

# Analyst Meeting

## FY 2017 Highlights

5 April 2018



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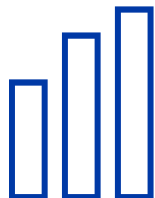
# AGENDA

- **Financial Highlights**
  - Share Price Info
  - Focus Areas Going Forward
- Q & A

# SBM HOLDINGS LTD

## CONSOLIDATED KEY FINANCIAL HIGHLIGHTS

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### TOTAL ASSETS

**MUR 194.02 billion**  
31 Dec 2017

31 Dec 2016  
MUR 146.90 billion



### TOTAL DEPOSITS

**MUR 145.54 billion**  
31 Dec 2017

31 Dec 2016  
MUR 111.85 billion



### NET LOANS & ADVANCES

**MUR 103.13 billion**  
31 Dec 2017

31 Dec 2016  
MUR 71.62 billion



### TOTAL LIABILITIES

**MUR 168.86 billion**  
31 Dec 2017

31 Dec 2016  
MUR 123.09 billion



### SHAREHOLDERS' EQUITY

**MUR 25.16 billion**  
31 Dec 2017

31 Dec 2016  
MUR 23.80 billion



# SBM HOLDINGS LTD

## CONSOLIDATED KEY FINANCIAL HIGHLIGHTS

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### NET INTEREST INCOME

MUR **4,768 M**  
31 Dec 2017

(31 Dec 2016:  
MUR 4,383 M)

### NON INTEREST INCOME

MUR **2,804 M**  
31 Dec 2017

(31 Dec 2016 :  
MUR 2,063 M)

### OPERATING INCOME

MUR **7,572 M**  
31 Dec 2017

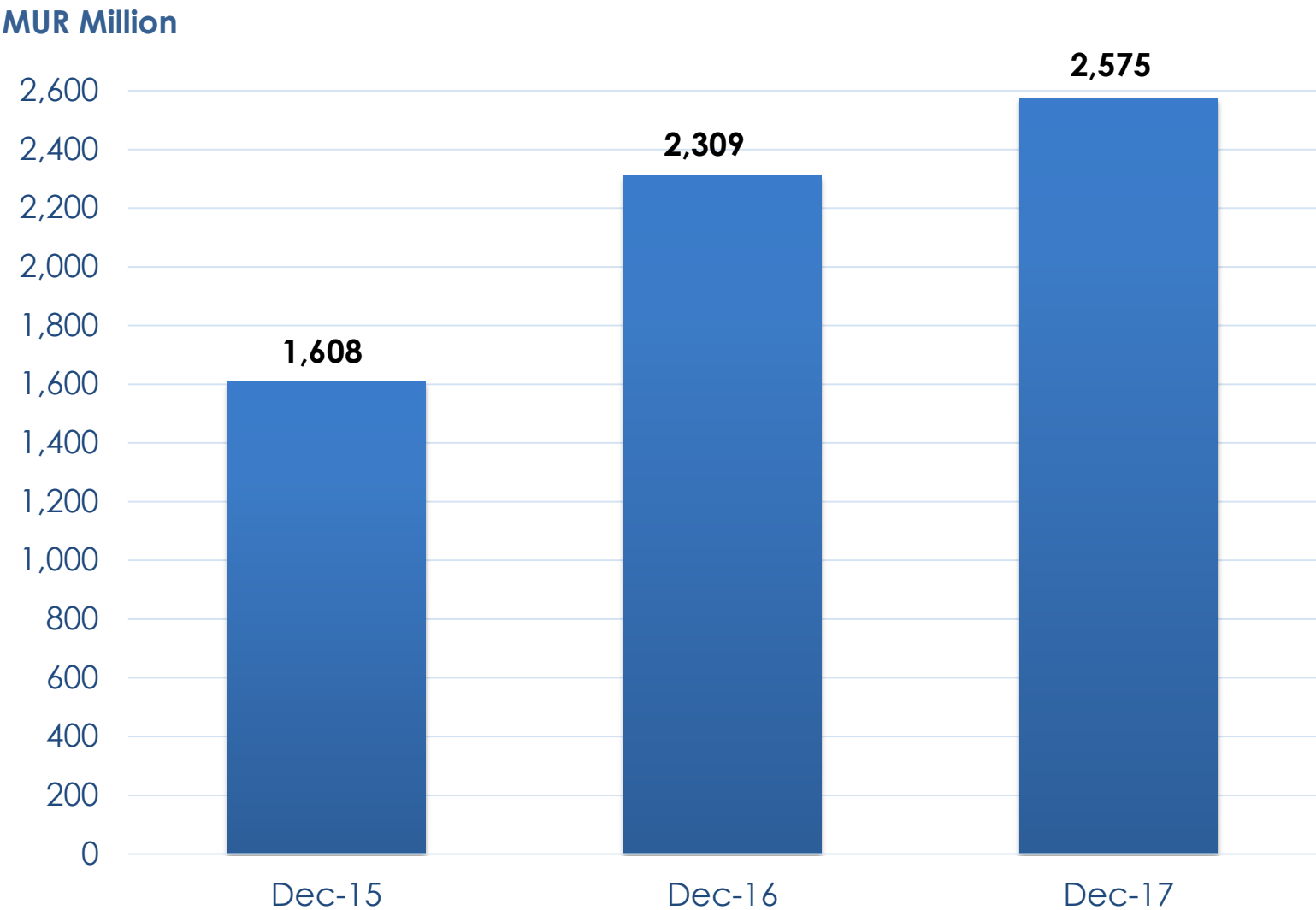
(31 Dec 2016 :  
MUR 6,446 M)

### PROFIT AFTER TAX

MUR **2,575 M**  
31 Dec 2017

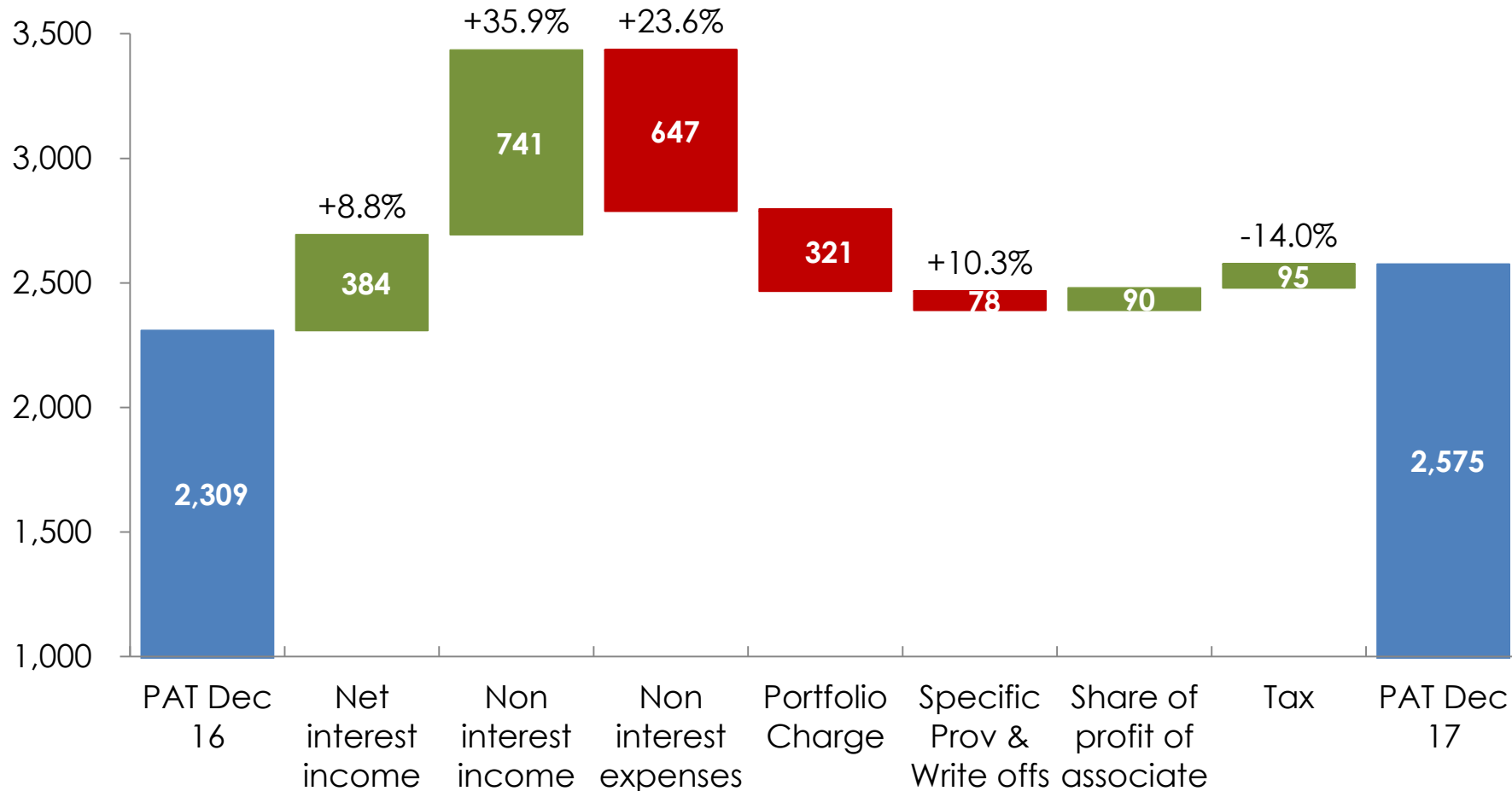
(31 Dec 2016 :  
MUR 2,309 M)

