

**SBM**

# **SBM HOLDINGS LTD**

**7<sup>th</sup> Annual Meeting**

**23<sup>rd</sup> June 2017**

# Ordinary Resolution One

“Resolved that the Auditor’s report be received.”

## Ordinary Resolution Two

“Resolved that the Annual Report be received.”

# Agenda

- ☐ SBM Profile
- ☐ Operating Environment
- ☐ Financial Highlights
- ☐ Strategy & Outlook
- ☐ Resolutions
- ☐ Q & A

# SBM PROFILE

# STRONG GROUP FUNDAMENTALS

- Established in 1973, SBM has a strong franchise in Mauritius, and a growing regional presence
- Listed on the Stock Exchange of Mauritius (SEM) since 30 June 1995. Currently 3<sup>rd</sup> largest on SEM
- Engaged in banking, non-banking financial services and non-financial investments
- Among top 1000 banks in the world
- Moody's Rating: Baa3 (Stable Outlook)

**31 Dec 2016**

**Market Capitalisation**

**MUR 20 Bn**

**(31 Dec 2015: MUR 22 Bn)**

**Total Assets**

**MUR 146.9 Bn**

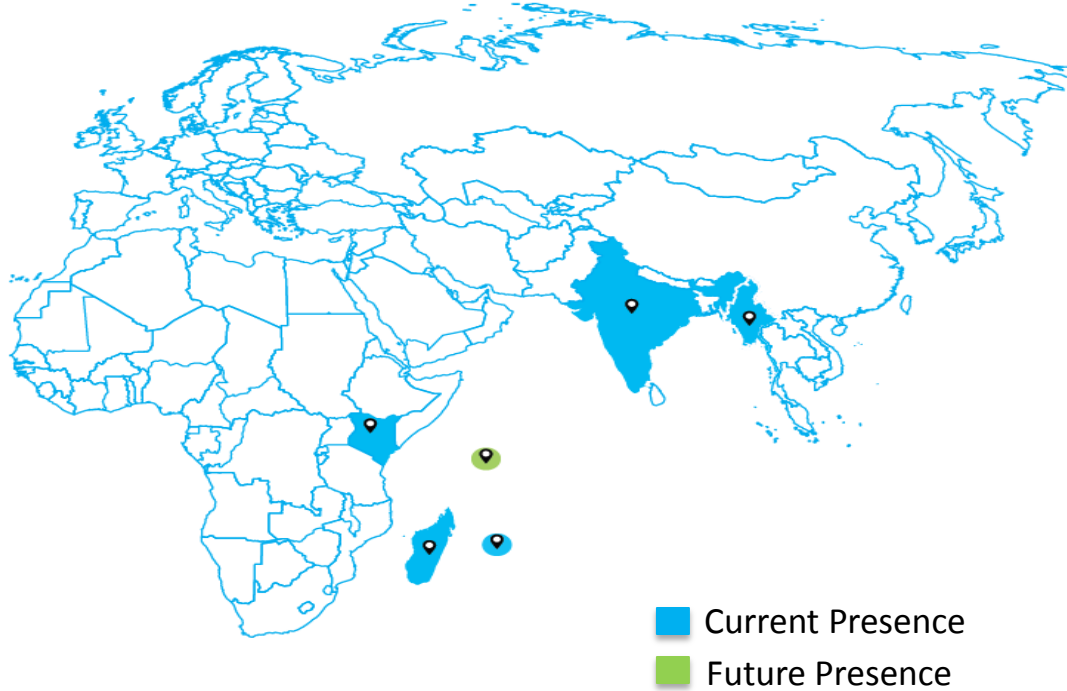
**(2015: MUR 136.2 Bn)**

**Profit for the Year**

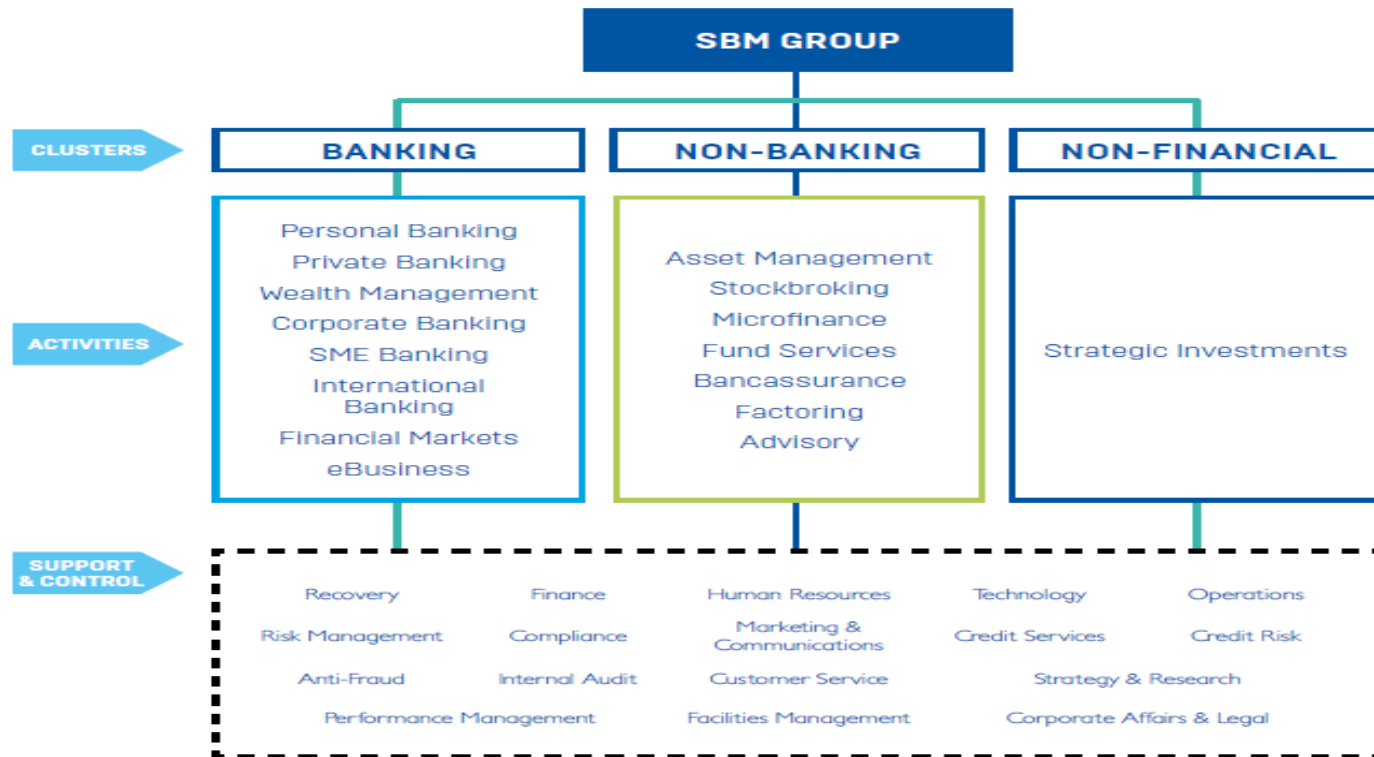
**MUR 2.3 Bn**

**(2015: Rs 1.6 Bn)**

# MARKETS WHERE WE ARE PRESENT



- ✓ Present in Mauritius, Madagascar, India and Kenya with a representative office in Myanmar.
- ✓ Acquisition of FCB in Kenya successfully completed on 10 May 2017.
- ✓ Seychelles operations expected to commence this year.





