

SBM HOLDINGS LTD

ANALYST MEETING

04 APRIL 2019



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AGENDA

- Financial Highlights
- Progress on Strategy
- Q & A

The image features three stylized bar shapes on the left side. The first bar is dark blue and has a height of approximately 40%. The second bar is also dark blue and is the tallest, reaching approximately 80%. The third bar is light blue and has a height of approximately 50%. The text 'FINANCIAL HIGHLIGHTS' is positioned to the right of these bars.

FINANCIAL HIGHLIGHTS

SBM GROUP

KEY FINANCIAL HIGHLIGHTS



TOTAL ASSETS

MUR **226.37 billion**
31 Dec 2018

31 Dec 2017
MUR 194.02 billion



TOTAL DEPOSITS

MUR **170.10 billion**
31 Dec 2018

31 Dec 2017
MUR 145.54 billion



NET LOANS & ADVANCES

MUR **102.11 billion**
31 Dec 2018

31 Dec 2017
MUR 103.13 billion



TOTAL LIABILITIES

MUR **202.20 billion**
31 Dec 2018

31 Dec 2017
MUR 168.86 billion



SHAREHOLDERS' EQUITY

MUR **24.18 billion**
31 Dec 2018

31 Dec 2017
MUR 25.16 billion








CAPITAL ADEQUACY RATIO

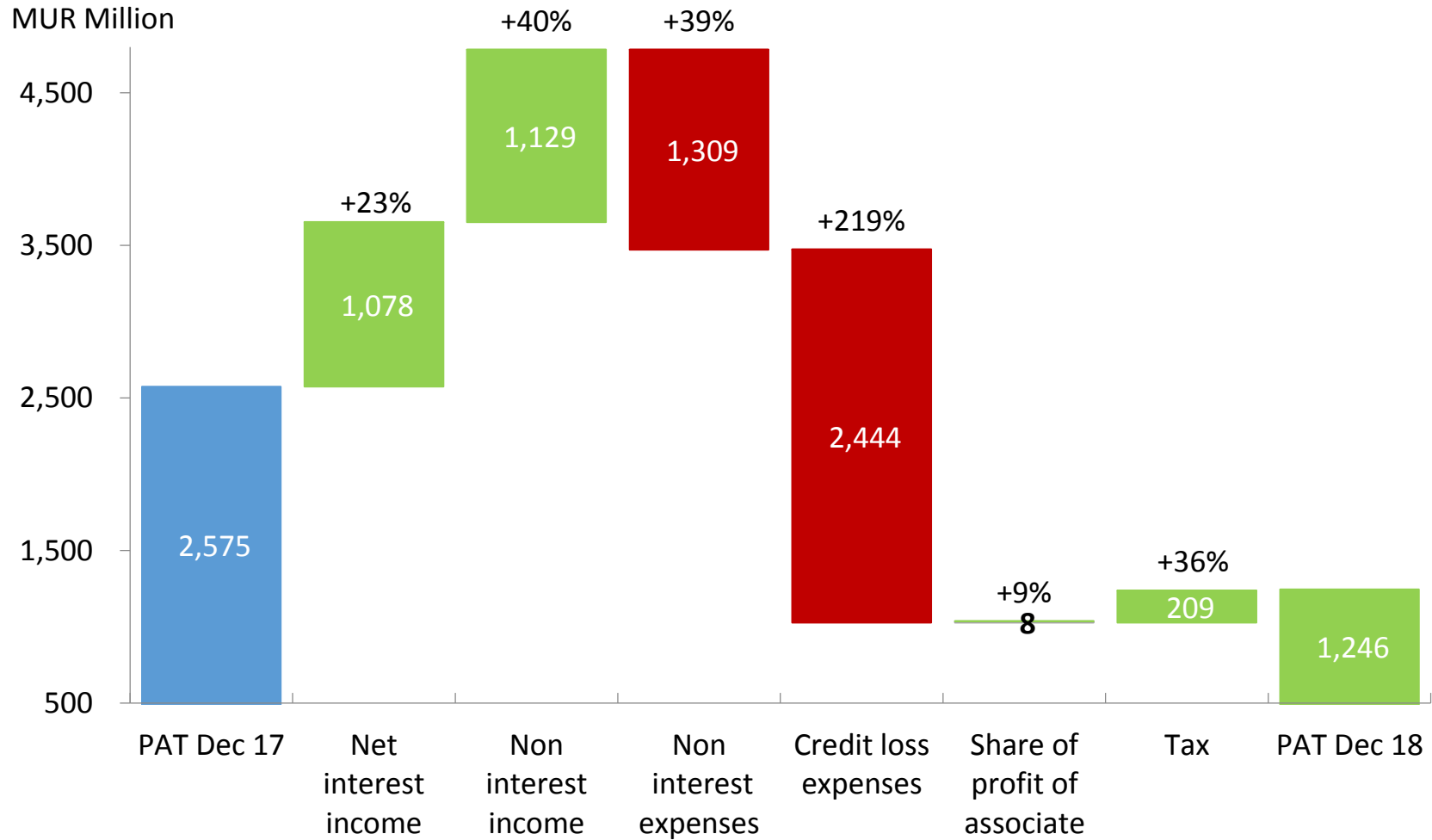
24.63%
31 Dec 2018

31 Dec 2017
19.98%

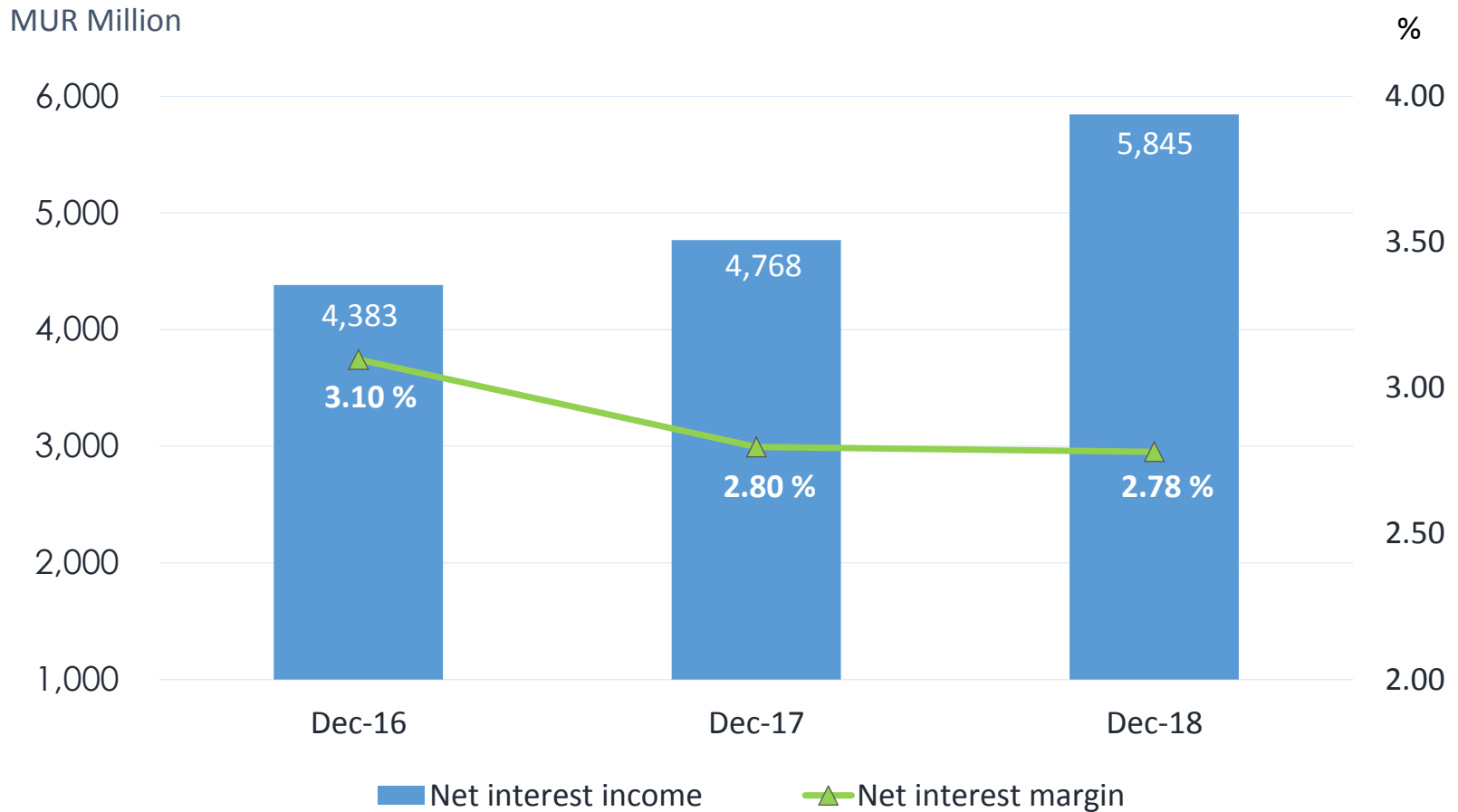


NET INTEREST INCOME	NON INTEREST INCOME	OPERATING INCOME	PRE-IMPAIRMENT PROFIT	PROFIT AFTER TAX
<p>MUR 5,845 M</p> <p>(31 Dec 2017: MUR 4,768 M)</p> <p> by 22.6%</p>	<p>MUR 3,933 M</p> <p>(31 Dec 2017 : MUR 2,804 M)</p> <p> by 40.3%</p>	<p>MUR 9,778 M</p> <p>(31 Dec 2017 : MUR 7,572 M)</p> <p> by 29.1%</p>	<p>MUR 5,081 M</p> <p>(31 Dec 2017 : MUR 4,184 M)</p> <p> by 21.4%</p>	<p>MUR 1,246 M</p> <p>(31 Dec 2017 : MUR 2,575 M)</p> <p> by 51.6%</p>

