

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS TO THE MEMBER OF SBM BANK (MAURITIUS) LTD

Opinion

The summary financial statements which comprise the statements of financial position as at 31 December 2018, the statements of profit or loss and other comprehensive income, statements of changes in equity, statements of cash flows for the year then ended, are derived from the audited financial statements of SBM Bank (Mauritius) Ltd (the Bank) for the year ended 31 December 2018.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the requirements of the Banking Act 2004 as disclosed in the summary financial statements.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act 2001 and the Banking Act 2004. Reading the summary financial statements and auditor's report thereon, therefore, is not a substitute for reading the audited financial statements of the Bank and the auditor's report thereon.

The summary financial statements and audited financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our reports dated 31 March 2019. That report also includes

- Other Matter paragraph which describes that the report is made solely to the Bank's member in accordance with Section 205 of the Companies Act 2001 and for no other purpose.
- Report on other legal and regulatory requirements includes reporting as per:
 - Companies Act 2001 that no interest or relationship in the Bank other than in our capacity as auditors, all required information have been obtained and proper accounting records have been kept by the Bank.
 - Banking Act 2004 that financial statement complies with the requirement of the Banking Act 2004 and regulation and guidelines of Bank of Mauritius.
 - Financial Reporting Act 2004 that the disclosures in the Corporate Governance Report are consistent with the requirements of the Code.
- The communication of key audit matters. [Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period.]

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements in accordance with the requirements described in the Banking Act 2004.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), "Engagements to Report on Summary Financial Statements."

ERNST & YOUNG
Ebène, Mauritius

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

31 March 2019

SBM BANK (MAURITIUS) LTD
STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2018

	31 December 2018	31 December 2017	31 December 2016
	MUR' 000	MUR' 000	MUR' 000
ASSETS			
Cash and cash equivalents	11,211,712	15,620,778	9,423,941
Mandatory balances with central banks	8,767,767	8,712,062	6,945,570
Loans to and placements with banks	11,764,358	8,895,860	4,645,911
Derivative financial instruments	762,855	1,356,774	165,997
Loans and advances to non-bank customers	94,296,051	100,839,231	71,158,114
Investment securities	50,934,309	37,150,731	34,410,974
Equity investments	3,411	370	4,058
Property and equipment	2,458,814	2,631,782	2,750,051
Intangible assets	2,962,920	3,457,061	3,769,919
Deferred tax assets	-	95,461	215,320
Other assets	823,653	923,892	600,752
Total assets	183,985,850	179,684,002	134,090,607
LIABILITIES			
Deposits from banks	796,117	739,926	2,711,364
Deposits from non-bank customers	147,530,840	141,695,769	108,302,387
Other borrowed funds	11,773,938	13,116,593	4,540,509
Derivative financial instruments	758,642	1,334,584	182,406
Current tax liabilities	474,487	105,869	358,908
Deferred tax liabilities	163,996	170,905	-
Other liabilities	5,020,635	4,163,207	2,240,596
Total liabilities	166,518,655	161,326,853	118,336,170
SHAREHOLDER'S EQUITY			
Stated capital	310,000	310,000	310,000
Capital contribution	11,044,011	9,063,106	8,063,106
Retained earnings	4,817,518	7,855,520	6,193,747
Other reserves	1,295,666	1,128,523	1,187,584
Total equity	17,467,195	18,357,149	15,754,437
Total equity and liabilities	183,985,850	179,684,002	134,090,607

Approved by the Board of Directors and authorised for issue on 31 March 2019.

Parvataneni Venkateswara Rao
Acting Chief Executive

Ishwar Anoopum Gaya
Chairman, Audit Committee

Nayen Koomar Ballah, G.O.S.K.
Chairman

SBM BANK (MAURITIUS) LTD
STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2018

	31 December 2018	Restated 31 December 2017	Restated 31 December 2016
	MUR' 000	MUR' 000	MUR' 000
Interest income	7,156,372	6,074,890	5,396,550
Interest expense	(1,665,006)	(1,569,129)	(1,361,267)
Net interest income	5,491,366	4,505,761	4,035,283
Fee and commission income	1,061,666	1,005,274	976,780
Fee and commission expense	(23,015)	(22,396)	(20,725)
Net fee and commission income	1,038,651	982,878	956,055
Other income			
Profit arising from dealing in foreign currencies	679,738	431,483	489,976
Net gain/(loss) from financial instruments	500,133	519,821	(24,831)
Net gain on sale of securities	173,554	430,897	423,849
Other operating income	-	61	4,204
	1,353,425	1,382,262	893,198
Non-interest income	2,392,076	2,365,140	1,849,253
Operating income	7,883,442	6,870,901	5,884,536
Personnel expenses	(1,336,294)	(1,363,396)	(1,275,812)
Depreciation of property and equipment	(145,188)	(149,163)	(148,237)
Amortisation of intangible assets	(549,948)	(493,091)	(191,254)
Other expenses	(703,303)	(839,940)	(829,031)
Non-interest expense	(2,734,733)	(2,845,590)	(2,444,334)
Profit before credit loss expense	5,148,709	4,025,311	3,440,202
Credit loss expense on financial assets	(3,010,356)	(228,024)	(414,878)
Profit before income tax	2,138,353	3,797,287	3,025,324
Tax expense	(676,988)	(494,135)	(632,160)
Profit for the year from continuing operations	1,461,365	3,303,152	2,393,164
Discontinued operations			
Loss after tax for the period/year from discontinued operations	(221,374)	(691,859)	(184,552)
Loss on distribution of dividend in specie	(685,838)	-	-
	(907,212)	(691,859)	(184,552)
Profit for the year	554,153	2,611,293	2,208,612

Comparatives have been restated in view of discontinued operations.

