ABC BANKING CORPORATION
count on us

Abridged Unaudited Interim Financial Statements for the Quarter ended 31 March 2023

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MANAGEMENT DISCUSSION AND ANALYSIS

ABC Banking Corporation Ltd ("bank") is pleased to present the abridged unaudited interim financial statements of the bank for the quarter ended 31 March 2023.

Review of the Economy

The IMF in its World Economic Outlook update of January 2023, is projecting growth in global output to fall from an estimate of 3.4% in 2022 to 2.9% in 2023, bouncing back slightly to 3.1% in 2024. The impact of high interest rates and tighter monetary policies from central banks to fight inflation together with the war in Ukraine continue to weigh on the economic activities. Albeit the recent reopening of China has paved the way for a sooner than anticipated recovery with global inflation expected to fall from 8.8% in 2022 to 6.6% in 2023 and 4.3% in 2024. On the local front, as per Statistics Mauritius, year-on-year inflation worked out to 11.0% in February 2023 compared to 9.0% in February 2022 whereas headline inflation for the twelve months ending February 2023 worked out to 11.3%. GDP at market prices grew by 8.7% in 2022 higher than the 7.8% growth estimated in December 2022. However, for 2023, GDP at market prices is forecasted to grow by 5.0%, thus implying that the country would return close to its pre-pandemic level.

Review of Financial Performance

For the third quarter ended 31 March 2023, the bank recorded profit after tax of MUR 82.8million compared to MUR 50.7million for the same period last year, a growth of 63.4%. The main highlights of the financial performance are as follows:

1. The bank registered a net interest income of MUR 156.4million for quarter ended 31 March 2023 compared to MUR 110.2million same period last year.
2. Non-interest income decreased by 18% for the quarter ended 31 March 2023 compared to the same period last year.
3. Non-Interest Expenses ended at MUR 117.8million for the quarter ended 31 March 2023 with personnel expenses representing 54.7% of total non-interest expenses.
4. The bank's loans and advances portfolio balance moved to MUR 11.1billion as at 31 March 2023 representing an increase of 10.6% compared to last quarter and an increase of 15.1% compared to last year same period.
5. Deposit from customers increased to MUR 20.1billion as at 31 March 2023 compared to MUR 18.9billion for the same period last year, representing a growth of 6.3%.
6. The bank's Capital Adequacy Ratio stood at 14.2% compared to 15.1% for the same period last year. With the current capital base, the bank has sufficient resources to both meet its regulatory requirements of 12.5% and further expand its asset base.
7. The Liquidity Coverage Ratio stood at 486.8% as at 31 March 2023.

The bank's financial performance throughout the quarter demonstrates our firm commitment to meeting the bank's set objectives in a timely and effective manner, with the support of its employees and clients.

Approved by the Board of Directors on 12 May 2023.

Ah Foon Chui Yew Cheong
Chairperson

Brian Ah-Chuen
Executive Director

Bhanu Pratabsingh Jaddoo
Chairperson Audit Committee

STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2023

	Unaudited Quarter ended Mar 23 MUR	Unaudited Quarter ended Mar 22 MUR	**Unaudited Nine months ended Mar 23 MUR**	Unaudited Nine months ended Mar 22 MUR	Audited Year ended Jun 22 MUR
Interest income	**247,533,318**	162,669,994	**641,279,497**	498,817,156	669,713,560
Interest expense	**(91,178,868)**	(52,424,431)	**(218,541,792)**	(170,488,004)	(221,027,736)
Net interest income	**156,354,450**	110,245,563	**422,737,705**	328,329,152	448,685,824
Fee and commission income	**30,126,701**	27,165,524	**97,453,203**	89,897,892	122,486,446
Fee and commission expense	**(11,286,019)**	(10,016,109)	**(33,831,184)**	(27,414,616)	(35,434,019)
Net fee and commission income	**18,840,682**	17,149,415	**63,622,019**	62,483,276	87,052,427
Total other income	**26,536,986**	37,915,926	**66,964,681**	64,661,744	82,664,980
Operating income	**201,732,118**	165,310,904	**553,324,405**	455,474,172	618,403,231
Non interest expenses	**(117,793,389)**	(97,987,562)	**(327,371,302)**	(270,614,672)	(387,963,705)
Operating profit before impairment	**83,938,729**	67,323,342	**225,953,103**	184,859,500	230,439,526
Allowance for credit impairment	**10,181,703**	(9,410,209)	**22,838,143**	(10,996,577)	(3,342,995)
Operating profit before tax	**94,120,432**	57,913,133	**248,791,246**	173,862,923	227,096,531
Income tax expense	**(11,285,699)**	(7,215,269)	**(31,151,010)**	(24,294,315)	(26,053,939)
Profit for the period	**82,834,733**	50,697,865	**217,640,236**	149,568,609	201,042,592
Other comprehensive (loss)/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	**(6,569,753)**	2,622,519	**(18,085,616)**	11,066,650	7,883,548
Fair value gain on disposal in equity	**-**	932,408	**-**	932,408	932,408
Remeasurement of retirement pension net of deferred tax	**-**	-	**-**	-	(2,190,877)
	(6,569,753)	3,554,927	**(18,085,616)**	11,999,058	6,625,079
Items that may be reclassified subsequentlybto profit or loss:					
Expected credit loss allowance relating to debt instruments designated at fair value through other comprehensive income	**(236,279)**	(713,540)	**(1,294,914)**	(905,572)	(2,376,443)
Net gain/(loss) on investments in debt instruments designated at fair value through other comprehensive income	**9,316,958**	(146,056)	**(4,113,686)**	7,090,849	(11,822,983)
	9,080,679	(859,596)	**(5,408,600)**	6,185,277	(14,199,426)
Other comprehensive income/(loss) for the period	**2,510,927**	2,695,331	**(23,494,216)**	18,184,335	(7,574,347)
Total comprehensive income	**85,345,660**	53,393,196	**194,146,020**	167,752,944	193,468,245
Weighted average number of ordinary shares	**76,271,872**	76,271,872	**76,271,872**	76,271,872	76,271,872
Basic and diluted - earnings per share	**1.09**	0.66	**2.85**	1.96	2.64