PROFIT AFTER TAX DROPPED TO MUR 1,246M MOSTLY DUE TO EXCEPTIONALLY HIGH CREDIT LOSS IN SEGMENT B

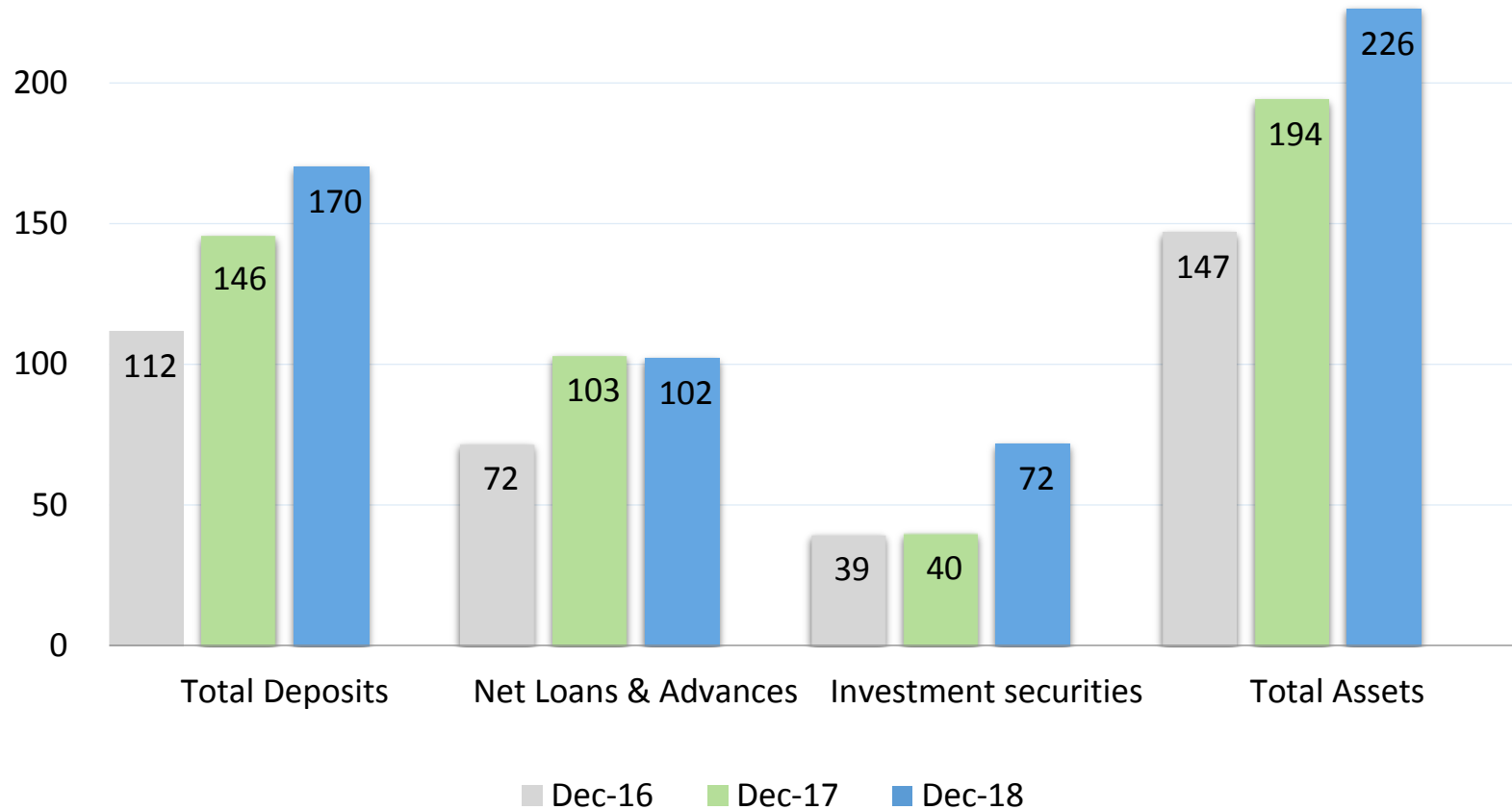


NET INTEREST INCOME UP BY 22.6% DRIVEN PRIMARILY BY GROWTH IN AVERAGE ADVANCES & IN INVESTMENT SECURITIES

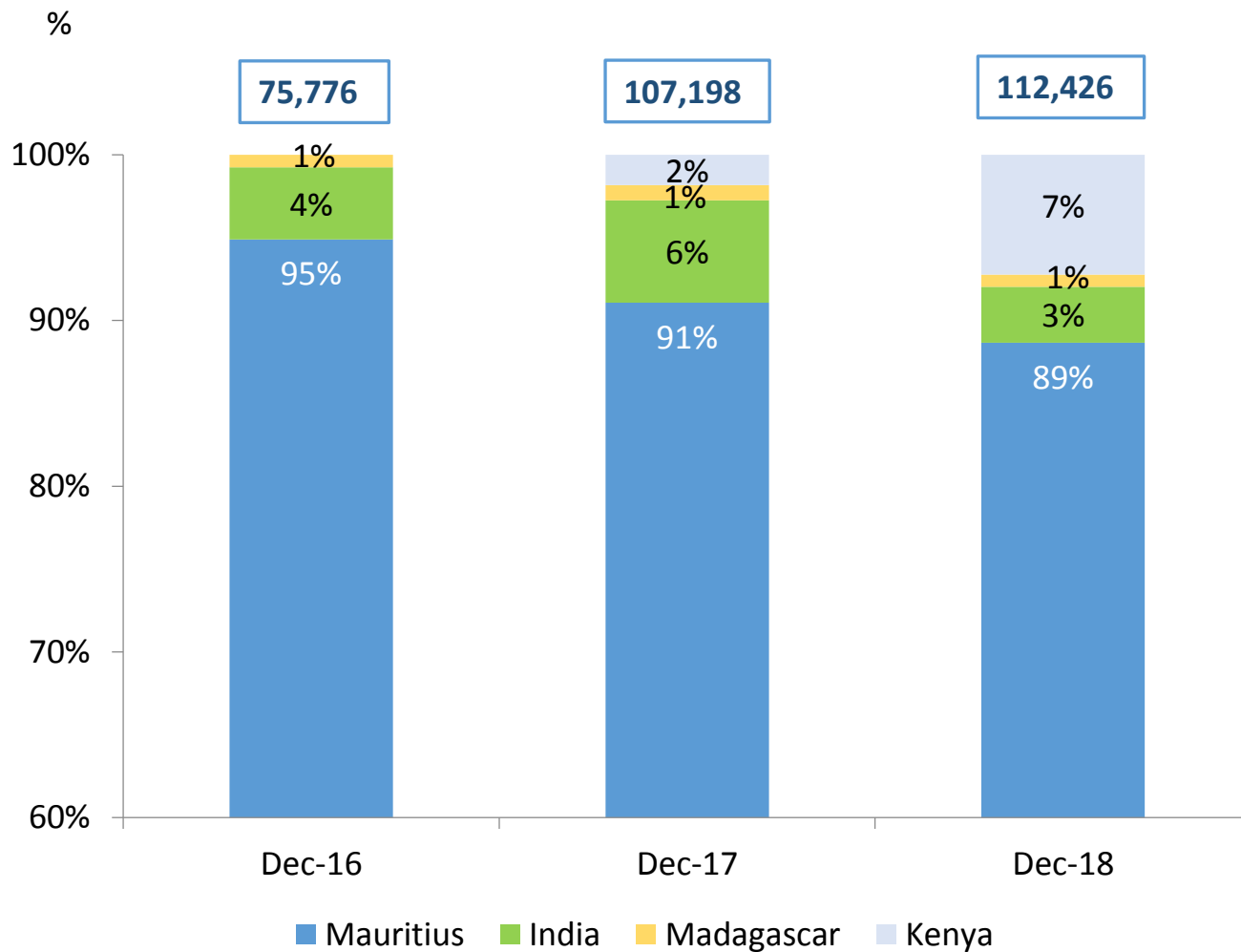