## Shareholders



**18,026 domestic &  
international**  
(2015: 18,047)

## Customers



**525,737**  
(2015: 475,000)

## Employees



**1,388**  
(2015: 1,250)

# THE MULTIPLE WAYS WE SERVE YOU

SBM

## Branches



Mauritius: 43 [incl. counters]  
Madagascar: 5  
India: 4  
Kenya: 11

## ATMs



129

## POS



4,055

## Contact Centre



40 FTE

## Internet Banking



No. of customers:  
56,157

## SMS Banking



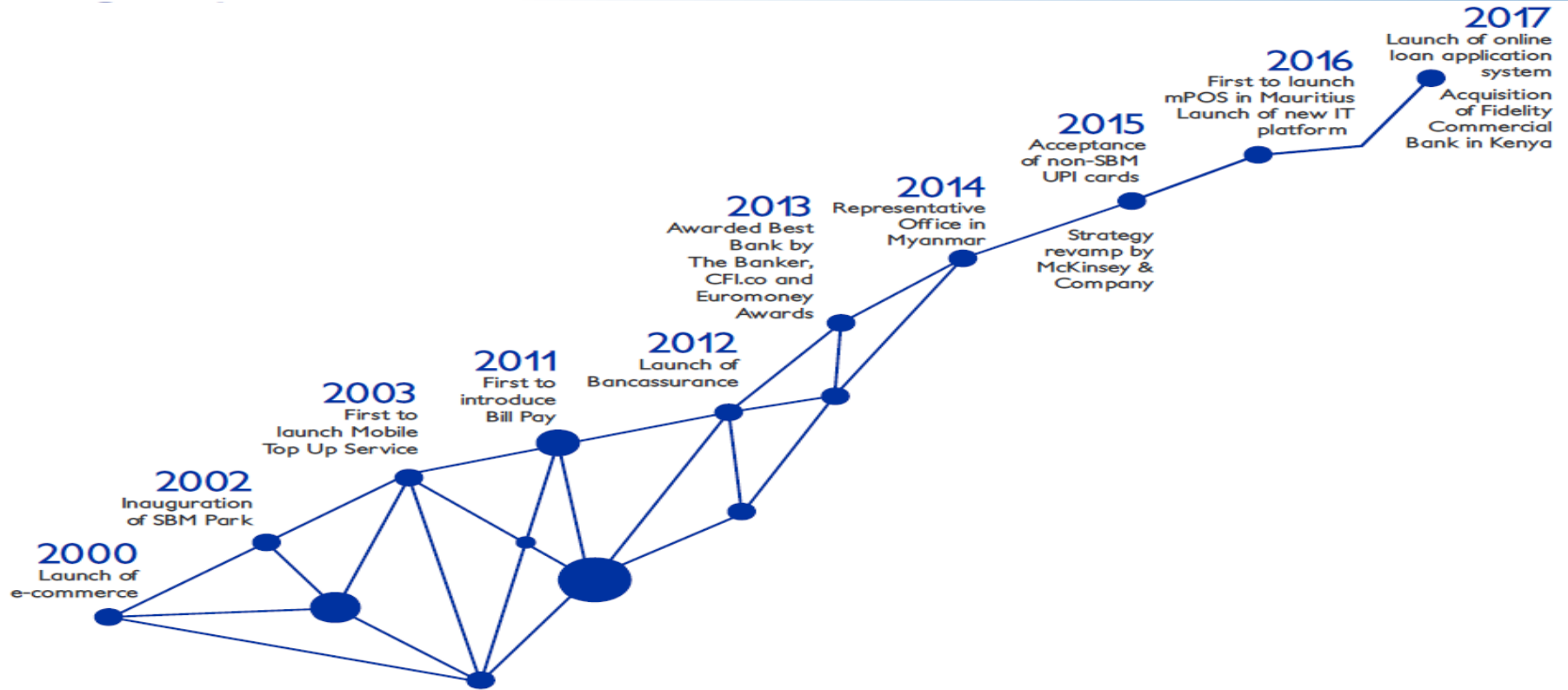
No. of customers:  
62,427

## E-Commerce



No. users in 2016:  
697,914

# OUR JOURNEY



# EARNING US RECOGNITION AT DIFFERENT LEVELS

**SBM**



**Best Innovation in  
Retail Banking  
Mauritius 2016**



**Private Bank of the  
year Mauritius 2016**



**Best Retail  
Banking Mauritius  
2017**



**Most Innovative Prepaid  
Card (SBM Smile Prepaid  
Cards) East Africa 2015**



**Best E-Commerce  
Bank East Africa 2015**

# OPERATING ENVIRONMENT

# CHALLENGES WE FACE

## External Environment



Slow growth  
in lending  
and excess  
liquidity  
putting  
pressures on  
margins



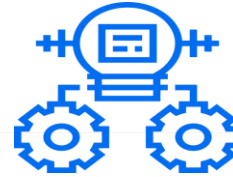
Move away from  
banking system  
finance towards  
capital markets



Pressures on  
asset quality



Tougher  
regulations &  
higher cost  
of  
compliance



Disruptive  
technology  
changing  
business models

## Internal Environment

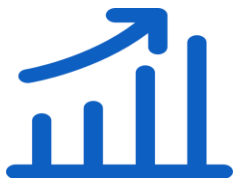


Revenue  
currently  
focused in one  
geography



Cost buildup to  
support growth

## External Environment



Expected  
macroeconomic  
recovery  
coupled with  
strong growth in  
other  
geographies



Incentives provided  
to new sectors and  
for infrastructure  
financing should  
support credit  
demand



Opportunities to  
diversify our  
offering in line with  
country growth  
strategy



## Internal Environment



Increased  
geographical  
coverage



Innovation  
and  
digitalisation;  
significant  
upgrade of IT  
infrastructure



Sustainable  
practices at  
workplace  
and  
community



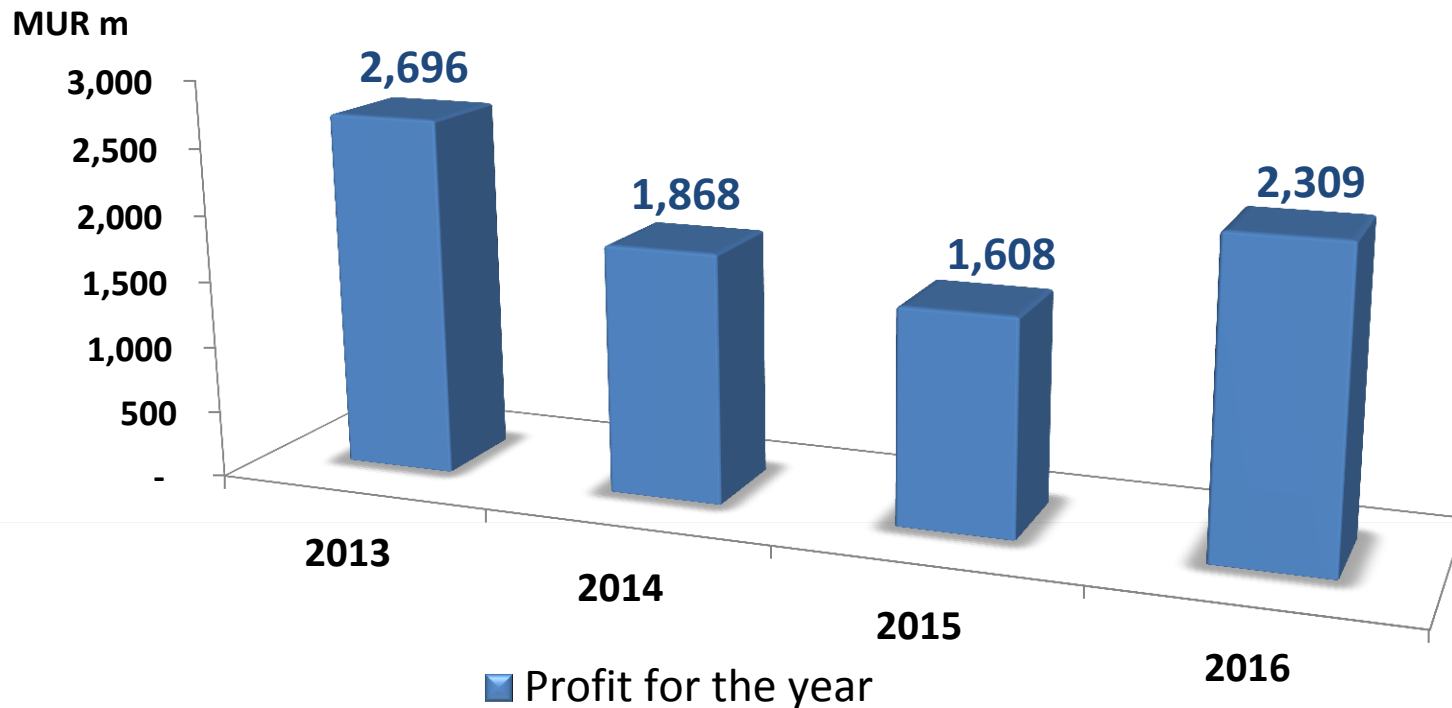
Enhanced  
product  
offering



Our people  
(training and  
development)

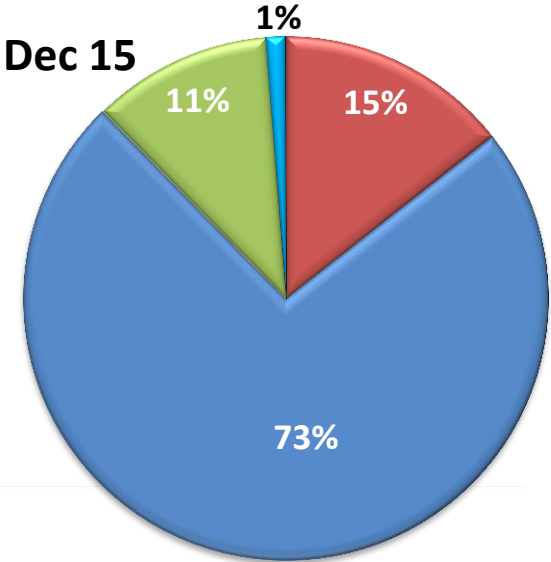
# FINANCIAL HIGHLIGHTS

## GROUP PROFIT RECOVERS BY 44% ...



*Note: Figures for 2013 are for 12 months to 31 December 13*

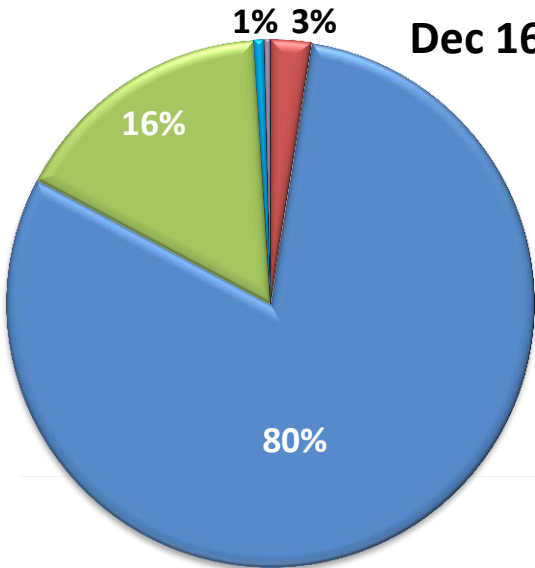
**DOMESTIC BANKING** - remains the mainstay of the Group, but contribution from Cross Border Segment is picking up



