

# SBM Holdings Ltd

SBM Holdings Ltd ('the Group') is pleased to present its interim unaudited condensed financial report for the six months ended 30 June 2017.

The interim unaudited condensed financial report has been prepared in accordance with the Bank of Mauritius Guidelines on Public Disclosure of Information and IAS 34 - Interim Financial Reporting. The interim unaudited condensed financial report has been prepared based on those accounting policies applied in the preparation of the audited financial statements for the year ended 31 December 2016, except that the Group and the Company have adopted all new standards and interpretations which are effective as from 01 January 2017.

## Operating Results

The Group's operating income increased from MUR 3,297 million for the six month ended 30 June 2016 to MUR 3,534 million for the corresponding period ended 30 June 2017, mainly on account of increase in non-interest income. The Group's profit after tax decreased from MUR 1,578 million to MUR 1,310 million over the same period, that is, by 17%. This decrease was due to an increase in portfolio provision of MUR 272 million, reflecting an increase in the advances book, incremental costs of MUR 245 million from the new IT system, and higher HR costs of MUR 131 million. The cost to income ratio deteriorated from 33.72% for the six months ended 30 June 2016 to 43.96% for the period under review.

Net interest margin decreased from 3.23% for the period ended 30 June 2016 to 2.84% for period ended 30 June 2017, largely due to lower return on advances from 6.86% to 5.54% resulting from a squeeze in credit spreads, and a higher mix of foreign currency assets. Non interest income rose from MUR 1,082 million to MUR 1,250 million over the same period owing to enhanced market share and revenue streams from new products. Overall, the earnings per share decreased from MUR 6.11 for the period ended 30 June 2016 to MUR 5.07 for the period ended 30 June 2017.

In line with the Group's strategy to build scale, total assets grew substantially by 20.7% from MUR 146.90 billion as at 31 December 2016 to reach MUR 177.23 billion as at 30 June 2017. This increase in total assets is due mainly to an increase in net loans and advances to non-bank customers of MUR 18.23 billion, of which advances to Segment B accounted for around MUR 11.68 billion. Deposits from non-bank customers increased by MUR 28.10 billion over the same period.

## **The Group Capital**

The capital base and equity of the Group stood at MUR 24.45 billion and MUR 24.86 billion respectively as at 30 June 2017 as compared to MUR 24.03 billion and MUR 23.80 billion respectively as at 31 December 2016.

The Group's capital adequacy ratio (CAR), Tier 1 capital ratio and common equity Tier 1 capital ratio decreased to 21.93%, 17.27% and 17.27% respectively as at 30 June 2017 from 25.70%, 19.90% and 19.90% respectively as at 31 December 2016, reflecting a more effective use of capital. These ratios, calculated as per Basel III requirements, are well above the minimum regulatory limit of 11.125% for CAR, including provision for Domestically Systemic Important Banks (D-SIBs) and Capital Conservation Buffer.

## **Outlook**

The Mauritian economy is presenting a moderately positive outlook for the remainder of 2017, driven by a good performance of the tourism sector and a projected improvement in the performance of the construction and real estate sectors. The economic outlook for targeted regional markets in East Africa and India is also encouraging.

Against this backdrop, the Group is strengthening its focus on initiatives aimed at consolidating its existing business, diversifying its lines of business, and expanding its markets, including the recent acquisition of a Kenyan bank. The banking arm has recorded an improvement in its domestic market share and a remarkable growth in assets from Segment B operations. While business volumes have picked up significantly, their impact on revenue is expected to be felt more visibly in the second half of the year.

Key achievements from the non-banking arm of the Group include receipt of an Investment Banking Licence by SBM Capital Markets Ltd, and SBM Mauritius Asset Managers Ltd (SBM MAM) acting as Lead Arranger for an MUR 1.5 billion Secured Notes Programme for a local company. SBM MAM has also been mandated to lead arrange Depository Receipt of USD 300 million for Afreximbank to be listed on the Stock Exchange of Mauritius, a first of its kind in Africa. Building on its strategy to leverage the money flows between Africa and India, the Group is progressing satisfactorily in Kenya, with the launch of SBM Bank (Kenya) Limited in May 2017, and in the conversion of its Indian branch operations into a Wholly Owned Subsidiary.

