



SBM HOLDINGS LTD ANNUAL MEETING

27th June 2019



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AGENDA



- ❑ About SBM Group
- ❑ Financial Highlights
- ❑ Progress on Strategy
- ❑ Our Focus Areas

About SBM Group



VISION



Our vision is to be the **leading** and most **trusted financial services provider** in Mauritius and beyond.

MISSION



Our mission is threefold: first, to build deep and enduring relationships with our customers by offering **distinctive products** and **exceptional service**; second, to be the **employer of choice** for top talent in the markets we serve; third, **to prudently manage risk and costs**. In so doing, our intent is to achieve **strong and sustained returns** for our shareholders, meet the relevant needs of our stakeholders and support the **development of the community** at large.

GOAL



We aim to prudently grow our **balance sheet**, maintaining returns above cost of equity by **gaining market share** in our **core domestic banking business**, by judiciously building our **international business** and by selectively offering **non-banking financial services**.

SBM at a glance

Established in 1973, SBM has a strong franchise in Mauritius

Market Capitalisation of MUR 18.2 billion as at end of March 2019 – 3rd Largest on SEM

Offers an extensive suite of financial solutions to retail, HNWI and Corporates within a universal banking model

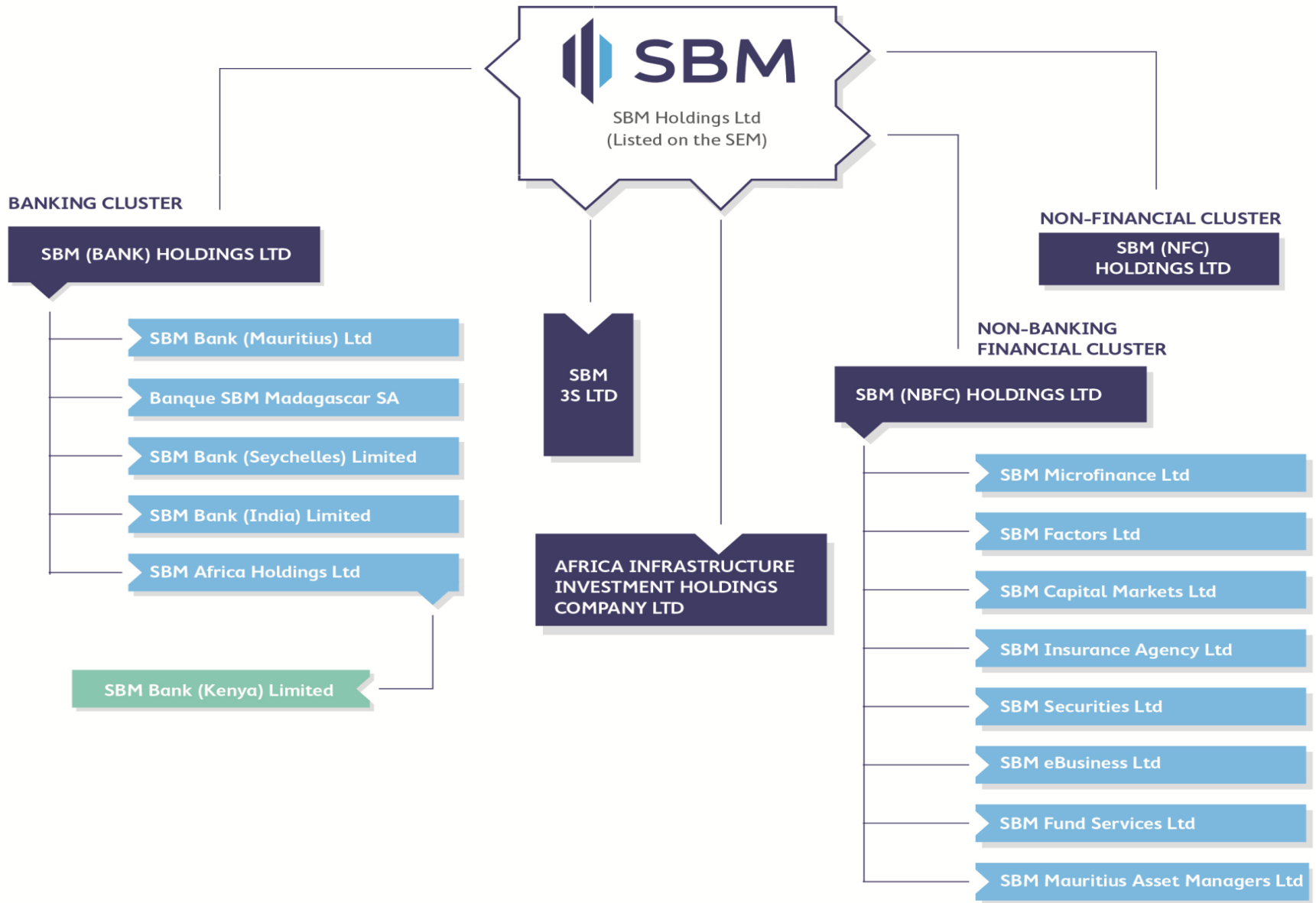
Moody's Rating for SBM Bank (Mauritius) Ltd: Baa3/P-3

Listed on the Stock Exchange of Mauritius (SEM) since 30th June 1995

Total assets of MUR 226.8 billion as at March 2019

Among the top 1000 banks in the world

Group Structure



Our Growing Footprint



- Current Presence
- Future Presence

About Us

Shareholders



> 18,000
domestic and
international

Customers



> 877,000

Employees



> 2,500

Our Services

- ❑ SBM caters to the needs of individual and institutional customers.
- ❑ Specialised in Personal Banking, SME, Private Banking, Private Wealth, Corporate Banking, Institutional Banking, International Banking and Treasury services amongst others.
- ❑ Extensive suite of products and services amongst which:
 - ✓ Deposits
 - ✓ Lending
 - ✓ Trade finance
 - ✓ Cards
 - ✓ Leasing
 - ✓ Treasury
 - ✓ Stock broking
 - ✓ Custody
 - ✓ Asset management
 - ✓ Insurance
 - ✓ Investment products
 - ✓ Payment services

Our Multi Channel Capabilities

Branches



Mauritius: 43 [incl. counters]
Madagascar: 5
India: 4
Kenya: 52

ATMs



> 160
Mauritius: 118
Kenya: 45

POS



~ 6,200
Mauritius: 5,536
Kenya: 654

Internet Banking



No. of customers:
> 110,000

SMS Banking



No. of customers:
> 160,000

Our Multi Channel Capabilities (Cont..)