**MUR1,608 m**

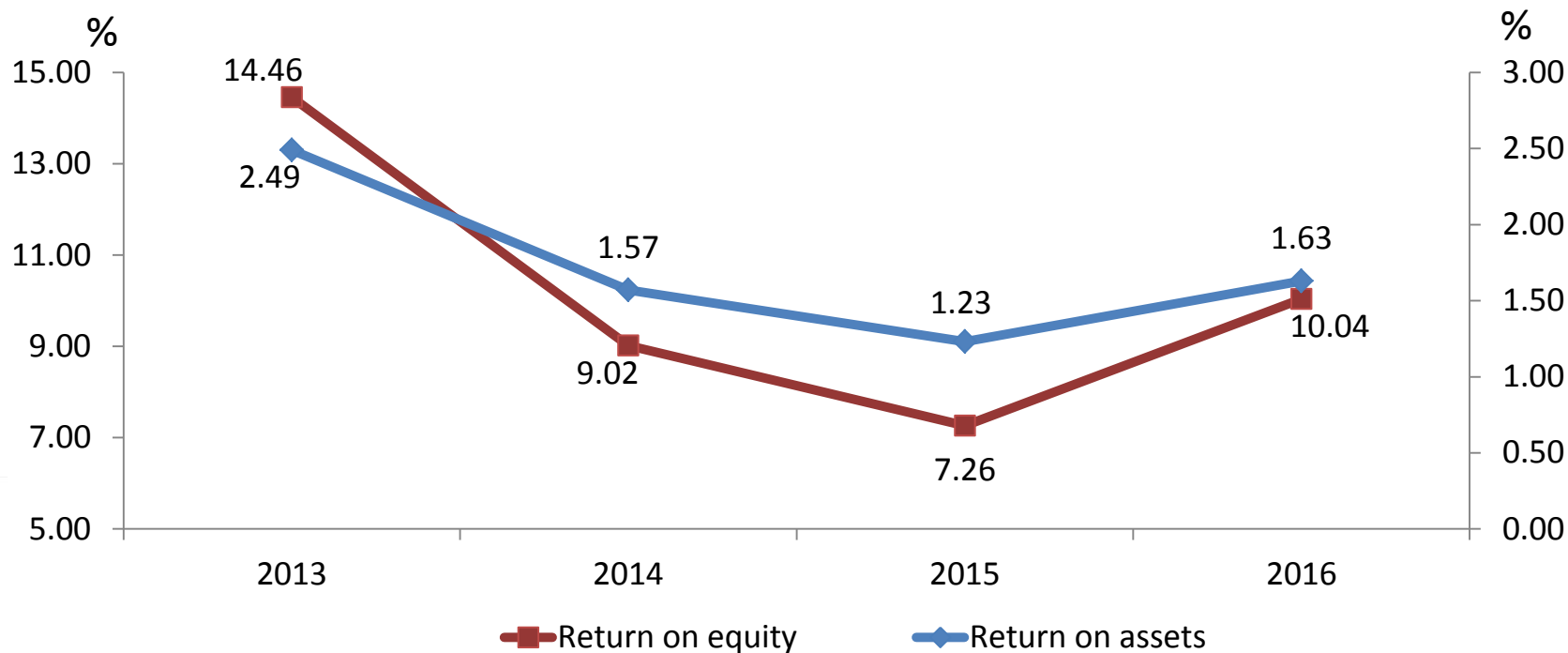
**PROFIT AFTER TAX**

- SBM (Bank) Holdings Ltd-Segment A
- SBM (Bank) Holdings Ltd-Segment B
- SBM (NBFC) Holdings Ltd
- SBM (NFC) Holdings Ltd
- SBM Holdings Ltd



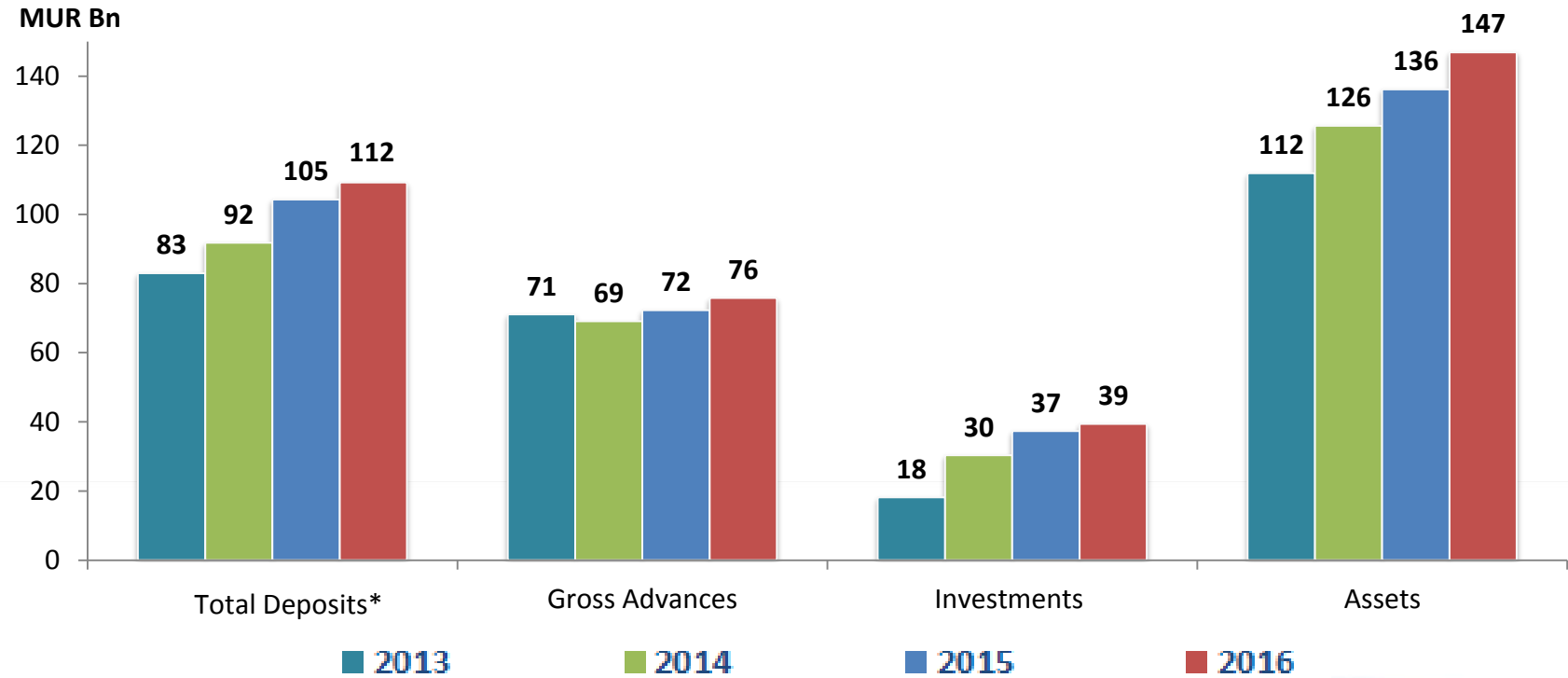
**MUR2,309 m**

## Profitability Indicators: ROE AND ROA have recovered but remained below our Long Term Target



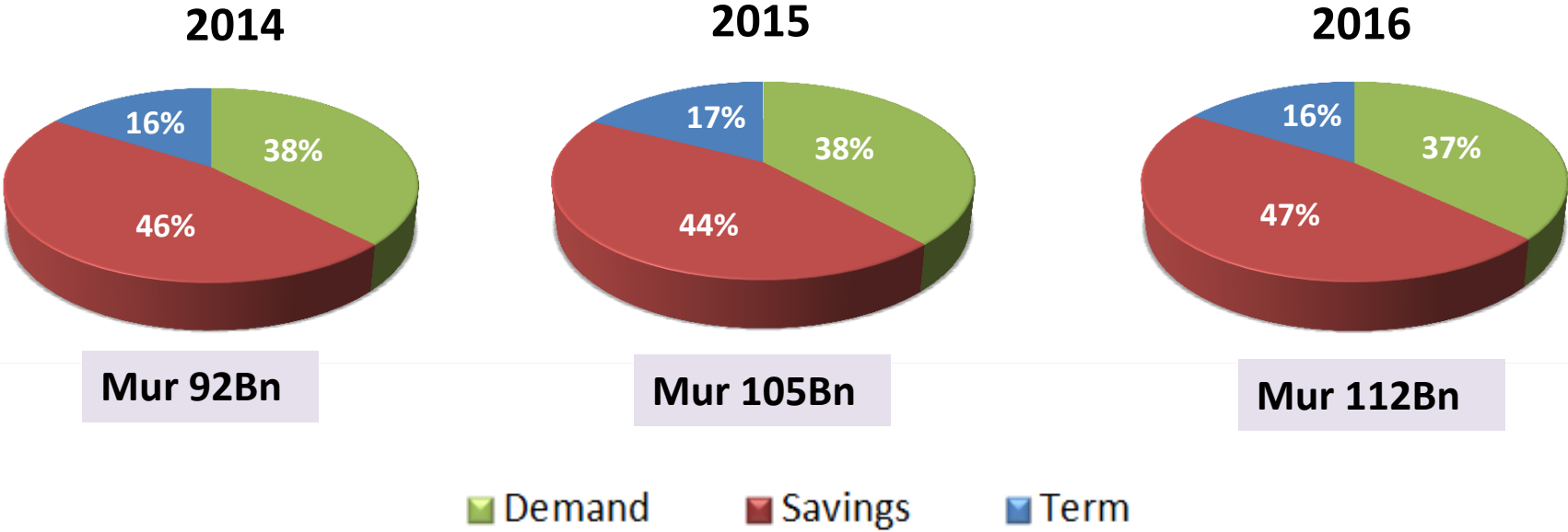
*Note: Figures for 2013 are for 12 months to 31 December 2013*