**Kee Chong LI KWONG WING, G.O.S.K.**  
**Chairman**

**Subhas THECKA**  
**Chairman, Audit Committee**

11 August 2017

**SBM HOLDINGS LTD**  
**INTERIM UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2017**

	The Group			The Company		
	30 June 2017	30 June 2016	31 December 2016	30 June 2017	30 June 2016	31 December 2016
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
<b>ASSETS</b>						
Cash and cash equivalents	16,634,890	9,688,679	9,490,208	53,188	9,867	15,321
Mandatory balances with Central Banks	8,802,796	6,891,145	7,097,994	-	-	-
Loans to and placements with banks	4,473,311	3,686,896	4,645,911	-	-	-
Trading assets	925,033	256,354	165,998	-	-	-
Loans and advances to non-bank customers	89,850,889	66,159,338	71,624,874	-	-	-
Investment securities	41,448,071	40,423,532	39,430,829	3,391,041	5,653,335	4,305,882
Equity investments	5,770,574	6,545,053	5,732,722	4,267,800	5,534,324	4,261,347
Investment in associate	1,325,925	-	1,275,880	1,272,977	-	1,272,977
Investment in subsidiaries	-	-	-	22,557,311	20,999,183	21,854,773
Property and equipment	2,968,266	2,800,335	2,809,777	3,708	4,911	4,309
Intangible assets	4,071,812	2,796,637	3,770,271	16,747	-	-
Deferred tax assets	311,915	298,961	215,260	-	-	-
Other assets	651,183	764,375	635,984	158,179	1,134	1,501
<b>Total assets</b>	<b>177,234,665</b>	<b>140,311,305</b>	<b>146,895,708</b>	<b>31,720,951</b>	<b>32,202,754</b>	<b>31,716,110</b>
<b>LIABILITIES</b>						
Deposits from banks	1,634,587	2,655,542	2,611,669	-	-	-
Deposits from non-bank customers	137,342,303	104,637,245	109,241,194	-	-	-
Other borrowed funds	5,650,969	2,155,716	4,486,008	-	-	-
Trading liabilities	759,902	225,764	182,413	-	-	-
Current tax liabilities	163,714	363,454	364,670	2,254	6,184	1,354
Deferred tax liabilities	34,153	-	-	64	38	64
Other liabilities	3,018,612	3,304,031	2,339,683	262,019	3,834	5,997
Subordinated debts	3,767,449	3,840,652	3,865,371	3,767,450	3,840,652	3,865,371
<b>Total liabilities</b>	<b>152,371,689</b>	<b>117,182,404</b>	<b>123,091,008</b>	<b>4,031,787</b>	<b>3,850,708</b>	<b>3,872,786</b>
<b>SHAREHOLDERS' EQUITY</b>						
Stated capital	32,500,204	32,500,204	32,500,204	32,500,204	32,500,204	32,500,204
Retained earnings	1,681,228	625,092	865,100	834,976	1,528,957	1,020,810
Other reserves	(4,443,425)	(5,121,364)	(4,685,573)	(770,985)	(802,084)	(802,659)
	29,738,007	28,003,932	28,679,731	32,564,195	33,227,077	32,718,355
Less treasury shares	(4,875,031)	(4,875,031)	(4,875,031)	(4,875,031)	(4,875,031)	(4,875,031)
<b>Total equity attributable to equity holders of the parent</b>	<b>24,862,976</b>	<b>23,128,901</b>	<b>23,804,700</b>	<b>27,689,164</b>	<b>28,352,046</b>	<b>27,843,324</b>
<b>Total equity and liabilities</b>	<b>177,234,665</b>	<b>140,311,305</b>	<b>146,895,708</b>	<b>31,720,951</b>	<b>32,202,754</b>	<b>31,716,110</b>
Contingent liabilities	18,996,168	14,584,541	15,015,298			

Approved by the Board of Directors and authorised for issue on 11 August 2017.