Mobile Banking



**No. of customers:
> 145,000**

E-Commerce



**No. users in 2018:
> 266,000**

Facebook

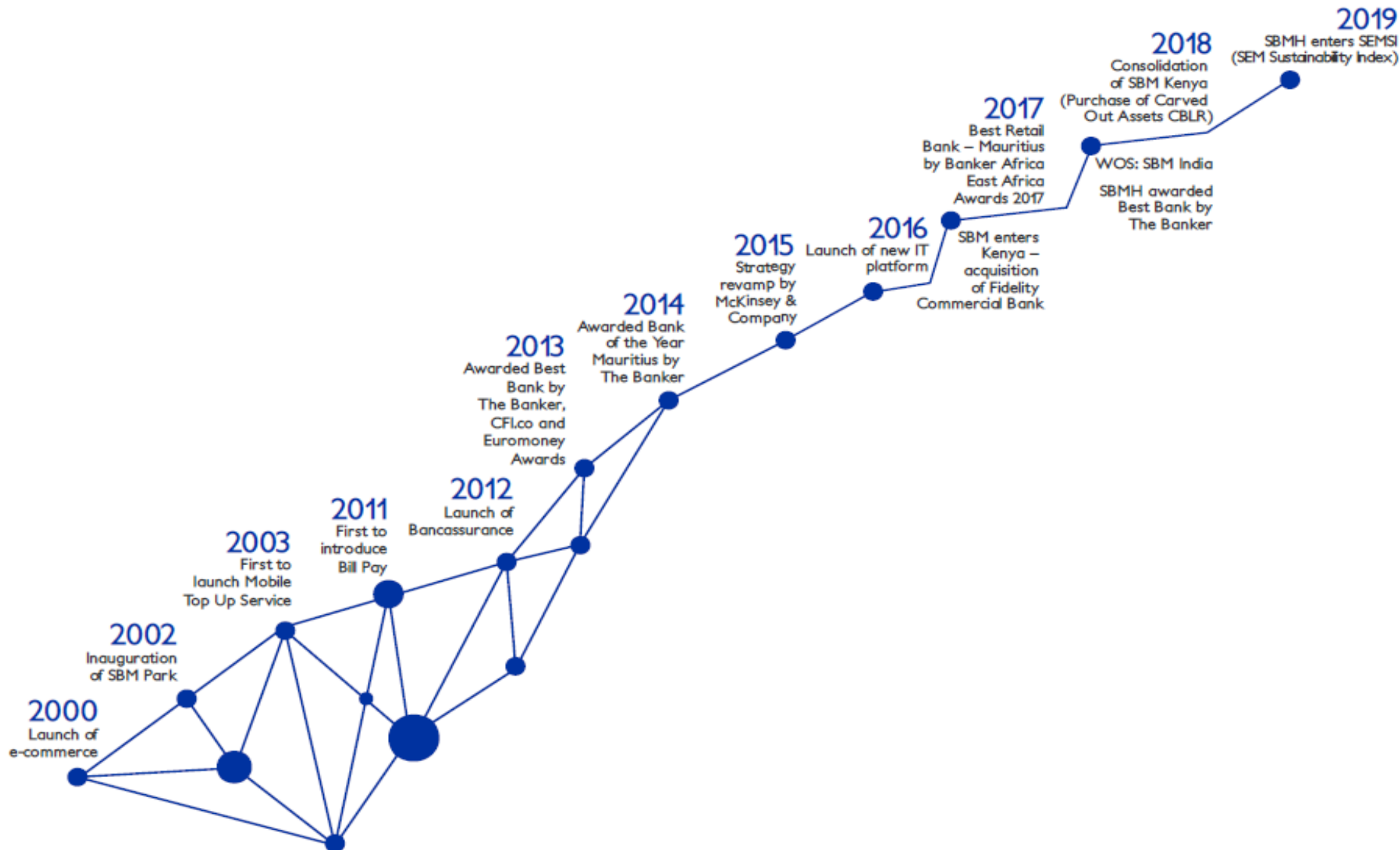


**No. of followers :
> 179,000**

Call Centre



Our Journey



Ratings and Recognition



SBM wins 2018 Bank of the Year Award



Stockbroking Awards 2018 & 2019



Regional Bank of the Year – Southern Africa



Best Investment Bank & Best Innovation in Retail Banking Mauritius 2018



MOST VISIONARY CSR PROGRAMME INDIAN OCEAN



Best Retail Bank Mauritius & Best e-Commerce Bank Mauritius 2018

Moody's Rating for SBM Bank (Mauritius) Ltd as at April 2019

Outlook: Negative

Bank Deposits: Baa3/P-3

Counterparty Risk Assessment: Baa2(cr)/P-2(cr)

Issuer Rating: Baa3

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



GROSS LOANS & ADVANCES

MUR 112.43 billion
31 Dec 2018

31 Dec 2017

MUR 107.20 billion



INVESTMENT SECURITIES

MUR 71.59 billion
31 Dec 2018

31 Dec 2017

MUR 40.0 billion



SHAREHOLDERS' EQUITY

MUR 24.18 billion
31 Dec 2018

31 Dec 2017

MUR 25.16 billion



CAPITAL ADEQUACY RATIO






24.6%

31 Dec 2018

31 Dec 2017

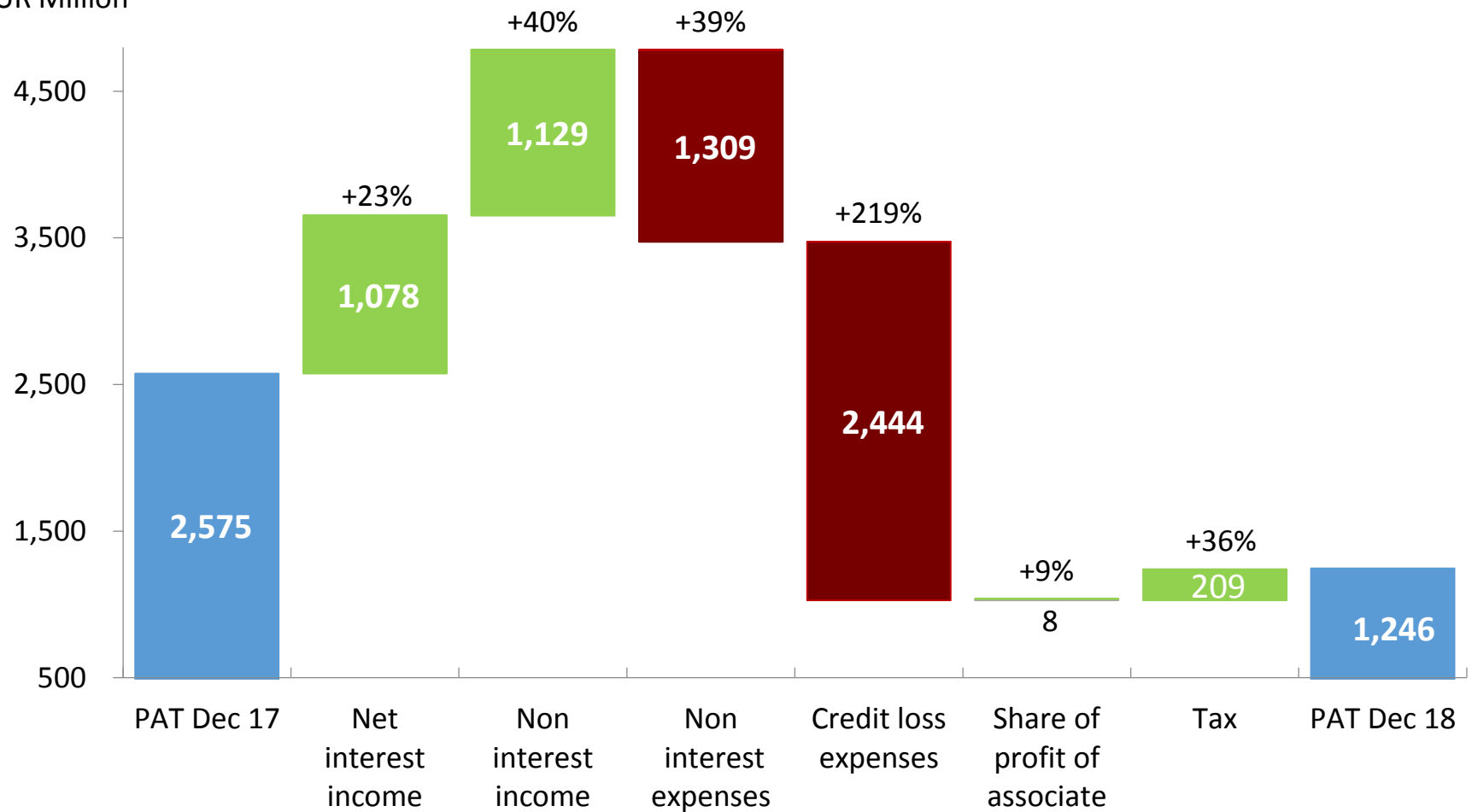
20.0%



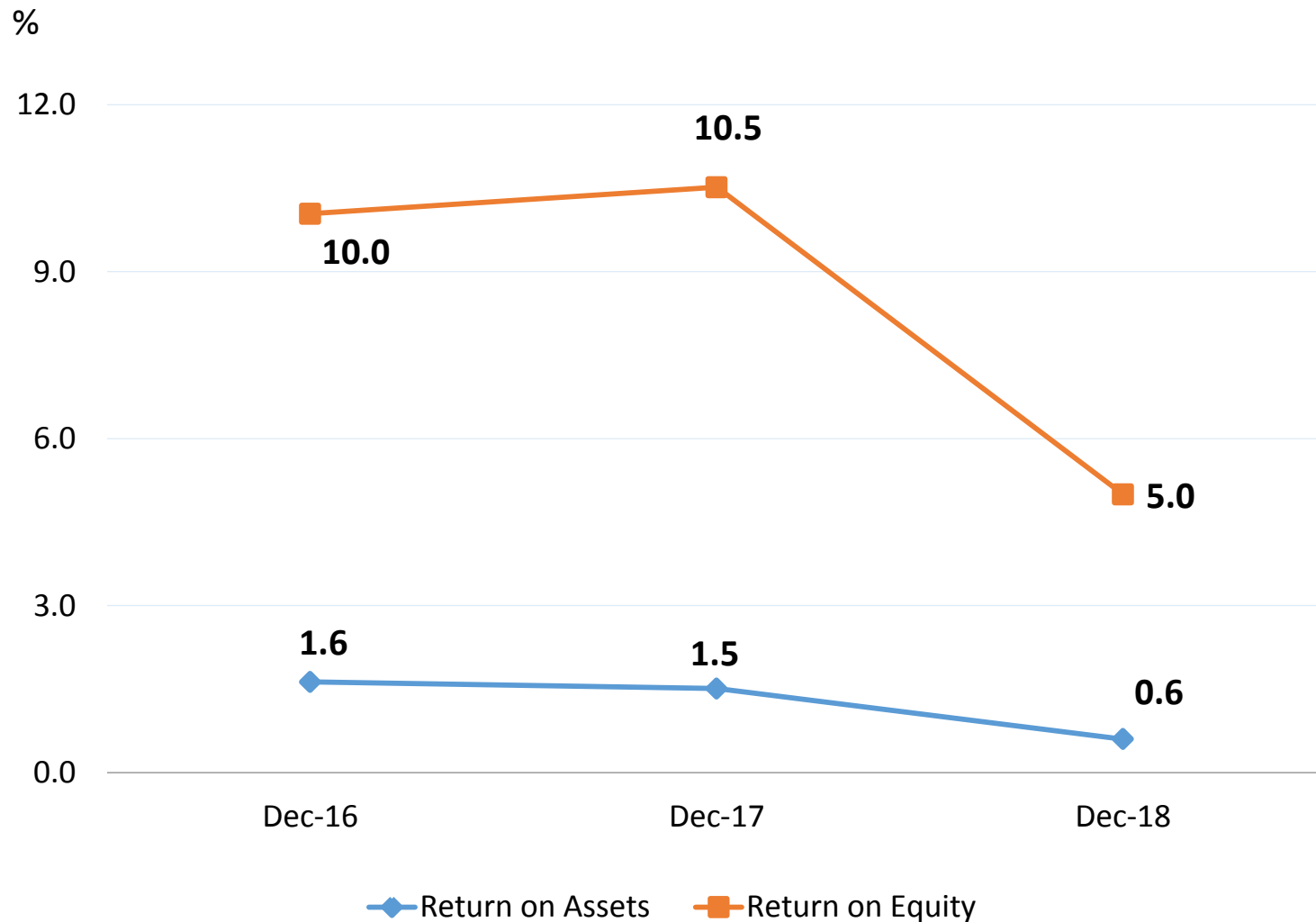
NET INTEREST INCOME	NON INTEREST INCOME	OPERATING INCOME	PRE- IMPAIRMENT PROFIT	PROFIT AFTER TAX
MUR 5,845 M	MUR 3,933 M	MUR 9,778 M	MUR 5,081 M	MUR 1,246 M
(31 Dec 2017: MUR 4,768 M)	(31 Dec 2017: MUR 2,804 M)	(31 Dec 2017 : MUR 7,572 M)	(31 Dec 2017 : MUR 4,184 M)	(31 Dec 2017 : MUR 2,575 M)
 by 22.6%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