**BUSINESS VOLUMES** have continued to grow year on year ...

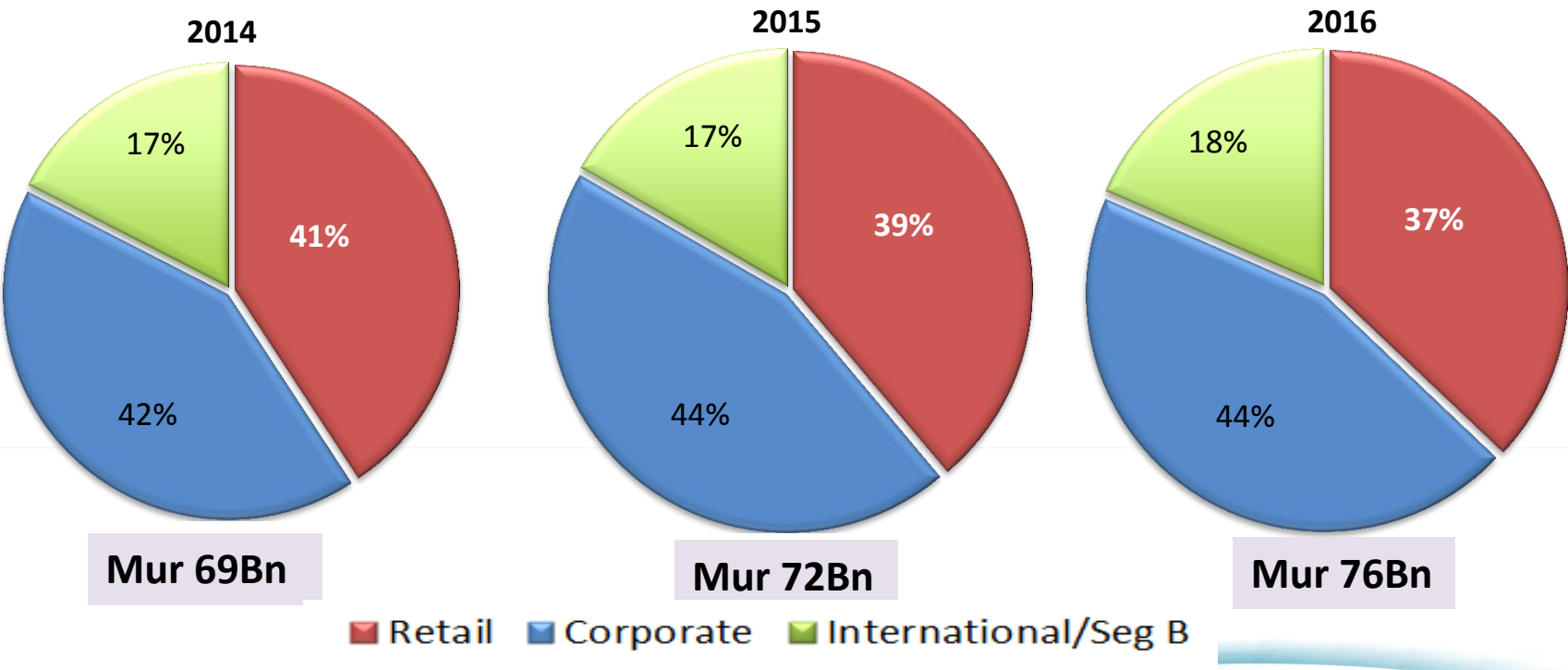


*\* Total deposits include deposits from banks and non bank customers*

**SUPPORTED BY CONTINUOUS GROWTH IN DEPOSIT**



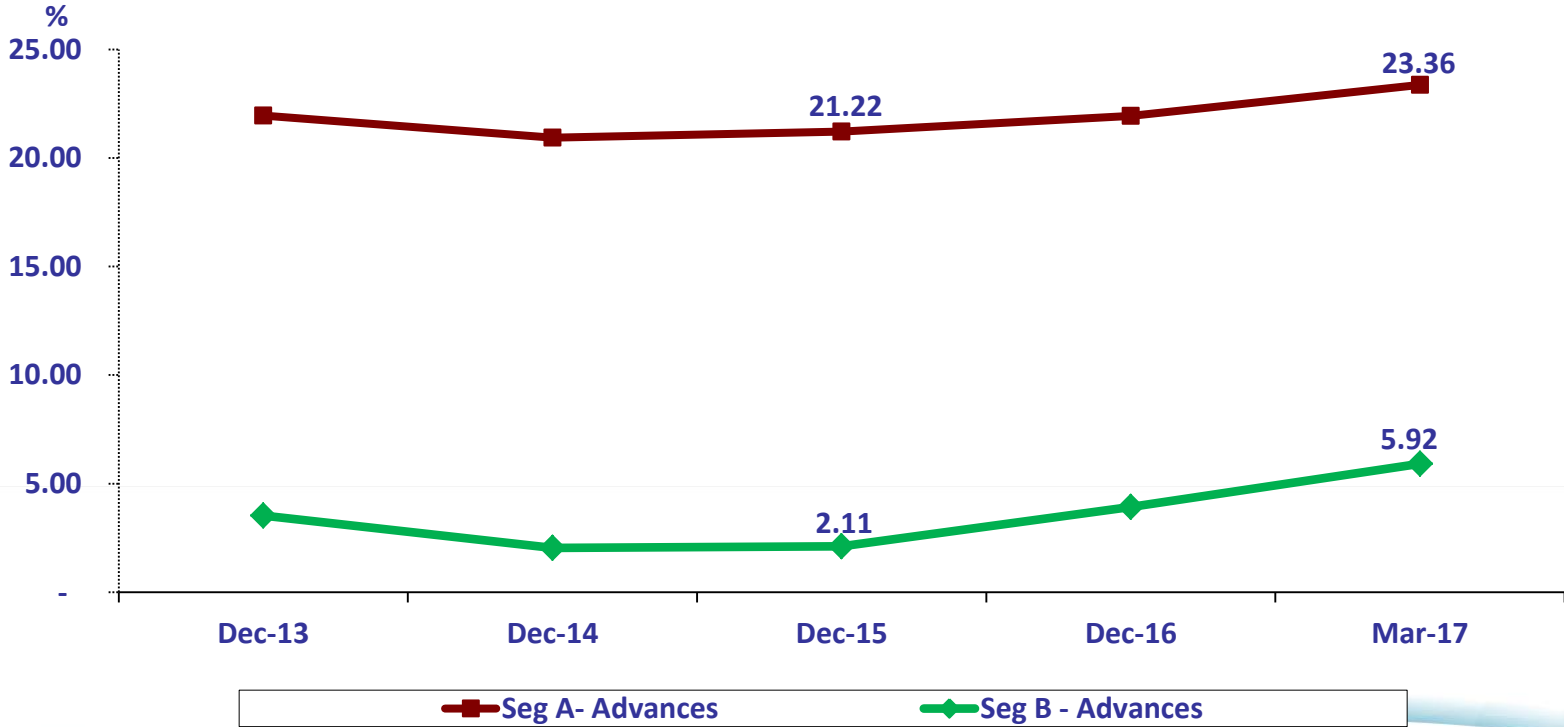
**Mostly deployed in Advances – with an increase in volumes & share of international advances in 2016**