TOTAL ASSETS GROWTH OF 17% AS A RESULT OF TAKE-OVER OF THE CARVED OUT ASSETS AND LIABILITIES OF CBLR AND ALSO HIGHER INVESTMENT IN SECURITIES FOR THE DOMESTIC BANK

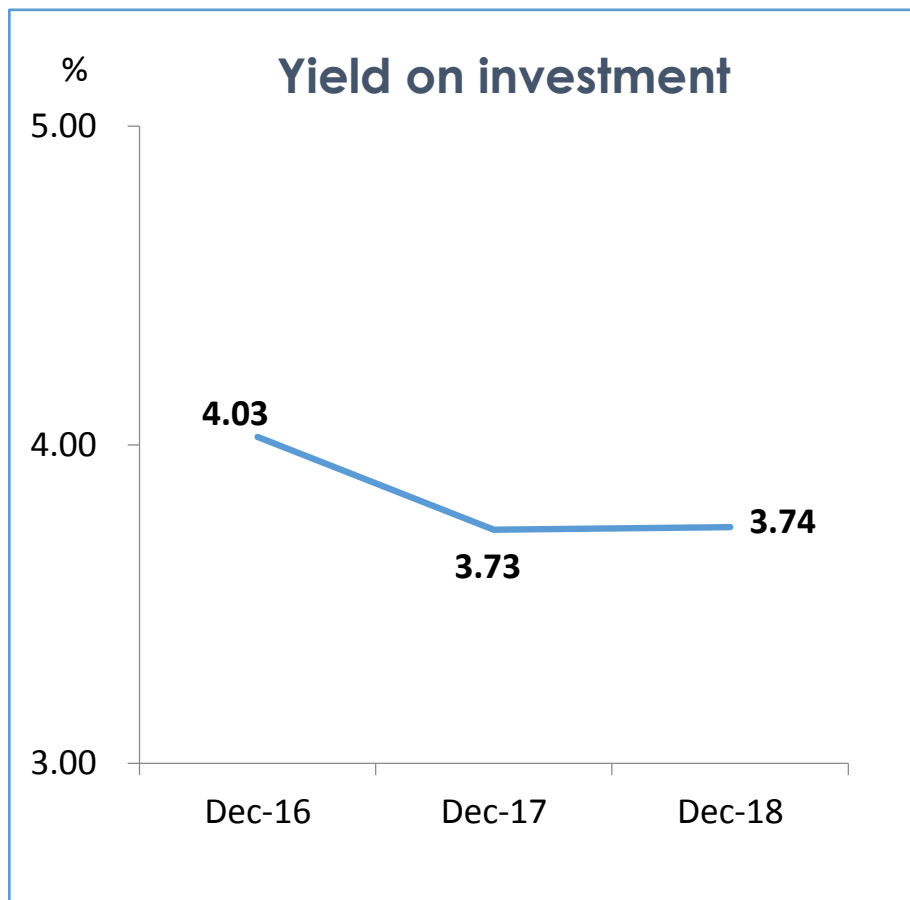
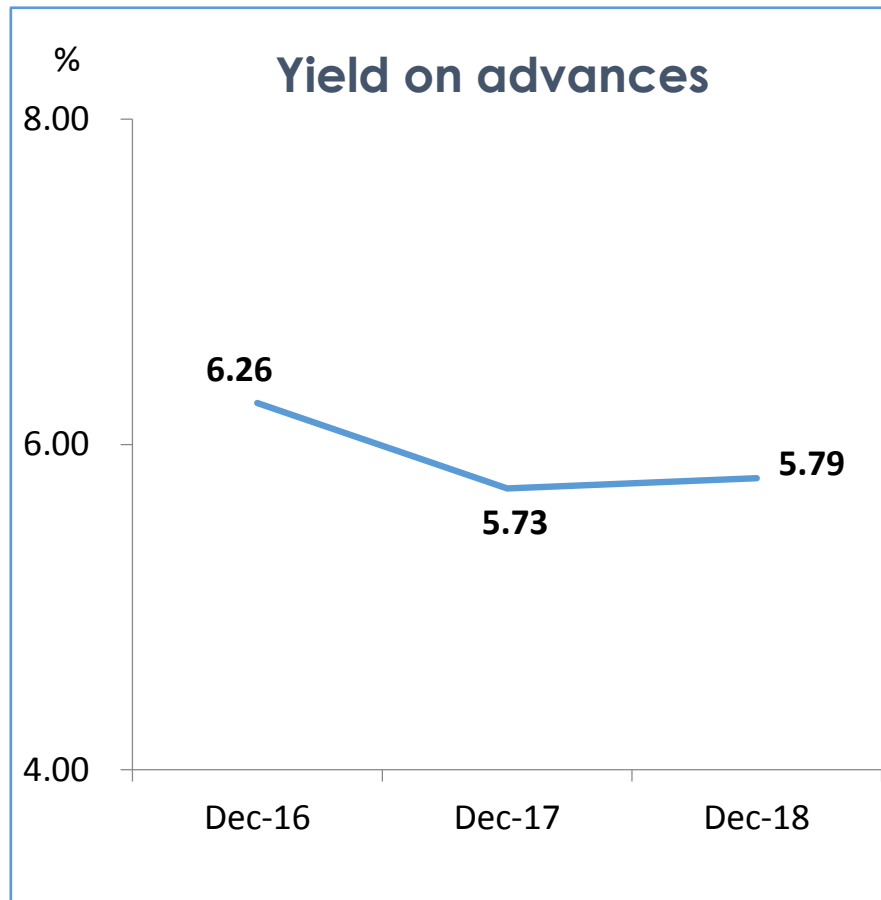
MUR Billion