Drop in PAT amidst high credit loss in Segment B

MUR Million

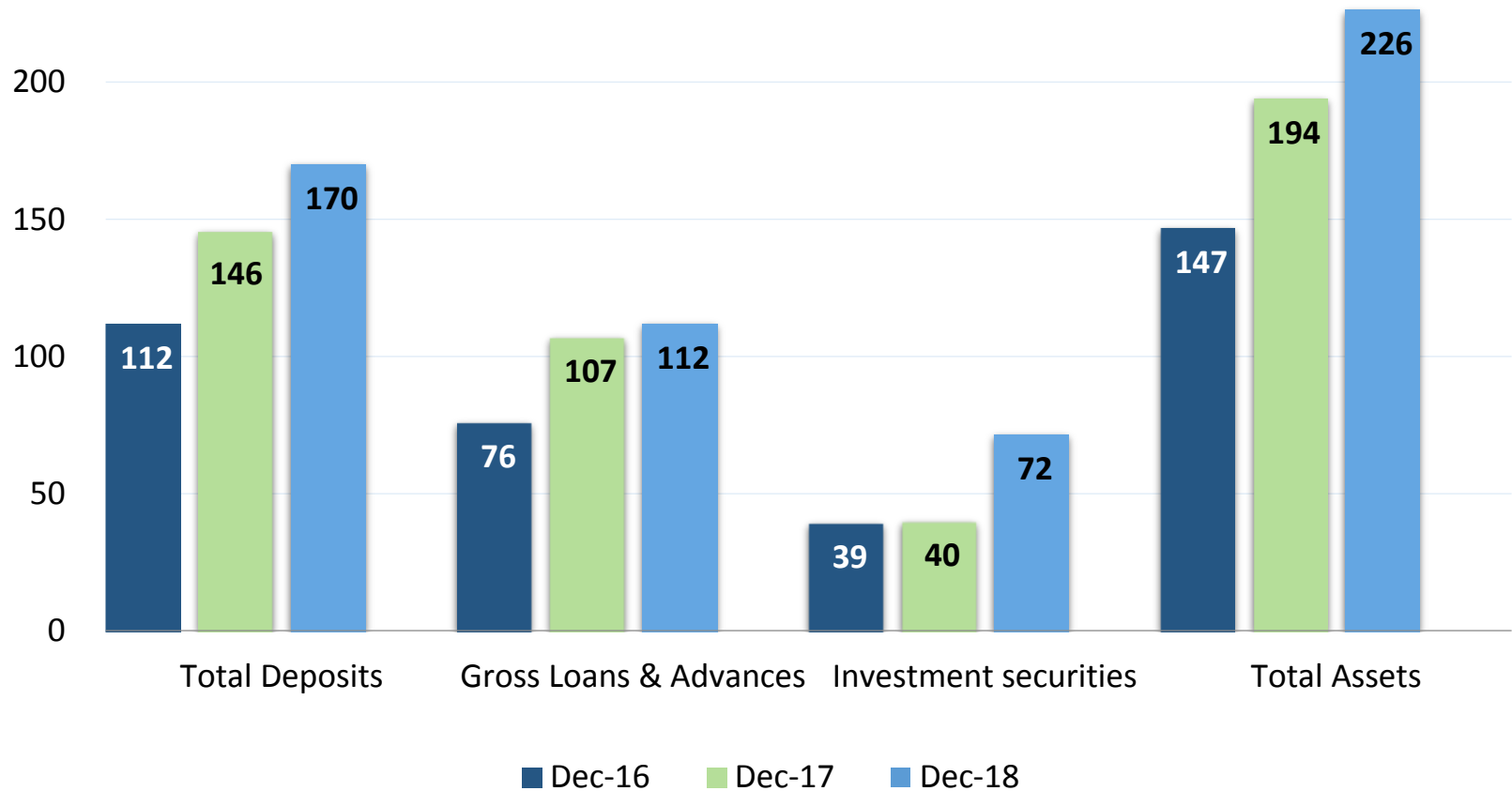


ROE and ROA dropped as a result of lower profits

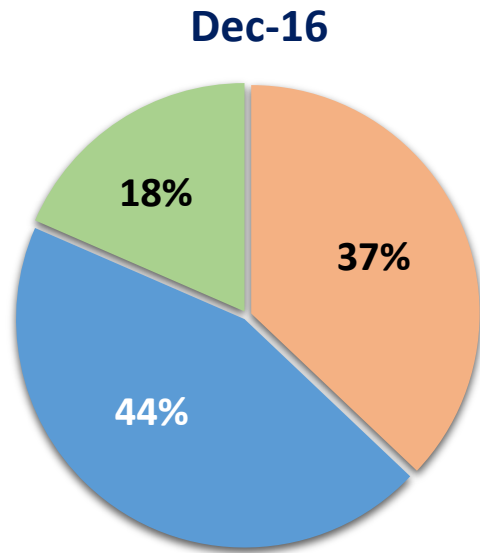


TOTAL ASSETS - Growth of 17% as a result of take-over of the carved out assets and liabilities of CBLR and also higher investment in securities in SBM Bank (Mauritius) Ltd

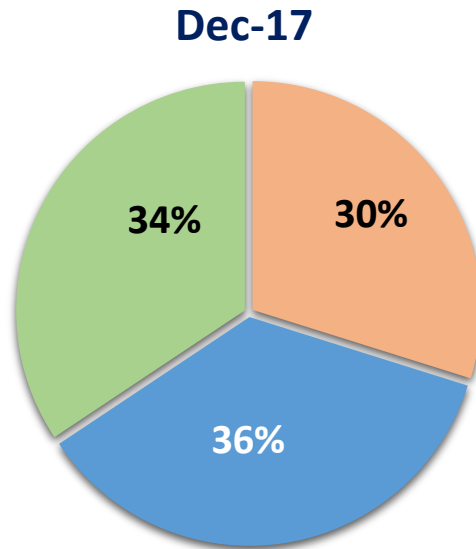
MUR Billion



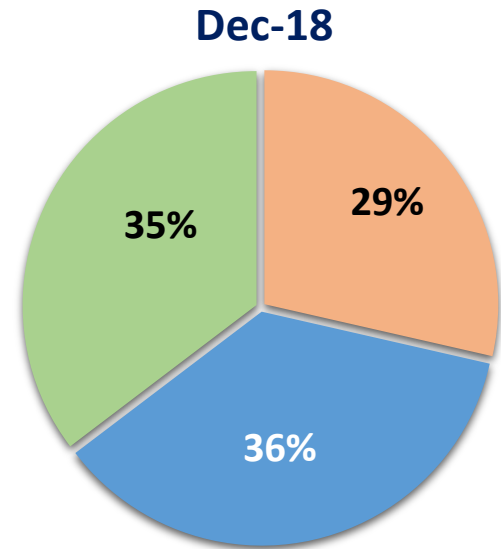
GROSS ADVANCES – Higher contribution from international advances mainly from SBM Kenya