# GROUP PROFIT FOR DECEMBER 2017 INCREASED...

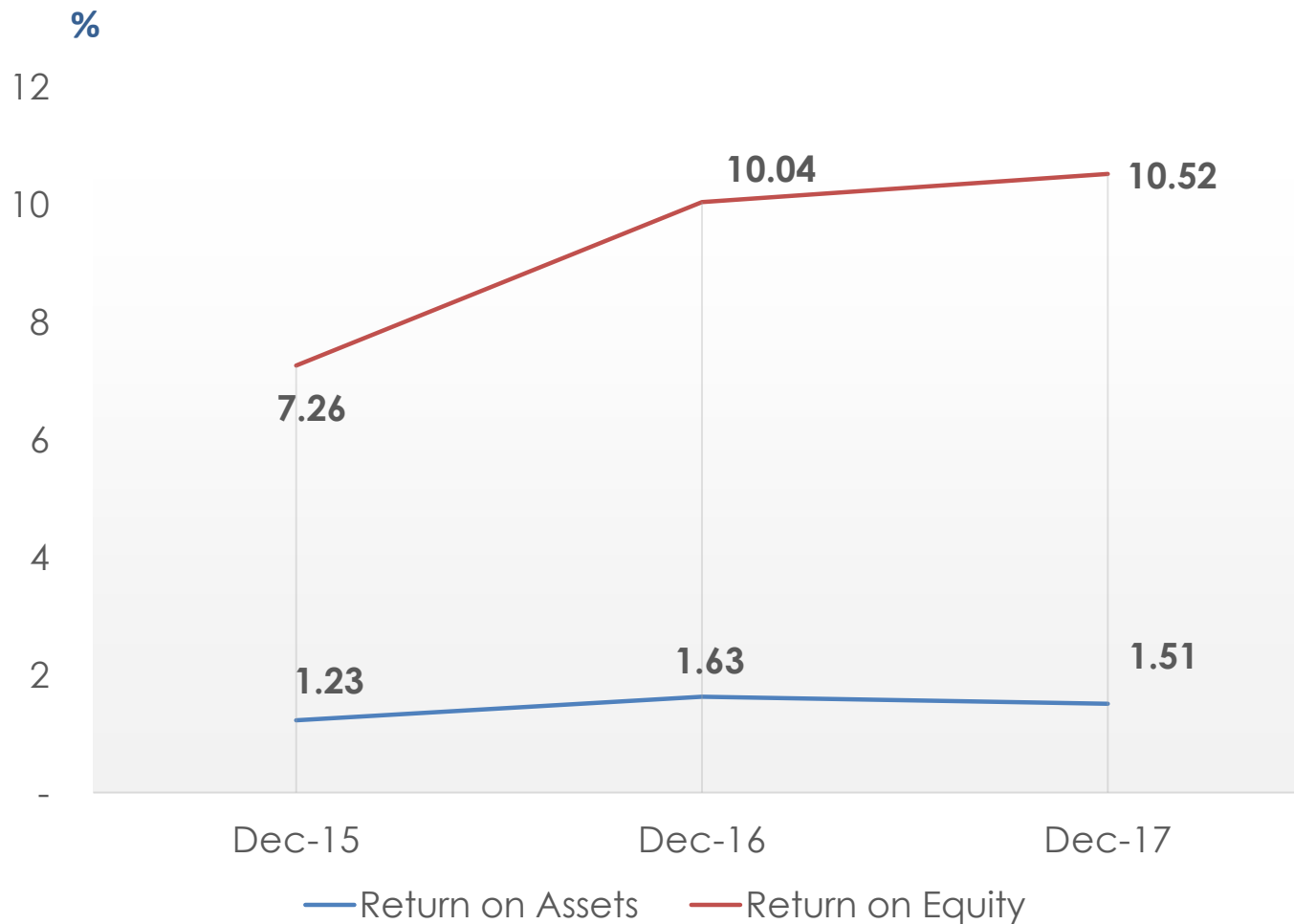


**... MAINLY DUE TO INCREASE IN NET INTEREST INCOME AND NON INTEREST INCOME, TEMPERED BY A SIGNIFICANT RISE IN OPERATING EXPENSES AND PORTFOLIO IMPAIRMENT CHARGES**

**MUR Million**



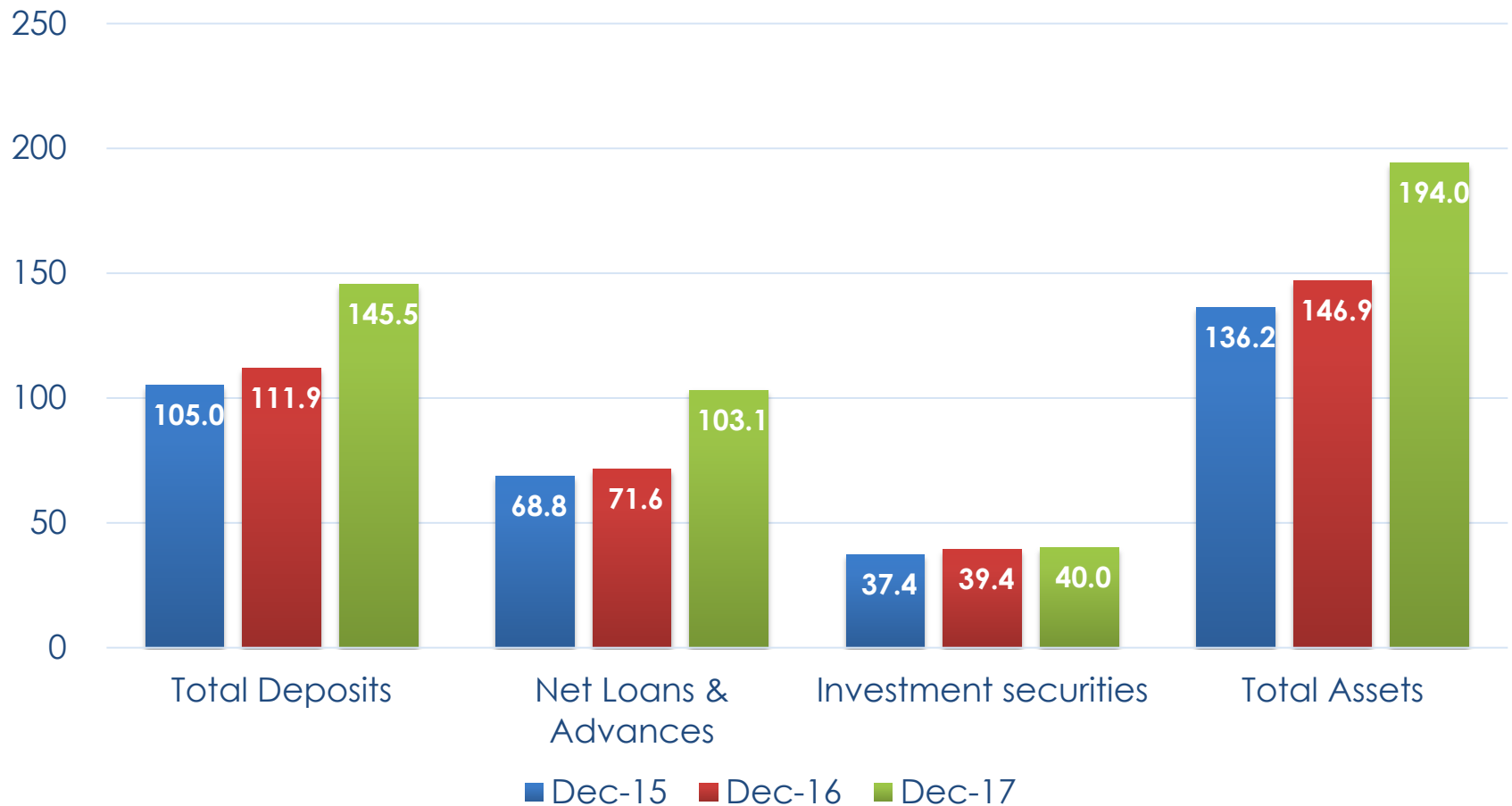
# ROE RECOVERED SLIGHTLY, BUT ROA DROPPED



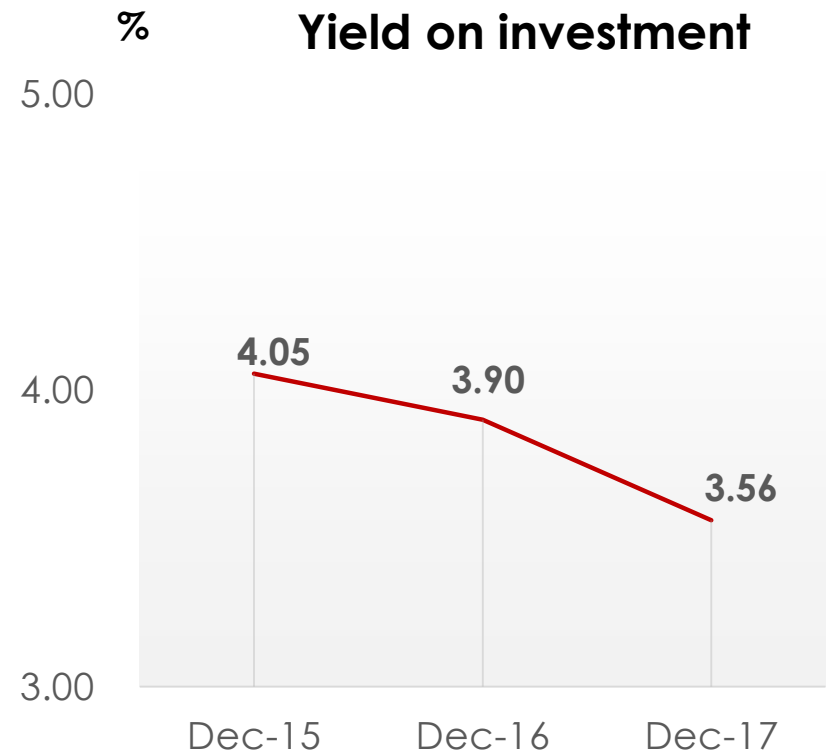
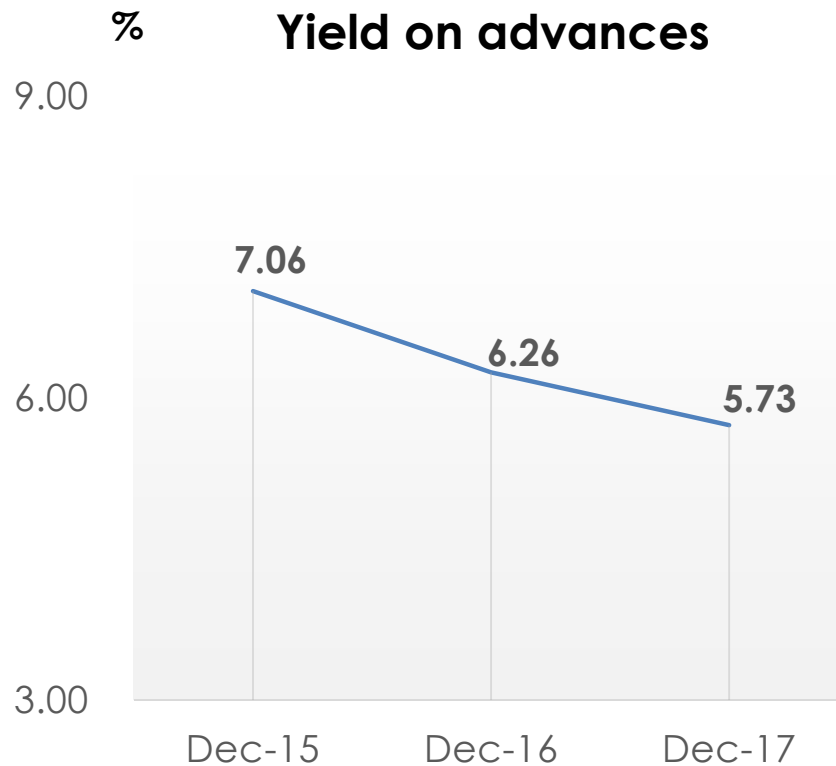