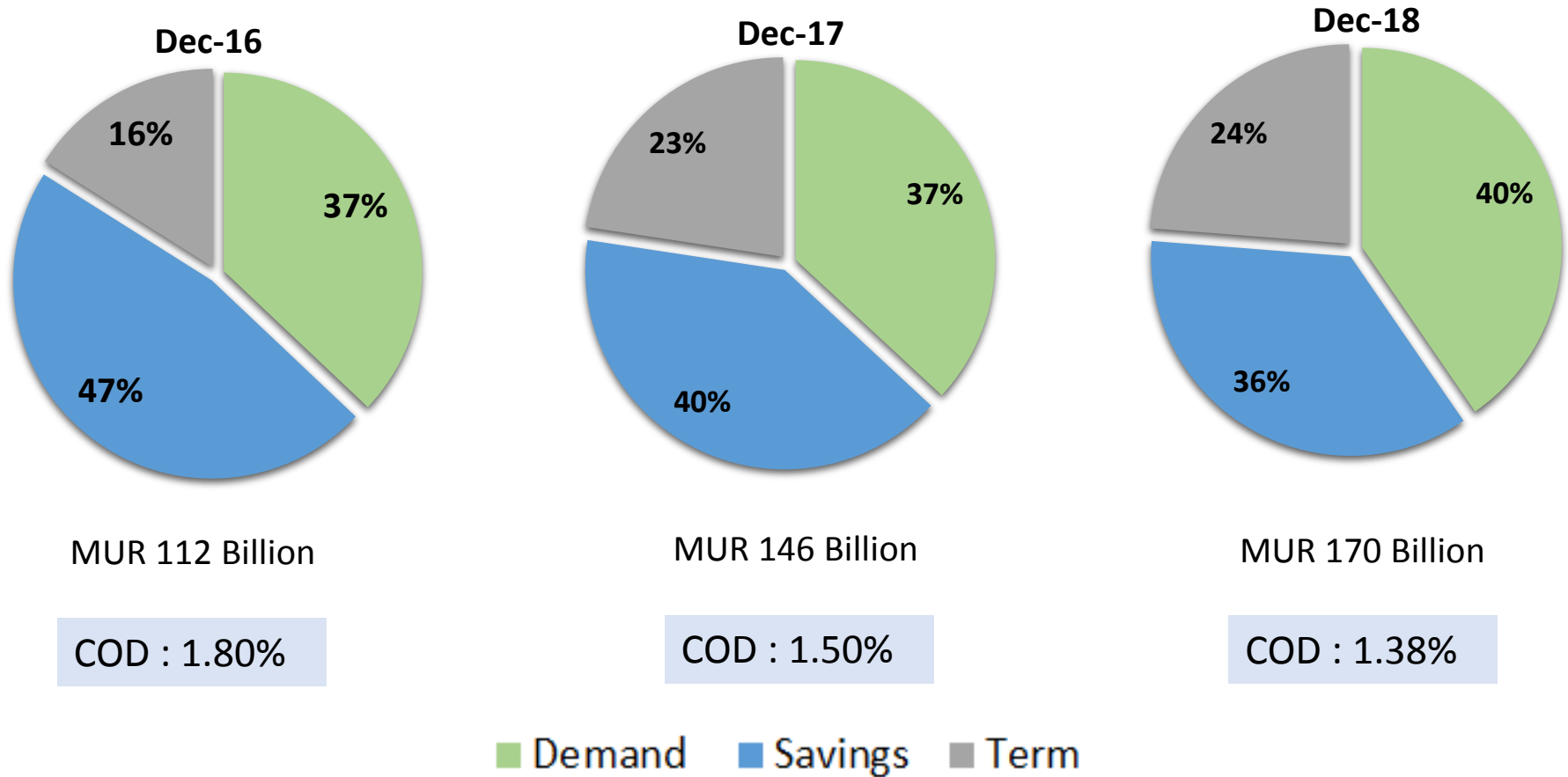
GROSS ADVANCES BY ENTITY – INCREASED CONTRIBUTION FROM SBM KENYA (MUR MILLION)



