

FINANCIAL HIGHLIGHTS

Notwithstanding the difficult economic environment, the Bank witnessed a growth in its total assets book 5% from Rs55.6bn as at December 2019 to Rs58.0bn as at September 2020.

Deposits for both segment A and Segment B improved since December 2019. Total deposits closed at Rs49.6bn as at September 2020 compared to Rs48.1bn as at December 2019.

The Bank adopted a prudent approach as far as new loan disbursements are concerned, which resulted in a decline in the Loans and advances as compared to December 2019 to close at Rs22.4bn. Inflows from repayment of existing exposures were reinvested in more liquid assets.

The classification of some offshore exposures caused the impairment ratio to shoot up 4.23% in December 2019 to 10.57% as at September 2020.

After booking impairment charges of Rs917.7m, the bank ended the nine months with loss after tax of Rs419m as compared to profits of Rs414.6m for the same period previous year.

The impairment charge relates mainly to provisions made on Segment B exposures classified earlier this year.

The Bank Capital Adequacy Ratio closed at 19.30% as at September 2020 (Q3 2019:13.42% and Dec 2019:14.71%) against a regulatory limit of 11.875%.

The COVID-19 challenges of the first nine months are likely to spread into the last quarter of the year. However, Bank One remains highly capitalised and very liquid. The business is well-positioned to take advantage of opportunities as they arise later in the year and in early 2021.

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE QUARTER AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

	Unaudited Three months ended 30 September 2020	Unaudited Nine months ended 30 September 2020	Unaudited Three months ended 30 September 2019	Unaudited Nine months ended 30 September 2019
	Rs 000	Rs 000	Rs 000	Rs 000
Interest income	315,720	1,190,036	410,168	1,222,879
Interest expense	(119,020)	(458,287)	(146,099)	(436,892)
Net interest income	196,700	731,749	264,069	785,987
Fee and commission income	184,166	507,558	164,779	495,270
Fee and commission expense	(143,767)	(366,171)	(97,590)	(285,864)
Net fee and commission income	40,399	141,387	67,189	209,406
Net gain on dealing in foreign currencies and derivatives	35,813	116,554	29,317	89,442
Net gain from derecognition of financial assets measured at fair value through other comprehensive income (FVTOCI)	87	38,464	2,816	4,402
Other operating (loss)/income	(25)	(345)	-	140
	35,875	154,673	32,133	93,984
Operating income	272,974	1,027,809	363,391	1,089,377
Personnel expenses	(97,830)	(329,745)	(109,910)	(325,110)
Depreciation and amortisation	(20,430)	(59,510)	(19,932)	(58,866)
Other expenses	(51,825)	(145,834)	(58,134)	(167,821)
	(170,085)	(535,089)	(187,976)	(551,797)
Profit before impairment and tax	102,889	492,720	175,415	537,580
Net impairment loss on financial assets	(95,145)	(917,689)	(25,506)	(103,870)
Profit/(loss) before income tax	7,744	(424,969)	149,909	433,710
Income tax credit/ (expense)	273	5,967	(11,829)	(19,073)
Profit/(loss) for the period	8,017	(419,002)	138,080	414,637
Other Comprehensive income :				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Remeasurement of defined pension obligation, net of tax	-	(21,407)	-	-
Movement in investment revaluation reserve for equity instruments at FVTOCI	127	1,707	349	1,352
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Reclassification of gain/(loss) during the period	-	(23,814)	3,271	4,748
Credit allowance relating to debt instruments held at FVTOCI	3,462	3,530	-	-
(Loss)/ gain arising during the period	(387)	76,843	14,052	33,189
Other Comprehensive income for the period	3,202	36,859	17,672	39,289
Total Comprehensive Income/ (loss) for the period	11,219	(382,143)	155,752	453,926