## TOTAL ASSETS GREW SUBSTANTIALLY BY 32% DRIVEN BY SIGNIFICANTLY HIGHER SEGMENT B ASSETS

MUR Billion

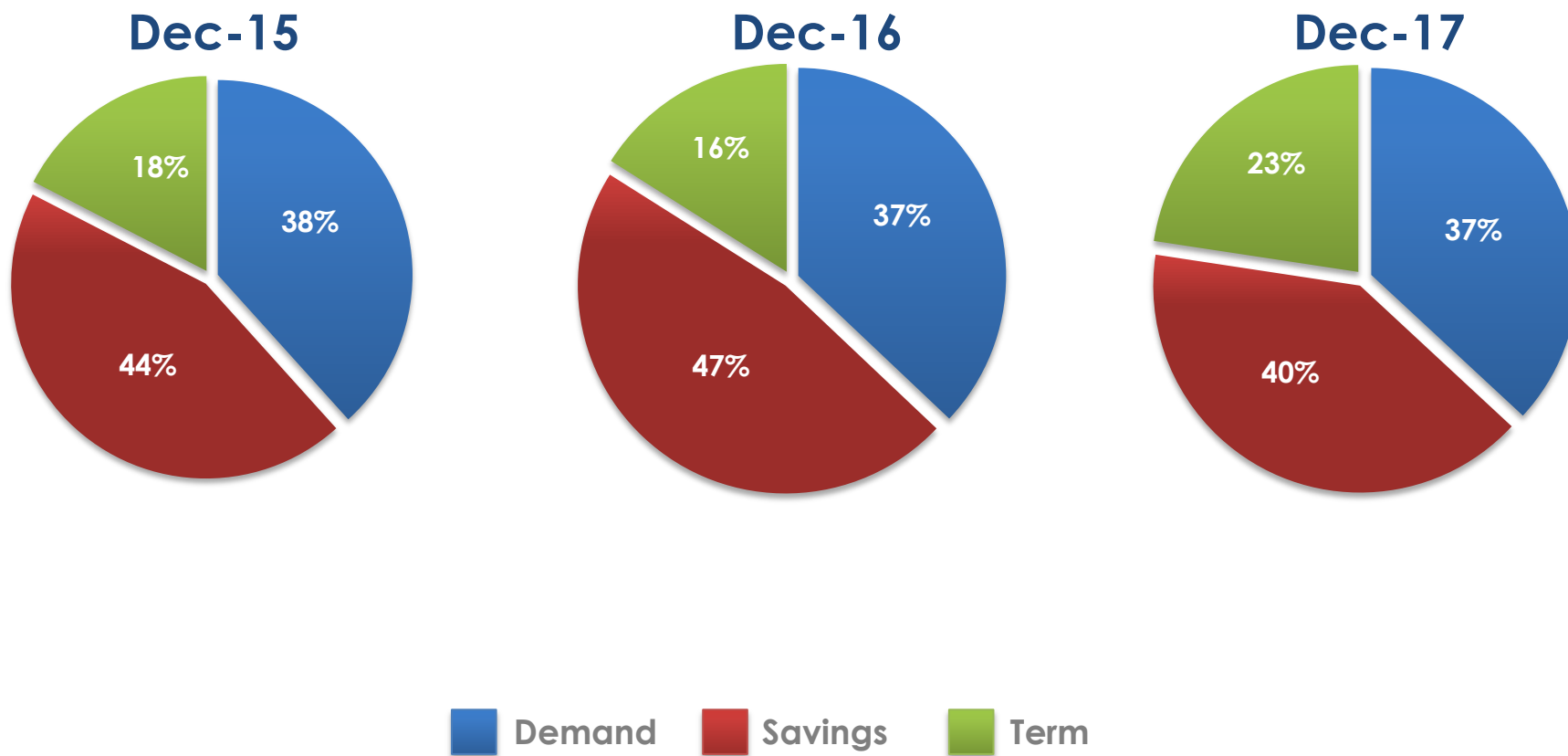


## YIELDS DECLINED DUE TO (i) HIGHER MIX OF SEGMENT B ASSETS (ii) EXCESS LIQUIDITY IN DOMESTIC MARKET AND (iii) DROP IN REPO RATE

