

# ABRIDGED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	2020 MUR	2019 MUR	2018 MUR
<b>ASSETS</b>			
Cash and cash equivalents	1,280,041,690	2,732,131,072	3,276,741,586
Due from banks	14,819,085	698,739,467	1,030,811,338
Derivative financial assets	2,183,441	3,763,559	4,289,595
Loans and advances to customers	9,769,375,208	7,635,939,083	6,054,488,404
Investment securities	7,114,456,335	6,479,991,942	6,223,153,289
Other assets	891,377,784	99,997,305	94,025,588
Property, equipment and right-of-use assets	600,843,664	512,458,466	394,861,578
Intangible assets	8,922,365	2,263,140	4,351,872
Deferred tax assets	23,084,417	9,710,148	21,307,487
<b>Total assets</b>	<b>19,705,103,989</b>	<b>18,174,994,182</b>	<b>17,104,030,737</b>
<b>LIABILITIES</b>			
Due to banks	-	-	110,061,479
Derivative financial liabilities	9,759,640	5,812,757	2,774,759
Deposits from customers	16,799,731,794	15,239,475,798	14,966,194,318
Preference shares	144,534,198	145,202,573	145,340,753
Subordinated debts	504,762,329	505,070,890	-
Current tax liabilities	8,165,603	23,979,561	30,924,434
Other liabilities	401,393,162	484,274,838	338,395,576
<b>Total liabilities</b>	<b>17,868,346,726</b>	<b>16,403,816,417</b>	<b>15,593,691,319</b>
<b>Shareholders' Equity</b>			
Issued capital	940,495,472	940,495,472	940,495,472
Retained earnings	677,416,500	640,979,429	478,528,990
Other reserves	218,845,291	189,702,864	91,314,956
<b>Capital and reserves</b>	<b>1,836,757,263</b>	<b>1,771,177,765</b>	<b>1,510,339,418</b>
<b>Total liabilities and equity</b>	<b>19,705,103,989</b>	<b>18,174,994,182</b>	<b>17,104,030,737</b>

These financial statements have been approved and authorised for issue by the Board of Directors on 28 September 2020.

Hon. Y.K.J. Yeung Sik Yuen, G.O.S.K. Chairman  
Mr David Brian Ah-Chuen Strategic Business Executive Director  
Mr Sydney Ah Yoong Chairman of Audit Committee

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Issued Capital MUR	Retained Earnings MUR	Statutory Reserve MUR	Fair Value Reserve MUR	Total MUR
<b>At 1 July 2017</b>	940,495,472	322,022,542	76,556,747	1,205,290	1,340,280,051
Profit for the year	-	242,431,728	-	-	242,431,728
Other comprehensive loss	-	(746,523)	-	(22,811,840)	(23,558,363)
<b>Total comprehensive income/(loss) for the year</b>	-	241,685,205	-	(22,811,840)	218,873,365
Transfer to statutory reserve	-	(36,364,759)	36,364,759	-	-
Equity dividends	-	(48,813,998)	-	-	(48,813,998)
<b>At 30 June 2018</b>	<b>940,495,472</b>	<b>478,528,990</b>	<b>112,921,506</b>	<b>(21,606,550)</b>	<b>1,510,339,418</b>
<b>At 1 July 2018 - as previously reported</b>	940,495,472	478,528,990	112,921,506	(21,606,550)	1,510,339,418
Impact of adopting IFRS 9	-	30,759,262	-	1,038,828	31,798,090
<b>At 1 July 2018</b>	<b>940,495,472</b>	<b>509,288,252</b>	<b>112,921,506</b>	<b>(20,567,722)</b>	<b>1,542,137,508</b>
Profit for the year	-	223,888,240	-	-	223,888,240
Expected credit loss allowance relating to debt instruments designated at fair value through other comprehensive income	-	-	-	571,457	571,457
Other comprehensive income	-	(2,935,360)	-	63,194,387	60,259,027
<b>Total comprehensive income for the year</b>	-	220,952,880	-	63,765,844	284,718,724
Transfer to statutory reserve	-	(33,583,236)	33,583,236	-	-
Equity dividends	-	(55,678,467)	-	-	(55,678,467)
<b>At 30 June 2019</b>	<b>940,495,472</b>	<b>640,979,429</b>	<b>146,504,742</b>	<b>43,198,122</b>	<b>1,771,177,765</b>
<b>At 01 July 2019</b>	<b>940,495,472</b>	<b>640,979,429</b>	<b>146,504,742</b>	<b>43,198,122</b>	<b>1,771,177,765</b>
Profit for the year	-	120,387,842	-	-	120,387,842
Expected credit loss allowance relating to debt instruments designated at fair value through other comprehensive income	-	-	-	3,300,152	3,300,152
Other comprehensive income	-	(7,163,254)	-	7,784,099	620,845
<b>Total comprehensive income for the year</b>	-	113,224,588	-	11,084,251	124,308,839
Transfer to statutory reserve	-	(18,058,176)	18,058,176	-	-
Equity dividends	-	(58,729,341)	-	-	(58,729,341)
<b>At 30 June 2020</b>	<b>940,495,472</b>	<b>677,416,500</b>	<b>164,562,918</b>	<b>54,282,373</b>	<b>1,836,757,263</b>

