



INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

RESULTS

SBM Holdings Ltd (the "Group") is pleased to present its interim unaudited condensed financial report for the six months ended 30 June 2019.

The interim unaudited condensed financial report has been prepared in accordance with the Bank of Mauritius Accounting Guidelines on Public Disclosure of Information and IAS 34 - Interim Financial Reporting. The report has also been prepared based on those accounting policies applied in the preparation of the audited financial statements for the year ended 31 December 2018; the Group and the Company having adopted all new standards and interpretations which are effective as from 01 January 2019.

On 18 August 2018, SBM Bank (Kenya) Limited ("SBMBK") expanded in scale through the take-over of selected assets and liabilities of Chase Bank (Kenya) Limited (In Receivership) (CBLR). The figures presented in the statements of financial position as at 30 June 2019 incorporate the carved-out assets and liabilities of CBLR and the statements of profit or loss for the period takes into account the income and expenses of the carved out operations of CBLR from 01 January 2019 to 30 June 2019 which was nil for the corresponding period last year.

Operating results

The Board of Directors is pleased to report a Group profit after tax of MUR 1,218 million for the six months ended 30 June 2019, as compared to MUR 156 million for the same period last year, representing an increase of MUR 1,062 million, which was mainly due to lower impairment charges for the period under review.

Operating income has grown by 12% to reach MUR 4.50 billion as compared to MUR 4.01 billion for the same period last year. Interest income has gone up by MUR 1.20 billion, driven by major growth in investment securities from MUR 50 billion as at 30 June 2018 to MUR 88 billion as at 30 June 2019. Gross loans and advances have also increased by MUR 2.63 billion while net loans and advances have however witnessed a drop of 2% due to last years' high level of impairment. Interest expense has also gone up by MUR 793 million mainly on account of growth in deposits arising from the acquisition of certain assets and selected liabilities of CBLR and raising of additional subordinated debts made at end of June 2018. Cost to income ratio has increased from 48.0% for period ended 30 June 2018 to 64.6% for the current period due to increases in interest expense and the following operational expenses. Operating expenses have increased from MUR 1.93 billion for the six months ended 30 June 2018 to MUR 2.91 billion for the six months ended 30 June 2019 which includes the add-on costs of operations of CBLR acquisition for the full six months and also special levy amounting to MUR 139 million which has been reclassified from income tax expense to non-interest expense following amendment in the Finance Act this year. Earnings per share were 47.16 cents for the period ended 30 June 2019 as compared to 6.04 cents for same period last year.

The Group's total assets stood at MUR 241 billion as at 30 June 2019 as compared to MUR 226 billion as at 31 December 2018 which is mainly due to an increase in investment securities from MUR 72 billion as at 31 December 2018 to MUR 88 billion as at 30 June 2019. Gross loans and advances stood at MUR 114 billion representing an increase of nearly 2% from 31 December 2018. Deposits from non-bank customers have also increased by MUR 4 billion from MUR 169 billion as at 31 December 2018 to MUR 173 billion as at 30 June 2019. Gross impaired advances

net of cash collaterals stood at MUR 15.19 billion as at 30 June 2019 as compared to MUR 14.81 billion as at 31 December 2018. The net improved advances to net advances were 5.9% as at 30 June 2019 as compared to 6.4% as at 31 December 2018.

The Group Capital

The capital base and equity of the Group increased from MUR 30.06 billion and MUR 24.18 billion respectively as at 31 December 2018, to MUR 31.81 billion and MUR 26.19 billion respectively as at 30 June 2019.

The Group's capital adequacy ratio (CAR), Tier 1 capital and common equity Tier 1 capital ratios increased from 24.63%, 16.15% and 16.15% as at 31 December 2018 to 26.03%, 17.95% and 17.95% as at 30 June 2019, which are well above the minimum regulatory limits of 13.375%, 11.375% and 9.875% respectively.

Outlook

The operating environment has been fairly stable over the first half of the year and the Group is on track to achieve improved profitability while simultaneously managing asset quality and building capabilities.

In Mauritius, advances progressed below target whilst greater focus was placed on the implementation of the remediation plan, which is nearing completion. We expect disbursements to pick up in the second half of the year. SBMBK has recorded a good performance in the recovery of impaired assets, contributing positively to the bottom-line. Business volumes are projected to rise, thus improving operational ratios. In our India and Madagascar subsidiaries, upward pressure on operating costs will persist, driven by continuous building of capabilities around human resources, distribution network and product offering, with the aim of enhancing the value propositions across targeted customer segments. This month will also mark the entry of the SBM Group in Seychelles.

