

## **SBM BANK (MAURITIUS) LTD**

### **Approval of financial statements**

The audited financial statements have been approved by the Board and abridged for purposes of this report. Ernst & Young has expressed an unmodified audit opinion on the annual financial statements. The signed auditors' report is available for viewing at SBM Group's website ([www.sbmgroup.mu](http://www.sbmgroup.mu)).

The audited financial statements are available for inspection at the Bank's registered address. This abridged report is extracted from audited information and the auditor's report is on the full financial statements but not on the abridged financial information. The auditors' report does not necessarily cover all of the information contained in this announcement.

Stakeholders are therefore advised that in order to obtain a full understanding of the nature of the auditors' work they should view the report together with the accompanying financial information.

23 April 2020

### **Operating Results**

The results for 2019 continue to demonstrate the Bank's strong fundamentals and robust performance as evidenced by the MUR 8.12 billion (MUR 7.88 billion in the year previous) operating income registered for the year. It is significant since the year also saw the Bank consciously scaling down its cross border risk appetite as a strategic risk containment measure.

The Bank generated a profit of MUR 4.66 billion before providing prudentially for expected credit losses as well as taxes resulting in recording a Net Profit of MUR 550 million. Impairment charges of MUR 3.61 billion were taken primarily in line with the remediation plan that is underway for transnational exposures.

Net interest income rose to MUR 5.67 billion (growth of 3.17%) owing to a respectable spurt in our loans and investments portfolio aggregating MUR 180.23 billion (increase of 14.80%). On a Year on Year basis, fee income went up by a healthy 13.09% to MUR 1.17 billion while non-interest income contributed MUR 1.28 billion.

The Bank continues its vigorous cost containment drive as always. Barring the impact of reclassification of Bank Levy amounting to MUR 171.37 million, the Bank managed to keep the Cost to Income ratio at 42.61% (34.69% in the prior year) notwithstanding the spike in personnel costs as a result of our committed efforts to convert contractual staff to permanent workforce in phases.

The Bank's total assets surged to 212.04 billion from MUR 183.99 billion last year registering 15.25% increase. In the prevailing low yield environment, the Bank managed to redeploy its resources by rebalancing its assets portfolio with added investments in high yielding securities and also grew the loan book, nevertheless, by MUR 5.01 billion.

### **Capital**

The Bank comfortably met the regulatory capital requirements for Domestic-Systemically Important Banks. Shareholders equity went up to MUR 18.07 billion as at 31 December 2019 from MUR 17.47 billion as at 31 December 2018 denoting capital sufficiency. With a tier 1 capital base of MUR 13.92 billion, the capital adequacy ratio (CAR) stood at 14.65% and the tier 1 capital to risk weighed assets ratio moved to 12.96%. Return on equity for the year stood at 3.10%.

**SBM BANK (MAURITIUS) LTD**  
**STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2019**

	31 December 2019	31 December 2018	31 December 2017
	MUR' 000	MUR' 000	MUR' 000
<b>ASSETS</b>			
Cash and cash equivalents	15,386,899	11,211,712	15,620,778
Mandatory balances with central banks	9,326,006	8,767,767	8,712,062
Loans to and placements with banks	7,471,474	11,764,358	8,895,860
Derivative financial instruments	783,603	762,855	1,356,774
Loans and advances to non-bank customers	99,302,829	94,296,051	100,839,231
Investment securities	73,456,719	50,934,309	37,150,731
Equity investments	3,411	3,411	370
Property, equipment and right-of-use assets	2,846,736	2,458,814	2,631,782
Intangible assets	2,526,156	2,962,920	3,457,061
Deferred tax assets	219,302	-	95,461
Other assets	714,259	823,653	923,892
<b>Total assets</b>	<b>212,037,394</b>	<b>183,985,850</b>	<b>179,684,002</b>
<b>LIABILITIES</b>			
Deposits from banks	929,357	796,117	739,926
Deposits from non-bank customers	173,258,702	147,530,840	141,695,769
Other borrowed funds	12,438,151	11,773,938	13,116,593
Derivative financial instruments	794,275	758,642	1,334,584
Current tax liabilities	311,351	474,487	105,869
Deferred tax liabilities	-	163,996	170,905
Other liabilities	6,236,562	5,020,635	4,163,207
<b>Total liabilities</b>	<b>193,968,398</b>	<b>166,518,655</b>	<b>161,326,853</b>
<b>SHAREHOLDER'S EQUITY</b>			
Stated capital	400,000	310,000	310,000
Capital contribution	11,854,011	11,044,011	9,063,106
Retained earnings	3,804,163	4,817,518	7,855,520
Other reserves	2,010,822	1,295,666	1,128,523
<b>Total equity</b>	<b>18,068,996</b>	<b>17,467,195</b>	<b>18,357,149</b>
<b>Total liabilities and equity</b>	<b>212,037,394</b>	<b>183,985,850</b>	<b>179,684,002</b>