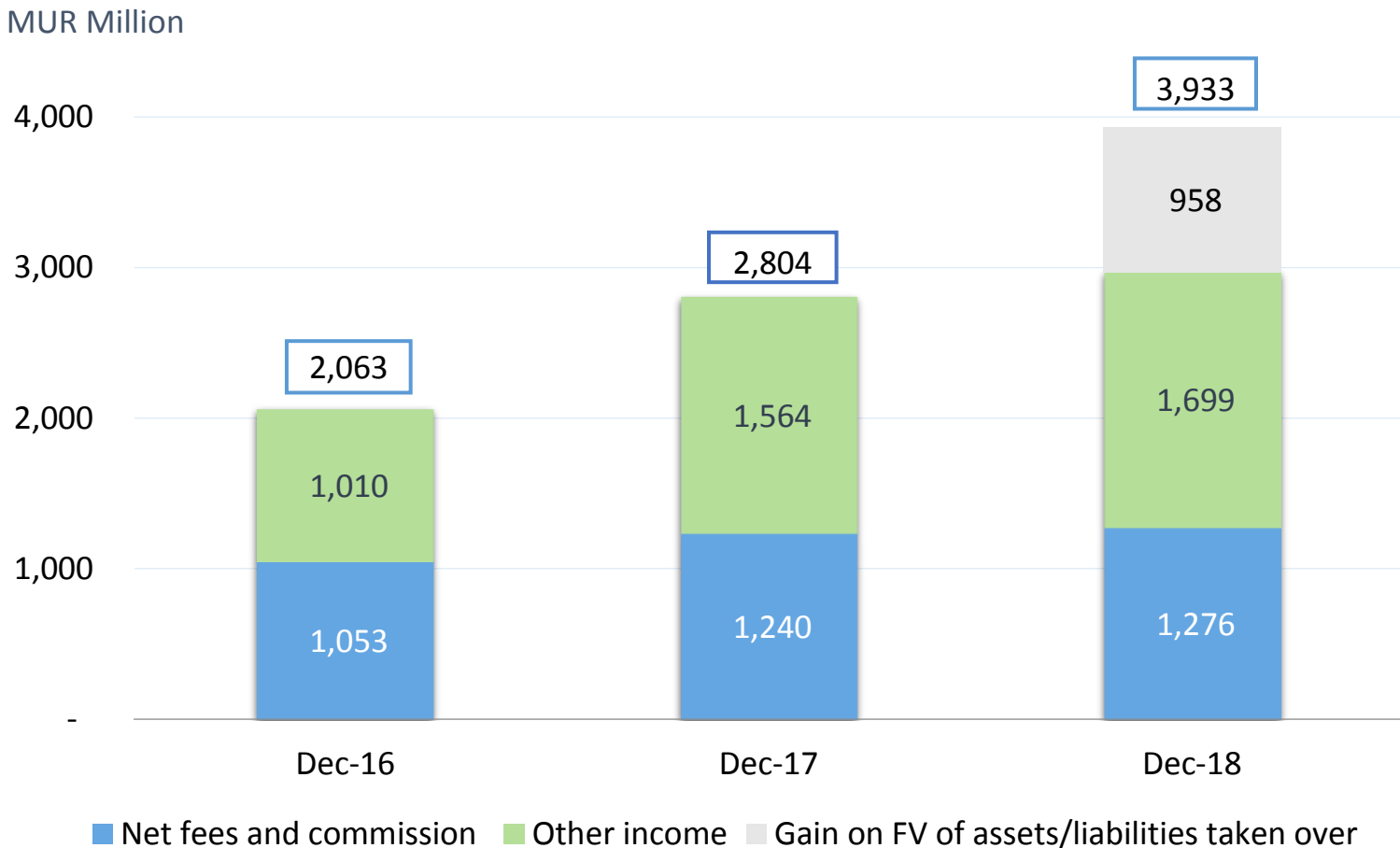
YIELDS INCREASED MARGINALLY ON BOTH ADVANCES AND INVESTMENT SECURITIES



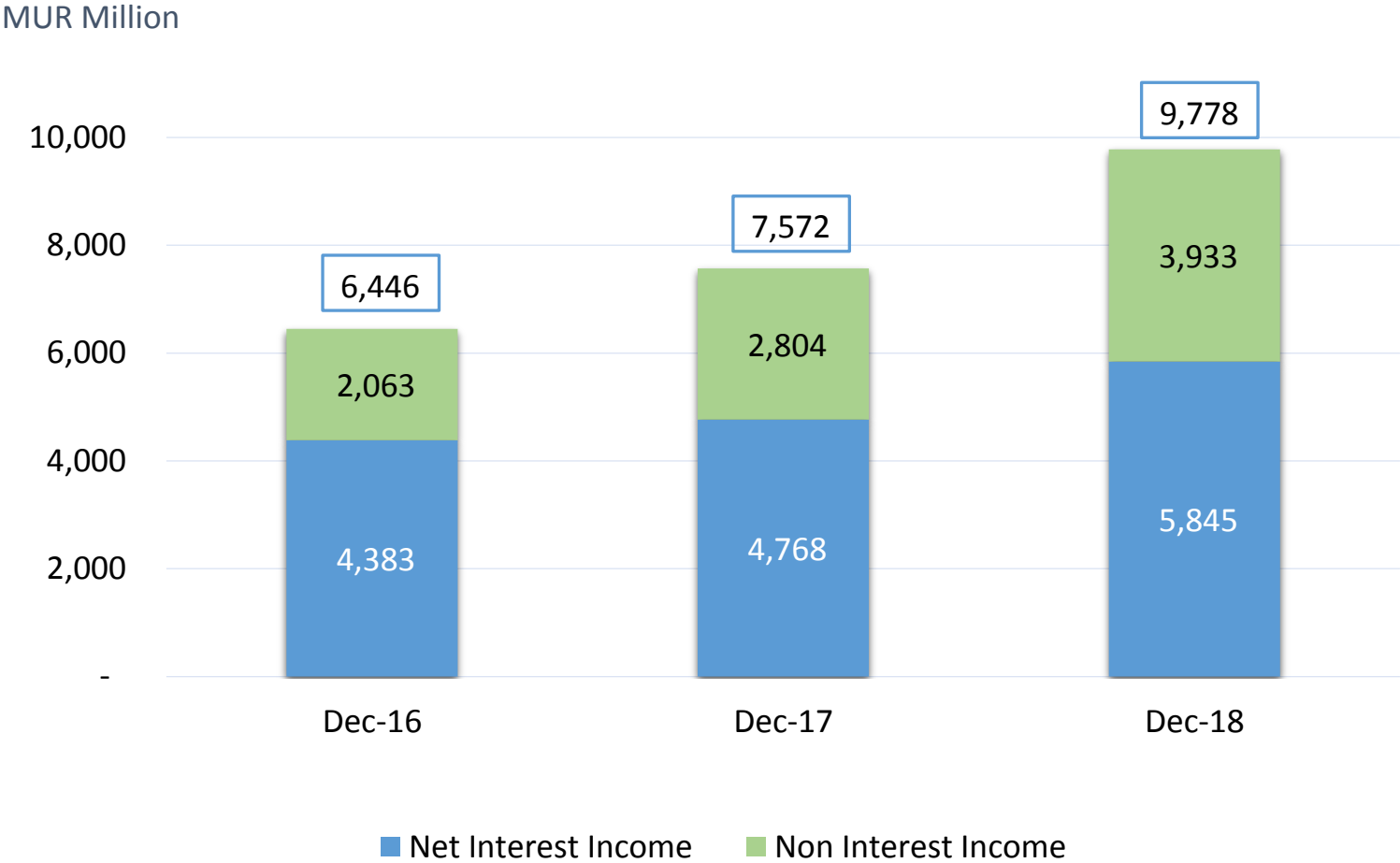
DEPOSIT MIX REMAINED WELL BALANCED AND COST OF DEPOSITS IMPROVED AMIDST HIGH LIQUIDITY AND HIGHER MIX OF FCY DEPOSITS