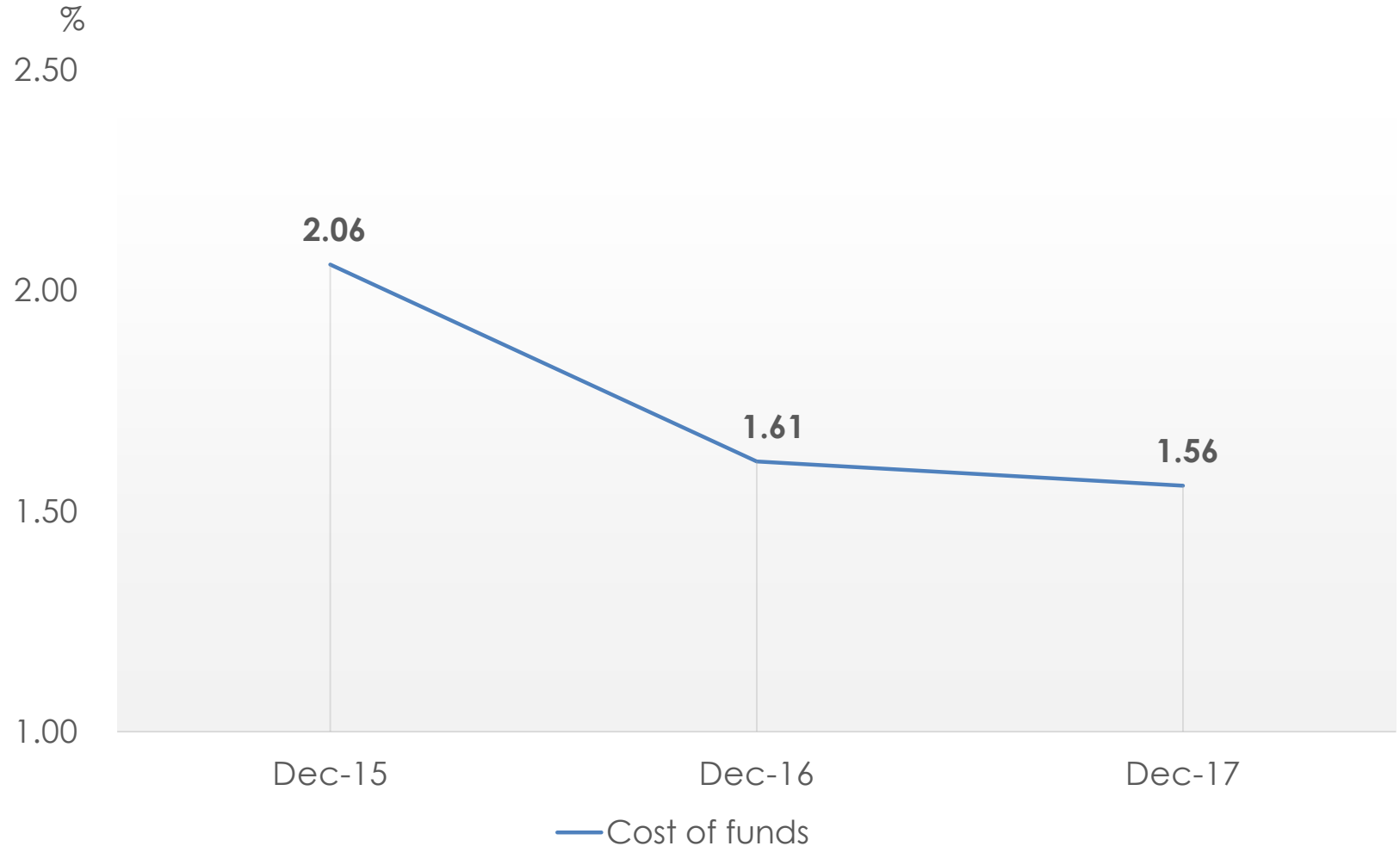


# DEPOSIT MIX REMAINED WELL BALANCED

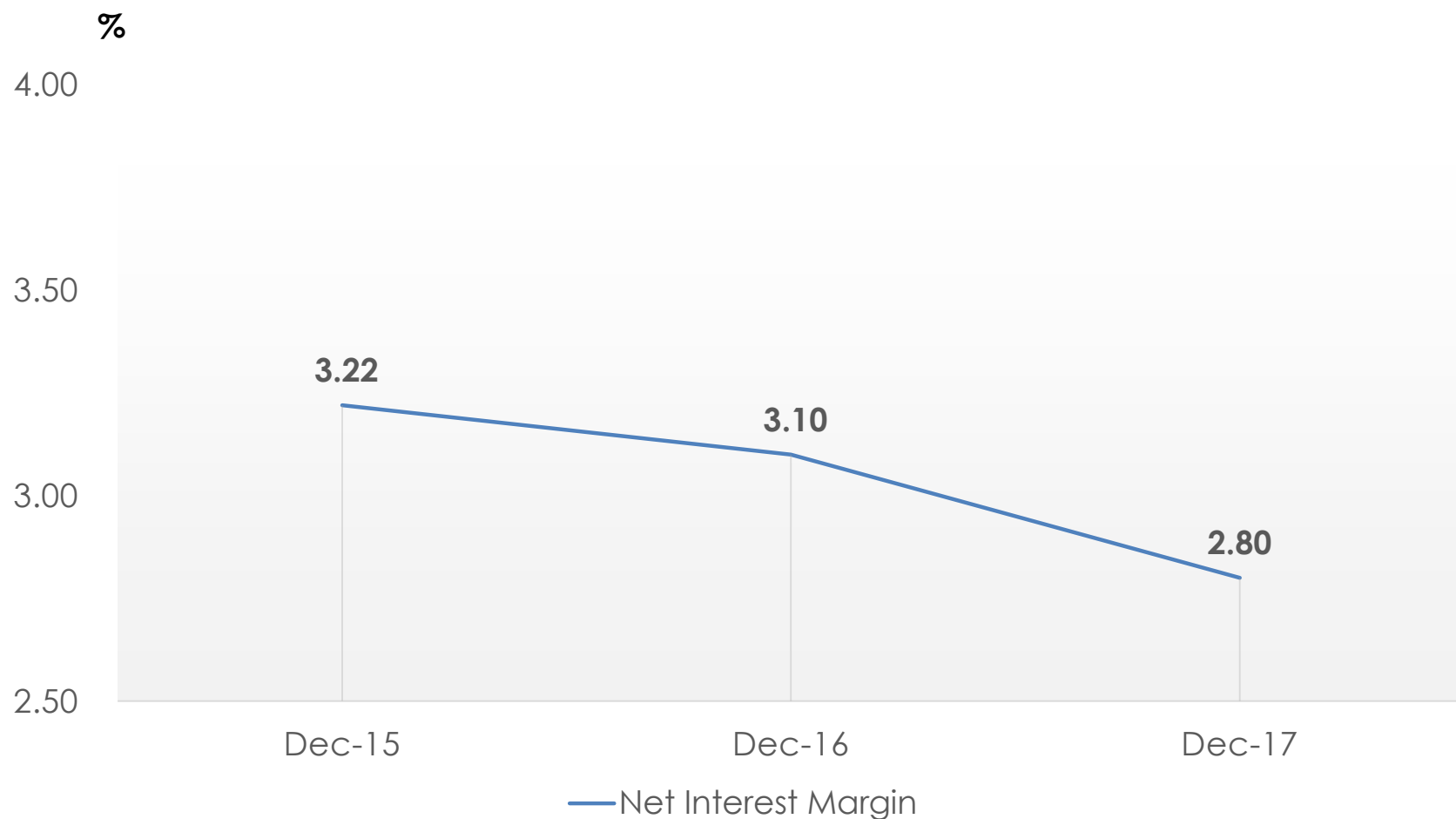
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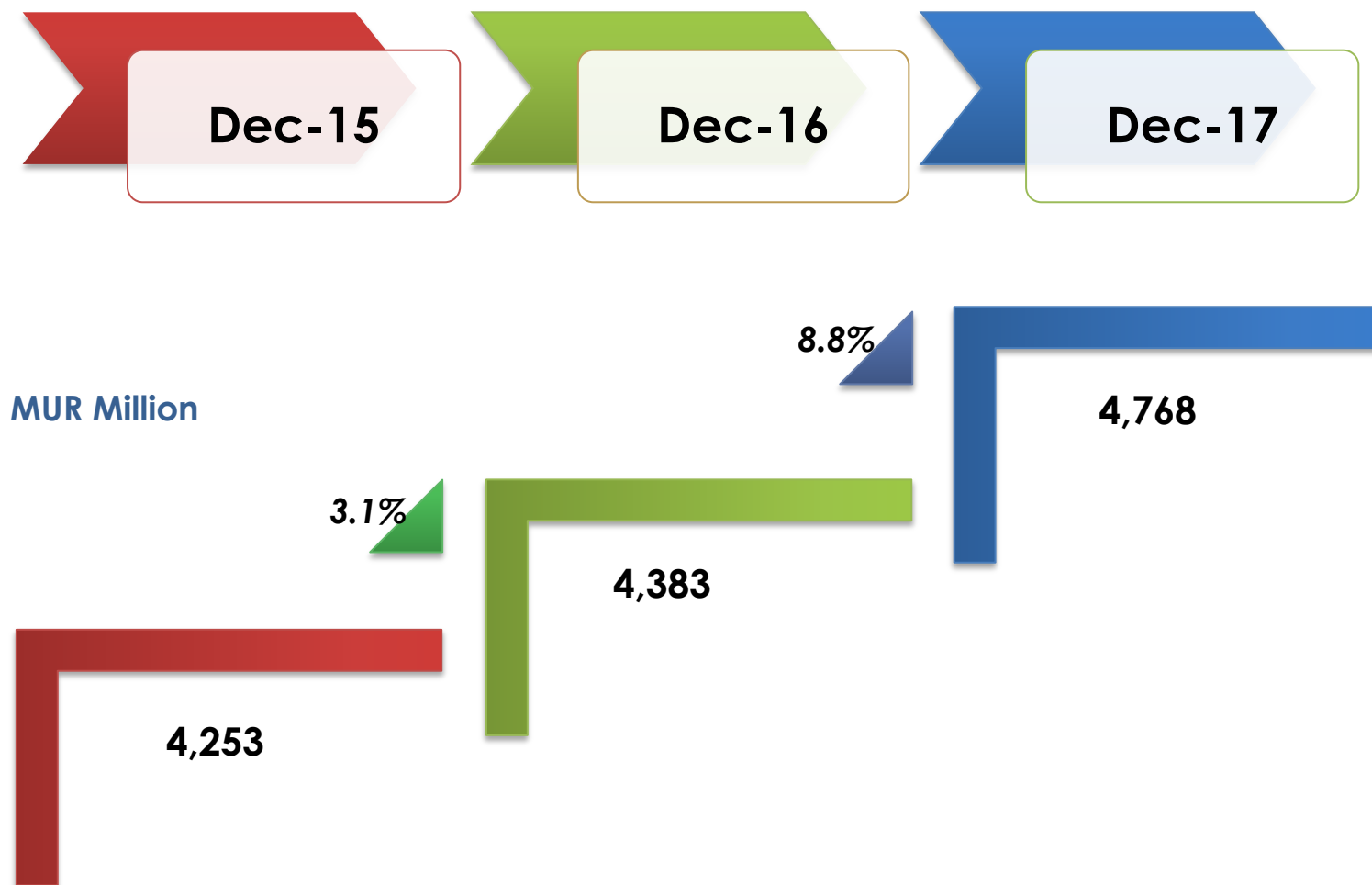
# COST OF FUNDS IMPROVED SLIGHTLY AMIDST HIGH LIQUIDITY AND HIGHER MIX OF FCY DEPOSITS



## OVERALL, NIM NARROWED BY 30 BPS



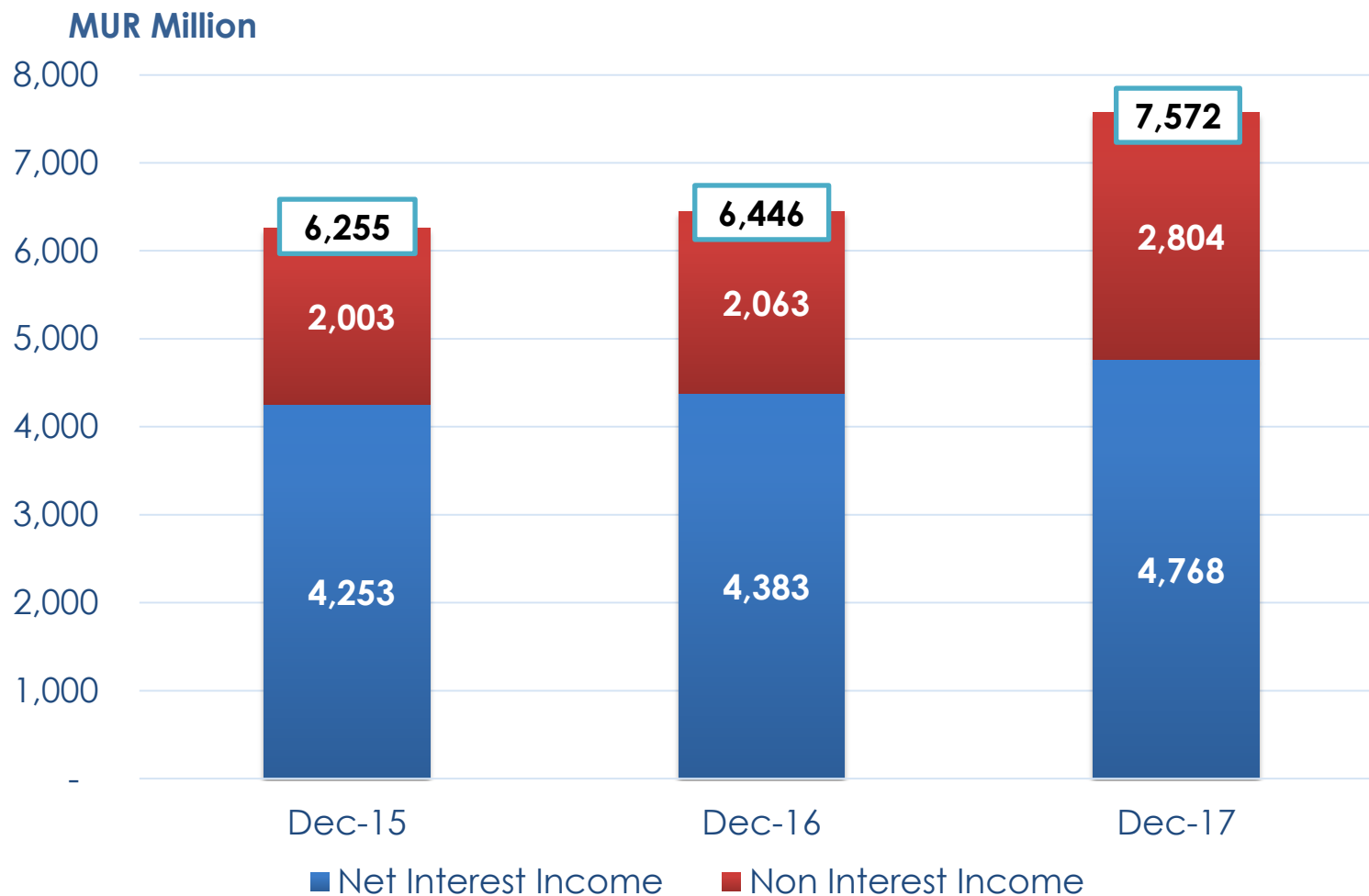
# NONETHELESS, NET INTEREST INCOME RECORDED APPRECIABLE GROWTH ON THE BACK OF THE STRONG ASSETS GROWTH



# NON-INTEREST INCOME WAS SUPPORTED BY AN APPRECIABLE INCREASE IN NET TRADING INCOME AND FEES & COMMISSION

MUR Million	31 Dec 15	31 Dec 16		31 Dec 17
Net Fees & Commission	1,029	1,053	+18%	1,240
Dividend Income	157	39	-45%	22
Net trading income	528	515	+112%	1,093
Other income (e-business, etc.)	289	456	-2%	449
Total Non-Interest Income	2,003	2,063	+36%	2,804

