

ABRIDGED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	2021 MUR	Restated 2020 MUR	Restated 2019 MUR
ASSETS			
Cash and cash equivalents	4,871,775,378	1,280,041,690	2,732,131,072
Due from banks	-	14,819,085	698,739,467
Derivative financial assets	10,228,424	2,183,441	3,763,559
Loans and advances to customers	10,180,812,563	9,769,375,208	7,635,939,083
Investment securities	6,504,248,029	7,114,456,335	6,479,991,942
Other assets	952,457,252	891,377,784	99,997,305
Property, equipment and right-of-use assets	586,761,003	600,843,664	512,458,466
Intangible assets	41,793,082	8,922,365	2,263,140
Deferred tax assets	11,598,877	23,084,417	9,710,148
Total assets	23,159,674,608	19,705,103,989	18,174,994,182
LIABILITIES			
Derivative financial liabilities	8,936,609	9,759,640	5,812,757
Deposits from customers	19,846,223,025	16,799,731,794	15,239,475,798
Preference shares	142,809,030	144,534,198	145,202,573
Subordinated debts	504,762,329	504,762,329	505,070,890
Current tax liabilities*	9,220,699	28,244,435	44,058,393
Other liabilities*	719,178,864	381,314,330	464,196,006
Total liabilities	21,231,130,556	17,868,346,726	16,403,816,417
Shareholders' Equity			
Issued capital	940,495,472	940,495,472	940,495,472
Retained earnings	791,848,897	677,416,500	640,979,429
Other reserves	196,199,683	218,845,291	189,702,864
Capital and reserves	1,928,544,052	1,836,757,263	1,771,177,765
Total liabilities and equity	23,159,674,608	19,705,103,989	18,174,994,182

These financial statements have been approved and authorised for issue by the Board of Directors on 18 October 2021.

Mrs Ah Foon Chui Yew Cheong
Chairperson

Mr David Brian Ah-Chuen
Strategic Business Executive Director

Mr Bhanu Pratabsingh Jaddoo
Chairperson of Audit Committee

* These line items have been restated for 2019 and 2020 following the advice from the Bank of Mauritius on the treatment of the Special Levy as a tax expense.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Issued Capital MUR	Retained Earnings MUR	Statutory Reserve MUR	Fair Value Reserve MUR	Total MUR
At 1 July 2018	940,495,472	509,288,252	112,921,506	(20,567,722)	1,542,137,508
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
Total comprehensive income for the year	-	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)
At 30 June 2019	940,495,472	640,979,429	146,504,742	43,198,122	1,771,177,765
At 1 July 2019	940,495,472	640,979,429	146,504,742	43,198,122	1,771,177,765
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
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	940,495,472	677,416,500	164,562,918	54,282,373	1,836,757,263
At 1 July 2020	940,495,472	677,416,500	164,562,918	54,282,373	1,836,757,263
Profit for the year	-	120,103,306	-	-	120,103,306
Other comprehensive loss	-	12,344,587	-	(40,661,104)	(28,316,517)
Total comprehensive income for the year	-	132,447,893	-	(40,661,104)	91,786,789
Transfer to statutory reserve	-	(18,015,496)	18,015,496	-	-
At 30 June 2021	940,495,472	791,848,897	182,578,414	13,621,269	1,928,544,052

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 auditors' 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.

Management comments on financial statements - FY 30 June 2021

The bank registered a profit before impairment of MUR 383 million for the year ended 30 June 2021 compared to last year's same period of MUR 452 million representing a drop of 15%. The bank took a provision for impairment of MUR 232 million partially due to the bank's strategic decision to exit certain exposures during the year. Moreover, the effects of the Covid-19 pandemic on the Expected Credit Loss under IFRS 9 remain. As a result, the bank ended with a Profit after tax of MUR 120 million for the year ended 30 June 2021.

A decrease in our net interest income by 9% is explained primarily by the low interest rate environment prevailing even though the bank was able to grow its loan portfolio from MUR 9.8 billion to MUR 10.2 billion. Total operating income has decreased by 6% to reach MUR 713 million compared to last year's MUR 763 million as a result of reduced business activities seen in the market. With non-interest expenses of MUR 330 million, the bank's cost to income stood at 46% compared to 41% in the previous year.

The bank's total assets as at 30 June 2021 was MUR 23.2 billion whilst the saving and deposit balance closed at MUR 19.8 billion.

As at 30 June 2021, the Capital Adequacy ratio stood at 15.3% and Liquidity Coverage Ratio at 593% which are both well above the regulatory limits.