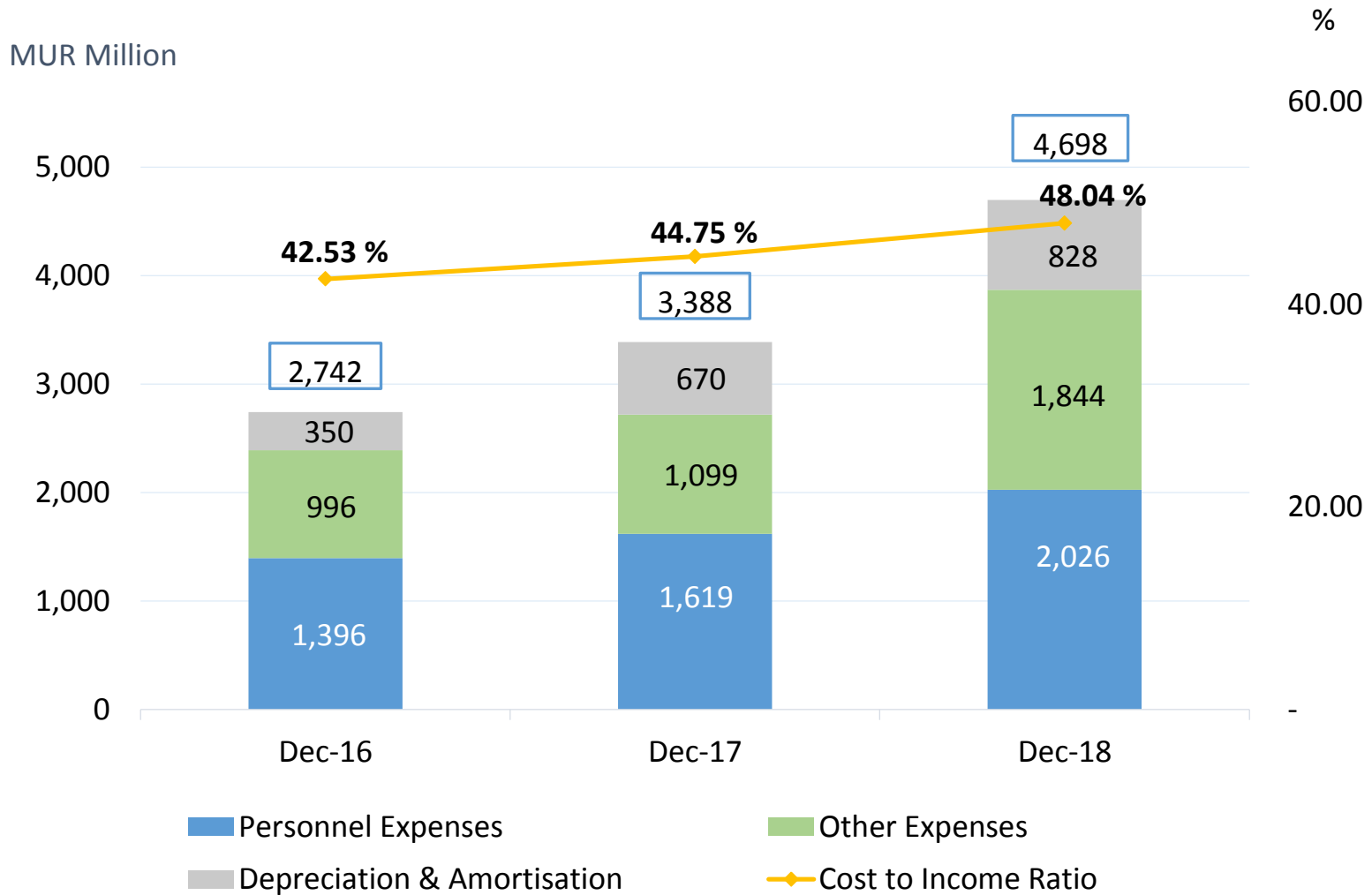
NON-INTEREST INCOME GROWTH OF 40% INCLUDES GAIN ON FAIR VALUE OF ASSETS & LIABILITIES OF CBLR TAKEN OVER AND PROFIT ARISING FROM DEALING IN FOREIGN CURRENCIES