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**Kee Chong LI KWONG WING, G.O.S.K.**  
Chairman

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**Subhas THECKA**  
Chairman, Audit Committee

**SBM HOLDINGS LTD**  
**INTERIM UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2017**

	The Group					The Company				
	Quarter ended	Quarter ended	Six months ended	Six months ended	Year ended	Quarter ended	Quarter ended	Six months ended	Six months ended	Year ended
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	31 December 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	31 December 2016
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Interest income	1,796,060	1,559,861	3,333,162	3,163,407	6,249,765	34,849	68,521	75,945	137,049	227,814
Interest expense	(575,757)	(479,079)	(1,048,917)	(949,152)	(1,866,491)	(37,472)	(36,056)	(75,114)	(71,566)	(149,307)
<b>Net interest income</b>	<b>1,220,303</b>	<b>1,080,782</b>	<b>2,284,245</b>	<b>2,214,255</b>	<b>4,383,274</b>	<b>(2,623)</b>	<b>32,465</b>	<b>831</b>	<b>65,483</b>	<b>78,507</b>
Fee and commission income	278,222	279,457	537,036	571,184	1,081,945	-	-	-	-	-
Fee and commission expense	(7,067)	(6,845)	(12,832)	(13,226)	(29,346)	(178)	-	(178)	-	-
<b>Net fee and commission income</b>	<b>271,155</b>	<b>272,612</b>	<b>524,204</b>	<b>557,958</b>	<b>1,052,599</b>	<b>(178)</b>	<b>-</b>	<b>(178)</b>	<b>-</b>	<b>-</b>
Dividend income	3,711	595	7,096	595	38,864	155,000	-	356,500	-	27,563
Net trading income	178,947	137,787	486,309	259,745	515,050	17,837	1,836	16,793	138	3,822
Other operating income	146,137	154,479	232,160	264,067	456,438	73	2,117	(11,254)	4,601	9,331
<b>Non-interest income</b>	<b>599,950</b>	<b>565,473</b>	<b>1,249,769</b>	<b>1,082,365</b>	<b>2,062,951</b>	<b>172,732</b>	<b>3,953</b>	<b>361,861</b>	<b>4,739</b>	<b>40,716</b>
<b>Operating income</b>	<b>1,820,253</b>	<b>1,646,255</b>	<b>3,534,014</b>	<b>3,296,620</b>	<b>6,446,225</b>	<b>170,109</b>	<b>36,418</b>	<b>362,692</b>	<b>70,222</b>	<b>119,223</b>
Personnel expenses	(406,000)	(326,145)	(761,963)	(636,520)	(1,395,895)	-	(493)	-	(542)	(3,830)
Depreciation and amortisation	(166,048)	(42,389)	(311,598)	(82,305)	(350,004)	(301)	(301)	(601)	(601)	(1,203)
Other expenses	(260,771)	(178,827)	(480,153)	(392,792)	(995,723)	(12,988)	(10,386)	(30,667)	(15,117)	(48,005)
<b>Non-interest expense</b>	<b>(832,819)</b>	<b>(547,361)</b>	<b>(1,553,714)</b>	<b>(1,111,617)</b>	<b>(2,741,622)</b>	<b>(13,289)</b>	<b>(11,180)</b>	<b>(31,268)</b>	<b>(16,260)</b>	<b>(53,038)</b>
<b>Profit before net impairment loss on financial assets</b>	<b>987,434</b>	<b>1,098,894</b>	<b>1,980,300</b>	<b>2,185,003</b>	<b>3,704,603</b>	<b>156,820</b>	<b>25,238</b>	<b>331,424</b>	<b>53,962</b>	<b>66,185</b>
Net impairment loss on financial assets	(131,362)	(22,315)	(428,408)	(206,789)	(716,899)	-	-	-	-	-
<b>Operating profit</b>	<b>856,072</b>	<b>1,076,579</b>	<b>1,551,892</b>	<b>1,978,214</b>	<b>2,987,704</b>	<b>156,820</b>	<b>25,238</b>	<b>331,424</b>	<b>53,962</b>	<b>66,185</b>
Share of profit of associate	52,492	-	52,492	-	1,627	-	-	-	-	-
<b>Profit before income tax</b>	<b>908,564</b>	<b>1,076,579</b>	<b>1,604,384</b>	<b>1,978,214</b>	<b>2,989,331</b>	<b>156,820</b>	<b>25,238</b>	<b>331,424</b>	<b>53,962</b>	<b>66,185</b>
Tax expense	(180,030)	(213,625)	(294,474)	(400,291)	(680,429)	(450)	(7,498)	(900)	(12,973)	(16,979)
<b>Profit for the quarter / period / year attributable to equity holders of the parent</b>	<b>728,534</b>	<b>862,954</b>	<b>1,309,910</b>	<b>1,577,923</b>	<b>2,308,902</b>	<b>156,370</b>	<b>17,740</b>	<b>330,524</b>	<b>40,989</b>	<b>49,206</b>
Earnings per share	2.82	3.34	5.07	6.11	8.94					

