

Unaudited Interim Condensed Financial Statements for the
six months ended **31 December 2021**

AFRASIA BANK LIMITED GROUP



Statements of Financial Position as at 31 December 2021

	THE GROUP			THE BANK		
	As at 31 December 2021 Unaudited	As at 31 December 2020 Unaudited	As at 30 June 2021 Audited	As at 31 December 2021 Unaudited	As at 31 December 2020 Unaudited	As at 30 June 2021 Audited
ASSETS	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Cash and cash equivalents	87,272,873	68,023,154	97,810,111	87,272,863	68,023,142	97,810,099
Due from banks	16,547,048	19,321,943	17,974,090	16,547,048	19,321,943	17,974,090
Derivative financial instruments	429,745	257,214	407,880	429,745	257,214	407,880
Loans and advances to banks	10,479,160	5,122,957	6,638,835	10,479,160	5,122,957	6,638,835
Loans and advances to customers	24,916,761	19,577,413	18,749,929	24,916,761	19,577,413	18,749,929
Investment securities	56,730,000	54,954,658	45,410,195	56,730,000	54,925,789	45,410,195
Asset held for distribution	-	13,619	-	-	38,277	-
Property and equipment	131,754	156,277	137,437	131,754	156,277	137,437
Right of use assets	46,254	62,722	44,518	46,254	62,722	44,518
Intangible assets	327,528	289,406	288,679	327,528	289,406	288,679
Deferred tax assets	123,853	149,302	149,593	123,853	149,302	149,593
Other assets	2,631,280	2,371,814	2,471,954	2,631,280	2,377,599	2,471,954
TOTAL ASSETS	199,636,256	170,300,479	190,083,221	199,636,246	170,302,041	190,083,209
EQUITY AND LIABILITIES						
LIABILITIES						
Due to banks	323	3,033	1,000,122	323	3,033	1,000,122
Deposits from banks	465,913	163,573	364,726	465,913	163,573	364,726
Deposits from customers	188,681,686	160,376,669	178,832,286	188,695,301	160,393,662	178,846,558
Borrowings from financial institution	146,323	-	-	146,323	-	-
Derivative financial instruments	263,776	175,036	210,392	263,776	175,036	210,392
Retirement benefit obligations	73,189	99,851	73,189	73,189	99,851	73,189
Current tax liabilities	87,953	88,574	85,647	87,953	88,574	85,647
Lease liabilities	48,927	65,937	47,658	48,927	65,937	47,658
Other liabilities	343,731	359,175	412,507	337,665	359,123	407,993
Liabilities directly associated with asset held for distribution	-	12,617	-	-	-	-
TOTAL LIABILITIES	190,111,821	161,344,465	181,026,527	190,119,370	161,348,789	181,036,285
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	1,399,768	1,385,768	1,385,768	1,385,768	1,385,768
Retained earnings	3,036,152	2,695,109	2,693,075	3,010,082	2,716,705	2,664,794
Other reserves	1,461,466	1,220,088	1,336,802	1,479,977	1,209,730	1,355,313
TOTAL EQUITY	9,524,435	8,956,014	9,056,694	9,516,876	8,953,252	9,046,924
TOTAL EQUITY AND LIABILITIES	199,636,256	170,300,479	190,083,221	199,636,246	170,302,041	190,083,209

Unaudited Interim Condensed Financial Statements for the six months ended 31 December 2021

AFRASIA BANK LIMITED GROUP



Statements of Cash Flows for the six months ended 31 December 2021

	THE GROUP			THE BANK		
	Six months ended 31 December 2021 Unaudited	Six months ended 31 December 2020 Unaudited	Year ended 30 June 2021 Audited	Six months ended 31 December 2021 Unaudited	Six months ended 31 December 2020 Unaudited	Year ended 30 June 2021 Audited
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Net cash flows (used in)/generated from operating activities	(10,071,271)	(1,016,739)	29,285,044	(10,071,269)	(934,941)	29,288,763
Net cash flows used in investing activities	(66,009)	(55,214)	(79,698)	(66,009)	(54,651)	(78,706)
Net cash flows used in financing activities	(401,661)	(16,634)	(424,475)	(401,661)	(16,634)	(424,475)
Net cash flows for the period/year	(10,538,941)	(1,088,587)	28,780,871	(10,538,939)	(1,006,226)	28,785,582
Movement in cash and cash equivalents						
Cash and cash equivalents at 1 July	97,810,014	69,111,765	69,030,099	97,810,002	69,025,374	69,025,376
Net (decrease)/increase in cash and cash equivalents	(10,538,941)	(1,088,587)	28,780,871	(10,538,939)	(1,006,226)	28,785,582
Effect of IFRS 9 impairment credit/(charge)	1,477	960	(956)	1,477	960	(956)
Cash and cash equivalents at end of period/year	87,272,550	68,024,138	97,810,014	87,272,540	68,020,108	97,810,002