Approved by the Board of Directors and authorised for issue on 23 April 2020.

Parvataneni Venkateswara Rao  
Chief Executive

Imalambaal Kichenin  
Chairperson, Audit Committee

Mohit Dhoorundhur  
Chairman

**SBM BANK (MAURITIUS) LTD**
**STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2019**

	31 December 2019	31 December 2018	31 December 2017
	MUR' 000	MUR' 000	MUR' 000
Interest income	7,688,851	7,156,372	6,074,890
Interest expense	(2,023,529)	(1,665,006)	(1,569,129)
<b>Net interest income</b>	<b>5,665,322</b>	<b>5,491,366</b>	<b>4,505,761</b>
Fee and commission income	1,206,321	1,061,666	1,005,274
Fee and commission expense	(31,716)	(23,015)	(22,396)
<b>Net fee and commission income</b>	<b>1,174,605</b>	<b>1,038,651</b>	<b>982,878</b>
<b>Other income</b>			
Profit arising from dealing in foreign currencies	534,430	679,738	431,483
Net gain from financial instruments	118,175	500,133	519,821
Net gain on sale of securities	626,674	173,554	430,897
Other operating income	884	-	61
	<b>1,280,163</b>	<b>1,353,425</b>	<b>1,382,262</b>
<b>Non-interest income</b>	<b>2,454,768</b>	<b>2,392,076</b>	<b>2,365,140</b>
<b>Operating income</b>	<b>8,120,090</b>	<b>7,883,442</b>	<b>6,870,901</b>
Personnel expenses	(1,719,592)	(1,271,165)	(1,281,152)
Depreciation of property, equipment and right-of-use assets	(193,062)	(145,188)	(149,163)
Amortisation of intangible assets	(474,547)	(549,948)	(493,091)
Other expenses	(1,072,553)	(768,432)	(922,184)
Bank levy	(171,368)	-	-
<b>Non-interest expense</b>	<b>(3,631,122)</b>	<b>(2,734,733)</b>	<b>(2,845,590)</b>
<b>Profit before credit loss expense</b>	<b>4,488,968</b>	<b>5,148,709</b>	<b>4,025,311</b>
Credit loss expense on financial assets & memorandum items	(3,606,666)	(3,010,356)	(228,024)
<b>Profit before income tax</b>	<b>882,302</b>	<b>2,138,353</b>	<b>3,797,287</b>
Tax expense	(331,810)	(676,988)	(494,135)
<b>Profit for the year from continuing operations</b>	<b>550,492</b>	<b>1,461,365</b>	<b>3,303,152</b>
<b>Discontinued operations</b>			
Loss after tax for the period/year from discontinued operations	-	(221,374)	(691,859)
Loss on distribution of dividend in specie	-	(685,838)	-
	<b>-</b>	<b>(907,212)</b>	<b>(691,859)</b>
<b>Profit for the year</b>	<b>550,492</b>	<b>554,153</b>	<b>2,611,293</b>

The financial information has been extracted from the full set of audited financial statements for the year ended 31 December 2019.