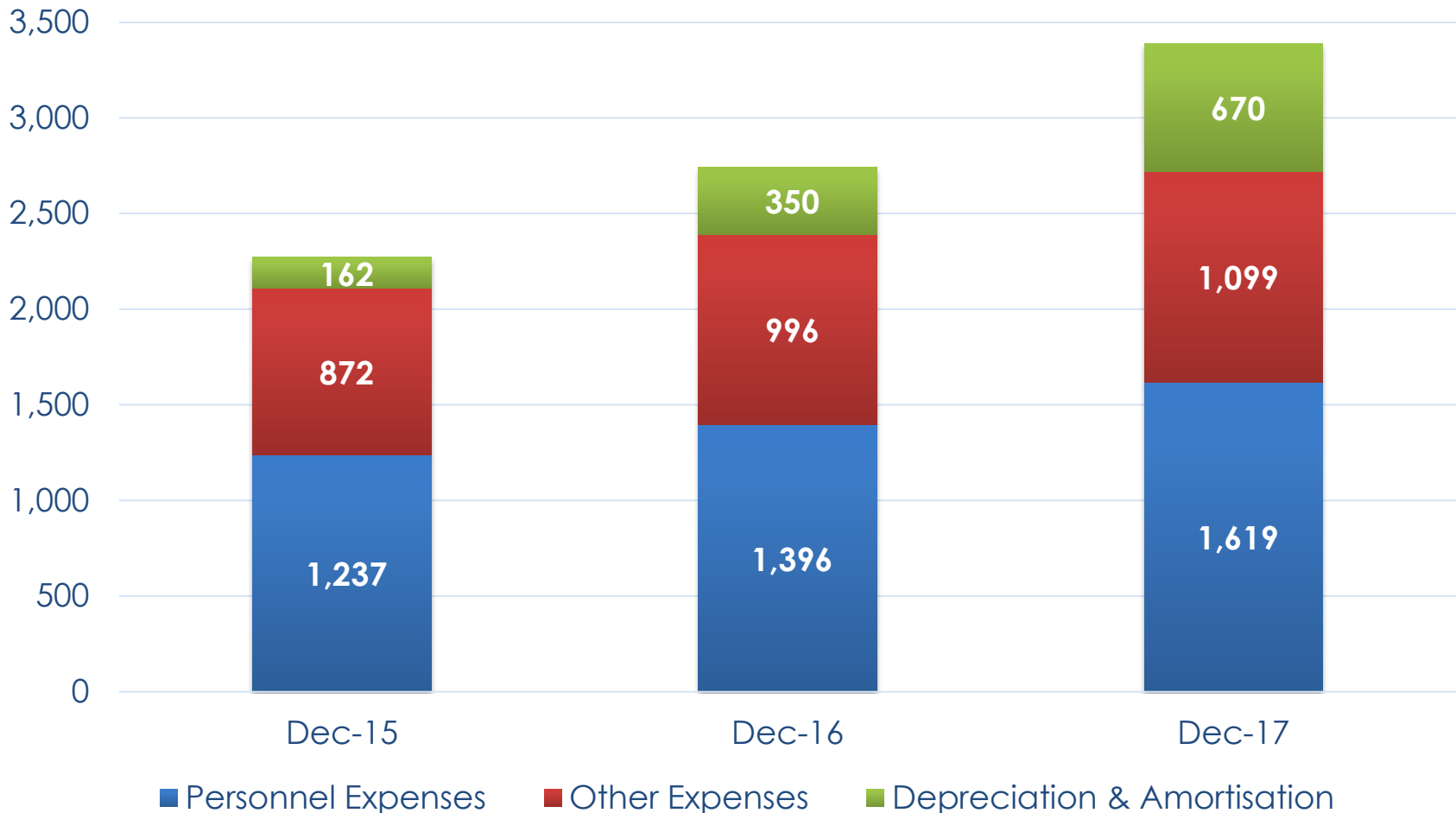
## HENCE, GROSS OPERATING INCOME GREW BY 17.5%





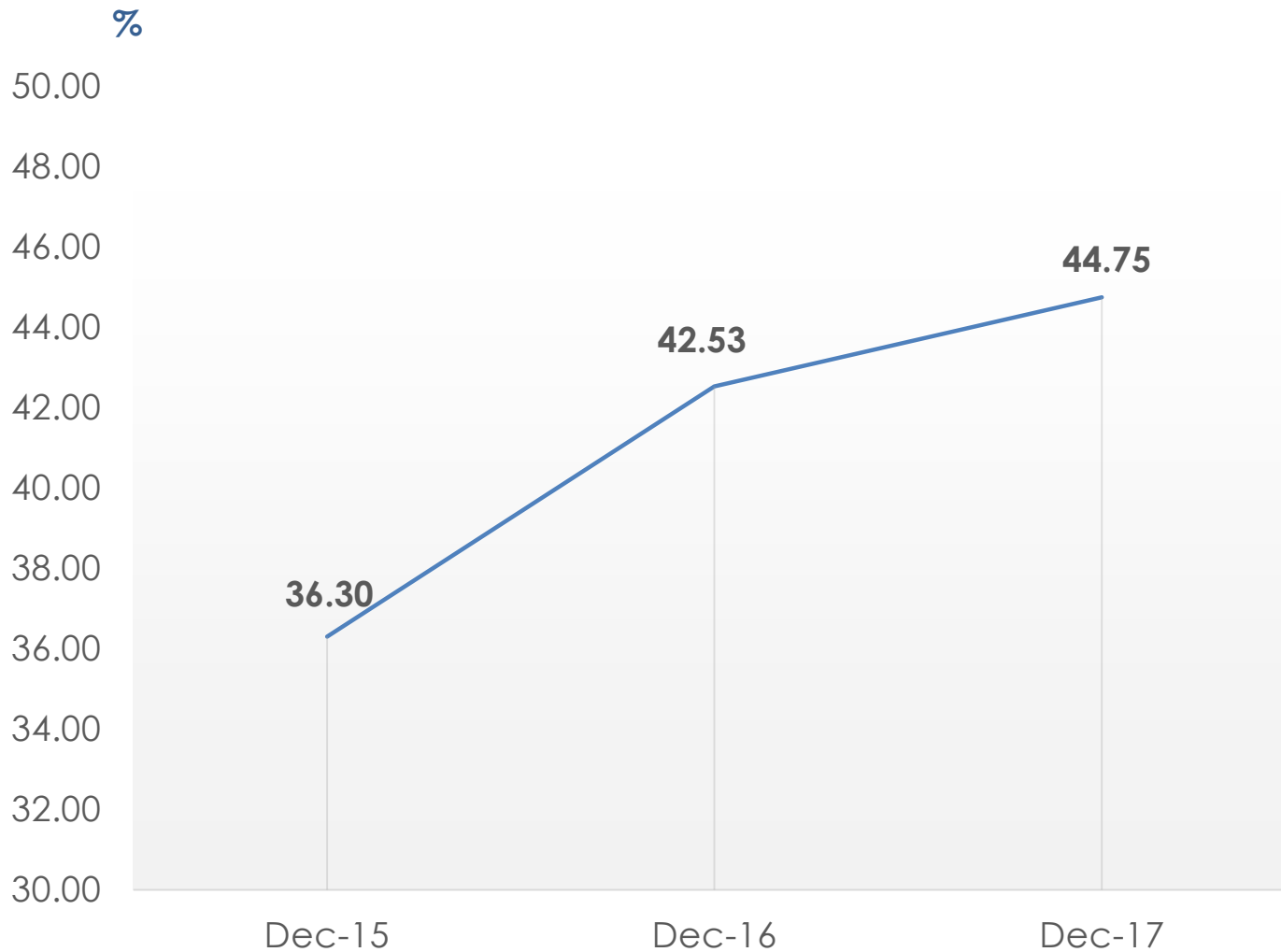
# WHILE NON INTEREST EXPENSES INCREASED SIGNIFICANTLY AMIDST CAPACITY BUILDING INITIATIVES AND CONTINUOUS INVESTMENT IN TECHNOLOGY...

