

**REVIEW REPORT TO THE BOARD OF DIRECTORS OF
SBM BANK (MAURITIUS) LTD**

We have reviewed the accompanying interim condensed statements of financial position of SBM Bank (Mauritius) Ltd (the "Bank") as of 30 June 2019 and the related interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information does not present fairly, in all material respects, the financial position of the Bank as at 30 June 2019, and of its financial performance and its cash flows for the period then ended in accordance with IAS 34 Interim Financial Reporting.

ERNST & YOUNG
Ebène, Mauritius

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

Date: 08 August 2019

SBM BANK (MAURITIUS) LTD
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

	Unaudited 30 June 2019	Unaudited 30 June 2018	Audited 31 December 2018
	MUR' 000	(Restated) MUR' 000	MUR' 000
ASSETS			
Cash and cash equivalents	10,010,479	15,046,792	11,211,712
Mandatory balances with central banks	8,801,323	8,685,346	8,767,767
Loans to and placements with banks	6,893,471	8,729,576	11,764,358
Derivative financial instruments	689,894	1,056,875	762,855
Loans and advances to non-bank customers	96,358,751	103,678,125	94,296,051
Investment securities	66,441,570	47,619,971	50,934,309
Equity investments	3,411	1,682	3,411
Property and equipment	2,718,046	2,585,450	2,458,814
Intangible assets	2,736,407	3,270,964	2,962,920
Deferred tax assets	-	91,968	-
Other assets	727,880	944,486	823,653
Total assets	195,381,232	191,711,235	183,985,850
LIABILITIES			
Deposits from banks	987,627	575,342	796,117
Deposits from non-bank customers	149,303,653	152,813,547	147,530,840
Other borrowed funds	20,651,695	14,613,207	11,773,938
Derivative financial instruments	651,996	898,640	758,642
Current tax liabilities	404,871	247,293	474,487
Deferred tax liabilities	51,526	159,034	163,996
Other liabilities	4,650,156	3,492,043	5,020,635
Total liabilities	176,701,524	172,799,106	166,518,655
SHAREHOLDER'S EQUITY			
Stated capital	400,000	310,000	310,000
Capital contribution	10,954,011	10,163,106	11,044,011
Retained earnings	5,663,552	7,663,203	4,817,518
Other reserves	1,662,145	775,820	1,295,666
Total equity	18,679,708	18,912,129	17,467,195
Total equity and liabilities	195,381,232	191,711,235	183,985,850

Approved by the Board of Directors and authorised for issue on 08 August 2019.

Parvataneni Venkateswara Rao
 Chief Executive Officer

Ishwar Anoopum Gaya
 Chairman, Audit Committee

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

The financial information, including the independent auditor's review report to the member of SBM Bank (Mauritius) Ltd, has been extracted from the interim unaudited condensed financial statements for the six months ended 30 June 2019.

SBM BANK (MAURITIUS) LTD
STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Unaudited Quarter ended 30 June 2019	Unaudited Quarter ended 30 June 2018	Unaudited Six months ended 30 June 2019	Unaudited Six months ended 30 June 2018	Audited Year ended 31 December 2018
	MUR' 000	(Restated) MUR' 000	MUR' 000	(Restated) MUR' 000	MUR' 000
Interest income	1,942,794	1,814,076	3,824,048	3,449,528	7,156,372
Interest expense	(493,959)	(410,276)	(964,131)	(770,074)	(1,665,006)
Net interest income	1,448,835	1,403,800	2,859,917	2,679,454	5,491,366
Fee and commission income	309,291	283,834	577,909	565,074	1,061,666
Fee and commission expense	(8,012)	(6,901)	(13,981)	(12,158)	(23,015)
Net fee and commission income	301,279	276,933	563,928	552,916	1,038,651
Other income					
Profit arising from dealing in foreign currencies	179,426	181,981	333,224	354,580	679,738
Net gain from financial instruments	(5,419)	79,117	25,289	225,233	500,133
Net gain on sale of securities	116,850	14,961	214,902	37,409	173,554
Other operating income	-	-	800	-	-
	290,857	276,059	574,215	617,222	1,353,425
Non-interest income	592,136	552,992	1,138,143	1,170,138	2,392,076
Operating income	2,040,971	1,956,792	3,998,060	3,849,592	7,883,442
Personnel expenses	(424,971)	(371,516)	(817,949)	(716,582)	(1,271,165)
Depreciation of property and equipment	(47,453)	(35,092)	(95,111)	(71,430)	(145,188)
Amortisation of intangible assets	(117,134)	(135,996)	(256,213)	(269,546)	(549,948)
Other expenses	(431,238)	(243,024)	(638,213)	(461,653)	(768,432)
Non-interest expense	(1,020,796)	(785,628)	(1,807,486)	(1,519,211)	(2,734,733)
Profit before credit loss expense	1,020,175	1,171,164	2,190,574	2,330,381	5,148,709
Credit loss expense on financial assets	(470,723)	(1,125,689)	(646,820)	(1,304,473)	(3,010,356)
Profit before income tax	549,452	45,475	1,543,754	1,025,908	2,138,353
Income tax expense	63,737	(167,416)	(211,556)	(289,341)	(676,988)
Profit / (loss) for the quarter / period / year from continuing operations	613,189	(121,941)	1,332,198	736,567	1,461,365
Discontinued operations					
Profit / (loss) after tax for the quarter / period from discontinued operations	-	18,717	-	(150)	(221,374)
Loss on distribution of dividend in specie	-	-	-	-	(685,838)
Profit / (loss) for the quarter / period/ year from discontinued operations	-	18,717	-	(150)	(907,212)
Profit / (loss) for the quarter / period / year	613,189	(103,224)	1,332,198	736,417	554,153