MUR 76 Billion



MUR 107 Billion

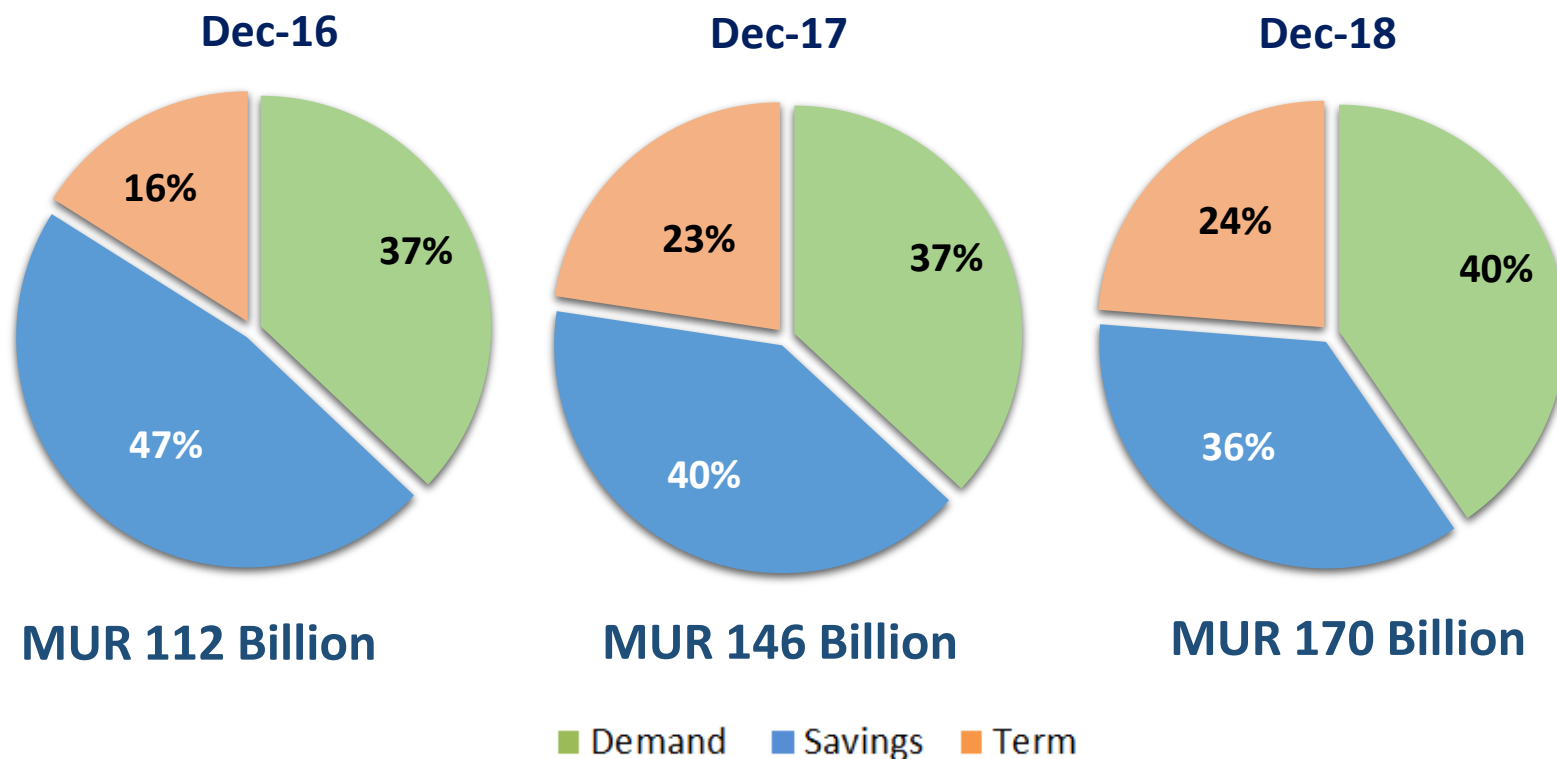


MUR 112 Billion

■ Retail ■ Corporate ■ International/Seg B

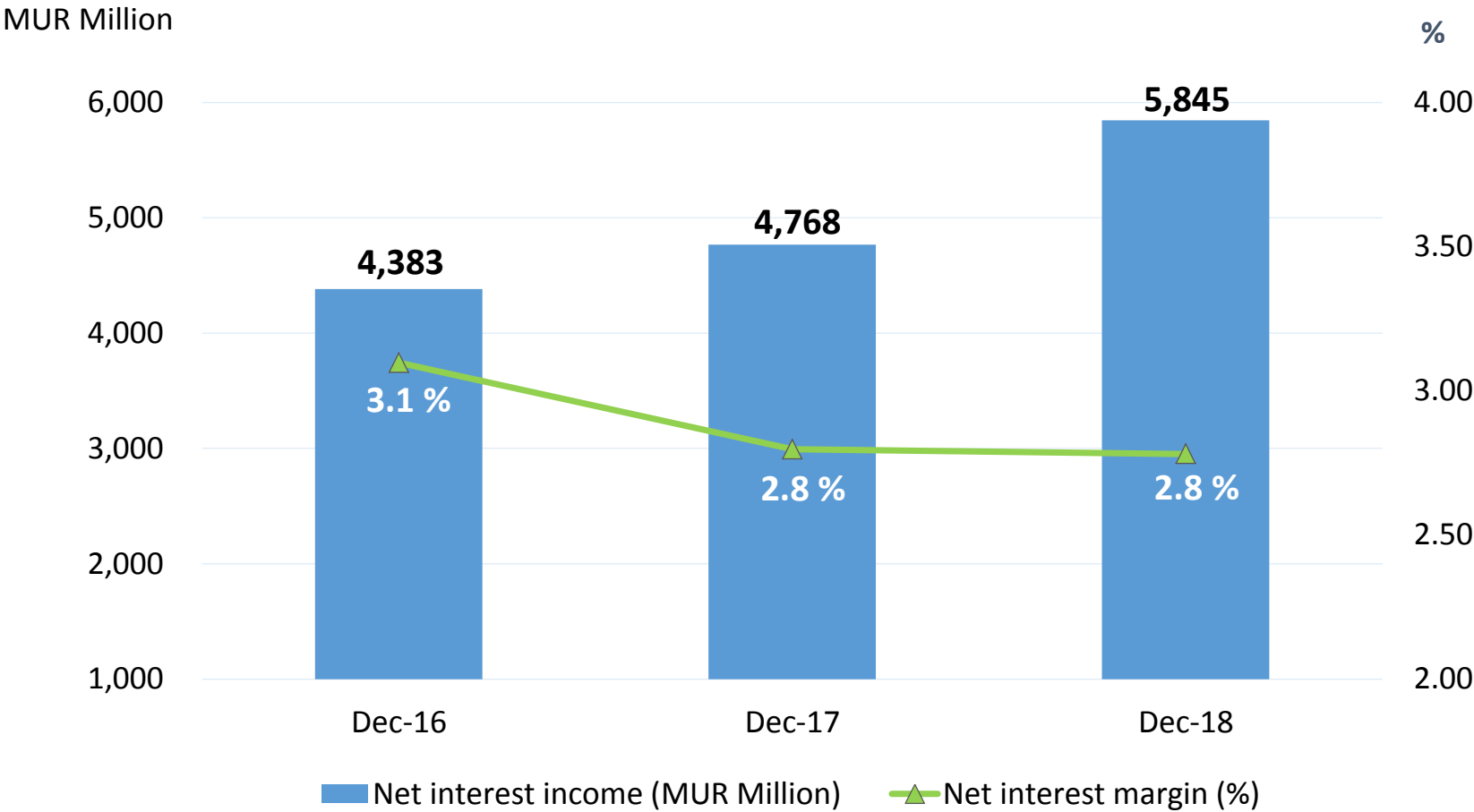
Advances by entity	Dec-16	Dec-17	Dec-18
Mauritius	95%	91%	89%
India	4%	6%	3%
Madagascar	1%	1%	1%
Kenya	-	2%	7%
Group	100%	100%	100%

DEPOSIT MIX remained well balanced and keeping y-o-y momentum growth coupled with add on from SBM Kenya

