

SBM BANK (MAURITIUS) LTD

Unaudited interim condensed financial statements for the quarter ended 31 March 2016

SBM Bank (Mauritius) Ltd ('the Bank') is pleased to present its unaudited interim condensed financial statements for the quarter ended 31 March 2016.

The unaudited interim condensed financial statements have been prepared in accordance with the Bank of Mauritius Guideline on Public Disclosure of Information and IAS 34 - Interim Financial Reporting. The interim financial statements have been prepared based on the accounting policies as those adopted in the audited financial statements for the year ended 31 December 2015, except for the adoption of all the new standards and interpretations that are effective as from 01 January 2016.

Operating Results

The Bank's profit after tax for the quarter ended 31 March 2016 amounted to MUR 673 million compared to MUR 494 million for the quarter ended 31 March 2015 as restated. The higher profit was mainly due to higher net interest income and non-interest income. Profit before net impairment and tax expense increased by MUR 158 million to reach MUR 1,036 million for the quarter ended 31 March 2016 compared to quarter ended 31 March 2015, indicating strong fundamentals and sustainability of profits of the Bank.

Interest income amounted to MUR 1,515 million for the quarter ended 31 March 2016 with interest on loans and advances to non-bank customers amounting to MUR 1,195 million compared to MUR 1,232 million for the corresponding quarter of last year. Investment securities accounted for a higher mix of total assets despite earning lower yields due to weak demand for credit continues coupled with excess liquidity in the market. Interest expense was lower by MUR 145 million or 25.37% compared to the quarter ended 31 March 2015 despite an increase in the volume of deposits as the Bank continued to focus on lower cost CASA deposits while no interest is being paid on non-retail CASA deposits as from the second quarter of the year 2015. Cost of deposits improved from 2.38% for quarter March 2015 to 1.62% for quarter March 2016 and net interest margin improved from 3.25% to 3.55% over the same periods.

Non-interest income increased from MUR 403 million for the quarter ended 31 March 2015 to MUR 478 million for the quarter under review, representing an increase of MUR 75 million or 18.67%, driven mainly on account of higher income from ecommerce business and dealings on securities.

Non-interest expenses increased from MUR 463 million in March 2015 to MUR 531 million for the quarter ended 31 March 2016. Cost to income ratio stood at 33.86% for the quarter March 2016 compared to 34.52% for the quarter March 2015.

The Bank's total assets grew by MUR 637 million or 0.52%, from MUR 122,976 million as at 31 December 2015 to reach MUR 123,613 million at 31 March 2016, mainly on account of an increase in investment securities by MUR 3,254 million. Net loans and advances witnessed a decrease of MUR 1,294 million or 1.89% compared to 31 December 2015 while net impaired advances to net advances ratio improved from 1.87% at 31 December 2015 compared to 1.84% at 31 March 2016 despite an increase in impaired advances from

MUR 3,622 million at 31 December 2015 to MUR 3,791 million at 31 March 2016. Overall deposits from bank and non-bank customers decreased by MUR 1,113 million or 1.07% compared to 31 December 2015.

Capital

The capital base of SBM Bank (Mauritius) Ltd stood at MUR 11,636 million as at 31 March 2016 and the shareholder's equity at MUR 14,234 million. The capital adequacy ratio (CAR) was 15.68% as at 31 March 2016 and Tier 1 capital to risk weighted assets ratio stood at 13.66%, both ratios were above the minimum regulatory requirement.

Outlook

Credit growth in Mauritius has shown a slight pickup from last year lows, which, if maintained, should augur well for the banking sector. Nonetheless, challenges remain with continued excess liquidity and fierce competition putting pressure on margins.

In line with the strategy of SBM Group, the Bank is working towards consolidating its domestic position by expanding its product and service offerings; grow cross-border lending by capitalising on partnership agreements with key regional partners; as well as modernising its technology and service channels.

Jairaj Sonoo, C.S.K
Chief Executive - Banking
(Indian Ocean Islands)

Rajakrishna Chellapermal
Director

Nayen Koomar Ballah
Chairman

11 May 2016

**Review report to the Board of Directors of
SBM Bank (Mauritius) Ltd**

We have reviewed the accompanying interim condensed statement of financial position of SBM Bank (Mauritius) Ltd (the "Bank") as of 31 March 2016 and the related interim condensed statements of profit or loss and other comprehensive income, changes in equity and abridged cash flows for the quarter then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information does not present fairly, in all material respects, the financial position of the Bank as at 31 March 2016, and of its financial performance and its cash flows for the quarter then ended in accordance with IAS 34 Interim Financial Reporting.