**SBM HOLDINGS LTD**  
**INTERIM UNAUDITED CONDENSED STATEMENTS OF OTHER COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2017**

	The Group					The Company				
	Quarter ended 30 June 2017	Quarter ended 30 June 2016	Six months ended 30 June 2017	Six months ended 30 June 2016	Year ended 31 December 2016	Quarter ended 30 June 2017	Quarter ended 30 June 2016	Six months ended 30 June 2017	Six months ended 30 June 2016	Year ended 31 December 2016
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
<b>Profit for the quarter / period / year attributable to equity holders of the parent</b>	<b>728,534</b>	862,954	<b>1,309,910</b>	1,577,923	2,308,902	<b>156,370</b>	17,740	<b>330,524</b>	40,989	49,206
<b>Other comprehensive income :</b>										
<i>Items that will not be reclassified subsequently to profit or loss:</i>										
Decrease in revaluation of property	-	-	-	-	1,530	-	-	-	-	-
Underprovision of deferred tax assets on revaluation of property in prior years	-	-	-	-	(24,817)	-	-	-	-	-
Share of other comprehensive income of associate	<b>9,215</b>	-	<b>9,215</b>	-	1,276	-	-	-	-	-
Remeasurement of defined benefit pension plan (net of deferred tax)	-	-	-	-	1,599	-	-	-	-	-
	<b>9,215</b>	-	<b>9,215</b>	-	(20,412)	-	-	-	-	-
<i>Items that may be reclassified subsequently to profit or loss:</i>										
Exchange differences on translation of foreign operations	<b>(57,886)</b>	(28,743)	<b>21,689</b>	(91,529)	(80,866)	-	-	-	-	-
Movement in value of available-for-sale investments	<b>265,789</b>	12,074	<b>261,590</b>	87,957	650,541	-	-	<b>31,674</b>	(4,930)	3,826
Fair value re-cycled on disposal of available-for-sale investments	<b>(85,541)</b>	117	<b>(85,541)</b>	(91,637)	(180,697)	-	-	-	-	(6,740)
Fair value realised on reclassification of available-for-sale investments to Investment in associate	-	-	-	-	(2,591)	<b>23,982</b>	38	-	-	(2,591)
	<b>122,362</b>	(16,552)	<b>197,738</b>	(95,209)	386,387	<b>23,982</b>	38	<b>31,674</b>	(4,930)	(5,505)
Other comprehensive income / (loss)	<b>131,577</b>	(16,552)	<b>206,953</b>	(95,209)	365,975	<b>23,982</b>	38	<b>31,674</b>	(4,930)	(5,505)
<b>Total comprehensive income attributable to equity holders of the parent</b>	<b>860,111</b>	846,402	<b>1,516,863</b>	1,482,714	2,674,877	<b>180,352</b>	17,778	<b>362,198</b>	36,059	43,701