A better return is expected to be recorded during the second half of the year, driven by the conversion of a pipeline of deals into sales across the various entities of the Group. The Group will increasingly develop synergies across its various entities in line with its ambition of serving the financial needs of clients along the Asia-Africa corridor. Capital and liquidity levels are expected to remain strong.

Overall, a significantly improved performance has been observed in the year to date and is expected to continue.

We wish to thank all stakeholders for their continued support.

Kee Chung LI KWONG WING, G.O.S.K.
Chairman

Subhas THEKA
Chairman, Audit Committee

09 August 2019

REVIEW REPORT TO THE BOARD OF DIRECTORS OF SBM HOLDINGS LTD

We have reviewed the accompanying interim condensed statement of financial position of SBM Holdings Ltd (the "Company") and its subsidiaries (the "Group") as of 30 June 2019 and the related interim condensed statements of profit or loss and other comprehensive income, changes in equity and abridged cash flows for the six months 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 condensed 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 Company and the Group as at 30 June 2019, and of their financial performance and their cash flows for the six months ended in accordance with IAS 34 Interim Financial Reporting.

ERNST & YOUNG
Ebène, Mauritius

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

09 August 2019

INTERIM UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2019

	The Group			The Company		
	Unaudited 30 June 2019	Unaudited 30 June 2018	Audited 31 December 2018	Unaudited 30 June 2019	Unaudited 30 June 2018	Audited 31 December 2018
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
ASSETS						
Cash and cash equivalents	14,586,167	15,825,917	15,653,515	41,631	4,045,856	32,890
Mandatory balances with central banks	10,073,974	8,972,096	9,977,260	-	-	-
Loans and placements with banks	7,278,755	8,894,197	11,090,361	-	-	-
Derivative financial instruments	856,266	1,057,195	764,077	-	-	-
Loans and advances to non-bank customers	103,598,355	105,765,461	102,108,174	-	-	-
Investment securities	88,435,637	49,633,255	71,594,287	2,642,870	608,395	3,105,326
Equity investments	6,096,689	5,986,371	5,752,870	4,227,683	4,227,683	4,227,683
Investment in subsidiaries	-	-	-	28,730,768	26,286,453	28,485,152
Investment in associate	1,444,219	1,394,629	1,308,157	1,272,977	1,272,977	1,272,977
Property and equipment	3,737,121	2,822,508	3,153,914	4,718	6,846	5,780
Goodwill and other intangible assets	2,985,653	3,705,291	3,226,412	39	50	44
Deferred tax assets	93,401	91,968	89,440	-	-	-
Other assets	2,313,476	1,722,690	1,655,659	210,637	1,021,161	153,309
Total assets	241,499,709	205,871,578	226,374,126	37,131,323	37,469,421	37,283,161
LIABILITIES						
Deposits from banks	922,258	545,866	716,702	-	-	-
Deposits from non-bank customers	173,381,539	152,270,962	169,384,480	-	-	-
Other borrowed funds	23,723,436	14,962,122	14,522,085	-	-	-
Derivative financial instruments	739,550	898,669	799,441	-	-	-
Current tax liabilities	417,442	256,888	495,964	-	503	503
Deferred tax liabilities	107,498	184,015	159,477	-	-	-
Other liabilities	6,443,659	3,332,546	6,706,294	102,441	72,832	91,777
Subordinated debts	9,573,944	9,446,952	9,412,677	9,573,944	9,446,952	9,412,677
Total liabilities	215,309,326	181,898,020	202,197,120	9,676,385	9,520,287	9,504,957
SHAREHOLDERS' EQUITY						
Stated capital	32,500,204	32,500,204	32,500,204	32,500,204	32,500,204	32,500,204
Retained earnings	2,998,573	1,729,478	2,270,280	651,596	1,172,263	965,704
Other reserves	(4,433,363)	(5,381,093)	(5,718,447)	(821,831)	(848,302)	(812,673)
Less: Treasury shares	31,065,414	28,848,589	29,052,037	32,329,969	32,824,165	32,653,235
Total equity attributable to equity holders of the parent	26,190,383	23,973,558	24,177,006	27,454,938	27,949,134	27,778,204
Total equity and liabilities	241,499,709	205,871,578	226,374,126	37,131,323	37,469,421	37,283,161
Contingent liabilities	22,218,644	23,832,364	20,454,774			

Approved by the Board of Directors and authorised for issue on 09 August 2019.