ERNST & YOUNG
Ebène, Mauritius

PATRICK NG TSEUNG, A.C.A.
Licensed by FRC

11 May 2016

SBM BANK (MAURITIUS) LTD
STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2016

	Unaudited 31 March <u>2016</u> MUR' 000	Unaudited 31 March <u>2015</u> MUR' 000 (Restated)	Audited 31 December <u>2015</u> MUR' 000
ASSETS			
Cash and cash equivalents	6,900,269	10,553,541	8,978,486
Mandatory balances with Central Banks	6,887,386	6,651,500	6,894,736
Loans to and placements with banks	1,783,600	724,748	1,208,945
Trading assets	238,265	508,177	144,117
Loans and advances to non-bank customers	67,082,969	67,553,421	68,377,264
Investment securities	34,329,485	29,377,898	31,079,244
Equity investments	4,078	370	370
Property and equipment	2,768,186	2,723,379	2,779,766
Intangible assets	2,508,674	1,522,973	2,370,391
Deferred tax assets	316,126	203,593	276,767
Other assets	794,284	913,662	865,953
Total assets	123,613,322	120,733,262	122,976,039
LIABILITIES			
Deposits from banks	2,583,598	660,700	798,636
Deposits from non-bank customers	100,680,163	96,223,596	103,577,789
Other borrowed funds	3,092,071	5,140,613	2,132,497
Trading liabilities	216,494	494,355	120,756
Current tax liabilities	591,453	264,337	371,242
Other liabilities	2,215,151	2,472,691	2,376,326
Total liabilities	109,378,930	105,256,292	109,377,246
SHAREHOLDERS' EQUITY			
Stated capital	310,000	310,000	310,000
Capital contribution	8,063,106	8,063,106	8,063,106
Revenue reserve	4,622,891	5,447,154	3,940,391
Other reserves	1,238,395	1,656,710	1,285,296
Total equity	14,234,392	15,476,970	13,598,793
Total equity and liabilities	123,613,322	120,733,262	122,976,039

Approved by the Board of Directors and authorised for issue on 11 May 2016.

Jairaj Sonoo, C.S.K.
Chief Executive - Banking
(Indian Ocean Islands)

Rajakrishna Chellapermal
Director

Nayen Koomar Ballah
Chairman

SBM BANK (MAURITIUS) LTD

STATEMENT OF PROFIT OR LOSS FOR THE QUARTER ENDED 31 MARCH 2016

	Unaudited Quarter ended 31 March 2016 MUR' 000	Unaudited Quarter ended 31 March 2015 MUR' 000 (Restated)	Audited Year ended 31 December 2015 MUR' 000
Interest income	1,514,587	1,508,265	6,069,197
Interest expense	(426,244)	(571,150)	(2,002,186)
Net interest income	1,088,343	937,115	4,067,011
Fee and commission income	271,607	204,360	971,051
Fee and commission expense	(5,870)	(8,020)	(27,330)
Net fee and commission income	265,737	196,340	943,721
Dividend income	-	3	14
Net trading income	105,610	124,340	456,749
Other operating income	107,102	82,524	272,640
Non-interest income	478,449	403,207	1,673,124
Operating income	1,566,792	1,340,322	5,740,135
Personnel expenses	(296,806)	(278,490)	(1,184,869)
Depreciation and amortisation	(39,121)	(37,660)	(158,991)
Other expenses	(194,663)	(146,490)	(769,582)
Non-interest expense	(530,590)	(462,640)	(2,113,442)
Profit before net impairment loss on financial assets	1,036,202	877,682	3,626,693
Net impairment loss	(186,405)	(215,698)	(1,873,364)
Profit before income tax	849,797	661,984	1,753,329
Income tax expense	(176,973)	(168,414)	(408,801)
Profit for the quarter / year	672,824	493,570	1,344,528

SBM BANK (MAURITIUS) LTD

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2016

	Unaudited Quarter ended 31 March <u>2016</u> MUR' 000	Unaudited Quarter ended 31 March <u>2015</u> MUR' 000 (Restated)	Audited Year ended 31 December <u>2015</u> MUR' 000
Profit for the quarter / year	672,824	493,570	1,344,528
Other comprehensive income :			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Decrease in revaluation of property	-	(2,680)	(2,680)
Remeasurement of defined benefit pension plan	-	-	(10,858)
	-	(2,680)	(13,538)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations	(60,757)	437,951	221,053
Movement in value of available-for-sale investments	23,532	53,910	(72,369)
	(37,225)	491,861	148,684
Other comprehensive (loss) / income	(37,225)	489,181	135,146
Total comprehensive income for the quarter / year	635,599	982,751	1,479,674