SBM BANK (MAURITIUS) LTD
STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	31 December 2018	Restated 31 December 2017	Restated 31 December 2016
	MUR' 000	MUR' 000	MUR' 000
Profit for the year	554,153	2,611,293	2,208,612
Other comprehensive income :			
<i>Items that will not be reclassified subsequently to profit or loss (net of deferred tax):</i>			
Increase in revaluation of property	-	-	1,480
Adjustment to revaluation reserve on disposal of property	-	-	(190)
Underprovision of deferred tax assets on revaluation of property in prior years	-	-	(24,817)
Remeasurement of defined benefit pension plan	(27,802)	(32,881)	1,599
	(27,802)	(32,881)	(21,928)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations	564,044	(28,403)	(76,609)
<i>Available-for-sale investments</i>			
Movement in fair value of available-for-sale investments	-	182,180	233,005
Fair value re-cycled on disposal of available-for-sale investments	-	(175,477)	(187,436)
<i>Investment securities measured at FVTOCI (Debt instruments)</i>			
Movement in fair value during the year	(138,912)	-	-
Fair value re-cycled on disposal	1,491	-	-
Loss allowance relating to debt instruments held at FVOCI	26,415	-	-
	453,038	(21,700)	(31,040)
Total other comprehensive income	425,236	(54,581)	(52,968)
Total comprehensive income for the year	979,389	2,556,712	2,155,644



SBM BANK (MAURITIUS) LTD
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Stated	Capital	Retained	Statutory	Fair value reserve on financial instruments recognised in	Property revaluation	Foreign currency translation	Total
	capital	contribution	earnings	reserve	OCI	reserve	reserve	equity
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
At 01 January 2016	310,000	8,063,106	3,940,391	530,390	(70,984)	1,284,922	(459,032)	13,598,793
Profit for the year	-	-	2,208,612	-	-	-	-	2,208,612
Other comprehensive income / (loss) for the year	-	-	1,599	-	45,569	(23,527)	(76,609)	(52,968)
Total comprehensive income / (loss) for the year	-	-	2,210,211	-	45,569	(23,527)	(76,609)	2,155,644
Transfer to retained earnings	-	-	43,145	-	-	(43,145)	-	-
At 31 December 2016	310,000	8,063,106	6,193,747	530,390	(25,415)	1,218,250	(535,641)	15,754,437
At 01 January 2017	310,000	8,063,106	6,193,747	530,390	(25,415)	1,218,250	(535,641)	15,754,437
Profit for the year	-	-	2,611,293	-	-	-	-	2,611,293
Other comprehensive (loss)/income for the year	-	-	(32,881)	-	6,703	-	(28,403)	(54,581)
Total comprehensive income/(loss) for the year	-	-	2,578,412	-	6,703	-	(28,403)	2,556,712
Capital contribution received during the year	-	1,000,000	-	-	-	-	-	1,000,000
Transfer to retained earnings	-	-	37,361	-	-	(37,361)	-	-
Dividend	-	-	(954,000)	-	-	-	-	(954,000)
At 31 December 2017	310,000	9,063,106	7,855,520	530,390	(18,712)	1,180,889	(564,044)	18,357,149
At 01 January 2018	310,000	9,063,106	7,855,520	530,390	(18,712)	1,180,889	(564,044)	18,357,149
Impact of adopting IFRS 9	-	-	(250,070)	-	34,993	-	-	(215,077)
Restated opening balance under IFRS 9	310,000	9,063,106	7,605,450	530,390	16,281	1,180,889	(564,044)	18,142,072
Profit for the year	-	-	554,153	-	-	-	-	554,153
Loss allowance relating to debt instruments held at FVOCI	-	-	-	-	26,415	-	-	26,415
Other comprehensive (loss)/income for the year	-	-	(27,802)	-	(137,421)	-	564,044	398,821
Total comprehensive income/(loss) for the year	-	-	526,351	-	(111,006)	-	564,044	979,389
Capital contribution received during the year	-	1,980,905	-	-	-	-	-	1,980,905
Transfer to retained earnings	-	-	37,690	-	-	(37,690)	-	-
Cash dividend	-	-	(1,100,500)	-	-	-	-	(1,100,500)
Distribution in specie leading to derecognition of foreign operations	-	-	(2,251,473)	(220,390)	-	(62,808)	-	(2,534,671)
At 31 December 2018	310,000	11,044,011	4,817,518	310,000	(94,725)	1,080,391	-	17,467,195

SBM BANK (MAURITIUS) LTD
ABRIDGED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	Year ended 31 December 2018	Year ended 31 December 2017	Year ended 31 December 2016
	MUR' 000	MUR' 000	MUR' 000
Net cash used in operating activities	(3,486,978)	(1,891,999)	(265,084)
Net cash from financing activities	1,248,015	8,622,084	2,408,011
Net cash used in investing activities	(371,002)	(221,473)	(1,726,361)
Net change in cash and cash equivalents	(2,609,965)	6,508,612	416,566
Net foreign exchange difference	(71,792)	(311,775)	28,889
Cash transfer upon distribution in specie of the Indian Operations	(1,727,309)	-	-
Cash and cash equivalents at start of year	<u>15,620,778</u>	<u>9,423,941</u>	<u>8,978,486</u>
Cash and cash equivalents at end of year	<u>11,211,712</u>	<u>15,620,778</u>	<u>9,423,941</u>

The financial information, including the independent auditor on the summary financial statements to the member of SBM Bank (Mauritius) Ltd, has been extracted from the full set of audited financial statements for the year ended 31 December 2018.