Kee Chung LI KWONG WING, G.O.S.K.
Chairman

Subhas THEKA
Chairman, Audit Committee

INTERIM UNAUDITED CONDENSED STATEMENTS OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2019

	The Group					The Company				
	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	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	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Interest income	2,632,095	2,048,273	5,133,519	3,936,062	8,816,856	20,261	6,763	45,106	21,257	77,913
Interest expense	(958,776)	(604,535)	(1,959,846)	(1,166,380)	(2,971,513)	(119,858)	(38,811)	(238,733)	(75,140)	(309,019)
Net interest income/(expense)	1,673,319	1,443,738	3,173,673	2,769,682	5,845,343	(99,597)	(32,048)	(193,627)	(53,883)	(231,106)
Fee and commission income	397,465	321,709	744,069	644,605	1,307,329	-	-	-	-	-
Fee and commission expense	(9,631)	(8,764)	(17,426)	(15,248)	(30,919)	(35)	(30)	(74)	(45)	(199)
Net fee and commission income/(expense)	387,834	312,945	726,643	629,357	1,276,410	(35)	(30)	(74)	(45)	(199)
Profit/(loss) arising from dealing in foreign currencies	150,611	144,441	259,940	320,608	758,677	(71,351)	(52,506)	(139,807)	(58,513)	(29,695)
Net gain on sale of securities	129,951	42,513	236,224	65,019	204,458	900	26,768	680	28,426	27,614
Dividend income	45,313	2	45,313	59	110,051	445,000	347,200	445,000	697,500	1,233,068
Net gain from financial instruments	4,751	80,597	54,982	226,414	509,849	7,683	-	23,105	-	-
Other operating income	(78)	423	802	423	1,073,651	-	-	-	-	-
Non-interest income	718,382	580,921	1,323,904	1,241,880	3,933,096	382,197	321,432	328,904	667,368	1,230,788
Operating income	2,391,701	2,024,659	4,497,577	4,011,562	9,778,439	282,600	289,384	135,277	613,485	999,682
Personnel expenses	(674,683)	(499,694)	(1,340,720)	(956,894)	(2,026,085)	(23,128)	(26,144)	(45,424)	(41,878)	(104,253)
Depreciation of property and equipment	(127,834)	(40,933)	(226,341)	(83,340)	(205,246)	(532)	(485)	(1,063)	(881)	(1,946)
Amortisation of intangible assets	(144,245)	(138,713)	(326,442)	(275,773)	(621,951)	(3)	-	(5)	-	(6)
Other expenses	(618,090)	(349,727)	(1,012,475)	(608,609)	(1,844,271)	(3,101)	(104,514)	(15,761)	(114,018)	(253,729)
Non-interest expense	(1,564,852)	(1,029,067)	(2,905,978)	(1,924,616)	(4,697,553)	(26,764)	(131,143)	(62,253)	(156,777)	(359,934)
Profit before credit loss expense	826,849	995,592	1,591,599	2,086,946	5,080,886	255,836	158,241	73,024	456,708	639,748
Credit loss expense on financial assets	(252,522)	(1,431,182)	(151,288)	(1,668,728)	(3,559,350)	10	-	494	-	(1,646)
Operating profit/(loss)	574,267	(435,590)	1,440,311	418,218	1,521,536	255,846	158,241	73,518	456,708	638,102
Share of profit of associate	42,928	35,089	66,485	53,420	100,240	-	-	-	-	-
Profit/(loss) before income tax	617,195	(400,501)	1,506,796	471,638	1,621,776	255,846	158,241	73,518	456,708	638,102
Tax expense	(116)	(190,136)	(289,106)	(315,610)	(375,982)	7,913	(10,188)	(357)	(10,188)	(10,867)
Profit/(loss) for the quarter/period/year attributable to equity holders of the parent	617,079	(590,637)	1,217,690	156,028	1,245,794	263,759	148,053	73,161	446,520	627,235
Earnings per share (cents)	23.90	(22.88)	47.16	6.04	48.25					

INTERIM UNAUDITED CONDENSED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2019

	The Group					The Company				
	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	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	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Profit/(loss) for the quarter/period/year attributable to equity holders of the parent	617,									