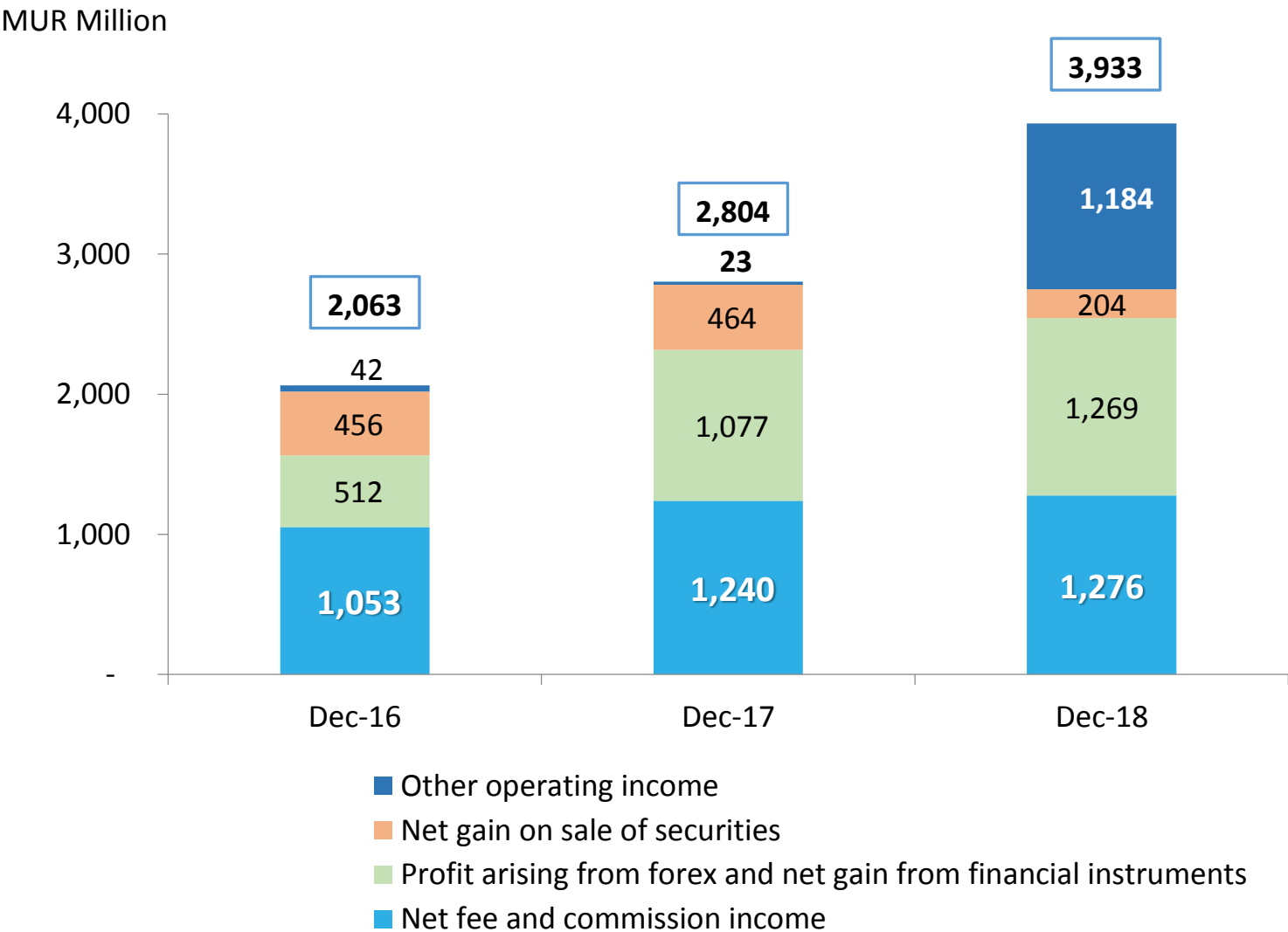


Total Deposits by entity	Dec-16	Dec-17	Dec-18
Mauritius	94%	93%	87%
India	5%	5%	2%
Madagascar	1%	1%	1%
Kenya	-	1%	10%
Group	100%	100%	100%

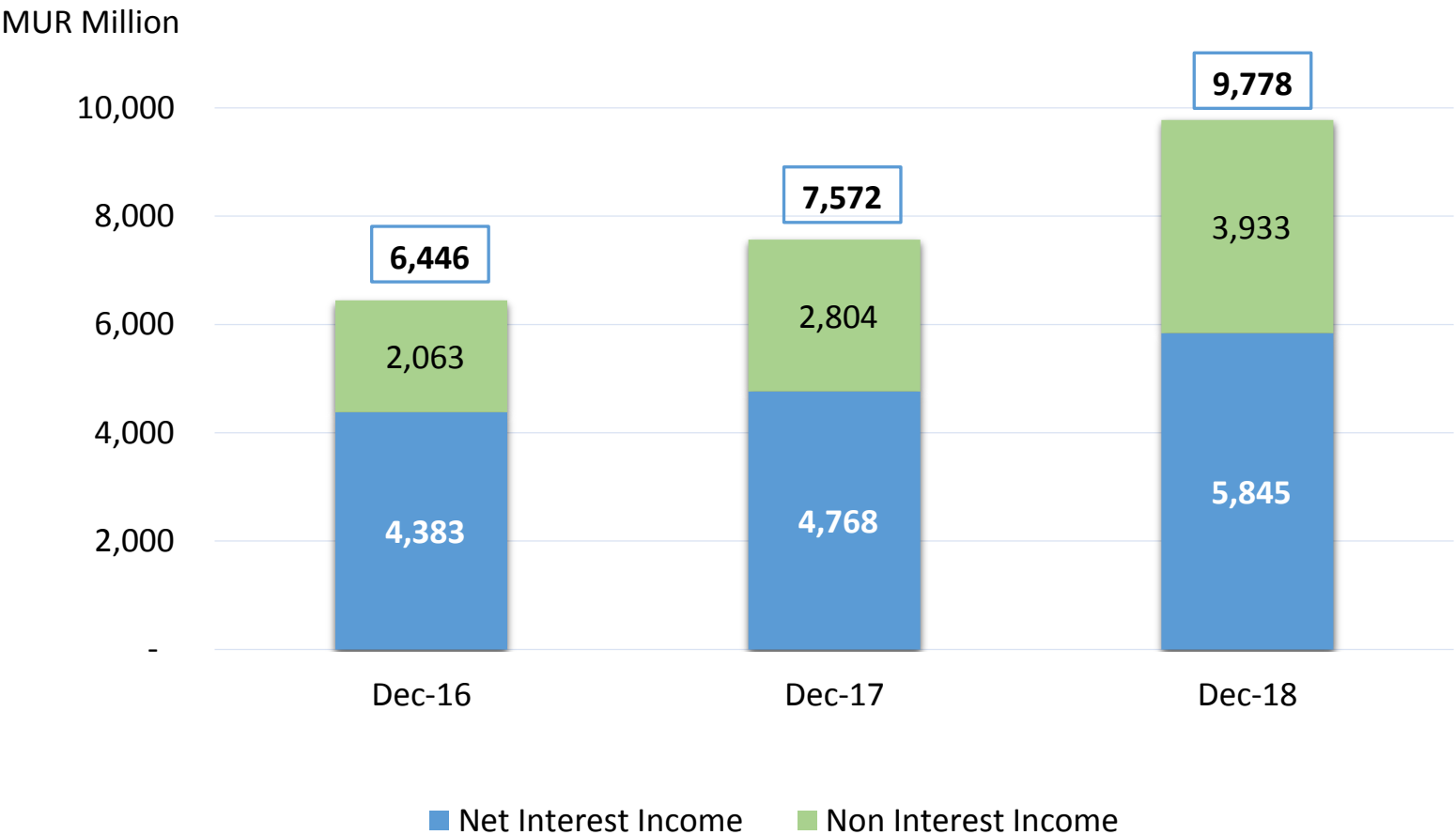
NET INTEREST INCOME - up by 22.6% driven primarily by growth in average advances and in investment securities



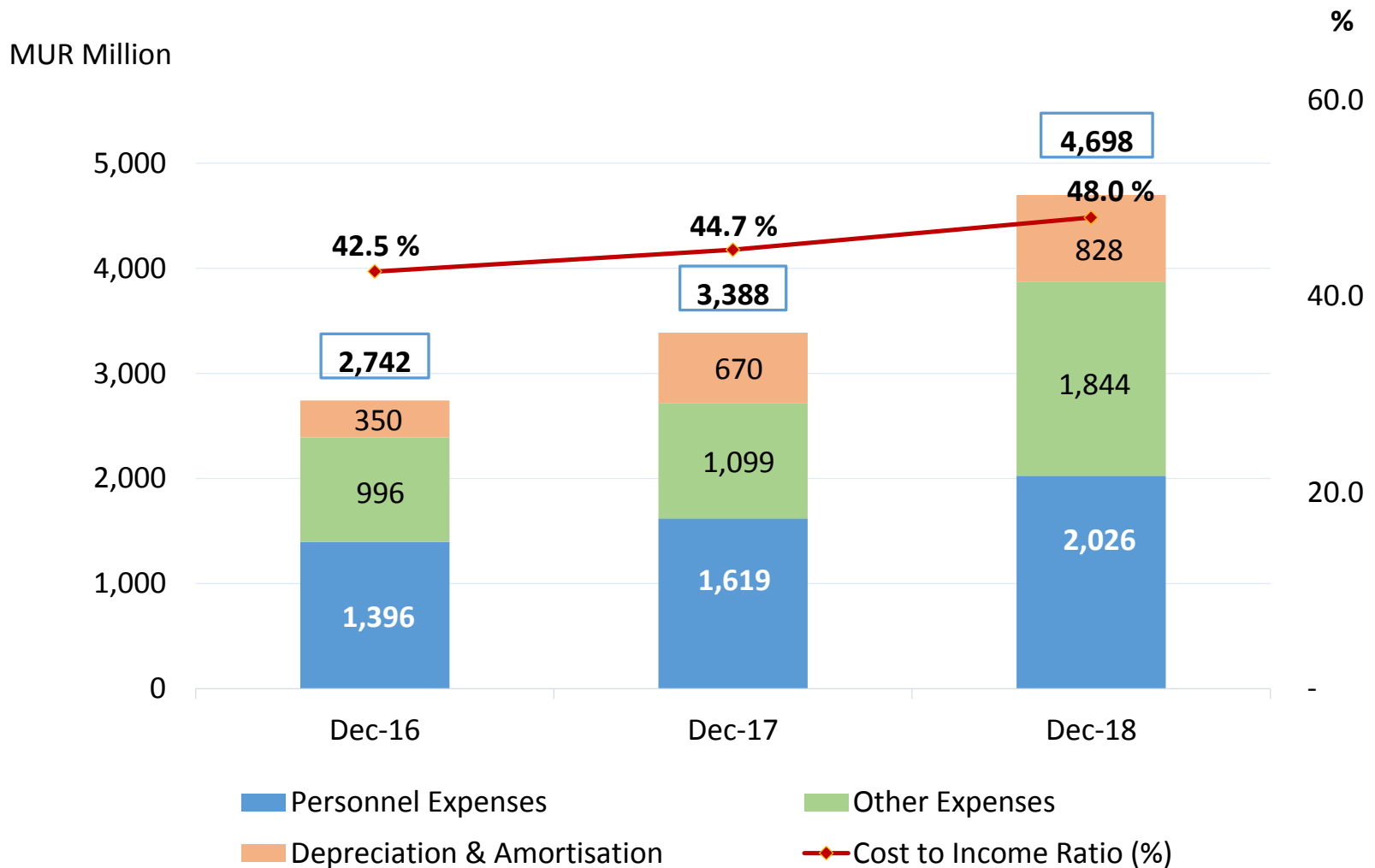
NON-INTEREST INCOME - Growth of 40% includes gain on fair value of assets and liabilities of CBLR taken over and profit arising from dealing in foreign currencies



