

ABRIDGED UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020

	Unaudited Sep 20 MUR	Unaudited Sep 19 MUR	Audited Jun 20 MUR
ASSETS			
Cash and cash equivalents	2,108,095,824	1,766,122,286	1,280,041,690
Due from banks	-	694,914,355	14,819,085
Derivative financial assets	7,133,432	15,147,907	2,183,441
Loans and advances to customers	9,998,629,852	8,225,323,482	9,769,375,208
Investment securities	6,376,287,355	6,232,900,339	7,114,456,335
Other assets	918,684,898	121,097,673	891,377,784
Property, equipment and right-of-use assets	605,340,872	545,300,424	600,843,664
Intangible assets	8,385,186	1,821,401	8,922,365
Deferred tax assets	21,722,484	10,461,367	23,084,417
Total assets	20,044,279,903	17,613,089,234	19,705,103,989
LIABILITIES			
Due to banks	-	182,666,073	-
Derivative financial liabilities	9,165,286	841,669	9,759,640
Deposits from customers	16,923,152,246	14,567,832,873	16,799,731,794
Preference shares	149,385,480	140,004,922	144,534,198
Subordinated debts	501,260,016	512,006,678	504,762,329
Current tax liabilities	12,751,410	22,561,475	8,165,603
Other liabilities	563,323,206	338,229,567	401,393,162
Total liabilities	18,159,037,644	15,764,143,257	17,868,346,726
Shareholders' Equity			
Issued capital	940,495,472	940,495,472	940,495,472
Retained earnings	742,850,977	712,141,829	677,416,500
Other reserves	201,895,810	196,308,676	218,845,291
Capital and reserves	1,895,242,259	1,848,945,977	1,836,757,263
Total liabilities and equity	20,044,279,903	17,613,089,234	19,705,103,989
Contingent liabilities			
Guarantees on account of customers	217,639,366	135,084,637	605,266,761
Letter of credit and other obligations on account of customers	47,997,827	58,748,084	11,000,000
Commitments	1,399,661,097	1,373,864,250	1,193,184,899

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	Issued Capital MUR	Retained Earnings MUR	Statutory Reserve MUR	Other Reserves MUR	Total MUR
At 01 July 2019	940,495,472	640,979,429	146,504,742	43,198,122	1,771,177,765
Profit for the period	-	71,162,400	-	-	71,162,400
Expected credit loss allowance relating to debt instruments designated at fair value through other comprehensive income	-	-	-	(928,851)	(928,851)
Other comprehensive loss for the period	-	-	-	7,534,663	7,534,663
Total comprehensive income for the period	-	71,162,400	-	6,605,812	77,768,212
At 30 September 2019	<u>940,495,472</u>	<u>712,141,829</u>	<u>146,504,742</u>	<u>49,803,934</u>	<u>1,848,945,977</u>
At 01 July 2019	940,495,472	640,979,429	146,504,742	43,198,122	1,771,177,765
Net 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 loss for the year	-	(7,163,254)	-	7,784,099	620,845
Total comprehensive income for the year	-	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)
At 30 June 2020	<u>940,495,472</u>	<u>677,416,500</u>	<u>164,562,918</u>	<u>54,282,373</u>	<u>1,836,757,263</u>
At 01 July 2020	940,495,472	677,416,500	164,562,918	54,282,373	1,836,757,263
Net profit for the period	-	65,434,477	-	-	65,434,477
Expected credit loss allowance relating to debt instruments designated at fair value through other comprehensive income	-	-	-	(514,123)	(514,123)
Other comprehensive income for the period	-	-	-	(16,435,358)	(16,435,358)
Total comprehensive income for the period	-	65,434,477	-	(16,949,481)	48,484,996
At 30 September 2020	<u>940,495,472</u>	<u>742,850,977</u>	<u>164,562,918</u>	<u>37,332,892</u>	<u>1,885,242,259</u>

Comments

The effects of the COVID-19 pandemic are still being felt as the bank registered a profit before impairment of MUR 73.1 million for the first quarter ended 30 September 2020 compared to last year's same period of MUR 87.1 million representing a drop of 16.1%. This contributed to a Profit after tax of MUR 64.5 million for the quarter compared to last year's same period of MUR 71.2 million.

A drop in net interest income of 2.4% is explained primarily by the low interest rate environment and the challenging market conditions. Total operating income has decreased by 5.0% to reach MUR 160.0 million compared to last

year's same period of MUR 168.6 million. With non-interest expenses of MUR 86.9 million, the bank's cost to income ratio stood at 54.3%.

The bank's total assets as at 30th of September 2020 was MUR 20.0 billion whilst the saving and deposit balance closed at MUR 16.9 billion.

As at 30th of September 2020, the Capital Adequacy Ratio stood at 16.3% and Liquidity Coverage Ratio at 313%.

STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	Unaudited Quarter ended Sep 20 MUR	Unaudited Quarter ended Sep 19 MUR	Audited Year ended Jun 20 MUR
Interest income using the effective interest method	183,785,573	197,066,343	806,413,125
Interest expense	(61,600,693)	(71,632,534)	(290,014,171)
Net interest income	122,184,880	125,433,809	516,398,954
Fee and commission income	25,390,052	24,690,043	99,664,534
Fee and commission expense	(7,321,643)	(5,981,104)	(22,677,240)
Net fee and commission income	18,068,409	18,708,939	76,987,294
Net trading income	16,025,688	15,812,857	64,092,741
Net gain on sale of investment securities	3,692,117	8,588,440	104,066,571
Other operating income	-	14,368	1,315,546
Total other income	19,717,805	24,415,665	169,474,858
Operating income	159,971,094	168,558,413	762,861,106
Non-interest expense	(86,914,209)	(81,492,321)	(330,794,266)
Operating profit before impairment	73,056,885	87,066,092	432,066,840
Allowance for credit impairment	(1,674,671)	(10,904,751)	(310,708,038)
Operating profit before tax	71,382,214	76,161,341	121,358,802
Income tax expense	(5,947,737)	(4,998,941)	(970,960)
Profit for the period	65,434,477	71,162,400	120,387,842
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Net (loss)/gain on investments in equity instruments designated at fair value through other comprehensive income	(665,503)	3,815,085	6,190,622
Remeasurement of retirement pension net of deferred tax	-	-	(7,163,254)
	(665,503)	3,815,085	(972,632)
Items that may be reclassified subsequently to profit or loss:			
Expected credit loss allowance relating to debt instruments designated at fair value through other comprehensive income	(514,123)	(928,851)	3,300,152
Net (loss)/gain on investments in debt instruments designated at fair value through other comprehensive income	(15,769,855)	3,719,578	1,593,477
	(16,283,978)	2,790,727	4,893,629
Other comprehensive (loss)/income for the period	(16,949,481)	6,605,812	3,920,997
Total comprehensive income	48,484,996	77,768,212	124,308,839
Weighted average number of ordinary shares	76,271,872	76,271,872	76,271,872
Basic and diluted - earnings per share	0.86	0.93	1.58

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	Unaudited Quarter Ended Sep 20 MUR	Unaudited Quarter ended Sep 19 MUR	Audited Year ended Jun 20 MUR
Net cash generated from/(used in) operating activities	137,022,541	(1,371,857,769)	(683,047,379)
Net cash generated from/(used in) investing activities	712,466,452	207,644,292	(653,039,830)
Net cash generated from/(used in) financing activities	581,863	182,666,073	(64,440,697)
Net increase/(decrease) in cash and cash equivalents	850,070,856	(981,547,404)	(1,400,527,906)
Net foreign exchange difference	(22,016,722)	15,538,618	(51,561,476)
Net cash and cash equivalents at beginning of period / year	1,280,041,690	2,732,131,072	2,732,131,072
Net cash and cash equivalents at end of period / year	2,108,095,824	1,766,122,286	1,280,041,690

LCR COMMON DISCLOSURE TEMPLATE

	TOTAL UNWEIGHTED VALUE (quarterly average of bi-monthly observations) (MUR. M)	TOTAL WEIGHTED VALUE (quarterly average of bi-monthly observations) (MUR. M)
HIGH-QUALITY LIQUID ASSETS		
Total high-quality liquid assets (HQLA)	4,146	4,078
CASH OUTFLOWS		
Retail deposits and deposits from small business customers, of which:		
Stable deposits	-	-
Less stable deposits	4,380	438
Unsecured wholesale funding, of which:	151	15
Operational deposits (all counterparties)	6,598	1,649
Non-operational deposits (all counterparties)	146	60
Unsecured debt	-	-
Secured wholesale funding	-	-
Additional requirements, of which:		
Outflows related to derivative exposures and other collateral requirements	789	789
Outflows related to loss of funding on debt products	-	-
Credit and liquidity facilities	1,164	201
Other contractual funding obligations	33	33
Other contingent funding obligations	521	26
TOTAL CASH OUTFLOWS	13,782	3,213
CASH INFLOWS		
Secured funding (e.g. reverse repos)	-	-
Inflows from fully performing exposures	1,136	949
Other cash inflows	784	720
TOTAL CASH INFLOWS	1,920	1,733
		TOTAL ADJUSTED VALUE (MUR. M)
TOTAL HQLA		4,078
TOTAL NET CASH OUTFLOWS		1,480
LIQUIDITY COVERAGE RATIO (%)		275%
QUARTERLY AVERAGE OF DAILY HQLA		4,208

Notes:

- The reported values for 'quarterly average of bi-monthly observations' are based on the 15 July, 31 July, 15 August, 31 August, 15 September and 30 September 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 1 July 2020 to 30 September 2020's period. The number of data points used for the calculations are 92.

As at 30 September 2020, the bank's LCR stood at 313% whereas the quarterly average of bi-monthly observations for the Quarter ended 30 September 2020 was 275%, 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 September was MUR 4.2 billion and the quarterly average of bi-monthly observations for the Quarter ended 30 September 2020 was at MUR 4.1 billion. The bank continues to monitor its liquidity position and will adjust its investment strategy to meet the prescribed requirement.

By Order of the Board

The abridged unaudited interim financial statements have been prepared in accordance with the same accounting policies as those set out in the audited financial statements for the year ended 30 June 2020.

Copies of the interim financial statements and LCR disclosure are available, free of charge, upon request made to the Company Secretary at its registered office, WEAL HOUSE, Duke of Edinburgh Avenue, Place d'Armes, 11328, Port Louis, Mauritius and can be viewed on our website www.abcbanking.mu

This notice is issued pursuant to DEM Rule 18 and Rule 5 of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007. The Board of Directors of ABC Banking Corporation Ltd accepts full responsibility for the accuracy of the information contained in this report. The full disclosure of the bank's Liquidity Coverage Ratio is available on our website www.abcbanking.mu.

By Order of the Board

Mahesh Ittoo, ACIS, MCSI
Company Secretary
13 November 2020

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