277)
At 31 December 2020 (unaudited)	3,641,049	1,385,768	2,716,705	1,209,730	8,953,252

Management's Comments

The global economy continues to suffer from the lockdown and border restrictions which were essential to reduce the spread of the COVID-19. These measures, along with the level of uncertainty and volatility in the international markets, continue to impede on economic activities across the world. Inevitably Mauritius has not been spared, and the damage especially exacerbated given the country's reliance on the tourism industry. The Government however continues to support the economy by targeted measures such as providing relief on loan interest and moratorium periods and even extending the Covid-19 support programme to households and businesses.

Given the continuing uncertainty as to the timing of border reopening, AfrAsia Bank Limited (the "Bank") remains very cautious, and monitors the market situation firmly by continuously assessing all uncertainty that may arise in both the local and international markets. Further, given the challenging economic situation, the Bank has also put all its efforts on preserving its capital with more attention on investment geared towards liquid assets.

In the context of this weak economic environment, the Bank has over the last six months registered a profit after tax of MUR 350.3m, which represents a decrease of 65.6% compared to MUR 1.0bn for the corresponding period last year.

At the onset of the crisis, we witnessed a drastic fall in our interest rates that ultimately led to a considerable impact on our financial performance. The Bank's net interest income dropped by 48.3% for the period ended 31 December 2020 as

compared to the same period last year. The Bank's net trading income and net gain from foreign exchange and derivatives decreased by 30.6% compared to December 2019 to reach MUR 454.0m.

Given the medium term outlook of low interest yields, management's focus remains on addressing the pressure on earnings.

Credit impairment charges increased by MUR 336.8m, reflective of the uncertain environment and market outlook.

Operating income and Operating expenses were lower by 36.3% and 15.0% respectively as compared to the same period last year. Cost to income ratio increased from 30.3% in December 2019 to 40.4% in December 2020.

The Bank's balance sheet however remains sound with robust capital and liquidity ratios. The total assets grew by 11.4% compared to December 2019 to reach MUR 170.3bn, being favourable to the Bank. The change in assets mix and shift towards more liquid assets consequently reduced the loans-to-deposit to 15.4%.

On the other side of the balance sheet, our deposit base stood at MUR 160.6bn as at end of December 2020, an increase of 11.5% from December 2019, thereby demonstrating our customers' confidence level in the Bank.

The Bank remains well capitalized with a Capital Adequacy Ratio of 17.23% as at end of December 2020 against a regulatory limit of 12.88% compared to 14.97% last year.

By Order of the Board
Company Secretary
25 February 2021

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

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