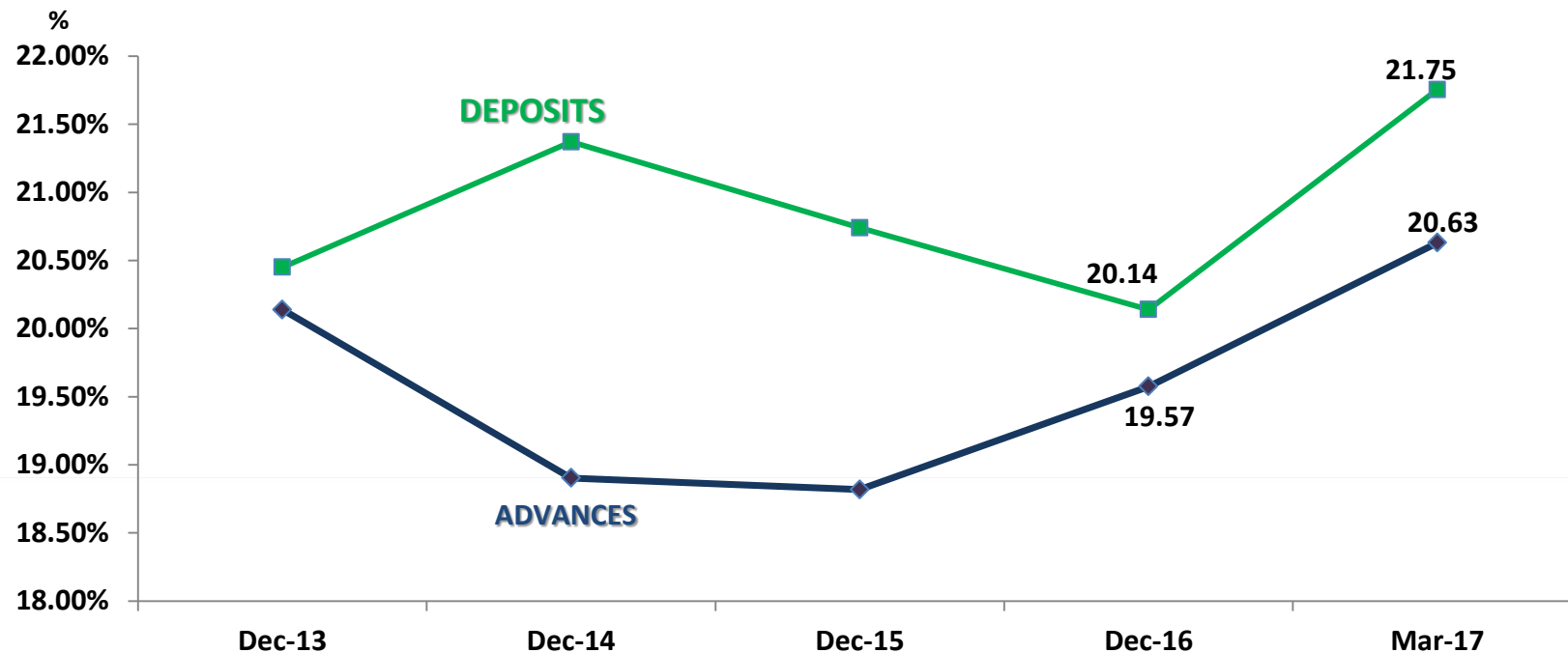
# SBM Bank Mauritius Ops

## Advances Market Share – split by Segment

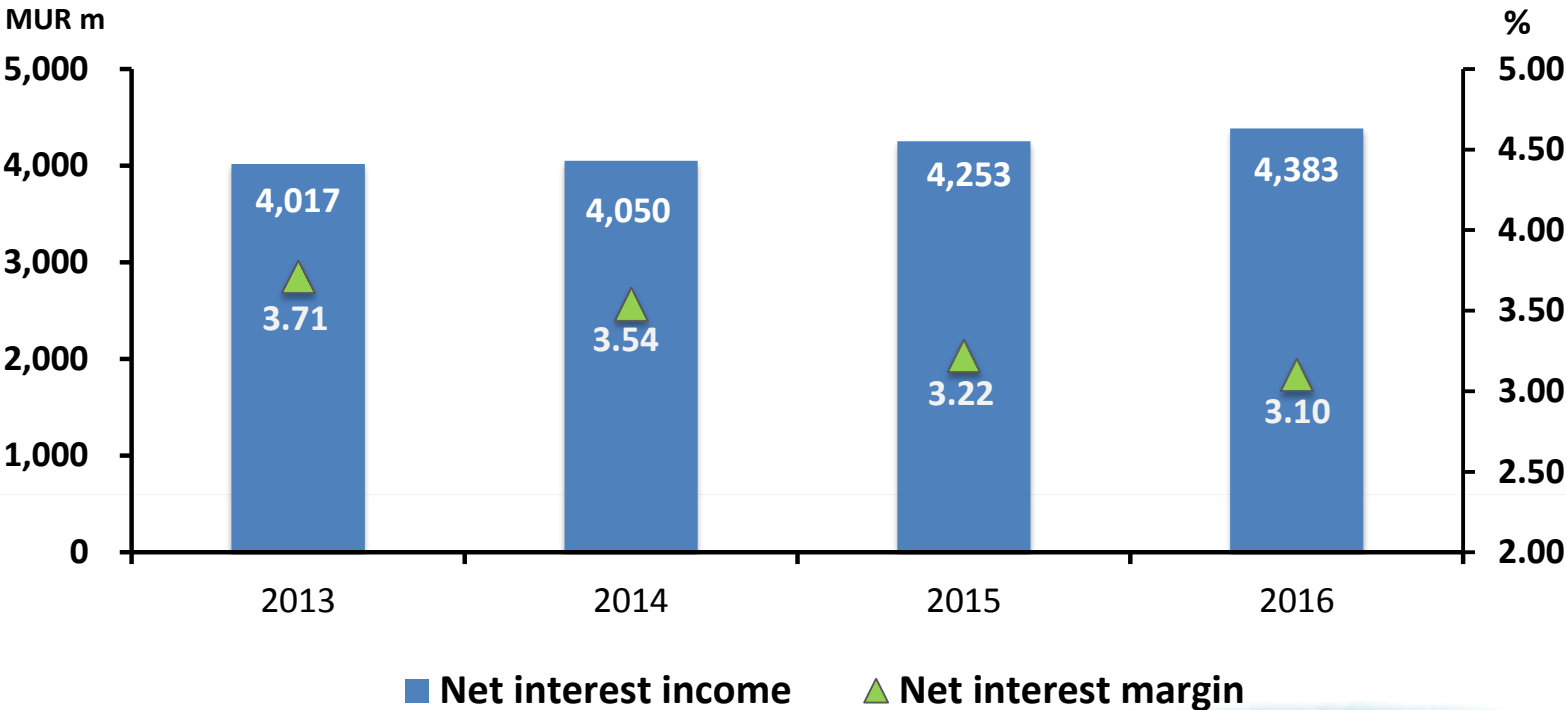


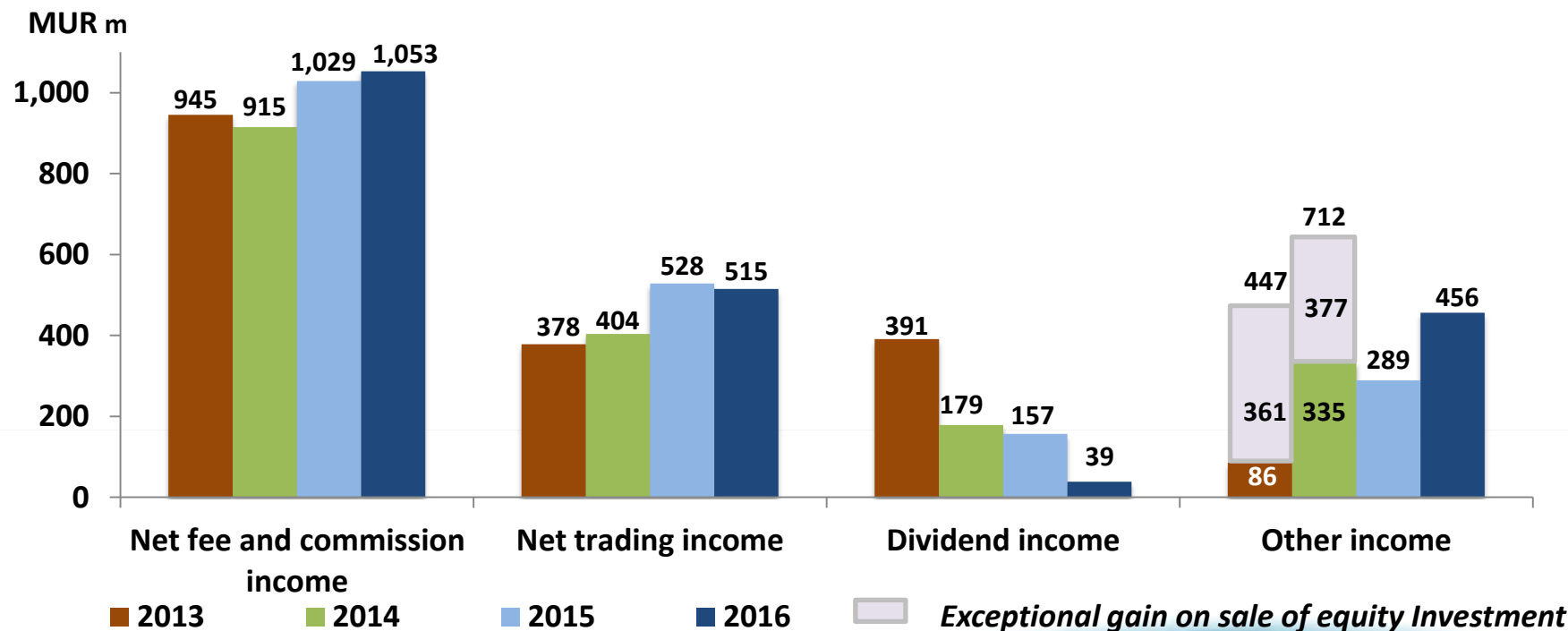
# SBM Bank Mauritius Ops

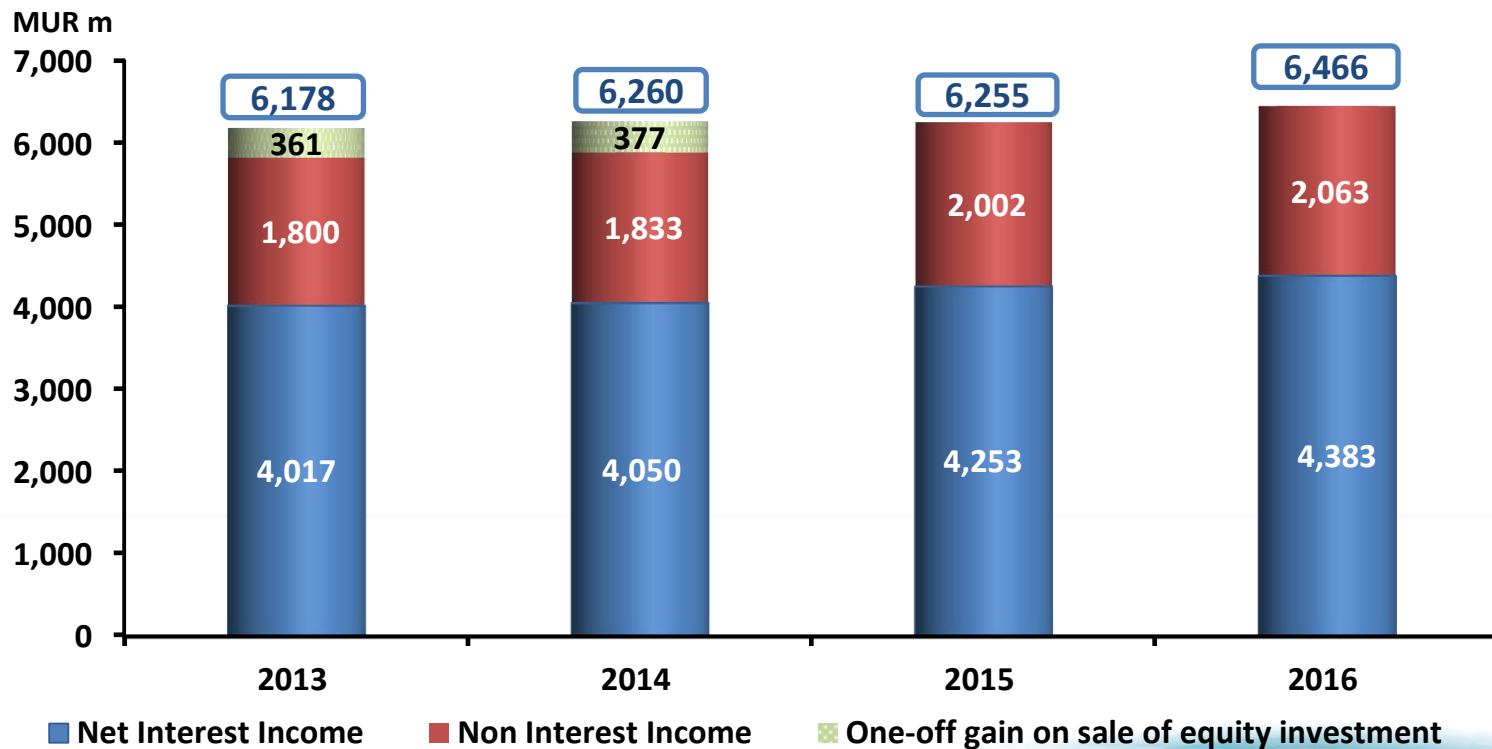
## Domestic Market Share



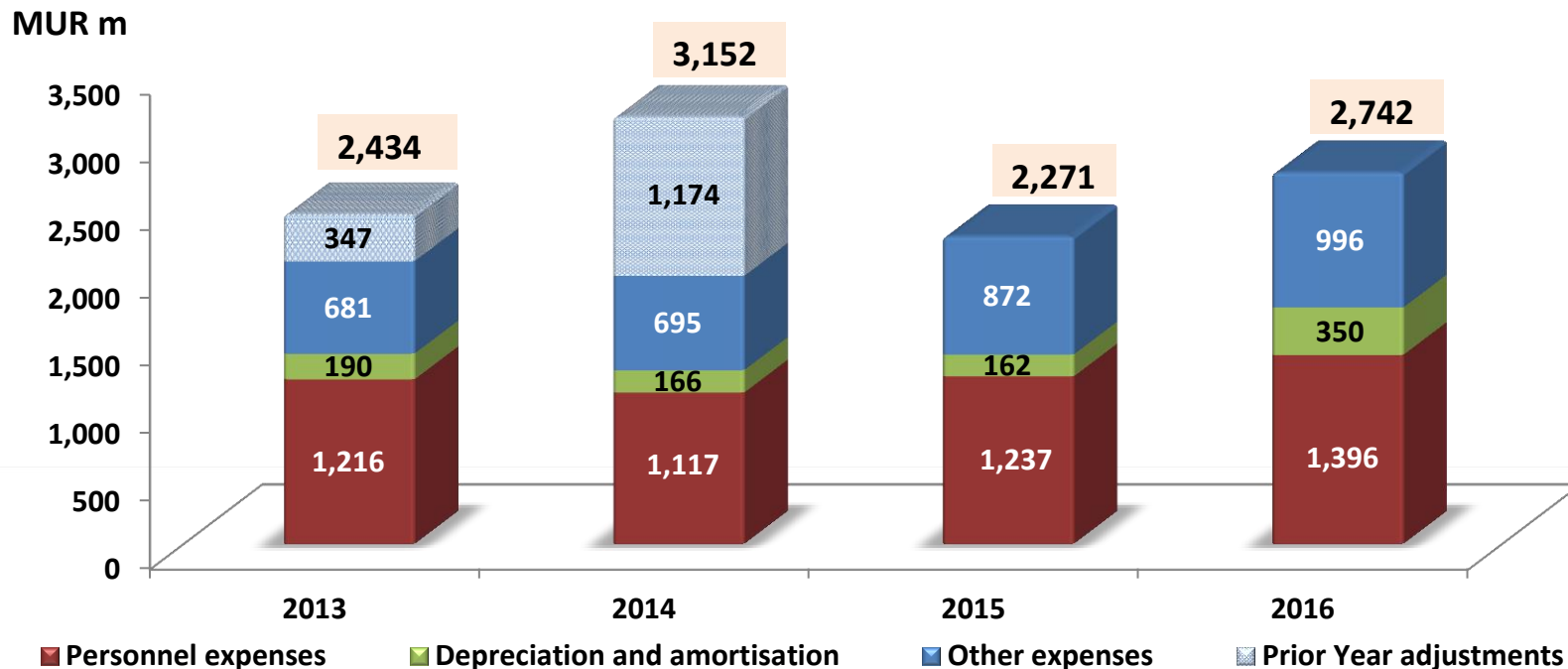