**SBM HOLDINGS LTD**  
**INTERIM UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2017**

Group	Stated Capital MUR' 000	Treasury Shares MUR' 000	Statutory Reserve MUR' 000	Revenue Reserve MUR' 000	Net Unrealised Investment Fair Value MUR' 000	Net Property Revaluation Reserve MUR' 000	Net Translation Reserve MUR' 000	Net Other Reserve MUR' 000	Restructure Reserve MUR' 000	Total Equity MUR' 000
At 01 January 2016	32,500,204	(4,875,031)	592,187	(430,006)	(698,920)	224,209	256,060	-	(5,380,340)	22,188,363
Profit for the period	-	-	-	1,577,923	-	-	-	-	-	1,577,923
Other comprehensive income for the period	-	-	-	-	(3,680)	-	(91,529)	-	-	(95,209)
Total comprehensive income for the period	-	-	-	1,577,923	(3,680)	-	(91,529)	-	-	1,482,714
Transfer to retained earnings	-	-	-	19,351	-	(19,351)	-	-	-	-
Dividend	-	-	-	(542,176)	-	-	-	-	-	(542,176)
<b>At 30 June 2016</b>	<b>32,500,204</b>	<b>(4,875,031)</b>	<b>592,187</b>	<b>625,092</b>	<b>(702,600)</b>	<b>204,858</b>	<b>164,531</b>	<b>-</b>	<b>(5,380,340)</b>	<b>23,128,901</b>
At 01 January 2016	32,500,204	(4,875,031)	592,187	(430,006)	(698,920)	224,209	256,060	-	(5,380,340)	22,188,363
Profit for the year	-	-	-	2,308,902	-	-	-	-	-	2,308,902
Other comprehensive income for the year	-	-	-	1,599	467,253	(23,287)	(80,866)	1,276	-	365,975
Total comprehensive income for the year	-	-	-	2,310,501	467,253	(23,287)	(80,866)	1,276	-	2,674,877
Transfer to retained earnings	-	-	-	43,145	-	(43,145)	-	-	-	-
Dividend	-	-	-	(1,058,540)	-	-	-	-	-	(1,058,540)
<b>At 31 December 2016</b>	<b>32,500,204</b>	<b>(4,875,031)</b>	<b>592,187</b>	<b>865,100</b>	<b>(231,667)</b>	<b>157,777</b>	<b>175,194</b>	<b>1,276</b>	<b>(5,380,340)</b>	<b>23,804,700</b>
At 01 January 2017	<b>32,500,204</b>	<b>(4,875,031)</b>	<b>592,187</b>	<b>865,100</b>	<b>(231,667)</b>	<b>157,777</b>	<b>175,194</b>	<b>1,276</b>	<b>(5,380,340)</b>	<b>23,804,700</b>
Profit for the period	-	-	-	1,309,910	-	-	-	-	-	1,309,910
Other comprehensive income for the period	-	-	-	-	176,049	-	21,689	9,215	-	206,953
Total comprehensive income for the period	-	-	-	1,309,910	176,049	-	21,689	9,215	-	1,516,863
Transfer to retained earnings	-	-	-	22,576	-	(22,576)	-	-	-	-
Dividend	-	-	-	(516,358)	-	-	-	-	-	(516,358)
<b>Changes in ownership interest</b>										
Acquisition of subsidiary	-	-	36,681	-	-	21,090	-	-	-	57,771
<b>At 30 June 2017</b>	<b>32,500,204</b>	<b>(4,875,031)</b>	<b>628,868</b>	<b>1,681,228</b>	<b>(55,618)</b>	<b>156,291</b>	<b>196,883</b>	<b>10,491</b>	<b>(5,380,340)</b>	<b>24,862,976</b>