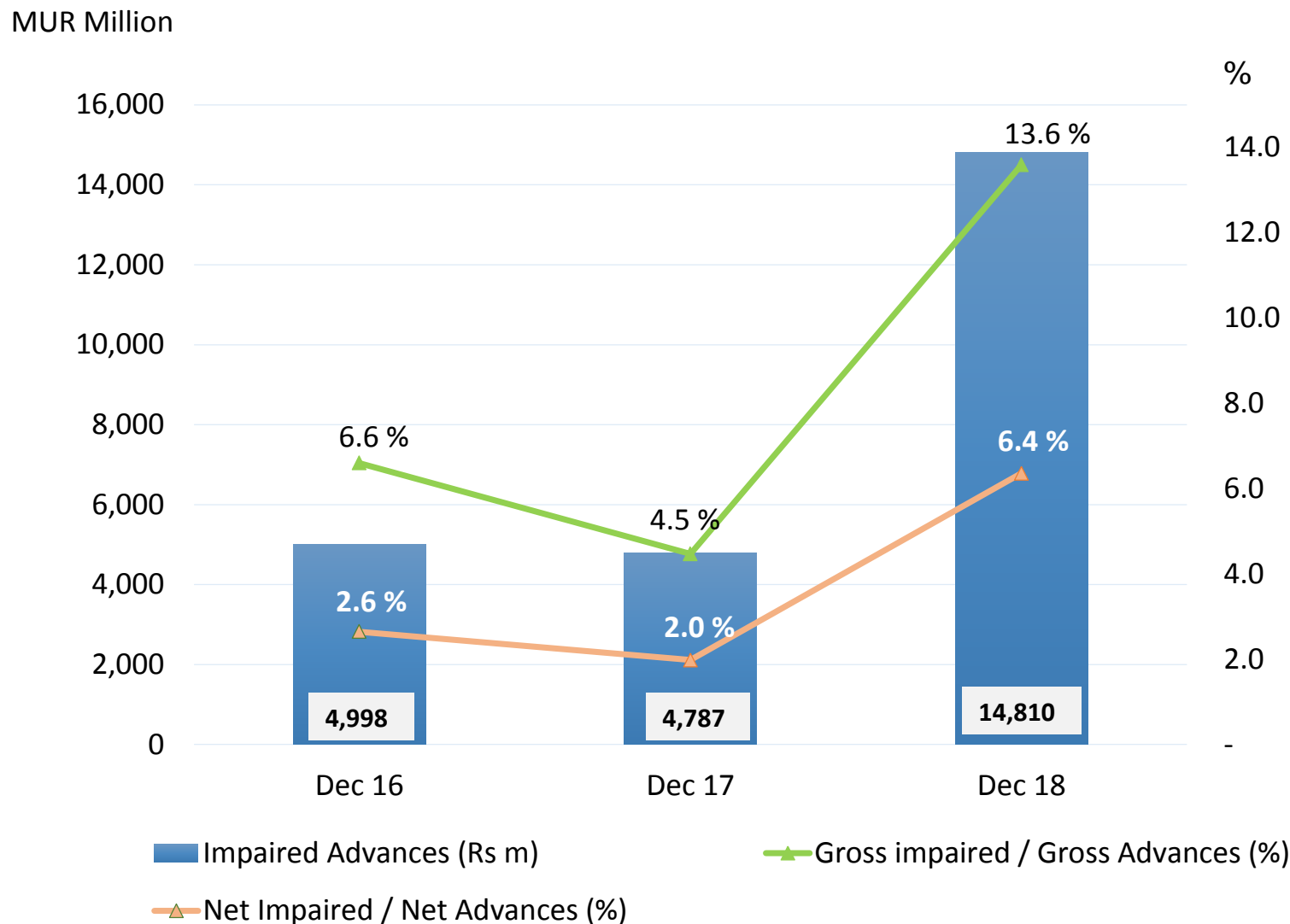
GROSS OPERATING INCOME grew by 29%



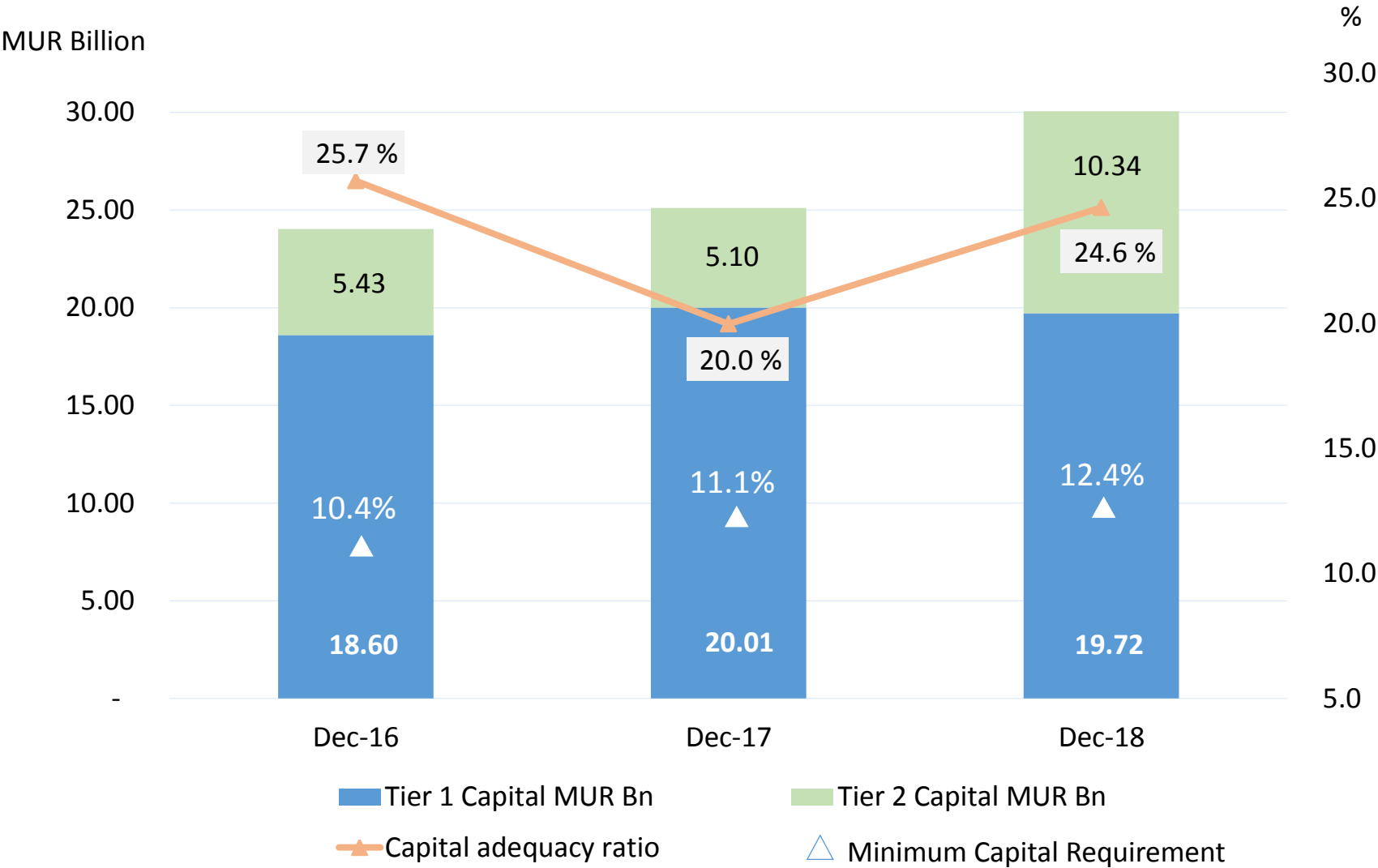
OPERATING EXPENSES increased by 38.6% triggered by the unexpected cyber attack in India, write-off of goodwill, add-on from enlarged operations in Kenya and capacity building