**OVERALL, NET INTEREST INCOME** growth was moderate at 3% with squeezed margin

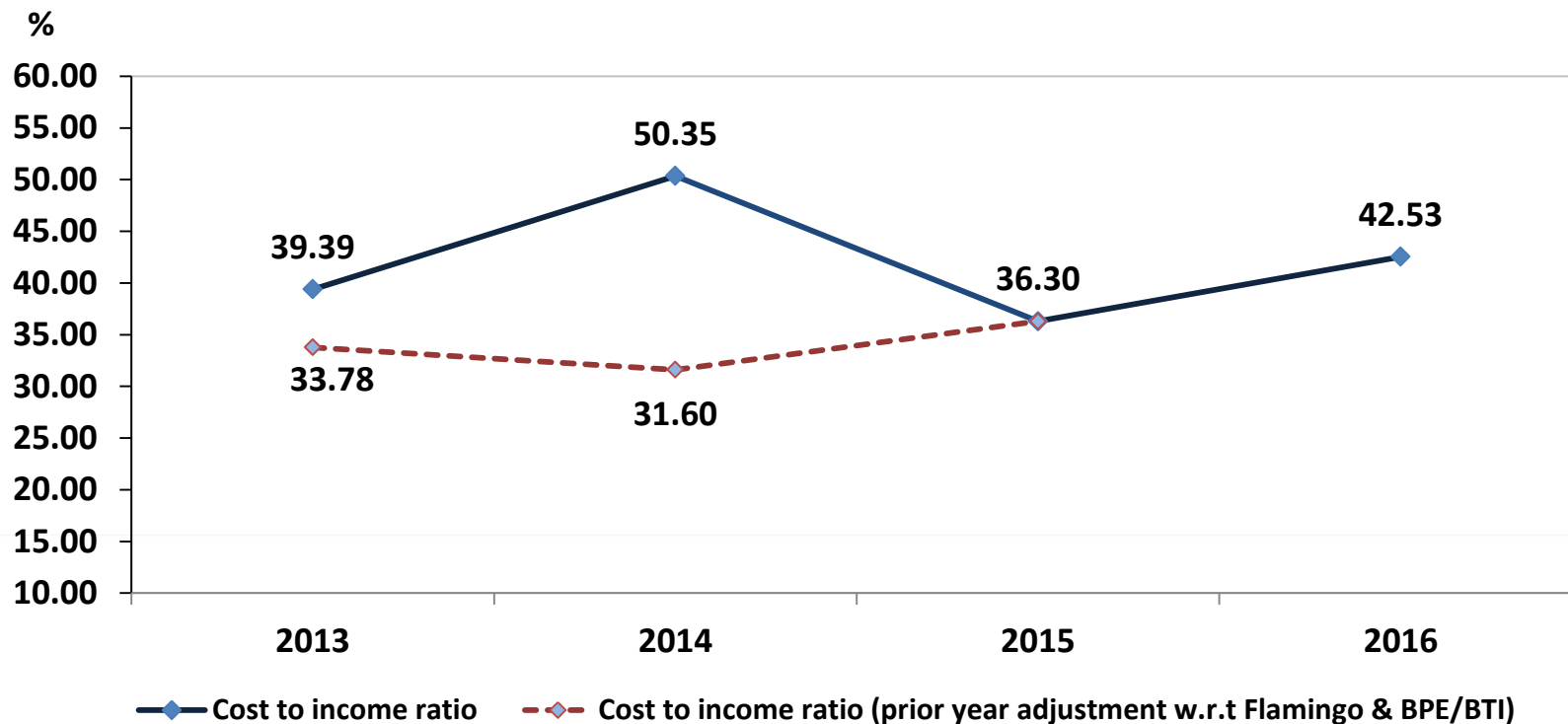






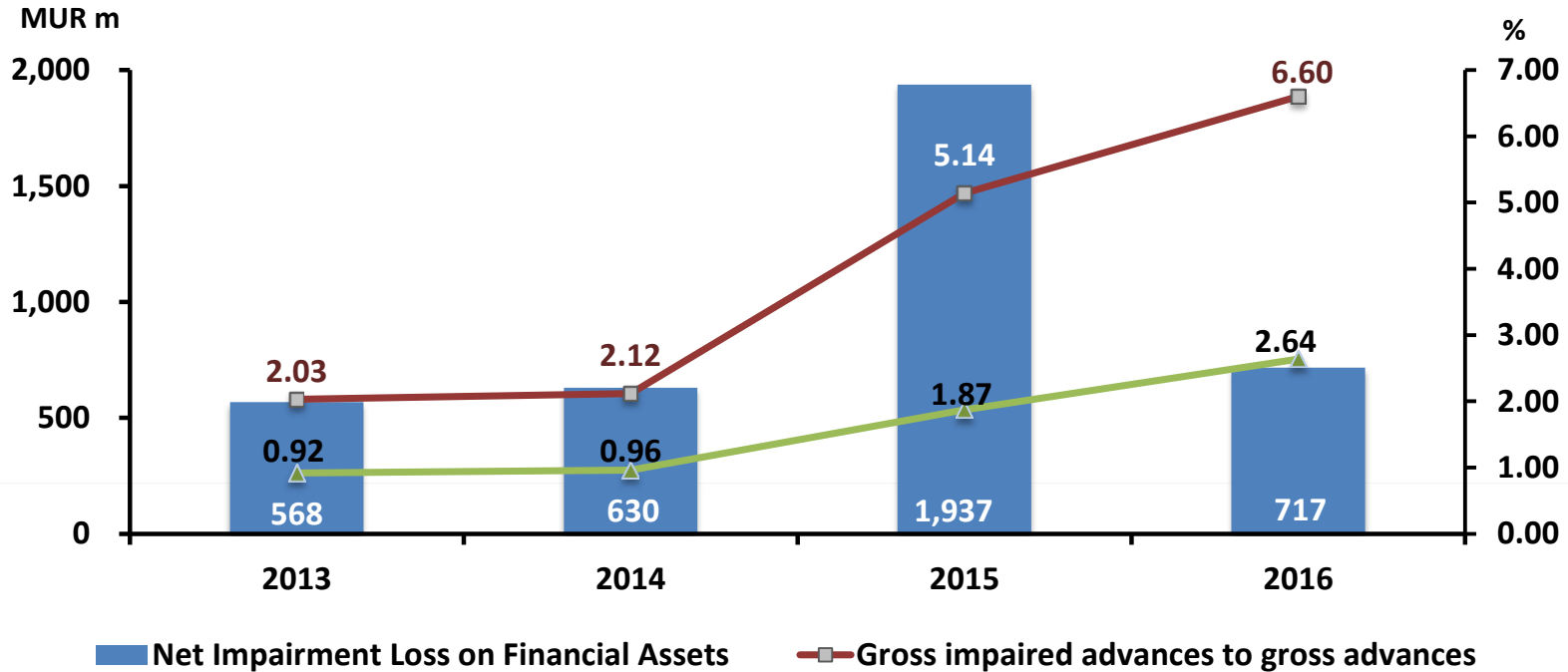
... **WHILE OPERATING EXPENSES** increased by 21% due to investment in systems and HR to support future growth