MUR Million

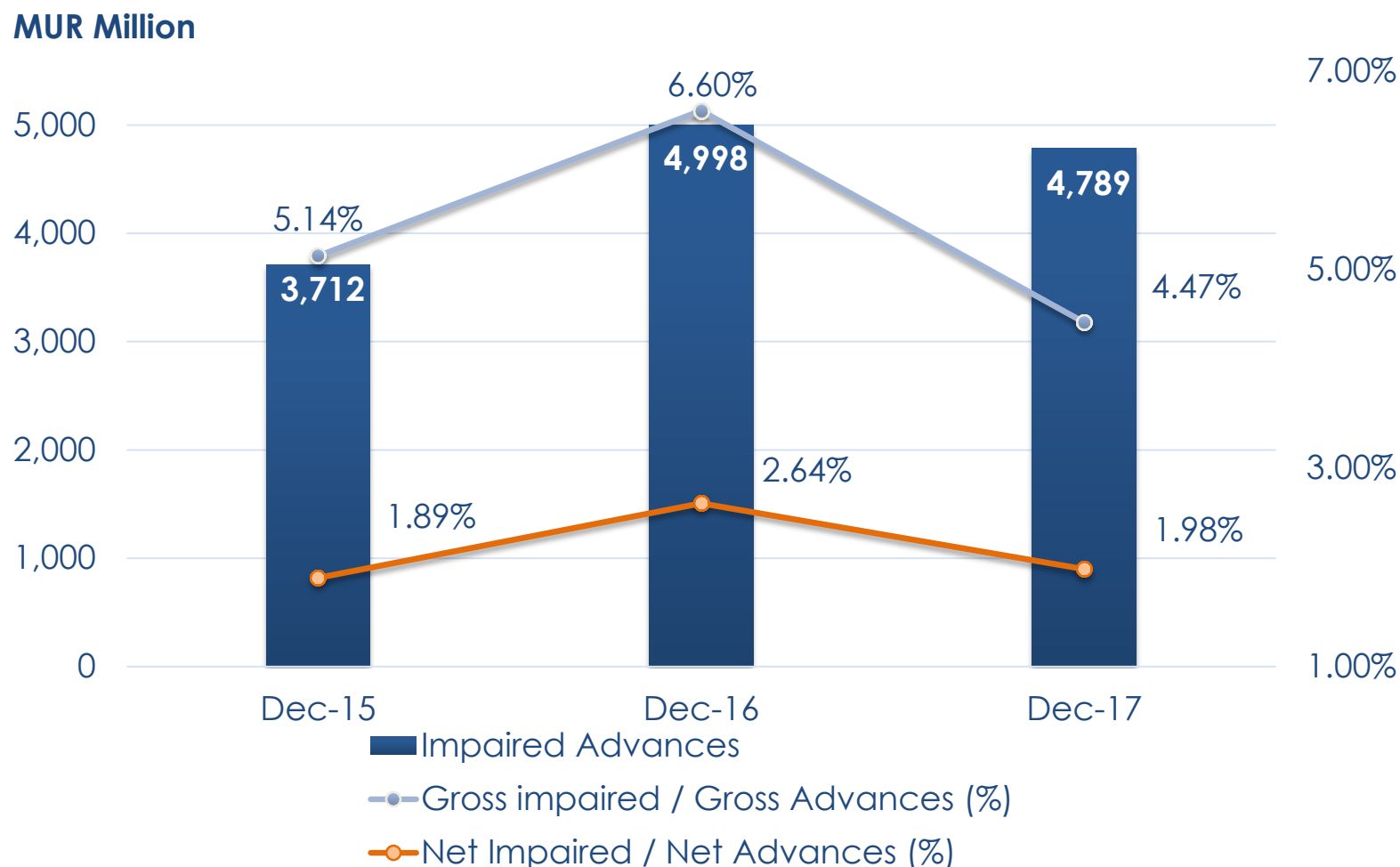


## ... RESULTING IN A RISE IN THE COST TO INCOME RATIO

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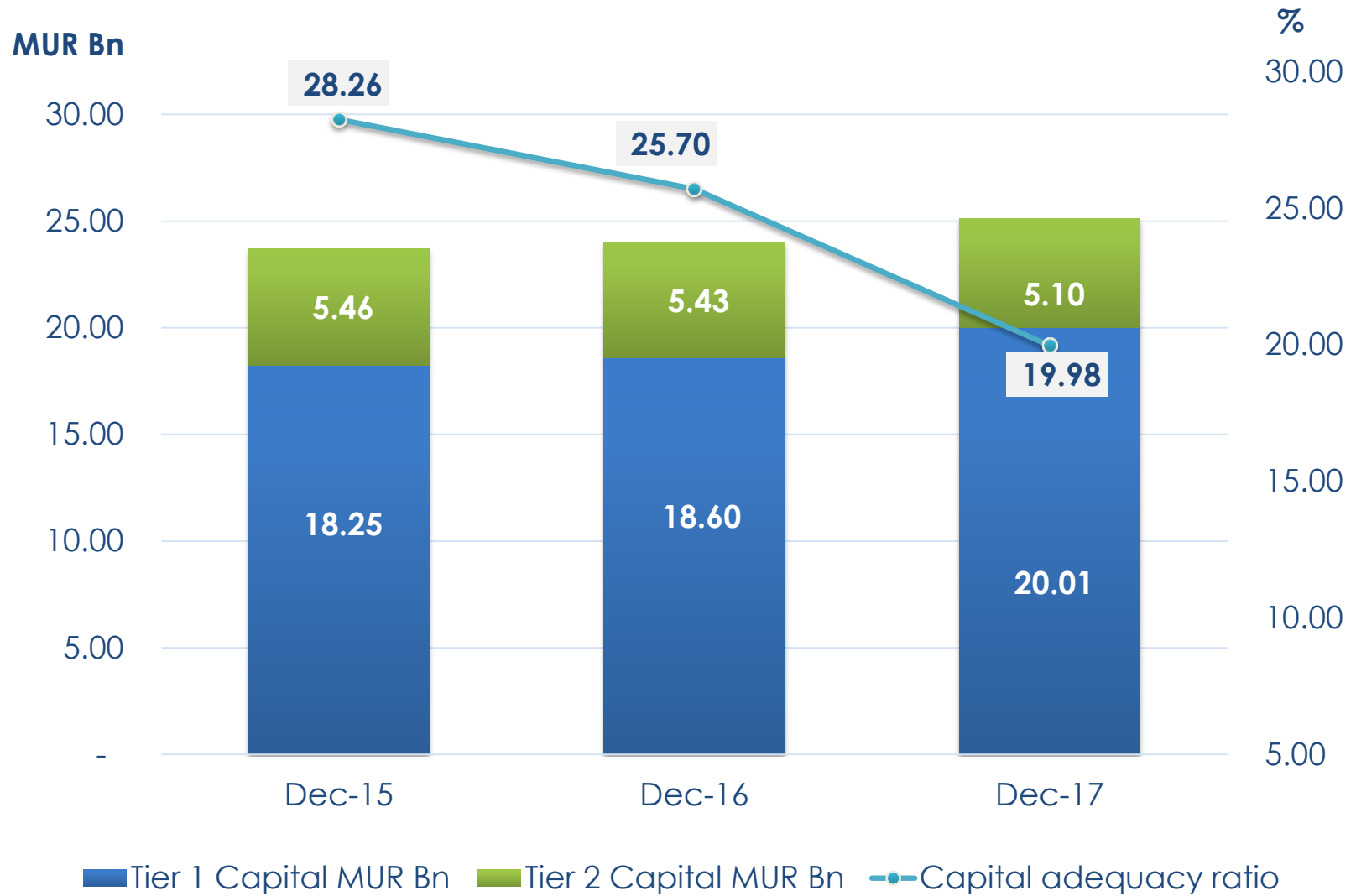


## BOTH GROSS IMPAIRMENT RATIO AND NET IMPAIRED RATIO IMPROVED



For the year ended December 2017, SBM Mauritius Ops and SBM Indian Ops booked write offs of MUR 1.3 Bn and MUR 296 M respectively out of existing provisions.

## CAPITAL ADEQUACY RATIO REMAINED WELL ABOVE REGULATORY REQUIREMENTS, ALBEIT DECREASING IN LINE WITH STRONG ADVANCES GROWTH