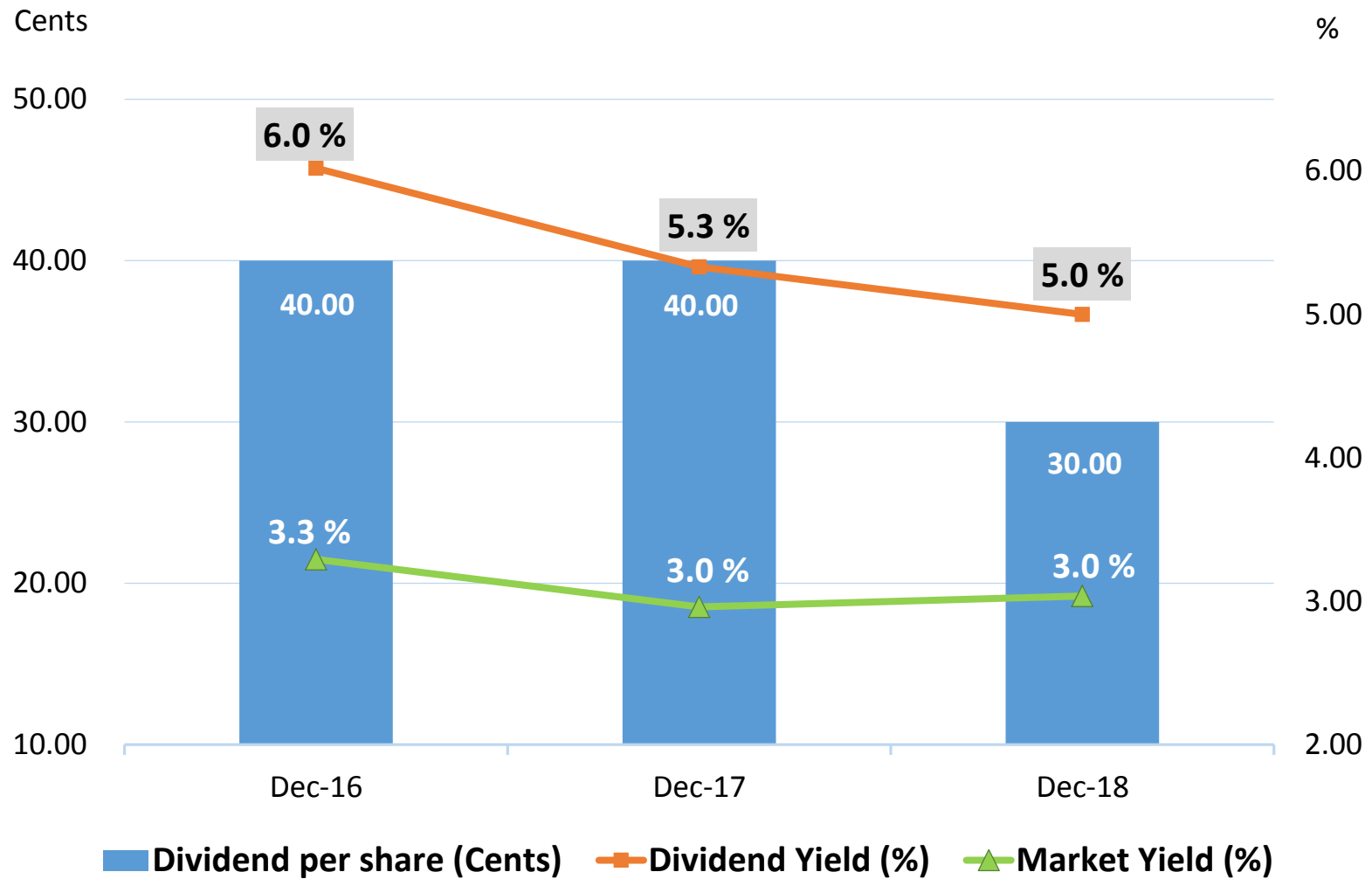
Gross impaired ratio and Net impaired ratio increased due to impairment in Segment B and also partly with take over of CBLR



CAPITAL ADEQUACY RATIO improved and remained well above regulatory requirements, which supports our resilience



DIVIDEND YIELD remains above market average



PROGRESS ON STRATEGY



Leading Financial Services Provider in the Region

Consolidation of
Domestic Position

Regional Expansion

Diversification
of our Solutions
Offering

Modernisation

Capacity Building

Key Enablers

Enablers



Customer/ Stakeholder Advocacy

- ✓ Customer Value Proposition
- ✓ Brand
- ✓ Global Network
- ✓ Community Involvement



Resource Optimisation

- ✓ Employees
- ✓ Organisation
- ✓ Technology



Process Efficiency

- ✓ Efficient Operations
- ✓ Robust Risk Management
- ✓ Stakeholder Management
- ✓ Innovation and Productivity
- ✓ Sustainability

OUR FOCUS AREAS BY COUNTRIES OF OPERATION



MAURITIUS



MAURITIUS – Consolidation and Digitalisation



Market share:
Personal Banking
increased from
30.8% in Dec 17 to
31.5% in Dec 18



Market Share:
Corporate Banking
increased from 20.2%
in Dec 17 to 21.9% in
Dec 18



Migration to
Digital Channels



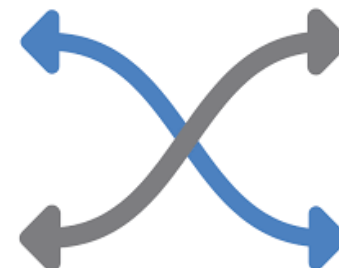
ShopNCash
(Supermarket Cashback
Service)



17 new intelligent
ATMs (with real-time
deposit features)



Upgraded our Mobile Banking and
Internet Banking platforms; Digital
Private Wealth platform & Custody
Client Portal



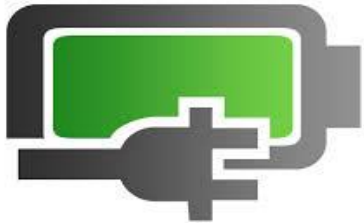
Cross-selling
initiative &
Customer referral
model

MAURITIUS – Our Remediation Plan – 2nd Half of 2018



Remediation Plan

- ☐ Reviewed our organisational structure
- ☐ Strengthening country risk framework and aligning risk appetite to strategy
- ☐ Reviewed concentration limits
- ☐ Ongoing improvements in compliance procedures and loan-granting process along with better collateral management



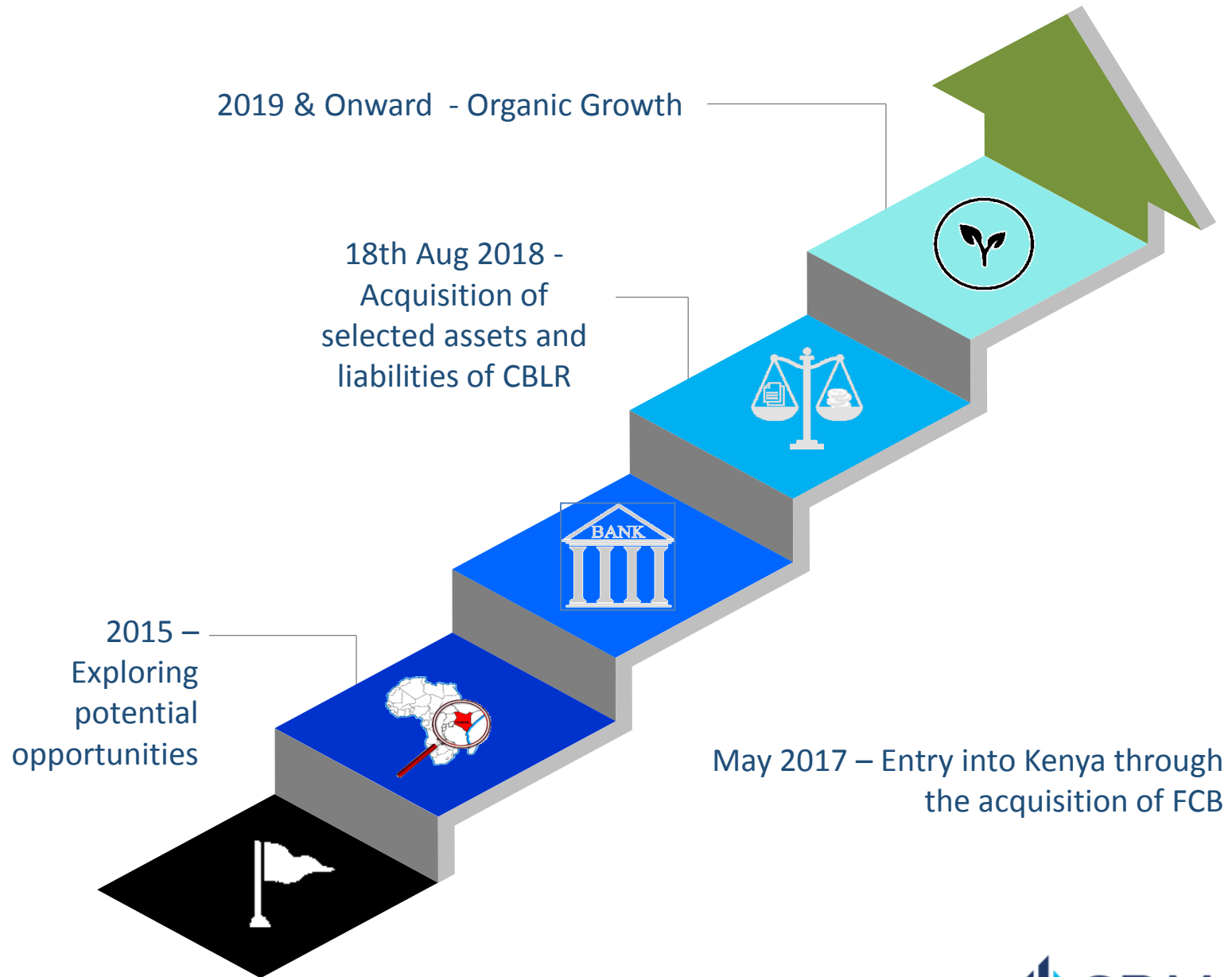
Outlook

- ✓ Expect growth in cross-border operations to pick up on a safer and more sustainable basis.
- ✓ Continue to pursue recovery efforts in respect of past impairments.