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

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

18 October 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	2021 MUR	Restated 2020 MUR	Restated 2019 MUR
Interest income using the effective interest method	719,014,532	806,413,125	734,009,109
Interest expense	(251,090,916)	(290,014,171)	(251,525,883)
Net interest income	467,923,616	516,398,954	482,483,226
Fee and commission income	110,250,797	99,664,534	117,765,876
Fee and commission expense	(29,057,422)	(22,677,240)	(29,062,998)
Net fee and commission income	81,193,375	76,987,294	88,702,878
Net trading income	51,678,809	64,092,741	77,535,761
Net gain on derecognition of financial assets measured at fair value through other comprehensive income	5,852,597	45,313,979	39,475
Net gain on derecognition of financial assets measured at amortised cost	104,267,812	57,500,278	-
Net gain on derecognition of financial assets measured at fair value through profit or loss	5,470	1,233,374	2,254,236
Other operating income	2,393,259	1,334,486	1,282,895
Total other income	164,197,947	169,474,858	81,112,367
Operating income	713,314,938	762,861,106	652,298,471
Personnel expenses	(191,048,787)	(192,884,473)	(192,124,468)
Depreciation and amortisation	(36,599,430)	(34,058,940)	(24,528,399)
Other operating expenses*	(102,169,854)	(83,772,021)	(87,565,949)
Non interest expenses	(329,818,071)	(310,715,434)	(304,218,816)
Operating profit before impairment	383,496,867	452,145,672	348,079,655
Allowance for credit impairment on financial assets	(232,006,978)	(310,708,038)	(56,721,957)
Operating profit before tax	151,489,889	141,437,634	291,357,698
Income tax expense*	(31,386,583)	(21,049,792)	(67,469,458)
Profit for the year	120,103,306	120,387,842	223,888,240
Other comprehensive income			
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	14,566,769	6,190,622	3,147,386
Fair value gain on disposal in equity	2,492,190	-	-
Remeasurement of retirement pension	9,852,397	(7,163,254)	(2,935,360)
Total of items that will not be reclassified subsequently to profit or loss, net of tax	26,911,356	(972,632)	212,026
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	(35,025)	3,300,152	571,457
Net (loss)/gain on investments in debt instruments designated at fair value through other comprehensive income	(55,192,848)	1,593,477	60,047,001
Total of items that may be reclassified subsequently to profit or loss, net of tax	(55,227,873)	4,893,629	60,618,458
Other comprehensive (loss)/income for the year	(28,316,517)	3,920,997	60,830,484
Total comprehensive income for the year	91,786,789	124,308,839	284,718,724
Earnings per share			
Basic and diluted	1.57	1.58	2.94

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	2021 MUR	Restated 2020 MUR	Restated 2019 MUR
Net cash generated from/(used in) operating activities	2,630,720,976	(684,024,315)	(515,758,122)
Net cash generated from/(used in) investing activities	633,807,850	(653,039,830)	(325,298,577)
Net cash (used in)/generated from financing activities	(3,629,470)	(63,463,761)	334,260,054
Net increase/(decrease) in cash and cash equivalents	3,260,899,356	(1,400,527,906)	(506,796,645)
Net foreign exchange difference	330,834,332	(51,561,476)	(37,813,869)
Net cash and cash equivalents at beginning of year	1,280,041,690	2,732,131,072	3,276,741,586
Net cash and cash equivalents at end of year	4,871,775,378	1,280,041,690	2,732,131,072
Operational cashflows from interest and dividends			
Interest paid	203,822,101	293,512,178	234,304,674
Interest received	729,109,786	792,036,496	726,410,754
Dividend received	1,763,890	1,314,895	1,282,397

LIQUIDITY COVERAGE RATIO FOR THE QUARTER ENDED 30 JUNE 2021

	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)	4,914	4,836
CASH OUTFLOWS		
Retail deposits and deposits from small business customers, of which:		
Stable deposits	-	-
Less stable deposits	4,753	475
Unsecured wholesale funding, of which:	410	41
Operational deposits (all counterparties)	8,099	2,025
Non-operational deposits (all counterparties)	128	53
Unsecured debt	-	-
Secured wholesale funding	-	-
Additional requirements, of which:		
Outflows related to derivative exposures and other collateral requirements	296	296
Outflows related to loss of funding on debt products	-	-
Credit and liquidity facilities	1,276	231
Other contractual funding obligations	17	17
Other contingent funding obligations	96	5
TOTAL CASH OUTFLOWS	15,074	3,142
CASH INFLOWS		
Secured funding (e.g. reverse repos)	-	-
Inflows from fully performing exposures	2,640	2,499
Other cash inflows	295	295
TOTAL CASH INFLOWS	2,935	2,794
TOTAL ADJUSTED VALUE (MUR. M)		
TOTAL HQLA		4,836
TOTAL NET CASH OUTFLOWS		785
LIQUIDITY COVERAGE RATIO (%)		616%
QUARTERLY AVERAGE OF DAILY HQLA		4,937

Notes:

1. The reported values for 'quarterly average of bi-monthly observations' are based on the 15 April, 30 April, 15 May, 31 May, 15 June and 30 June 2021 figures. The number of data points used for the calculations are 6.

2. The reported values for 'quarterly average of daily HQLA' are based on end of daily figures over the 1 April 2021 to 30 June 2021's period. The number of data points used for the calculations are 91.

As at 30 June 2021, the bank's LCR stood at 593% whereas the quarterly average of bi-monthly observations for the Quarter ended 30 June 2021 was 616%, 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 4.8 billion and the quarterly average of bi-monthly observations for the Quarter ended 30 June 2021 was at MUR 4.8 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 Bank of Mauritius.