SBM BANK (MAURITIUS) LTD
STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 MARCH 2016

	Stated capital	Capital Contribution	Statutory reserve	Capital conservation reserve (Restated)	Retained earnings (Restated)	Available-for-sale reserve	Property revaluation reserve	Foreign currency translation reserve	Total equity
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
At 01 January 2015									
- Previously stated	310,000	8,063,106	528,145	725,241	6,485,822	1,385	1,334,322	(680,085)	16,767,936
- Restatement	-	-	-	(725,241)	(1,548,476)	-	-	-	(2,273,717)
- As restated	310,000	8,063,106	528,145	-	4,937,346	1,385	1,334,322	(680,085)	14,494,219
Profit for the quarter as previously stated	-	-	-	-	519,080	-	-	-	519,080
Restatement	-	-	-	-	(25,510)	-	-	-	(25,510)
Profit for the quarter as restated	-	-	-	-	493,570	-	-	-	493,570
Other comprehensive income for the quarter	-	-	-	-	-	53,910	(2,680)	437,951	489,181
Total comprehensive income for the quarter	-	-	-	-	493,570	53,910	(2,680)	437,951	982,751
<i>Movement in respect of macro prudential provisioning:</i>									
As previously stated	-	-	-	824	-	-	-	-	824
Restatement	-	-	-	(824)	824	-	-	-	-
Transfer to allowance for credit impairment	-	-	-	-	(824)	-	-	-	(824)
As restated	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	16,238	-	(16,238)	-	-
At 31 March 2015 (as restated)	310,000	8,063,106	528,145	-	5,447,154	55,295	1,315,404	(242,134)	15,476,970
At 01 January 2015	310,000	8,063,106	528,145	-	4,937,346	1,385	1,334,322	(680,085)	14,494,219
Profit for the year	-	-	-	-	1,344,528	-	-	-	1,344,528
Other comprehensive income for the year	-	-	-	-	(10,858)	(72,369)	(2,680)	221,053	135,146
Total comprehensive income for the year	-	-	-	-	1,333,670	(72,369)	(2,680)	221,053	1,479,674
Transfer to retained earnings	-	-	-	-	46,720	-	(46,720)	-	-
Transfer to statutory reserve	-	-	2,245	-	(2,245)	-	-	-	-
Dividend	-	-	-	-	(2,375,100)	-	-	-	(2,375,100)
At 31 December 2015	310,000	8,063,106	530,390	-	3,940,391	(70,984)	1,284,922	(459,032)	13,598,793
At 01 January 2016	310,000	8,063,106	530,390	-	3,940,391	(70,984)	1,284,922	(459,032)	13,598,793
Profit for the quarter	-	-	-	-	672,824	-	-	-	672,824
Other comprehensive income for the quarter	-	-	-	-	-	23,532	-	(60,757)	(37,225)
Total comprehensive income for the quarter	-	-	-	-	672,824	23,532	-	(60,757)	635,599
Transfer to retained earnings	-	-	-	-	9,676	-	(9,676)	-	-
At 31 March 2016	310,000	8,063,106	530,390	-	4,622,891	(47,452)	1,275,246	(519,789)	14,234,392

SBM BANK (MAURITIUS) LTD

ABRIDGED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 31 MARCH 2016

	Quarter ended 31 March 2016 MUR' 000	Quarter ended 31 March 2015 MUR' 000 (Restated)	Year ended 31 December 2015 MUR' 000
Net cash (used in) / from operating activities	(2,865,229)	3,021,464	7,547,259
Net cash from / (used in) financing activities	959,573	27,607	(5,355,608)
Net cash used in investing activities	(172,561)	(139,290)	(1,330,945)
Net change in cash and cash equivalents	(2,078,217)	2,909,781	860,706
Cash and cash equivalents at start of quarter / year	8,978,486	7,643,760	8,117,780
Cash and cash equivalents at end of quarter / year	6,900,269	10,553,541	8,978,486

The financial information, including the review report of interim condensed financial statements, has been extracted from the unaudited interim condensed financial statements for the quarter ended 31 March 2016.