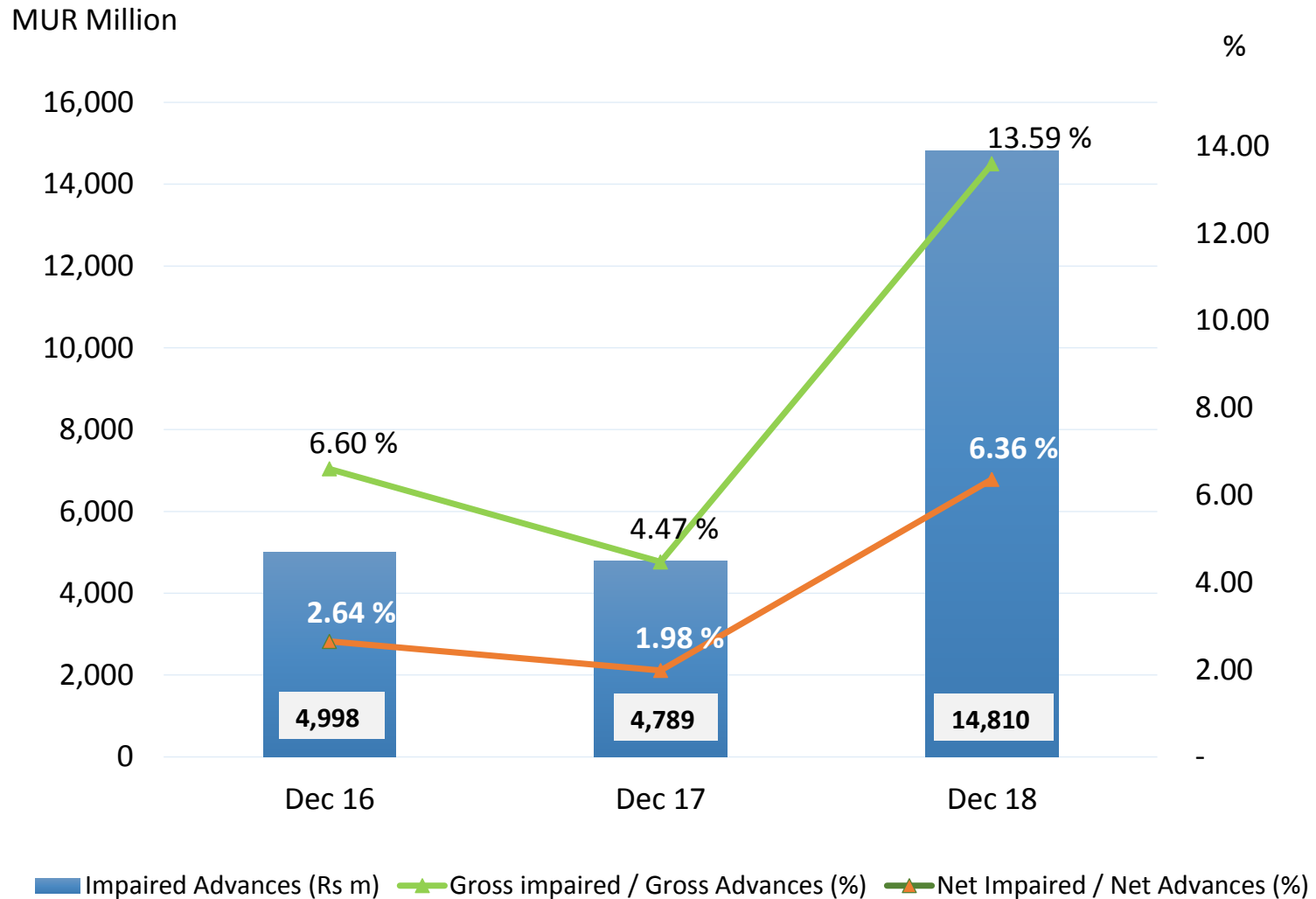
GROSS OPERATING INCOME GREW BY 29%



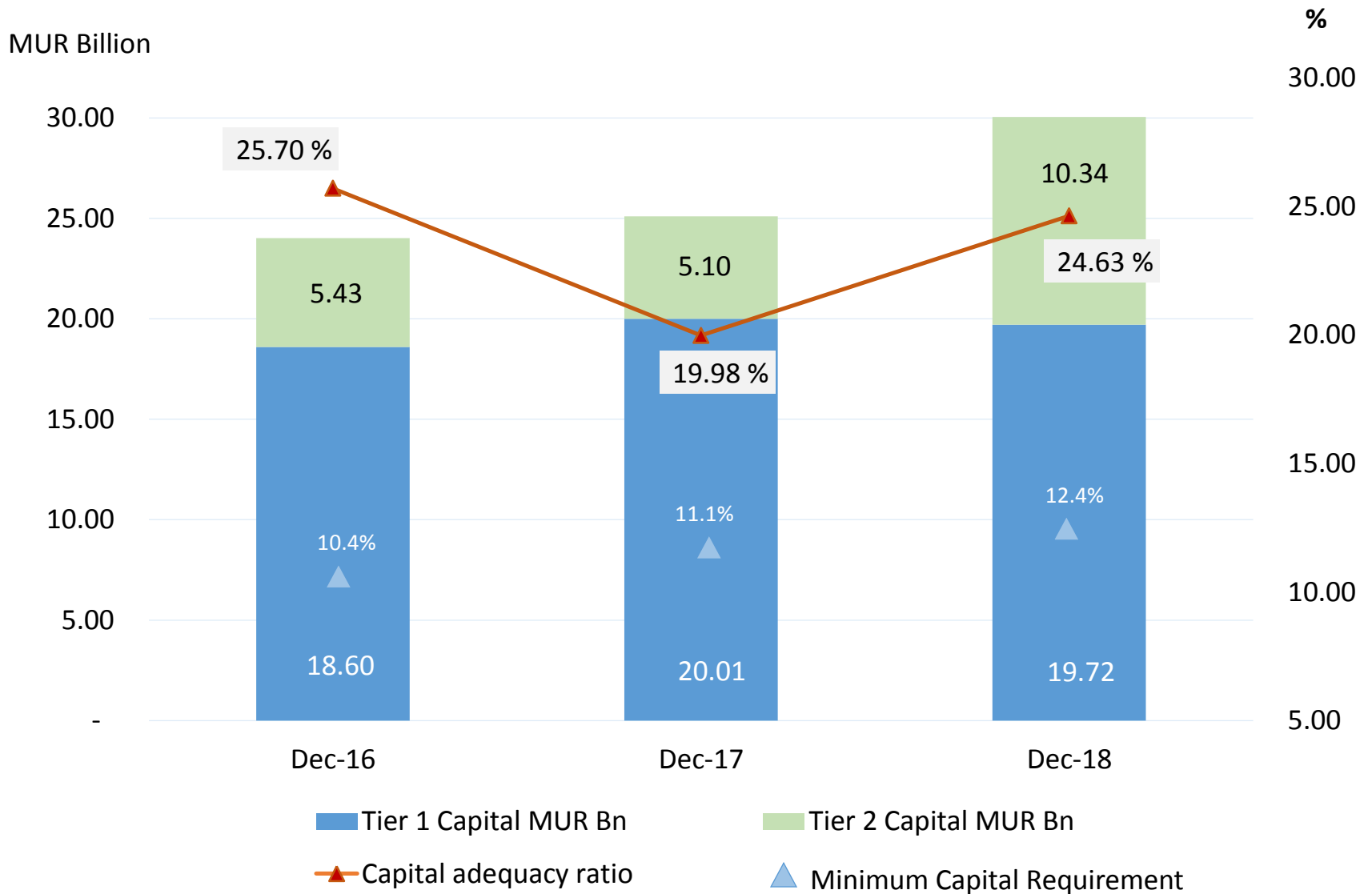
OPERATING COSTS INCREASED BY 38.6% TRIGGERED BY THE UNEXPECTED CYBER ATTACK IN INDIA, WRITE OFF OF GOODWILL, ADD-ON FROM ENLARGED OPERATIONS IN KENYA AND CAPACITY BUILDING



GROSS IMPAIRED RATIO AND NET IMPAIRED RATIO INCREASED DUE TO IMPAIRMENT IN SEGMENT B AND ALSO PARTLY WITH TAKE OVER FROM CBLR