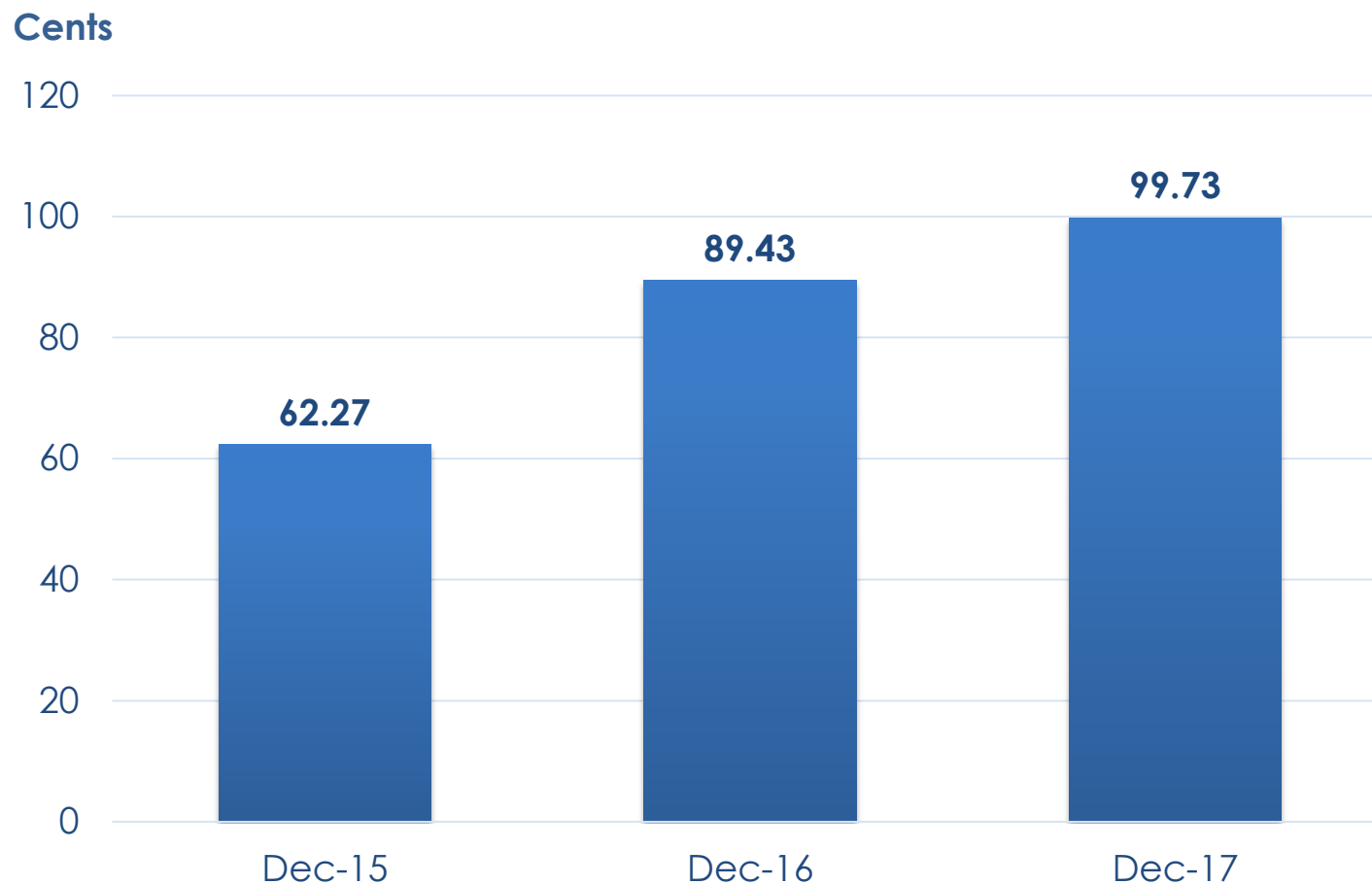


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## EARNINGS PER SHARE IMPROVED, REFLECTING THE PROFIT TREND

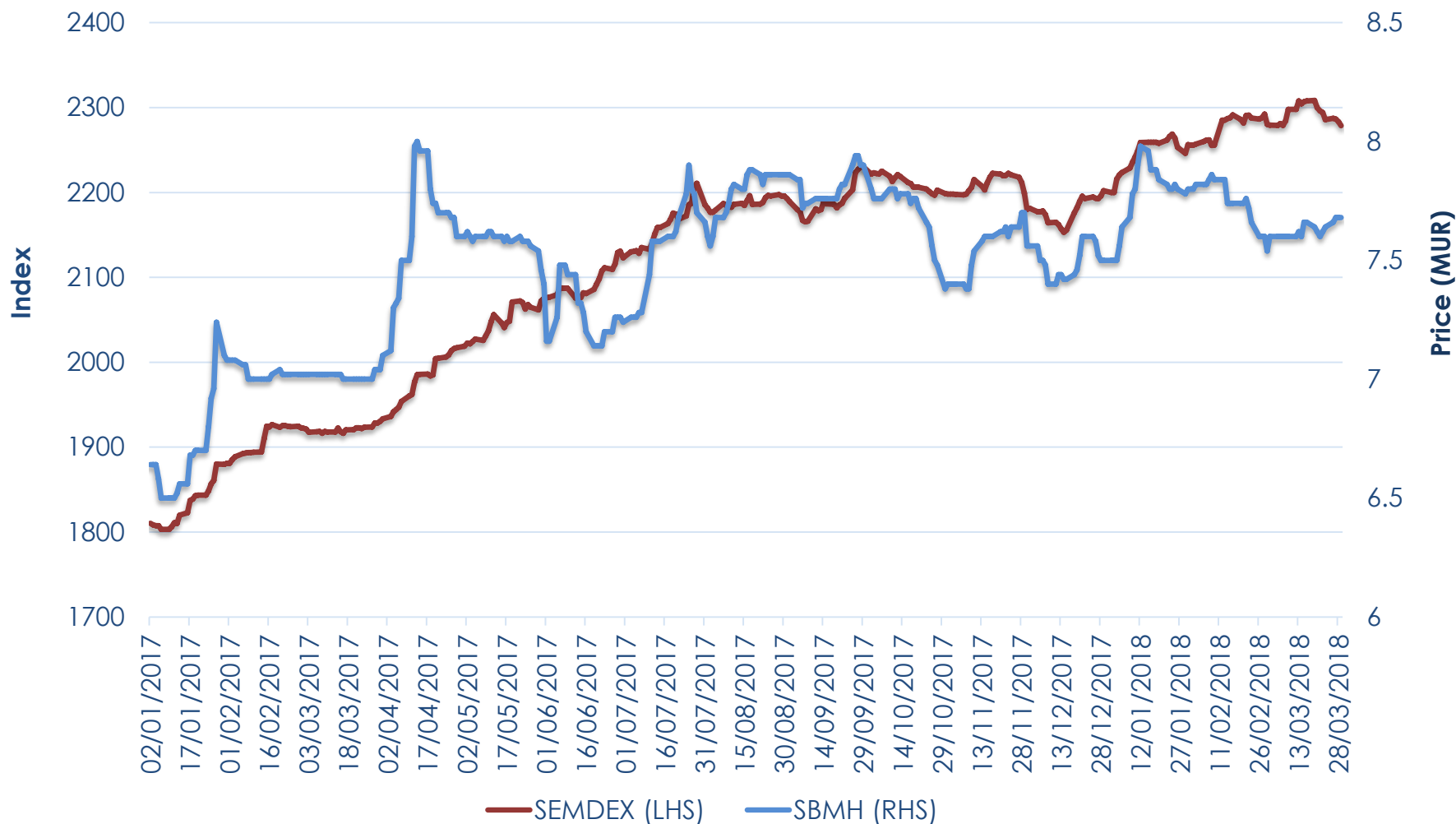
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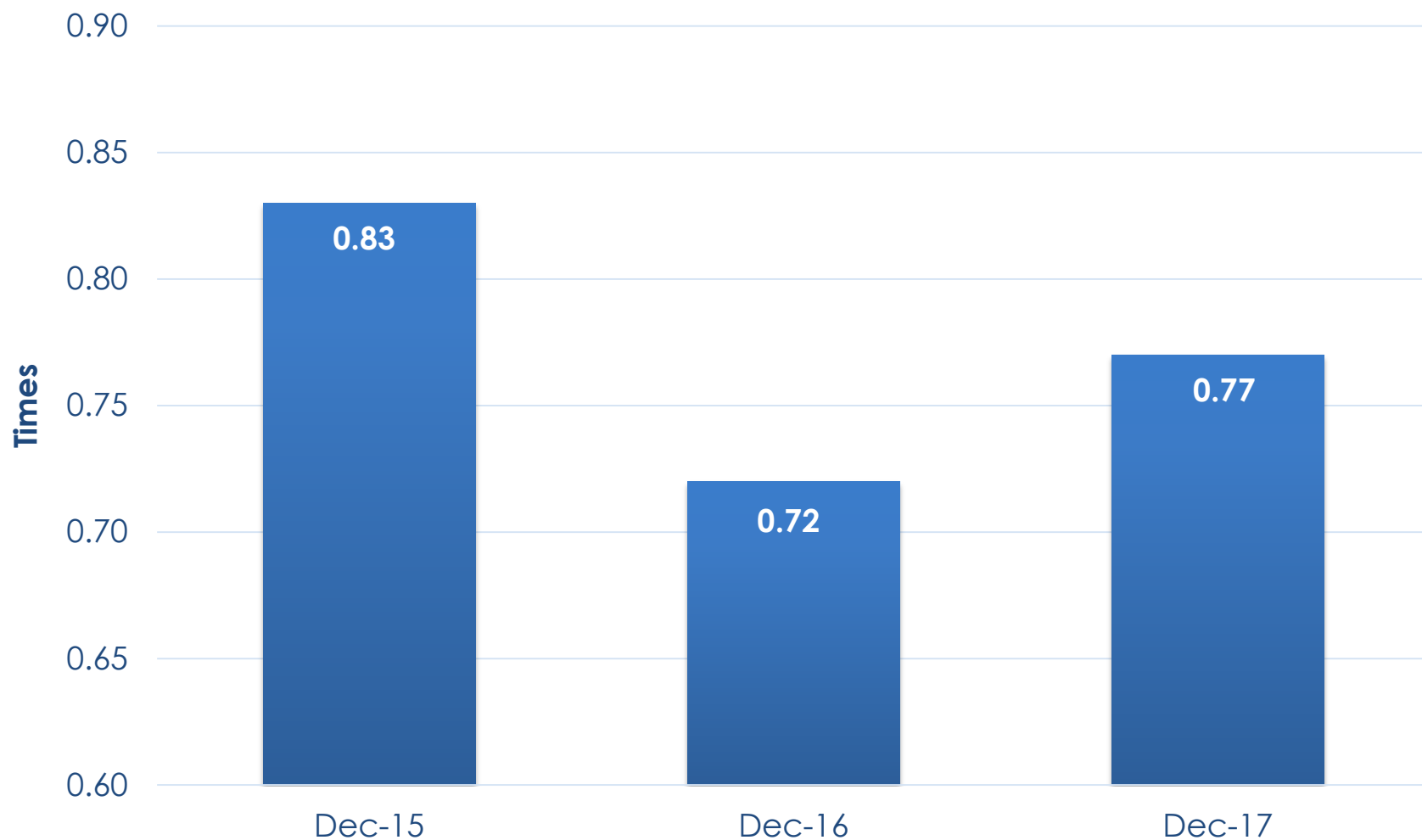
Note: Share information prior to 19 October 2016 has been restated to reflect reverse share split of 10:1 effective that date.

# BUT SHARE PRICE PERFORMANCE CONTINUED TO BE SUBDUED

SBMH (Jan 2017 - Mar 2018)