### Comments

#### Approval of financial statements

The audited financial statements have been approved by the Board and abridged for purposes of this report. Ernst & Young has expressed an unmodified audit opinion on the annual financial statements. The signed auditor's report is available for viewing at ABC Banking Corporation Ltd's website (<https://www.abcbanking.mu>)

The audited financial statements are available for inspection at the Bank's registered address. This abridged report is extracted from audited information and the auditor's report is on the financial statements as a whole but not on the abridged financial information. The auditor's report does not necessarily cover all of the information contained in this announcement.

Stakeholders are therefore advised that in order to obtain a full understanding of the nature of the auditors' work they

should view the report together with the accompanying financial information.

#### Comments for the year ended 30 June 2020

The bank registered a profit before impairment of MUR 432 million for the year ended 30 June 2020 compared to last year's figure of MUR 328 million representing a rise of 32%. The bank took a provision for impairment of MUR 311 million as a result of exceptional increase in specific provisions linked to exposures becoming non-performing assets. There was also an increase in general provisions linked to the increased credit risk in sectors affected by COVID-19. These resulted in a Profit after tax of MUR 120 million for the year ended 30 June 2020 compared to last year's figure of MUR 224 million.

An increase in our net interest income by 7% is explained primarily by the growth in the loans and advances portfolio. Total operating income has improved by 17% to reach MUR 763 million compared to last year's MUR 652 million where a

key contributor has been the gain on the sale of investment securities. With non-interest expenses of MUR 330 million, the bank's cost to income remain below 50% and stood at 43%.

The bank's total assets as at 30 June 2020 is MUR 19.7 billion whilst saving and deposit closed at MUR 16.8 billion.

As at 30 June 2020, the Capital Adequacy Ratio stood at 17.3% and Liquidity Coverage Ratio at 299%.

In line with the regulator's prudent advice to encourage capital conservation in an environment of heightened uncertainty and given its crucial role in supporting the economy during a period of economic disruption, the bank has, in the best interest of all stakeholders, proactively decided not to declare any dividend for this year.

This notice is issued pursuant to DEM Rule 18 and Rule 5 of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007.

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	2020 MUR	2019 MUR	2018 MUR
Interest income using the effective interest method	806,413,125	734,009,109	653,296,994
Interest expense	(290,014,171)	(251,525,883)	(267,458,708)
<b>Net interest income</b>	<b>516,398,954</b>	<b>482,483,226</b>	<b>385,838,286</b>
Fee and commission income	99,664,534	117,765,876	104,693,292
Fee and commission expense	(22,677,240)	(29,062,998)	(24,210,364)
<b>Net fee and commission income</b>	<b>76,987,294</b>	<b>88,702,878</b>	<b>80,482,928</b>
Net trading income	64,092,741	77,535,761	85,243,497
Net gain on the derecognition of financial assets measured at fair value through other comprehensive income	45,313,979	39,475	4,475,513
Net gain on the derecognition of financial assets measured at amortised cost	57,500,278	-	-
Net gain on the derecognition of financial assets measured at fair value through profit or loss	1,233,374	2,254,236	1,979,814
Other operating income	1,334,486	1,282,895	1,428,987
<b>Total other income</b>	<b>169,474,858</b>	<b>81,112,367</b>	<b>93,127,811</b>
<b>Operating income</b>	<b>762,861,106</b>	<b>652,298,471</b>	<b>559,449,025</b>
Personnel expenses	(192,884,473)	(192,124,468)	(162,194,232)
Depreciation and amortisation	(34,058,940)	(24,528,399)	(21,624,665)
Other operating expenses	(103,850,853)	(107,644,781)	(74,337,683)
<b>Non interest expenses</b>	<b>(330,794,266)</b>	<b>(324,297,648)</b>	<b>(258,156,580)</b>
<b>Operating profit before impairment</b>	<b>432,066,840</b>	<b>328,000,823</b>	<b>301,292,445</b>
Allowance for credit impairment on financial assets	(310,708,038)	(56,721,957)	(9,538,421)
<b>Operating profit before tax</b>	<b>121,358,802</b>	<b>271,278,866</b>	<b>291,754,024</b>
Income tax expense	(970,960)	(47,390,626)	(49,322,296)
<b>Profit for the year</b>	<b>120,387,842</b>	<b>223,888,240</b>	<b>242,431,728</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss, net of tax:			
Net gain on investments in equity instruments designated at fair value through other comprehensive income	6,190,622	3,147,386	-
Remeasurement of retirement pension	(7,163,254)	(2,935,360)	(746,523)
	(972,632)	212,026	(746,523)
Items that may be reclassified subsequently to profit or loss, net of tax:			
Expected credit loss allowance relating to debt instruments designated at fair value through other comprehensive income	3,300,152	571,457	-
Net gain on investments in debt instruments designated at fair value through other comprehensive income	1,593,477	60,047,001	-
Remeasuring available for sale assets	-	-	(22,811,840)
	4,893,629	60,618,458	(22,811,840)
<b>Other comprehensive income/(loss) for the year</b>	<b>3,920,997</b>	<b>60,830,484</b>	<b>(23,558,363)</b>
<b>Total comprehensive income for the year</b>	<b>124,308,839</b>	<b>284,718,724</b>	<b>218,873,365</b>
<b>Earnings per share</b>			
Basic and diluted	1.58	2.94	3.18

