ABC BANKING CORPORATION

count on us

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

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MANAGEMENT DISCUSSION AND ANALYSIS

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

Review of the Economy

The World Bank in its Global Economic Prospects report issued in January 2024 is projecting for the third consecutive year a slow growth from 2.6% in 2023 to 2.4% in 2024. Yet, the global economy proved to be stronger than predicted in 2023, despite the wars in Ukraine and the Middle East, severe banking sector stress and tightening global monetary conditions. The economic performance together with a healing global supply chain contributed to a declining global headline and core inflation.

On the local front, as per the December 2023 National Accounts estimates from Statistics Mauritius, year-on-year inflation worked out to 3.9% in December 2023 compared to 12.2% in December 2022. Headline inflation for the twelve months ended December 2023 worked out to 7.0% compared to 10.8% for the same period last year. GDP is forecast to grow by 7.1% in 2023 compared to 8.9% in 2022. The growth in 2023 has been widely driven by continued sectoral progression but remains volatile to international impact.

Review of Financial Performance

For the quarter ended 31 December 2023, the bank recorded profit after tax of MUR 63.3 million compared to MUR 69.3 million for the same period last year, a drop of 8.7%. However, the Operating Profit before impairment grew by 8.2% to MUR 77.7 million. The main highlights of the financial performance are as follows:

1. The bank registered a Net interest income of MUR 157.5 million for quarter ended 31 December 2023 compared to MUR 136.5 million same period last year.
2. Non-interest income increased by 11.4% for the quarter ended 31 December 2023 compared to the same period last year to end up at MUR 46.5 million.
3. The Non-interest expenses was MUR 126.3 million for the quarter ended 31 December 2023 with personnel expenses representing 53.6% of total non-interest expenses.
4. The bank's Loans and advances to customers portfolio balance increased to MUR 12.8 billion as at 31 December 2023 representing an increase of 27.2% compared to last year for the same period.
5. Deposit from customers increased to MUR 20.7 billion as at 31 December 2023 compared to MUR 18.7 billion for the same period last year, representing a growth of 10.6%.
6. The bank's Capital Adequacy Ratio stood at 14.9% 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 589% as at 31 December 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 13 February 2024.

Ah Foon Chui Yew Cheong	**Professor Donald Ah-Chuen, G.O.S.K**	**Bhanu Pratabsingh Jaddoo**
Chairperson	Managing Director	Chairperson Audit Committee

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

	Unaudited Quarter ended December 23 MUR	Unaudited Quarter ended December 22 MUR	**Unaudited Six Months ended December 23 MUR**	Unaudited Six Months ended December 22 MUR	Audited Year ended June 23 MUR
Interest income	**306,260,643**	209,370,303	**600,066,859**	393,746,179	926,075,953
Interest expense	**(148,797,778)**	(72,913,169)	**(284,084,276)**	(127,362,924)	(329,727,500)
Net interest income	**157,462,865**	136,457,134	**315,982,583**	266,383,255	596,348,453
Fee and commission income	**33,144,101**	31,251,656	**65,870,383**	67,326,502	132,836,647
Fee and commission expense	**(13,167,761)**	(11,795,334)	**(25,171,549)**	(22,545,165)	(41,495,813)
Net fee and commission income	**19,976,340**	19,456,322	**40,698,834**	44,781,337	91,340,834
Total other income	**26,557,248**	22,308,770	**47,225,616**	40,427,695	88,883,351
Operating income	**203,996,453**	178,222,226	**403,907,033**	351,592,287	776,572,638
Non interest expenses	**(126,295,009)**	(106,418,673)	**(247,763,930)**	(209,577,917)	(484,430,128)
Operating profit before impairment	**77,701,444**	71,803,553	**156,143,103**	142,014,370	292,142,510
Allowance for credit impairment	**(5,074,798)**	7,609,887	**10,524,385**	12,656,440	51,275,100
Operating profit before tax	**72,626,646**	79,413,440	**166,667,488**	154,670,810	343,417,610
Income tax expense	**(9,375,238)**	(10,149,311)	**(20,777,339)**	(19,865,311)	(45,258,555)
Profit for the period	**63,251,408**	69,264,129	**145,890,149**	134,805,499	298,159,055
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	**(347,454)**	(3,678,481)	**1,070,840**	(11,515,863)	(19,605,087)
Remeasurement of retirement benefit obligation	**-**	-	**-**	-	(5,794,845)
	(347,454)	(3,678,481)	**1,070,840**	(11,515,863)	(25,399,932)
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	**(235,961)**	(783,345)	**(367,914)**	(1,058,637)	(1,900,610)
Net gain/(loss) on investments in debt instruments designated at fair value through other comprehensive income	**11,155,123**	371,942	**17,292,402**	(13,430,644)	(7,570,853)
	10,919,162	(411,403)	**16,924,488**	(14,489,281)	(9,471,463)
Other comprehensive income/(loss) for the period	**10,571,709**	(4,089,884)	**17,995,328**	(26,005,144)	(34,871,395)
Total comprehensive income	**73,823,117**	65,174,245	**163,885,477**	108,800,355	263,287,660
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	**0.83**	0.91	**1.91**	1.77	3.91