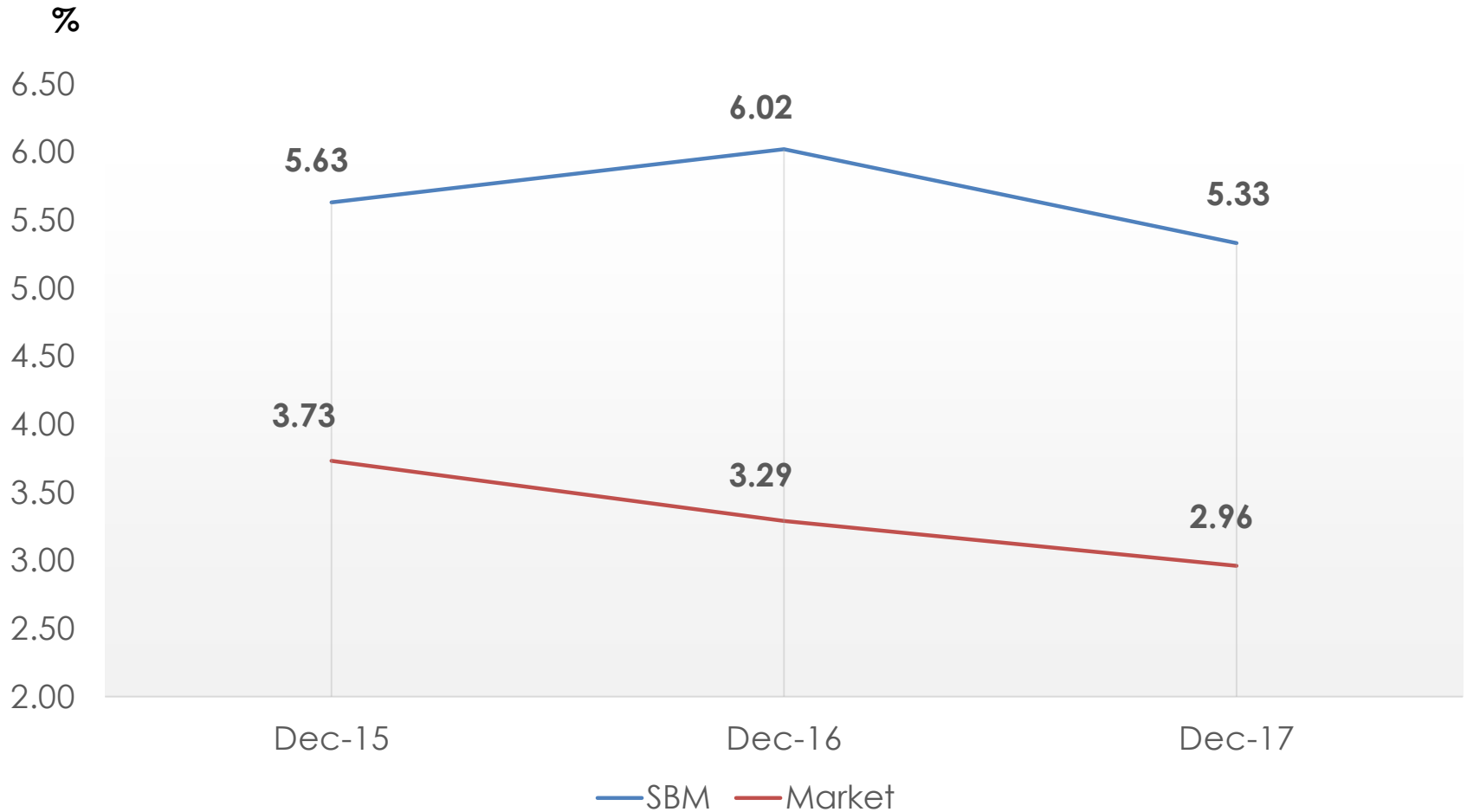


## ...REFLECTED IN A LOW PRICE TO BOOK RATIO

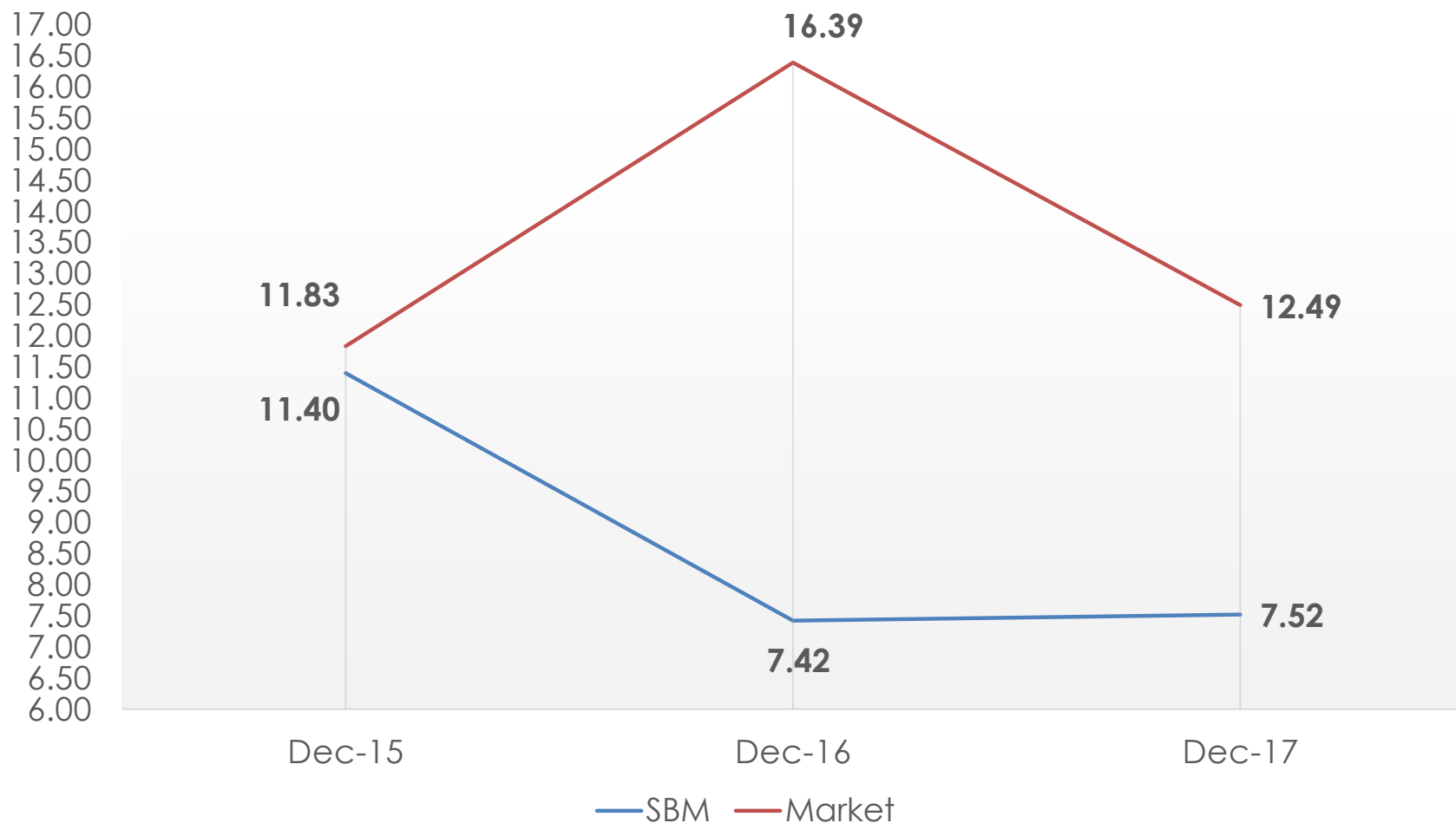




# DIVIDEND YIELD REMAINED STRONG



## ...AND PE RATIO ATTRACTIVE COMPARED TO THE MARKET



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# OUR FOCUS AREAS: MAURITIUS

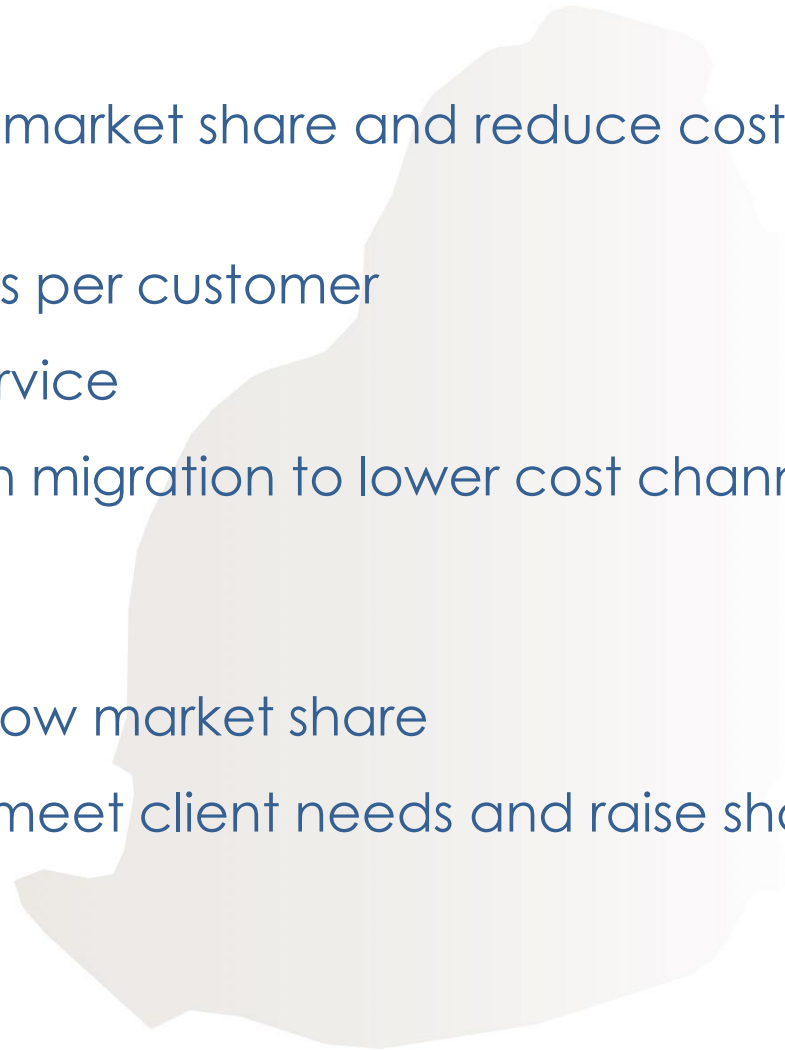
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## Retail Banking

- Digitalisation to sustain/grow market share and reduce cost of operations
- Cross-selling to grow products per customer
- Improve level of customer service
- Reduce cost to serve through migration to lower cost channels

## Domestic Corporates and SMEs

- Sales process efficiency to grow market share
- Move up the value chain to meet client needs and raise share of fee-based income



# OUR FOCUS AREAS: MAURITIUS

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## International Banking

- Leverage international presence
- Cross-selling across Group entities

## Private Banking & Wealth Management

- Product and market diversification

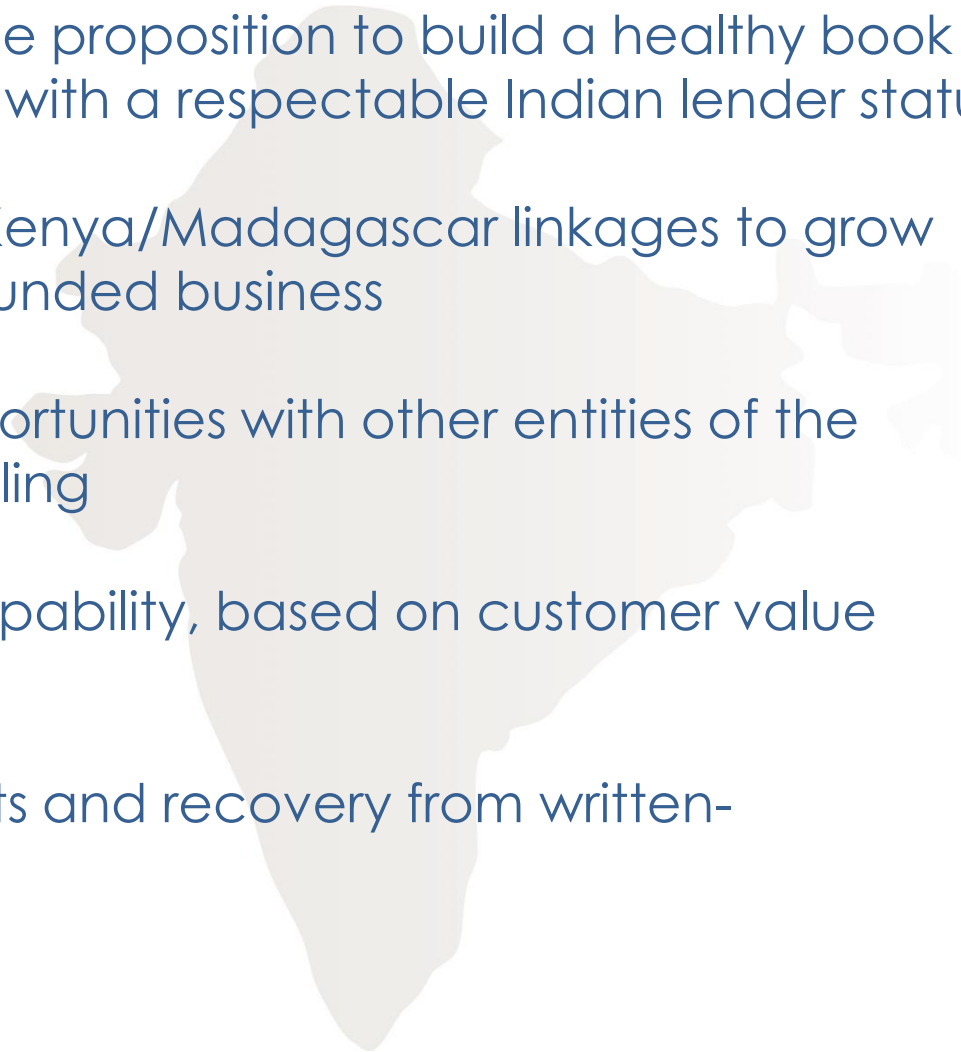
## Non-Banking Financial Services

- Product development and product scale
- Synergy with other entities of the Group
- Investment banking deals



## OUR FOCUS AREAS: INDIA

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- Revamp customer value proposition to build a healthy book and gain market share with a respectable Indian lender status
  - Exploit India/Mauritius/Kenya/Madagascar linkages to grow both funded and non-funded business
  - Tap into synergistic opportunities with other entities of the Group through cross-selling
  - Grow presence and capability, based on customer value proposition
  - Manage impaired assets and recovery from written-off/provisioned assets
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## OUR FOCUS AREAS: KENYA

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- Stabilisation and integration (subject to deal completion)
- Take advantage of the combined strength to grow business in the target segments
- Tap into synergetic opportunities with other entities of the Group
- Align policies to Group policies, particularly in areas of risk and compliance



## OUR FOCUS AREAS: MADAGASCAR

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- Low-risk business focus
- Accompany Mauritian customers doing business in Madagascar
- Cross-sell HNWLs and Corporates to Mauritius banking and non-banking





# OUR FOCUS AREAS: KEY ENABLERS

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## HR

- Improved capabilities in selected growth areas
- Enhanced organisational culture
- Recruit, retain and reward top talent

## Technology

- Pursue digitalisation agenda
- Manage IT costs and cost of change
- Optimise distribution channels

## Organisation and Governance Framework

- Revamped group organisation and governance structure to enable accountability and synergy

## Risk Management

- Align risk appetite to strategy
- Improve risk culture
- End to end credit process review

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# QUESTIONS & ANSWERS

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# *THANK YOU*