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	2020 MUR	2019 MUR	2018 MUR
<b>Net cash (used in)/ generated from operating activities</b>	<b>(683,047,379)</b>	<b>(515,758,122)</b>	<b>509,319,738</b>
<b>Net cash used in investing activities</b>	<b>(653,039,830)</b>	<b>(325,298,577)</b>	<b>(1,535,543,957)</b>
<b>Net cash (used in)/ generated from financing activities</b>	<b>(64,440,697)</b>	<b>334,260,054</b>	<b>(63,733,519)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,400,527,906)</b>	<b>(506,796,645)</b>	<b>(1,089,957,738)</b>
Net foreign exchange difference	(51,561,476)	(37,813,869)	49,340,354
Net cash and cash equivalents at beginning of year	2,732,131,072	3,276,741,586	4,317,358,970
<b>Net cash and cash equivalents at end of year</b>	<b>1,280,041,690</b>	<b>2,732,131,072</b>	<b>3,276,741,586</b>
<b>Operational cashflows from interest and dividends</b>			
Interest paid	293,512,178	234,304,674	236,889,734
Interest received	792,036,496	726,410,754	652,985,611
Dividend received	1,314,895	1,282,397	1,237,480

The Board of Directors of ABC Banking Corporation Ltd accepts full responsibility for the accuracy of the information contained in this report.

By Order of the Board  
Mahesh Ittoo, ACIS, MCS1  
Company Secretary

28 September 2020

## LIQUIDITY COVERAGE RATIO

	TOTAL UNWEIGHTED VALUE (quarterly average of bi-monthly observations) (MUR. M)	TOTAL WEIGHTED VALUE (quarterly average of bi-monthly observations) (MUR. M)
<b>HIGH-QUALITY LIQUID ASSETS</b>		
Total high-quality liquid assets (HQLA)	4,726	4,668
<b>CASH OUTFLOWS</b>		
Retail deposits and deposits from small business customers, of which:		
Stable deposits	-	-
Less stable deposits	4,800	480
Unsecured wholesale funding, of which:	394	39
Operational deposits (all counterparties)	6,862	1,715
Non-operational deposits (all counterparties)	264	114
Unsecured debt	-	-
Secured wholesale funding	-	-
Additional requirements, of which:		
Outflows related to derivative exposures and other collateral requirements	675	675
Outflows related to loss of funding on debt products	-	-
Credit and liquidity facilities	1,153	191
Other contractual funding obligations	161	161
Other contingent funding obligations	644	32
<b>TOTAL CASH OUTFLOWS</b>	<b>14,953</b>	<b>3,409</b>
<b>CASH INFLOWS</b>		
Secured funding (e.g. reverse repos)	-	-
Inflows from fully performing exposures	1,274	1,000
Other cash inflows	672	672
<b>TOTAL CASH INFLOWS</b>	<b>1,946</b>	<b>1,672</b>
<b>TOTAL ADJUSTED VALUE (MUR.M)</b>		
<b>TOTAL HQLA</b>		<b>4,668</b>
<b>TOTAL NET CASH OUTFLOWS</b>		<b>1,737</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>		<b>269%</b>
<b>QUARTERLY AVERAGE OF DAILY HQLA</b>		<b>4,659</b>

### Notes:

- The reported values for 'quarterly average of bi-monthly observations' are based on the 15th Apr, 30th Apr, 15th May, 31st May, 15th June and 30th June 2020 figures. The number of data points used for the calculations are 6.
- The reported values for 'quarterly average of daily HQLA' are based on end of daily figures over the 1st April 2020 to 30th June 2020's period. The number of data points used for the calculations are 91.

As at 30 June 2020, the bank's LCR stood at 299% whereas the quarterly average of bi-monthly observations for the Quarter ended 30 June 2020 was 269%, mainly due to the significant investment in eligible securities. The bank's high-quality liquid assets (HQLA) is primarily made up of sovereign and central bank securities and the weighted value as at end of June was MUR 4.7 billion and the quarterly average of bi-monthly observations for the Quarter ended 30 June 2020 was at MUR 4.7 billion. The bank continues to monitor its liquidity position and will adjust its investment strategy to meet the prescribed requirement.

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ABC Banking Corporation is regulated by the the Bank of Mauritius.