KENYA



KENYA - Evolution



KENYA – Progress



- ❑ Appointment of CEO, Mr Moezz Mir, in October 2018 & Onboarding of high-calibre staff members
- ❑ Integration and stabilisation (e.g. – IT system fully integrated in Nov 2018)
- ❑ A Tier 2 Bank with 284k customers, 784 employees and 52 branches (as at 31st Dec 2018)
- ❑ May 2019 - Granted licence (by Capital Markets Authority Kenya) to operate as an Authorised Depository and an Authorised Securities Dealer, in line with our strategy to operate as a one-stop shop in Kenya.

✓ Way forward - Building operations on loyal commercial and SME clients, alongside with providing a unique selling proposition and tapping market share.

✓ Using existing SBM network, mainly in Mauritius and in India, to facilitate trade and investment in Kenya – Cross-selling.

INDIA



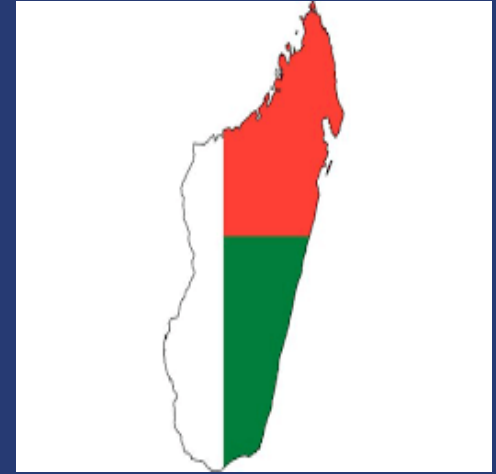
INDIA - Progress



- ❑ First foreign bank to obtain a Wholly Owned Subsidiary Licence. WOS Go-Live: Dec 2018 (now operating 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 soon.

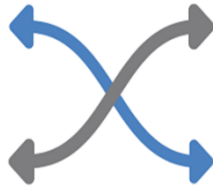
- ✓ Targeting a niche market and focus on mid-size Corporates and high-end established SMEs
- ✓ Target low-cost deposit base (small chunk of the market)
- ✓ Potential cross-selling opportunities

MADAGASCAR & SEYCHELLES



Madagascar & Seychelles

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

SBM CAPITAL MARKETS



DIVERSIFICATION – SBM Capital Markets



Raised Tier II Bonds for SBM Holdings for MUR 3 billion and USD 76 million (oversubscription of about 50%).



Expanded the factoring business for SMEs and Corporate clients



Investment banking, asset management and advisory solutions



Exclusive partnership with Principal Global Investors (USA) and Principal Islamic Asset Management (Ireland) Plc, for the distribution of two Islamic Funds.

GEARING UP TO TAP OPPORTUNITIES IN THE AFRICA-ASIA CORRIDOR



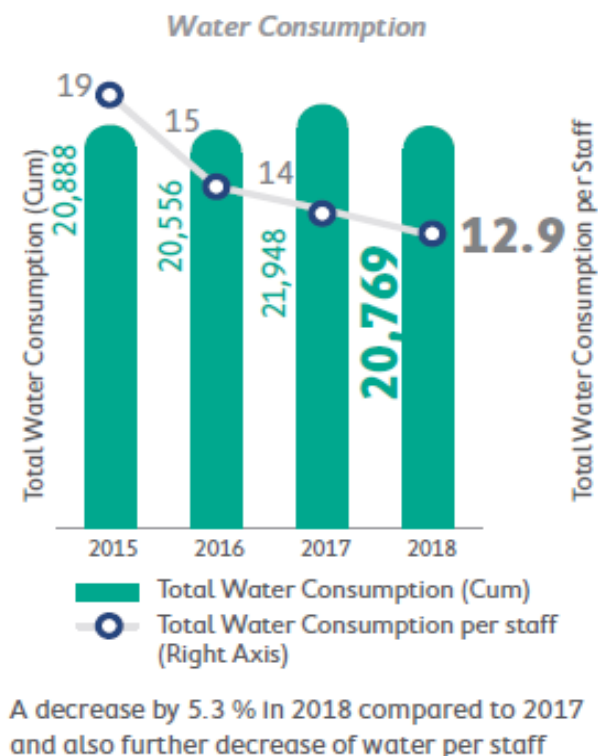
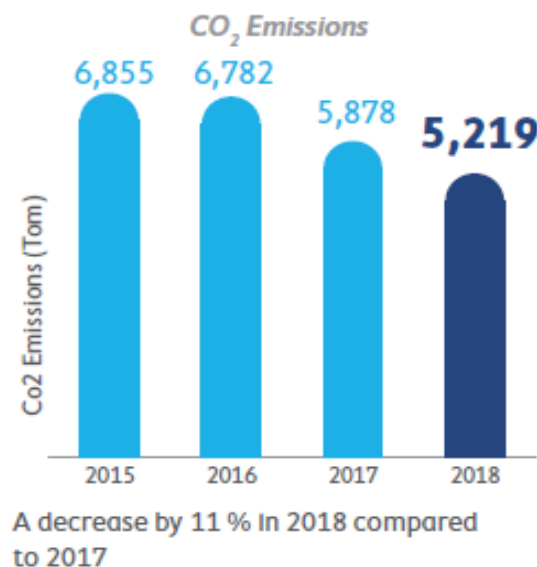
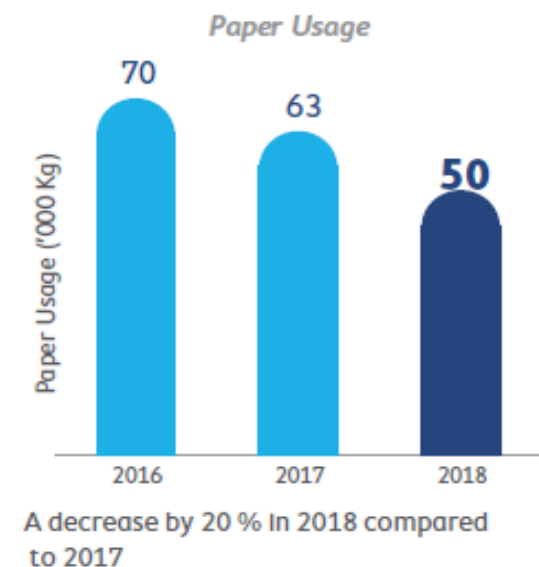
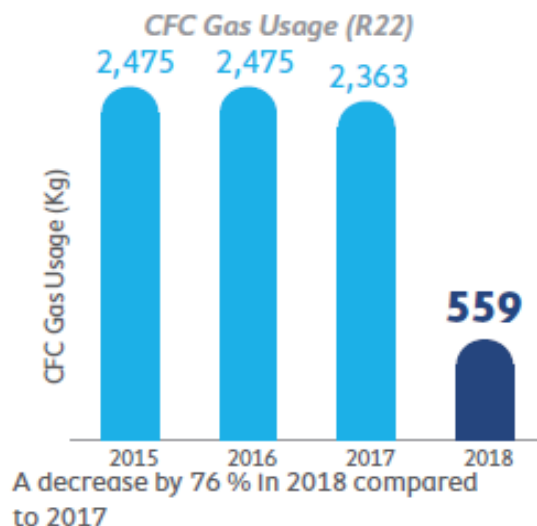
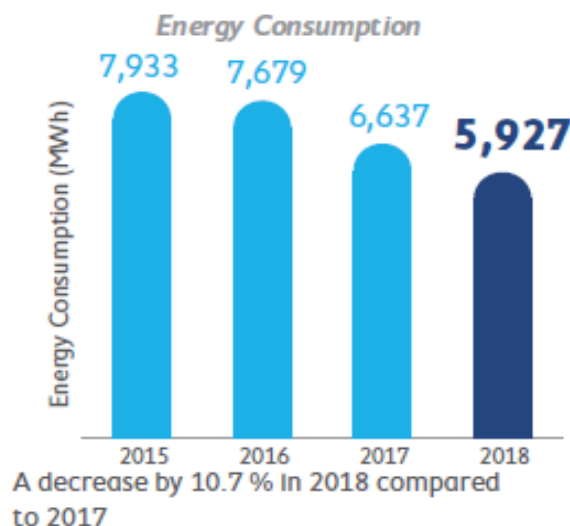
OUR SUSTAINABILITY EFFORTS




Our Sustainability Building Blocks



Adopting Sustainable Practices



Community and Employee Initiatives



Conversion to Permanent Employment



Staff Engagement



Launch of SBM Academy



~2,500 students
Scholarship beneficiaries



~10,000 persons
CSR project beneficiaries

THANK YOU