**SBM HOLDINGS LTD**
**INTERIM UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

<u>Company</u>	<u>Stated capital</u> MUR' 000	<u>Treasury shares</u> MUR' 000	<u>Retained earnings</u> MUR' 000	<u>Net unrealised investment fair value reserve</u> MUR' 000	<u>Total equity</u> MUR' 000
At 01 January 2016	32,500,204	(4,875,031)	2,030,144	(797,154)	28,858,163
Profit for the period	-	-	40,989	-	40,989
Other comprehensive loss for the period	-	-	-	(4,930)	(4,930)
Total comprehensive income / (loss) for the period	-	-	40,989	(4,930)	36,059
Dividend	-	-	(542,176)	-	(542,176)
<b>At 30 June 2016</b>	<b>32,500,204</b>	<b>(4,875,031)</b>	<b>1,528,957</b>	<b>(802,084)</b>	<b>28,352,046</b>
At 01 January 2016	32,500,204	(4,875,031)	2,030,144	(797,154)	28,858,163
Profit for the year	-	-	49,206	-	49,206
Other comprehensive loss for the year	-	-	-	(5,505)	(5,505)
Total comprehensive income / (loss) for the year	-	-	49,206	(5,505)	43,701
Dividend	-	-	(1,058,540)	-	(1,058,540)
<b>At 31 December 2016</b>	<b>32,500,204</b>	<b>(4,875,031)</b>	<b>1,020,810</b>	<b>(802,659)</b>	<b>27,843,324</b>
At 01 January 2017	<b>32,500,204</b>	<b>(4,875,031)</b>	<b>1,020,810</b>	<b>(802,659)</b>	<b>27,843,324</b>
Profit for the period	-	-	<b>330,524</b>	-	<b>330,524</b>
Other comprehensive loss for the period	-	-	-	<b>31,674</b>	<b>31,674</b>
Total comprehensive income for the period	-	-	<b>330,524</b>	<b>31,674</b>	<b>362,198</b>
Dividend	-	-	<b>(516,358)</b>	-	<b>(516,358)</b>
<b>At 30 June 2017</b>	<b>32,500,204</b>	<b>(4,875,031)</b>	<b>834,976</b>	<b>(770,985)</b>	<b>27,689,164</b>

**SBM HOLDINGS LTD**  
**INTERIM UNAUDITED CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2017**

	<b>The Group</b>			<b>The Company</b>		
	<b>Six months ended 30 June 2017</b>	Six months ended 30 June 2016	Year ended 31 December 2016	<b>Six months ended 30 June 2017</b>	Six months ended 30 June 2016	Year ended 31 December 2016
	<b>MUR'000</b>	MUR'000	MUR'000	<b>MUR'000</b>	MUR'000	MUR'000
Net cash from operating activities	<b>7,127,529</b>	2,051,612	1,980,274	<b>978,282</b>	373,983	2,115,295
Net cash from / (used in) financing activities	<b>808,859</b>	(540,444)	1,298,204	<b>(356,100)</b>	(542,176)	(1,062,293)
Net cash used in investing activities	<b>(791,706)</b>	(996,624)	(2,962,405)	<b>(584,315)</b>	-	(1,215,741)
<b>Net change in cash and cash equivalents</b>	<b>7,144,682</b>	514,544	316,073	<b>37,867</b>	(168,193)	(162,739)
Cash and cash equivalents at beginning of period / year	<b>9,490,208</b>	9,174,135	9,174,135	<b>15,321</b>	178,060	178,060
<b>Cash and cash equivalents at end of period / year</b>	<b>16,634,890</b>	9,688,679	9,490,208	<b>53,188</b>	9,867	15,321

Copies of the interim unaudited condensed financial statement are available to the public free of charge at the registered office of the Company, SBM Tower, 1, Queen Elizabeth II Avenue, Place D'Armes, Port Louis and can be viewed on our website: [www.sbmgroup.mu](http://www.sbmgroup.mu).

The statement of direct and indirect interests of officers of the Company in the capital of the Company and its subsidiaries may also be obtained free of charge upon request at the registered office of the Company.

By order of the Board

**D. Ramjug Chumun**

**Company Secretary**

11 August 2017

The Communiqué is issued pursuant to Listing Rule 12.20 and Securities Act 2005.

The Board of Directors of SBM Holdings Ltd accepts full responsibility for the accuracy of the information contained in this Communiqué.

*The financial information, including the review report, has been extracted from the interim unaudited condensed financial statements for the six months ended 30 June 2017.*