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Unaudited Mar 23 MUR	Unaudited Mar 22 MUR	Audited Jun 22 MUR
ASSETS			
Cash and cash equivalents	**5,370,631,125**	3,891,941,093	3,094,610,118
Due from banks	**-**	664,440,125	966,675,490
Derivative financial assets	**35,353,403**	19,103,077	50,004,747
Loans and advances to customers	**11,091,795,636**	9,632,941,925	10,013,946,960
Investment securities	**5,767,760,685**	6,467,983,200	6,407,507,165
Property, equipment and right-of-use assets	**563,249,625**	566,244,167	587,085,644
Intangible assets	**86,615,029**	45,244,773	98,455,590
Deferred tax assets	**4,213,636**	10,724,671	7,574,450
Other assets	**388,787,078**	984,593,303	929,581,796
Total assets	**23,308,406,217**	22,283,216,334	22,155,441,960
LIABILITIES			
Deposits from customers	**20,100,840,593**	18,908,721,985	19,016,751,814
Derivative financial liabilities	**60,849,486**	11,047,609	9,404,846
Subordinated debts	**512,482,192**	511,176,027	504,821,233
Current tax liabilities	**27,584,442**	12,561,975	10,250,861
Other liabilities	**378,203,840**	784,598,551	533,387,720
Total liabilities	**21,079,960,553**	20,228,106,147	20,074,616,474
Shareholders' Equity			
Issued capital	**940,495,472**	940,495,472	940,495,472
Retained earnings	**1,091,404,214**	901,163,105	920,289,820
Other reserves	**196,545,978**	213,451,610	220,040,194
Capital and reserves	**2,228,445,664**	2,055,110,187	2,080,825,486
Total liabilities and equity	**23,308,406,217**	22,283,216,334	22,155,441,960
Contingent liabilities			
Guarantees on account of customers	**25,243,365**	28,719,901	35,671,805
Commitments	**2,953,187,036**	1,960,569,504	1,916,325,200

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2023

	Issued Capital MUR	Retained Earnings MUR	Statutory Reserve MUR	Other Reserves MUR	Total MUR
At 01 July 2021	940,495,472	791,848,897	182,578,414	13,621,269	1,928,544,052
Profit for the period	-	149,568,609	-	-	149,568,609
Expected credit loss allowance relating to debt instruments designated at fair value through other comprehensive income	-	-	-	(905,572)	(905,572)
Other comprehensive income for the period	-	932,408	-	18,157,499	19,089,907
Total comprehensive income for the period	-	150,501,017	-	17,251,927	167,752,944
Equity dividends	-	(41,186,811)	-	-	(41,186,811)
At 31 March 2022	940,495,472	901,163,103	182,578,414	30,873,196	2,055,110,185
At 01 July 2021	940,495,472	791,848,897	182,578,414	13,621,269	1,928,544,052
Profit for the year	-	201,042,592	-	-	201,042,592
Expected credit loss allowance relating to debt instruments designated at fair value through other comprehensive income	-	-	-	(2,376,443)	(2,376,443)
Other comprehensive income for the period	-	(1,258,469)	-	(3,939,435)	(5,197,904)
Total comprehensive income for the period	-	199,784,123	-	(6,315,878)	193,468,245
Transfer to statutory reserve	-	(30,156,389)	30,156,389	-	-
Equity dividends	-	(41,186,811)	-	-	(41,186,811)
At 30 June 2022	940,495,472	920,289,820	212,734,803	7,305,391	2,080,825,486
At 01 July 2022	**940,495,472**	**920,289,820**	**212,734,803**	**7,305,391**	**2,080,825,486**
Profit for the period	**-**	**217,640,236**	**-**	**-**	**217,640,236**
Expected credit loss allowance relating to debt instruments designated at fair value through other comprehensive income	**-**	**-**	**-**	**(1,294,914)**	**(1,294,914)**
Other comprehensive loss for the period	**-**	**-**	**-**	**(22,199,302)**	**(22,199,302)**
Total comprehensive income for the period	**-**	**217,640,236**	**-**	**(23,494,216)**	**194,146,020**
Equity dividends	**-**	**(46,525,842)**	**-**	**-**	**(46,525,842)**
At 31 March 2023	**940,495,472**	**1,091,404,214**	**212,734,803**	**(16,188,825)**	**2,228,445,664**

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2023

	Unaudited Nine months ended Mar 23 MUR	Unaudited Nine months ended Mar 22 MUR	Audited Year ended Jun 22 MUR
Net cash generated from/ (used in) operating activities	1,540,455,185	(1,081,312,622)	(1,594,992,609)
Net cash generated from investing activities	611,653,606	64,321,509	13,592,220
Net cash (used in) financing activities	(44,327,989)	(41,186,811)	(183,181,924)
Net increase/(decrease) in cash and cash equivalents	2,107,780,802	(1,058,177,924)	(1,764,582,313)
Net foreign exchange difference	168,240,205	78,343,639	(12,582,947)
Net cash and cash equivalents at beginning of period / year	3,094,610,118	4,871,775,378	4,871,775,378
Net cash and cash equivalents at end of period / year	5,370,631,125	3,891,941,093	3,094,610,118