*Note: Figures for 2013 are for the 12 months to 31 December 2013*

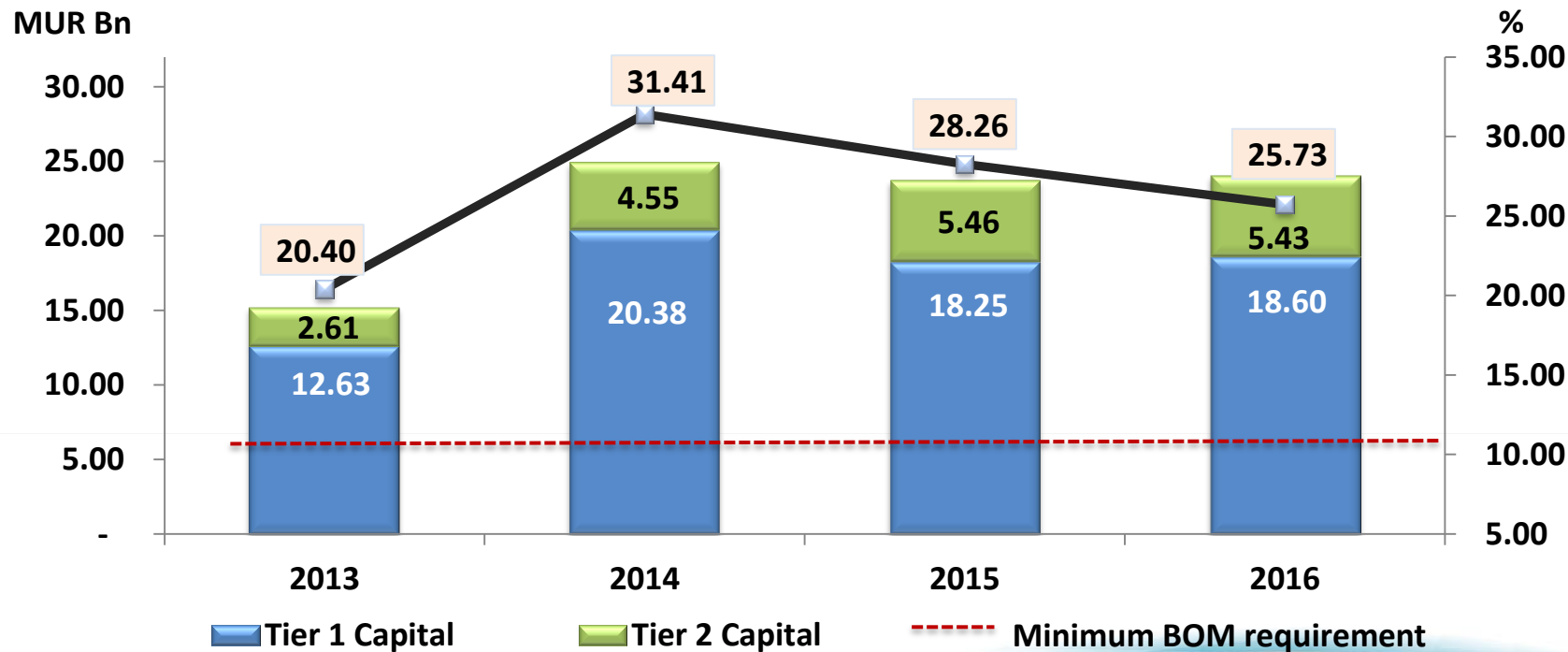
## CHARGE FOR CREDIT IMPAIRMENT - Improved to more sustainable levels following the one-off rise in 2015.....but Asset Quality remains under pressure



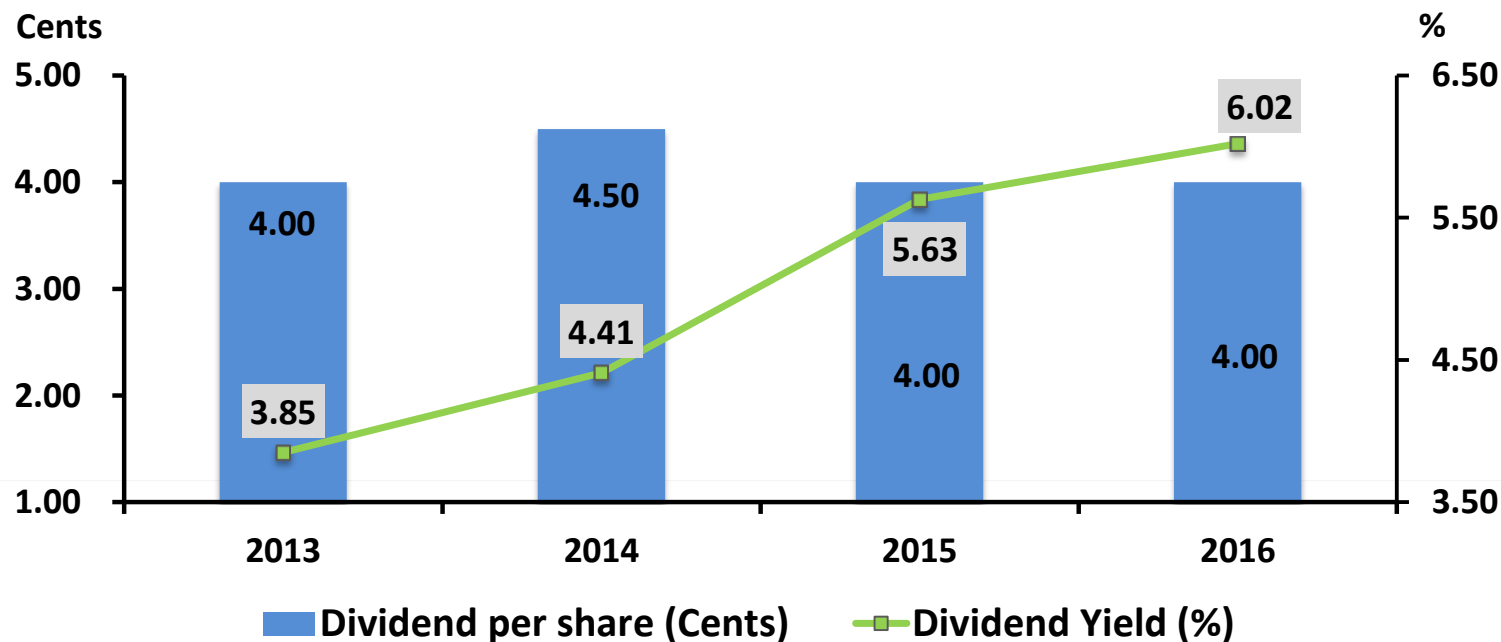
**Gross Impairment ratio for the Banking Industry stood at 7.1% as at Jun 2016 compared to 5% as at Jun 2015**