Management Comments

Financial Highlights

For the second quarter ended 31 December 2021, AfrAsia Bank Limited (the "Bank") has continued to deliver a steady financial performance despite the direct and indirect impacts of COVID-19 pandemic, including new variant fears, as well as restrictions on business and individual activities. For the six months ended 31 December 2021, the Bank achieved a net profit after tax ("NPAT") of **MUR 769.8m**, up **120%** from the same period last year (December 2020: MUR 350.3m), driven by broad-based growth in trading income and fee income and lower impairment loss on financial assets compared to same period last year.

In comparison to same period last year, the Bank's net interest income increased by **4%** to reached **MUR 595.6m** in this quarter from MUR 574.1m, despite a low interest rate environment.

Net fee and commission income rose by **31%** to stand at **MUR 327.6m** as at end of December 2021 versus MUR 249.6m at December 2020, primarily supported by higher commissions and arrangement fees from wealth management activities.

Net trading income, being another major contributor to the increase in NPAT saw a rise of **37%** by **MUR 170.1m** to reach **MUR 624.2m** (December 2020: MUR 454.0m).

Impairment on financial assets of **MUR 13.1m** has been provided for in the financial statements. This includes bad debt recovered of **MUR 33m**. The Bank will continue to reassess its impairment level taking into consideration the current economic condition.

Operating income and Operating expenses were higher by **21%** and **22%** respectively as compared to the same period last year. Cost to income ratio remained stable at **41%** at end of December 2021 despite strong growth in business volumes.

The Bank's Balance Sheet remains robust, with Total Assets standing at **MUR 199.6bn**, up **17%** compared to December 2020. Loans and advances improved by **MUR 10.7bn** to reach **MUR 35.4bn** (December 2020: MUR 24.7bn) at end of December 2021 while loan-to-deposit ratio increased to **19%** from 15% in the same period last year. The Bank continues to enjoy a high asset quality as a result of strict adherence to maintaining a disciplined and focused approach to lending, recovery and funding.

On the liability side of the Balance sheet, the Bank's deposits base grew from MUR 160.6bn at end of December 2020 to reach **MUR 189.2bn** by the end of December 2021 i.e. a growth of **18%**, thereby demonstrating our customers' confidence level in the Bank.

The Bank remains well capitalised with Capital Adequacy Ratio at **15.08%** as at December 2021 versus 17.23% at December 2020, maintaining a comfortable position against a regulatory limit of 12.88%.

The shareholders' equity of the Bank witnessed a slight growth of 6% period-on-period to reach **MUR 9.5bn** (December 2020: MUR 9.0bn) as at end of December 2021 due to positive bottom-line performance.

Economic Outlook

Global economy

Rising energy prices and supply disruptions have resulted in higher and more broad-based inflation than anticipated, notably in the United States and many emerging market and developing economies. The anxieties over the financial health of China's real estate sector and slower-than-expected recovery of private consumption also have limited growth prospects. The International Monetary Fund downgraded its global growth forecasts from 5.9 in 2021 to 4.4 percent in 2022—half a percentage point lower for 2022 than in the October World Economic Outlook.

Mauritian economy

On the domestic front, the economic outlook is now arguably the highest it has been since the start of the pandemic in early 2020. Confidence continues to be maintained through ongoing progress in the booster dose vaccination campaign. The opening of borders effective since 01 October 2021 and Mauritius exiting France's Scarlet Red list, on 08 December 2021, to ease ban on all business and tourist travels have brought on a collective sigh of relief for tourism operators. For the quarter October to December, Mauritius has welcomed over 170,000 tourists, with the majority coming from European countries such as France and the UK. The positive momentum given to the tourism sector has also benefited other economic sectors and helped uplift sentiment. The manufacturing sector is already showing encouraging signs amid the recovery in external demand, with strong orders for textile. Delisting of Mauritius from EU list of high-risk third countries.

The European Commission has confirmed that Mauritius no longer has strategic deficiencies in their Anti-Money Laundering / Combatting the Financing of Terrorism regime and that the country has established the legal and regulatory framework to meet the commitments in their action plans regarding the strategic deficiencies that the Financial Action Task Force ("FATF") had identified. Mauritius was previously removed from the FATF list of jurisdictions under increased monitoring in October 2021.

By Order of the Board
11 February 2022

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 2021.

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

Copies of the unaudited interim condensed 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.