The financial information, including the independent auditor's review report to the member of SBM Bank (Mauritius) Ltd, has been extracted from the interim unaudited condensed financial statements for the six months ended 30 June 2019.

SBM BANK (MAURITIUS) LTD
STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Unaudited Quarter ended 30 June 2019	Unaudited Quarter ended 30 June 2018	Unaudited Six months ended 30 June 2019	Unaudited Six months ended 30 June 2018	Audited Year ended 31 December 2018
	MUR' 000	(Restated) MUR' 000	MUR' 000	(Restated) MUR' 000	MUR' 000
Profit /(loss) for the quarter / period / year	613,189	(103,224)	1,332,198	736,417	554,153
Other comprehensive income :					
<i>Items that will not be reclassified subsequently to profit or loss (net of deferred tax):</i>					
Remeasurement of defined benefit pension plan	-	-	-	-	(27,802)
	-	-	-	-	(27,802)
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translation of foreign operations	-	(44,862)	-	(76,287)	564,044
<i>Investment securities measured at FVTOCI (Debt instruments)</i>					
Movement in fair value during the year	192,536	(188,205)	231,112	(283,590)	(138,912)
Fair value re-cycled on disposal	-	-	-	-	1,491
Net gains on financial investments at fair value through other comprehensive income	75,992	17,328	75,992	26,010	-
Movement in credit loss expense relating to debt instruments held at FVTOCI	8,653	(34,993)	(11,789)	(34,993)	26,415
	277,181	(250,732)	295,315	(368,860)	453,038
Total other comprehensive income / (loss)	277,181	(250,732)	295,315	(368,860)	425,236
Total comprehensive income / (loss) for the quarter / period / year	890,370	(353,956)	1,627,513	367,557	979,389

SBM BANK (MAURITIUS) LTD
STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Stated capital	Capital Contribution	Retained earnings	Statutory reserve	Fair value reserve on financial instruments recognised in OCI	Property revaluation reserve	Foreign currency translation reserve	Total equity
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
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 period	-	-	736,417	-	-	-	-	736,417
Other comprehensive loss for the period	-	-	-	-	(292,573)	-	(76,287)	(368,860)
Total comprehensive income / (loss) for the period	-	-	736,417	-	(292,573)	-	(76,287)	367,557
Capital contribution received during the period	-	1,100,000	-	-	-	-	-	1,100,000
Transfer to retained earnings	-	-	18,836	-	-	(18,836)	-	-
Dividend	-	-	(697,500)	-	-	-	-	(697,500)
At 30 June 2018	310,000	10,163,106	7,663,203	530,390	(276,292)	1,162,053	(640,331)	18,912,129
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 FVTOCI	-	-	-	-	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
At 01 January 2019	310,000	11,044,011	4,817,518	310,000	(94,725)	1,080,391	-	17,467,195
Profit for the period	-	-	1,332,198	-	-	-	-	1,332,198
Movement in credit loss expense relating to debt instruments held at FVTOCI	-	-	-	-	(11,789)	-	-	(11,789)
Other comprehensive income for the period	-	-	-	-	307,104	-	-	307,104
Total comprehensive income for the period	-	-	1,332,198	-	295,315	-	-	1,627,513
Conversion of capital contribution to stated capital	90,000	(90,000)	-	-	-	-	-	-
Transfer to statutory reserve	-	-	(90,000)	90,000	-	-	-	-
Transfer to retained earnings	-	-	18,836	-	-	(18,836)	-	-
Dividend	-	-	(415,000)	-	-	-	-	(415,000)
At 30 June 2019	400,000	10,954,011	5,663,552	400,000	200,590	1,061,555	-	18,679,708

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SBM BANK (MAURITIUS) LTD

ABRIDGED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Unaudited Six months ended 30 June 2019	Unaudited Six months ended 30 June 2018	Audited Year ended 31 December 2018
	MUR' 000	MUR' 000	MUR' 000
Net cash used in operating activities	(9,302,473)	(2,701,379)	(3,486,978)
Net cash from financing activities	8,164,435	2,246,314	1,248,015
Net cash used in investing activities	(63,195)	(118,921)	(371,002)
Net change in cash and cash equivalents	(1,201,233)	(573,986)	(2,609,965)
Net foreign exchange difference	-	-	(71,792)
Cash transfer upon distribution in specie of the Indian Operations	-	-	(1,727,309)
Cash and cash equivalents at start of period / year	11,211,712	15,620,778	15,620,778
Cash and cash equivalents at end of period / year	10,010,479	15,046,792	11,211,712