# THE CAPITAL POSITION – remains strong and well above regulatory requirements (BASEL III)



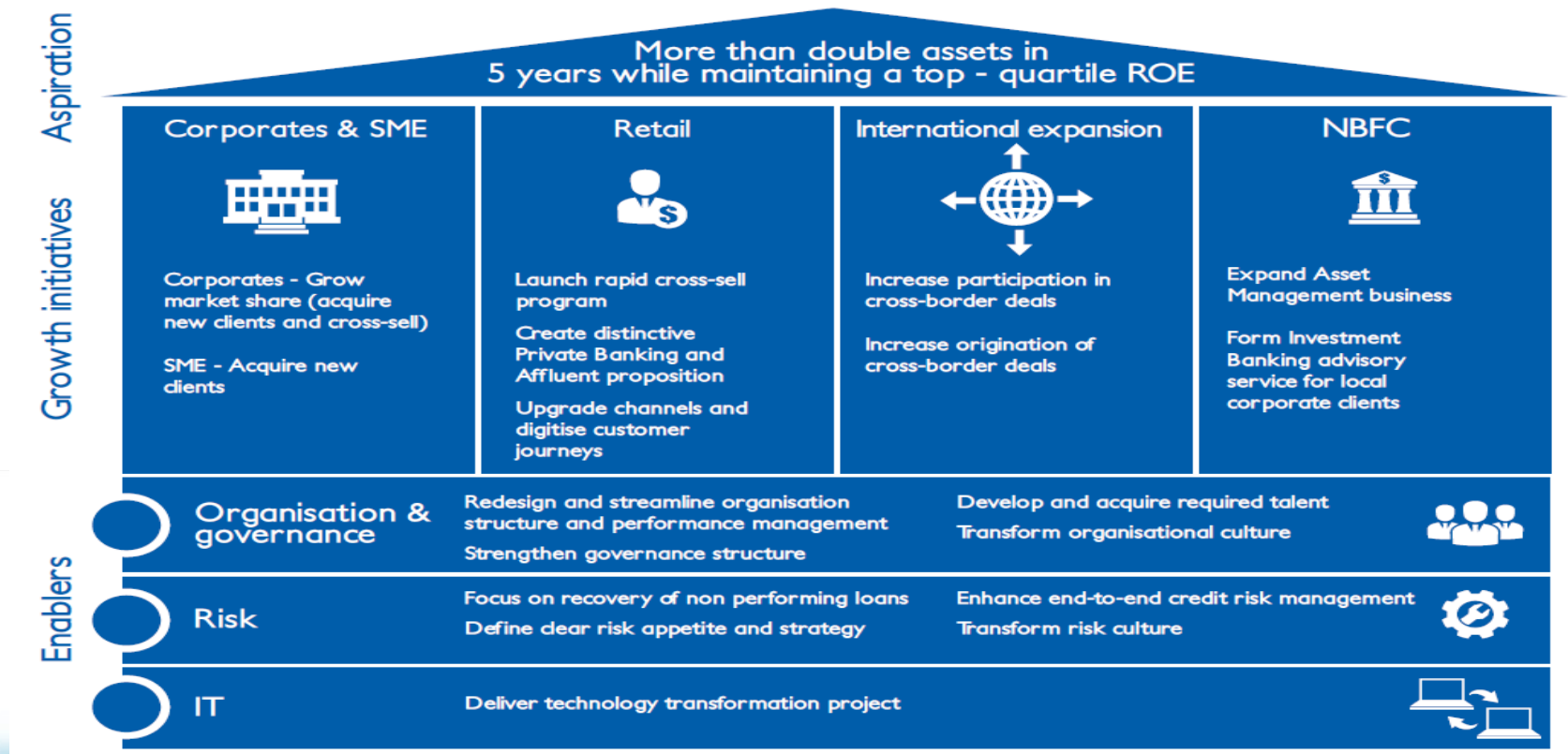
**DIVIDEND** – maintained at same level as in 2015 since group's capital position remains sound



*Note: Figure for 2013 relates to the 12-month period from January to December 2013*

# STRATEGY & OUTLOOK

# OUR STRATEGY to grow into a more robust and resilient group is focused on 17 key growth and enabling initiatives



# CONSOLIDATION OF OUR EXISTING PILLARS



Dedicated SME desks in Rose Hill,  
Quatre Bornes and Curepipe



↑ +140 bps

Rise in Corporate  
Banking market share



Improved turnaround time



First co-branded card in  
Mauritius



Retail deposits ↑ by 13%



SBM MasterCard World  
Rewards Credit Card

# DIVERSIFICATION OF OUR BUSINESS LINES



Private Wealth - License for Distribution of Financial Product and Investment Advisory activities



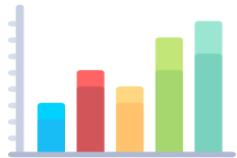
Third party products from leading investment houses



SBM Maharaja Fund

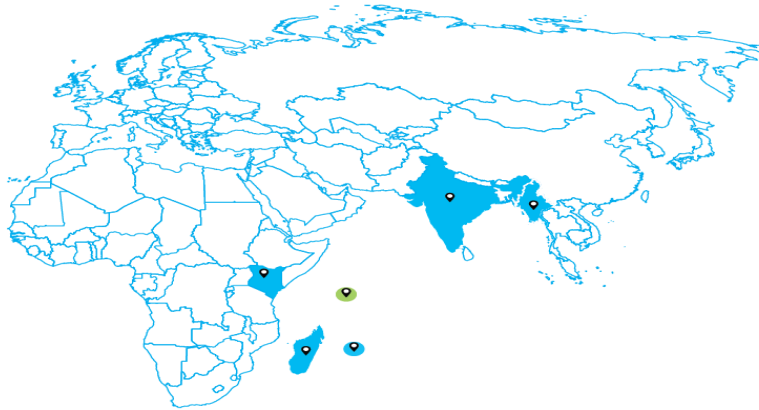


Lead arranger for SIT's MUR 1.5 Bn Note Programme



Increase of 32 % in Assets under Management

Masala Bonds  
Leveraged Notes  
Capital-Protected Notes



■ Current Presence  
■ Future Presence

Completion of  
acquisition in Kenya



Seychelles operations expected to  
commence this year.



Revamping of International  
Banking business



WOS



# MODERNISATION OF OUR SERVICE OFFERING



MOOV by SBM



Signature pad



SBM Mobile Banking App



Online loan application

LOGIN

Enhanced Internet Banking platform  
- forthcoming





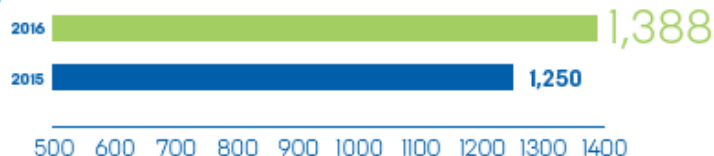
Training and  
Development

Year	No. of newly appointed Heads of Divisions
2014	2
2015	8
2016	13

Strengthen ability



Number of Employees



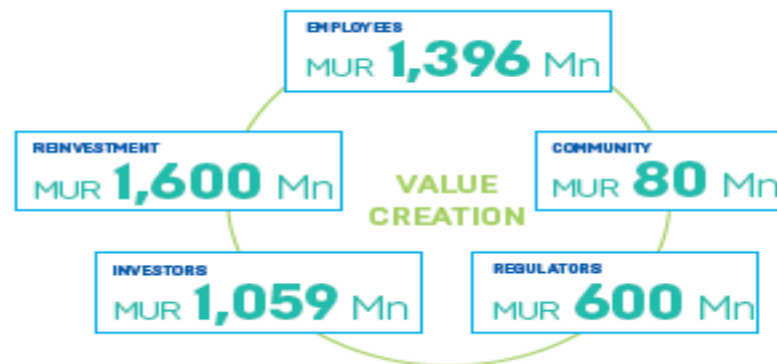
Recruitment

# 2,000

SCHOLARSHIPS AWARDED TO DATE

TRAINING SPEND

MUR **8.2** Mn (2015: MUR 7.2 million)



## Targets for 2017

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**Profit after tax**  
~MUR 3.1 billion

**Cost to income ratio**  
< 42%

**Return on assets**  
2%

**Return on equity**  
15%

**SBM**

# **SBM HOLDINGS LTD**

**7<sup>th</sup> Annual Meeting**

**23<sup>rd</sup> June 2017**

## Ordinary Resolution Three

“Resolved that the audited financial statements of the Company and the Group for the year ended 31 December 2016 be adopted.”

## Ordinary Resolution Four

“Resolved that the payment of interim dividends aggregating to 40 cents per share for the four quarters for the financial year ended 31 December 2016 approved by the Board, be ratified.”

## Ordinary Resolution Five

“Resolved that Ernst & Young be re-appointed as Statutory Auditors of the Company for the financial year ending 31 December 2017 and that the Board of Directors be authorised to fix their remuneration.”

## Ordinary Resolution Six

“Resolved that **Mr AZIM FAKHRUDDIN CURRIMJEE** be re-elected as director of the Company to hold office until the next annual meeting.”



## Ordinary Resolution Seven

“Resolved that **Mr MEDHA GUNPUTH** be re-elected as director of the Company to hold office until the next annual meeting.”

## Ordinary Resolution Eight

“Resolved that **Mr MAXIME HARDY** be re-elected as director of the Company to hold office until the next annual meeting.”

## Ordinary Resolution Nine

“Resolved that **Mr KEE CHONG LI KWONG WING, G.O.S.K.** be re-elected as director of the Company to hold office until the next annual meeting.”

## Ordinary Resolution Ten

“Resolved that **Mr VIDIANAND LUTCHMEEPARSAD** be re-elected as director of the Company to hold office until the next annual meeting.”

## Ordinary Resolution Eleven

“Resolved that **Mr RAMPRAKASH MAUNTHROOA** be re-elected as director of the Company to hold office until the next annual meeting.”

## Ordinary Resolution Twelve

“Resolved that **Mr ROODESH MUTTYLALL** be re-elected as director of the Company to hold office until the next annual meeting.”

## Ordinary Resolution Thirteen

“Resolved that **Mr SUBHAS THECKA** be elected as director of the Company to hold office until the next annual meeting.”







# BACKUP SLIDES

# SBM Holdings Ltd

## Statement of Profit & Loss

*Figures in MUR M*

Net Interest Revenue

Non Interest Income

**Gross Operating Revenue**

Non Interest Expenses

**Pre impairment Operating Profit**

Impairment charge

**Operating Profit (after impairment)**

**Profit After Tax (PAT)**

Year Ended		Y-O-Y Δ	
Dec-15	Dec-16	Rs	%
4,253	4,383	131	3%
2,003	2,063	60	3%
<b>6,255</b>	<b>6,446</b>	<b>191</b>	<b>3%</b>
(2,270)	(2,742)	(471)	21%
<b>3,985</b>	<b>3,705</b>	<b>(280)</b>	<b>-7%</b>
(1,937)	(717)	1,220	-63%
<b>2,048</b>	<b>2,988</b>	<b>940</b>	<b>46%</b>
<b>1,608</b>	<b>2,307</b>	<b>700</b>	<b>44%</b>