**SBM BANK (MAURITIUS) LTD**
**STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019**

	31 December 2019	31 December 2018	31 December 2017
	MUR' 000	MUR' 000	MUR' 000
Profit for the year	550,492	554,153	2,611,293
Other comprehensive income :			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Increase in revaluation of property	204,398	-	-
Deferred tax on revaluation of property	(9,950)	-	-
Change in deferred tax rate on revaluation of property	118,392	-	-
Change in deferred tax rate on defined benefit pension plan	(7,923)		
Remeasurement of defined benefit pension plan	(203,865)	(33,496)	(39,616)
Deferred tax on remeasurement of defined benefit pension plan	14,272	5,694	6,735
	115,324	(27,802)	(32,881)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations*	-	564,044	(28,403)
<b>Available-for-sale investments</b>			
Movement in fair value of available-for-sale investments	-	-	182,180
Fair value re-cycled on disposal of available-for-sale investments	-	-	(175,477)
<b>Investment securities measured at FVTOCI (Debt instruments)</b>			
Movement in fair value during the year	585,735	(138,912)	-
Fair value re-cycled on disposal	(224,380)	1,491	-
Loss allowance relating to debt instruments held at FVTOCI	(6,370)	26,415	-
	354,985	453,038	(21,700)
Total other comprehensive income / (loss)	470,309	425,236	(54,581)
Total comprehensive income for the year	1,020,801	979,389	2,556,712

**SBM BANK (MAURITIUS) LTD**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 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 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 (loss)/income 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)
<b>At 31 December 2017</b>	<b>310,000</b>	<b>9,063,106</b>	<b>7,855,520</b>	<b>530,390</b>	<b>(18,712)</b>	<b>1,180,889</b>	<b>(564,044)</b>	<b>18,357,149</b>
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)
<b>Restated opening balance under IFRS 9</b>	<b>310,000</b>	<b>9,063,106</b>	<b>7,605,450</b>	<b>530,390</b>	<b>16,281</b>	<b>1,180,889</b>	<b>(564,044)</b>	<b>18,142,072</b>
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 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)
<b>At 31 December 2018</b>	<b>310,000</b>	<b>11,044,011</b>	<b>4,817,518</b>	<b>310,000</b>	<b>(94,725)</b>	<b>1,080,391</b>	<b>-</b>	<b>17,467,195</b>
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 year	-	-	550,492	-	-	-	-	550,492
Loss allowance relating to debt instruments held at FVTOCI	-	-	-	-	(6,370)	-	-	(6,370)
Other comprehensive income for the year	-	-	(197,517)	-	361,355	312,841	-	476,679
Total comprehensive income for the year	-	-	352,975	-	354,985	312,841	-	1,020,801
Capital contribution received during the year	-	900,000	-	-	-	-	-	900,000
Conversion of capital contribution	90,000	(90,000)	-	-	-	-	-	-
Transfer to retained earnings	-	-	42,670	-	-	(42,670)	-	-
Transfer to statutory reserve	-	-	(90,000)	90,000	-	-	-	-
Cash dividend	-	-	(1,319,000)	-	-	-	-	(1,319,000)
<b>At 31 December 2019</b>	<b>400,000</b>	<b>11,854,011</b>	<b>3,804,163</b>	<b>400,000</b>	<b>260,260</b>	<b>1,350,562</b>	<b>-</b>	<b>18,068,996</b>

The financial information has been extracted from the full set of audited financial statements for the year ended 31 December 2019.

SBM BANK (MAURITIUS) LTD

ABRIDGED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Year ended 31 December 2019	Year ended 31 December 2018	Year ended 31 December 2017
	MUR' 000	MUR' 000	MUR' 000
Net cash from / (used in) operating activities	4,142,618	(3,486,978)	(1,891,999)
Net cash from financing activities	173,220	1,248,015	8,622,084
Net cash used in Investing activities	(140,651)	(371,002)	(221,473)
Net change in cash and cash equivalents	4,175,187	(2,609,965)	6,508,612
Net foreign exchange difference	-	(71,792)	(311,775)
Cash transfer upon distribution in specie of the Indian Operations	-	(1,727,309)	-
Cash and cash equivalents at start of year	11,211,712	15,620,778	9,423,941
Cash and cash equivalents at end of year	15,386,899	11,211,712	15,620,778