CAPITAL ADEQUACY RATIO REMAINED WELL ABOVE REGULATORY REQUIREMENTS, WHICH SUPPORTS OUR RESILIENCE

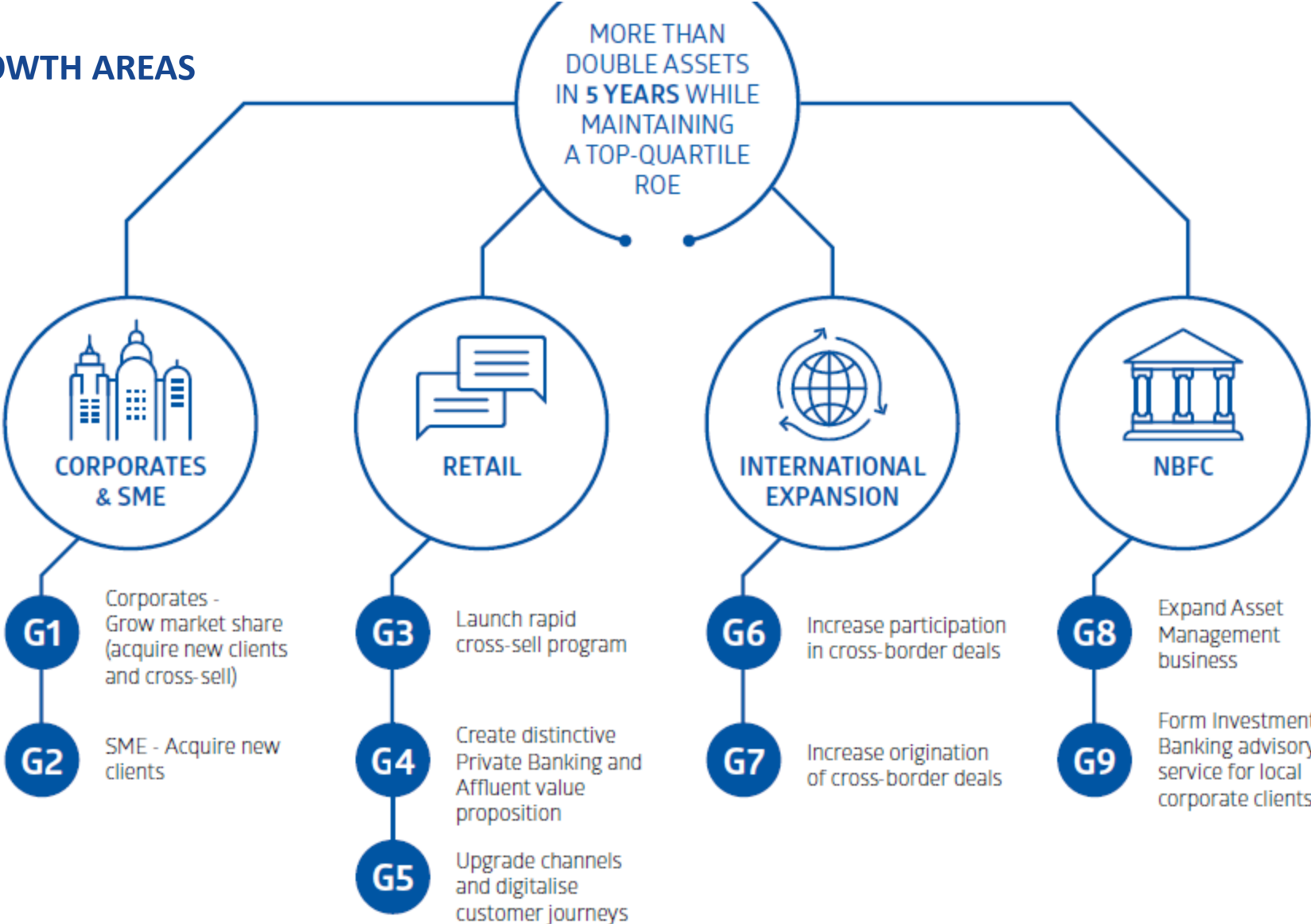




PROGRESS ON STRATEGY

OVERVIEW OF OUR STRATEGY

GROWTH AREAS



KEY ENABLERS




ORGANISATION & GOVERNANCE

- E1** Redesign and streamline organisational structure & performance management
- E2** Clarify governance
- E3** Develop and acquire required talent
- E4** Transform organisational culture



RISK

- G10** Rapid recovery of impaired assets
- E5** Define clear risk appetite and strategy
- E6** Enhance end-to-end credit risk management
- E7** Transform risk culture



IT

- E8** Deliver IT programme

STRATEGY FOCUS: MAURITIUS



Remediation Plan

Strengthening the risk management framework

- ✓ Good progress on the risk remediation plan, including:
 - Review of organisational structure completed
 - Recruitment of CRO completed
 - Strengthening country risk framework and aligning risk appetite to strategy
 - Reducing single exposure limits, and reducing sectoral and geographical concentrations along with exiting some customers with a high risk profile
 - Improving compliance procedures and credit process along with better collateral management



Outlook

- ✓ Expect moderate growth in international banking businesses but with significantly improved quality with disciplined risks.
- ✓ Ongoing and relentless efforts to improve recovery prospects such that a large portion of the impairments can be expected to be reversed over time.

STRATEGY FOCUS: MAURITIUS



Customers

Enhancing customer journey with Digitalisation and Innovation

- ✓ Ongoing migration of clients to digital channels
- ✓ Launched ShopNCash in Oct 2018 (Supermarket Cashback Service)
- ✓ 17 new Intelligent ATMs deployed across the country, with real time deposit features.
- ✓ Revamping of Mobile App and Internet Banking
- ✓ E-statements (also in line with our sustainability objectives)
- ✓ Went live on the Digital Private Wealth Platform MoneyWare
- ✓ Custody Client Portal



Diversified financial services

- ✓ Raised Tier II Bonds for SBM Holdings Ltd for MUR 3 billion and USD 76 million (oversubscription of about 50%).
- ✓ Expanded our factoring business in Mauritius to cater for our SME and Corporate clients.

New CEO appointed for SBM Bank (Mauritius) Ltd

PROGRESS ON STRATEGY: REGIONAL EXPANSION



Kenya

- ✓ Acquisition of the carved out assets and assumption of the specific liabilities of CBLR through SBM Bank (Kenya) Ltd – 18th August 2018
- ✓ Appointment of New CEO in October 2018
- ✓ Good progress in integration and stabilisation of the combined entity (IT system successfully integrated in Nov 2018)
- ✓ A Tier 2 Bank with 284k customers, 784 employees and 52 branches (as at 31st Dec 2018)
- ✓ Onboarding of high-calibre staff members
- ✓ Focus on change management, customer engagement, risk and compliance.
- ✓ CEO expertise to drive the Kenyan operations
- ✓ Building operations on loyal commercial and SME clients, alongside with providing a unique selling proposition and tapping market share
- ✓ No further expansion plans expected prior to sustainably making profits.

PROGRESS ON STRATEGY: REGIONAL EXPANSION



India

- ✓ WOS Go-Live: Dec 2018 (now operate as a full-fledged universal bank in India)
- ✓ +4 branches to extend presence in other metros in FY2020
- ✓ New CEO appointed for SBM India - Sidharth Rath as from 13th Nov 2018
- ✓ New Internet Banking platform launched in India on 15th Nov 2018
- ✓ Mobile Banking to be launched subject to RBI approval
- ✓ Targeting a niche market and focus on mid-size Corporates and high-end established SMEs
- ✓ Target low-cost deposit base (small chunk of the market)
- ✓ Potential cross-selling opportunities

PROGRESS ON STRATEGY: REGIONAL EXPANSION



Madagascar

- ✓ Expanding branch network
- ✓ Low-risk business focus
- ✓ Accompany Mauritian customers doing business in Madagascar
- ✓ Potential cross-selling opportunities

Seychelles

- ✓ Go-Live planned in 2019 Q2

CAPACITY BUILDING



- ✓ Launch of SBM Academy for providing growth and development opportunities to our employees.
- ✓ New retention policy for employees: Conversion CDD to CID

GEARING UP TO TAP OPPORTUNITIES IN THE AFRICA-ASIA CORRIDOR





The image features three abstract geometric shapes on the left side. The first is a dark blue trapezoid on the far left. The second is a taller dark blue trapezoid in the middle. The third is a light blue trapezoid on the right, which is shorter than the others. The text 'THANK YOU' is positioned to the right of these shapes.

THANK YOU



www.sbmgroup.mu