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Unaudited December 23 MUR	Unaudited December 22 MUR	Audited June 23 MUR
ASSETS			
Cash and cash equivalents	**4,790,681,359**	4,257,174,696	5,570,184,787
Derivative financial assets	**7,616,499**	12,769,201	26,136,555
Loans and advances to customers	**12,753,402,339**	10,025,407,349	11,271,884,668
Investment securities	**5,764,377,182**	6,126,741,282	5,952,304,559
Other assets	**171,288,268**	956,026,343	175,642,217
Property, equipment and right-of-use assets	**542,830,725**	570,164,372	555,659,704
Intangible assets	**74,706,652**	90,587,708	82,645,706
Deferred tax assets	**3,887,371**	5,368,363	4,245,128
Total assets	**24,108,790,395**	22,044,239,314	23,638,703,324
LIABILITIES			
Derivative financial liabilities	**24,008,065**	23,176,573	25,518,459
Deposits from customers	**20,703,001,438**	18,724,586,594	20,354,310,098
Subordinated debts	**505,487,328**	505,362,329	505,379,452
Current tax liabilities	**19,926,481**	18,691,915	39,972,753
Other liabilities	**394,894,299**	629,321,904	415,935,254
Total liabilities	**21,647,317,611**	19,901,139,315	21,341,116,016
Shareholders' Equity			
Issued capital	**940,495,472**	940,495,472	940,495,472
Retained earnings	**1,267,294,483**	1,008,569,477	1,121,404,335
Other reserves	**253,682,829**	194,035,050	235,687,501
Capital and reserves	**2,461,472,784**	2,143,099,999	2,297,587,308
Total liabilities and equity	**24,108,790,395**	22,044,239,314	23,638,703,324
Contingent liabilities			
Guarantees on account of customers	**23,095,217**	23,306,769	27,087,930
Letter of credit and other obligations on account of customers	**543,499**	5,449,397	-
Commitments	**3,960,602,786**	3,322,468,942	3,162,936,570

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

	Issued Capital MUR	Retained Earnings MUR	Statutory Reserve MUR	Other Reserves MUR	Total MUR
At 01 July 2022	940,495,472	920,289,820	212,734,803	7,305,391	2,080,825,486
Profit for the period	-	134,805,499	-	-	134,805,499
Expected credit loss allowance relating to debt instruments designated at fair value through other comprehensive income	-	-	-	(1,058,637)	(1,058,637)
Other comprehensive income for the period	-	-	-	(24,946,507)	(24,946,507)
Total comprehensive income for the period	-	134,805,499	-	(26,005,144)	108,800,355
Equity dividends	-	(46,525,842)	-	-	(46,525,842)
At 31 December 2022	940,495,472	1,008,569,477	212,734,803	(18,699,753)	2,143,099,999
At 01 July 2022	940,495,472	920,289,820	212,734,803	7,305,391	2,080,825,486
Profit for the period	-	298,159,055	-	-	298,159,055
Expected credit loss allowance relating to debt instruments designated at fair value through other comprehensive income	-	-	-	-	-
Other comprehensive loss	-	(5,794,845)	-	(29,076,550)	(34,871,395)
Total comprehensive income for the period	-	292,364,210	-	(29,076,550)	263,287,660
Transfer to statutory reserve	-	(44,723,858)	44,723,858	-	-
Equity dividends	-	(46,525,838)	-	-	(46,525,838)
At 30 June 2023	940,495,472	1,121,404,334	257,458,661	(21,771,159)	2,297,587,308
At 01 July 2023	**940,495,472**	**1,121,404,334**	**257,458,661**	**(21,771,159)**	**2,297,587,308**
Profit for the period	**-**	**145,890,149**	**-**	**-**	**145,890,149**
Expected credit loss allowance relating to debt instruments designated at fair value through other comprehensive income	**-**	**-**	**-**	**(367,914)**	**(367,914)**
Other comprehensive loss	**-**	**-**	**-**	**18,363,241**	**18,363,241**
Total comprehensive income for the period	**-**	**145,890,149**	**-**	**17,995,327**	**163,885,476**
At 31 December 2023	**940,495,472**	**1,267,294,483**	**257,458,661**	**(3,775,832)**	**2,461,472,784**

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2023

	Unaudited Six months ended December 23 MUR	Unaudited Six months ended December 22 MUR	Audited Year ended June 23 MUR
Net cash (used in)/ generated from operating activities	**(870,163,196)**	892,830,399	2,024,808,255
Net cash generated/ (used in) from investing activities	**202,171,386**	251,861,814	420,772,052
Net cash generated/ (used in) from financing activities	**465,914**	(1,435,093)	(48,877,864)
Net (decrease)/ increase in cash and cash equivalents	**(667,525,896)**	1,143,257,120	2,396,702,443
Net foreign exchange difference	**(111,977,532)**	19,307,458	78,872,226
Net cash and cash equivalents at beginning of period/ year	**5,570,184,787**	3,094,610,118	3,094,610,118
Net cash and cash equivalents at end of period/ year	**4,790,681,359**	4,257,174,696	5,570,184,787