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

	Stated capital	Shareholders contribution pending allotment	Revaluation surplus	Statutory reserve	General Banking reserve	Fair value reserve	Retirement Benefit Plan Reserve	Retained earnings	Total equity
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1 January 2019	856,456	-	97,313	306,969	37,030	(4,471)	(47,752)	1,488,632	2,734,177
Profit for the period	-	-	-	-	-	-	-	414,637	414,637
Other comprehensive income	-	-	-	-	-	39,289	-	-	39,289
Total comprehensive income	-	-	-	-	-	39,289	-	414,637	453,926
Transfer to general banking reserve	-	-	-	-	3,749	-	-	(3,749)	-
Share application monies	-	150,000	-	-	-	-	-	-	150,000
Dividend	-	-	-	-	-	-	-	(138,000)	(138,000)
Balance as at 30 September 2019	856,456	150,000	97,313	306,969	40,779	34,818	(47,752)	1,761,520	3,200,103
Balance as at 1 January 2020	1,156,456	-	97,313	401,538	47,882	42,534	(69,885)	1,875,669	3,551,507
Loss for the period	-	-	-	-	-	-	-	(419,002)	(419,002)
Other comprehensive income	-	-	-	-	-	58,266	(21,407)	-	36,859
Total comprehensive loss	-	-	-	-	-	58,266	(21,407)	(419,002)	(382,143)
Transfer to general banking reserve	-	-	-	-	4,412	-	-	(4,412)	-
Issue of shares	300,000	-	-	-	-	-	-	-	300,000
Balance as at 30 September 2020	1,456,456	-	97,313	401,538	52,294	100,800	(91,292)	1,452,255	3,469,364

INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

	Unaudited Nine months ended 30 September 2020	Unaudited Nine months ended 30 September 2019
	Rs 000	Rs 000
Cash and cash equivalents at beginning of period	7,945,661	6,648,888
Net cash generated from operating activities	8,063,498	3,512,479
Net cash used in investing activities	(9,349,585)	(5,097,106)
Net cash from/(used in) financing activities	1,880,849	(77,692)
Net increase/(decrease) in cash and cash equivalents	594,762	(1,662,319)
Cash and cash equivalents at end of period	8,540,423	4,986,569

Liquidity Coverage Ratio - Quarter ending September 2020

(Consolidated in MUR'000s)	TOTAL UNWEIGHTED VALUE (quarterly average of monthly observations)	TOTAL WEIGHTED VALUE (quarterly average of monthly observations)
HIGH-QUALITY LIQUID ASSETS		
Total high-quality liquid assets (HQLA)	20,172,618	20,172,618
CASH OUTFLOWS		
Retail deposits and deposits from small business customers, of which:		
<i>Less stable deposits</i>	17,153,919	1,715,392
Unsecured wholesale funding, of which:		
<i>Non-operational deposits (all counterparties)</i>	22,197,383	8,878,953
<i>Unsecured debt</i>	2,480,017	2,480,017
Additional requirements, of which:		
<i>Credit and liquidity facilities</i>	429,041	130,224
Other contractual funding obligations	1,696,254	1,696,254
Other contingent funding obligations	885,957	44,298
TOTAL CASH OUTFLOWS	44,842,571	14,945,138
CASH INFLOWS		
Secured funding	6,836,808	6,836,808
Inflows from fully performing exposures	1,898,041	949,021
Other cash inflows	1,573,729	1,573,729
TOTAL CASH INFLOWS	10,308,579	9,359,558
		TOTAL ADJUSTED VALUE
TOTAL HQLA		20,172,618
TOTAL NET CASH OUTFLOWS		5,585,580
LIQUIDITY COVERAGE RATIO (%)		361%
QUARTERLY AVERAGE OF DAILY HQLA		19,856,042

Notes: The reported values for 'quarterly average of monthly observations' are based on July, August and September 2020 month end figures.

The reported values for 'quarterly average of daily HQLA' are based on business days figures over 1st July 2020 to 30th September 2020's period.

COMMENTS:

Bank One's quarterly average LCR stood at 361% as at 30th September 2020, indicating a healthy liquidity position significantly above 100%.

This is driven by an excess of MUR 15Bn of High Quality Liquid Assets (HQLA) over Net Cash Outflows(NCO).

The bank's HQLA has constantly increased through the quarter and consisted of cash, unrestricted balances with Central Bank, Central Bank and sovereign securities.

Higher HQLA and lower NCO over the quarter saw an increase in the quarterly average LCR from 238% to 361%

The bank is proactively managing the ratio by an ongoing monitoring of the stock of HQLA in order to meet liquidity and regulatory needs.