



INTERIM UNAUDITED CONDENSED FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2019

RESULTS

SBM Holdings Ltd (the "Group") is pleased to present its interim unaudited condensed financial report for the three months ended 31 March 2019.

The interim unaudited condensed financial report has been prepared in accordance with the Bank of Mauritius Guidelines on Public Disclosure of Information and IAS 34 - Interim Financial Reporting. The report also has 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 expanded in scale on the strength of 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 31 March 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 31 March 2019 which was nil for the corresponding period last year.

Operating results

The Board of Directors is pleased to report a Group profit before tax of MUR 890 million for the 3 months period ended 31 March 2019, as compared to MUR 872 million for the same period last year, representing an increase of 2%, which was mainly due to higher net interest income and lower impairment charges. The profit after tax for the period stood at MUR 601 million compared to MUR 747 million for last year with a tax expense of MUR 289 million for the current period as compared to MUR 125 million for the period ended 31 March 2018. This tax increase is principally due to lower capital allowances for the period.

The operating income of the Group has increased by MUR 119 million from MUR 1.99 billion for the three months period ended 31 March 2018 as compared to MUR 2.11 billion for the same period in 2019. Interest income has increased by MUR 614 million for the period under review from MUR 1.89 billion for last year to MUR 2.50 billion. Interest expense has also gone up by MUR 439 million mainly for the Kenya operations and additional subordinated debts raised in June 2018. Non-interest expense has increased from MUR 896 million for the three months ended 31 March 2018 to MUR 1.34 billion for the three months ended 31 March 2019 mainly due to the additional costs of operations in Kenya for this quarter following the acquisition of the carved out assets and liabilities of CBLR as from 18 August 2018. The cost to income ratio stood at 63.68% while the earnings per share were 23.26 cents for the period ended 31 March 2019.

The Group's total assets stood at MUR 227 billion as at 31 March 2019 as compared to MUR 226 billion as at 31 December 2018. Gross loans and advances stood at MUR 112 billion while deposits from non-bank customers were MUR 167 billion as at 31 March 2019. Gross impaired advances net of cash collateralised stood at MUR 14.58 billion as at 31 March 2019 as compared to MUR 14.81 billion as at 31 December 2018. The net impaired advances to net advances were 6.08% as at 31 March 2019 as compared to 6.36% 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 30.52 billion and MUR 25.01 billion respectively as at 31 March 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 24.91%, 16.86% and 16.86% as at 31 March 2019, which are well above the minimum regulatory limits of 13.375%, 11.375% and 9.875% respectively.

Outlook

The Mauritius banking market displays a moderately positive outlook, led by a pipeline of projects particularly in the construction and real estate sectors. While the Group is supported by a strong franchise in the domestic market, the Mauritius operations shall sustain efforts towards digitalising its solutions offering and improving quality of service. With the substantive completion of the remediation plan in Segment B, the cross-border business is expected to resume growth.

Further to the acquisition of selected assets and liabilities of CBLR and the conversion of the India Operations into a Wholly Owned Subsidiary, the Group is now working towards optimising the solutions offering and the distribution network to scale up business in the local operations while selectively tapping into trade and investment financing opportunities along the Africa-Asia corridor. These efforts are being complemented by initiatives around cross-selling and operating model review, and are expected to increase the contribution of the overseas subsidiaries' to the Group.

To support the Group's strategy to grow, diversify and modernise, capabilities are being built within the different subsidiaries of the Group across different functions such as Risk, Compliance and Service Quality. We will continue to pursue recovery efforts in respect of past impairments.

Overall, a significantly improved performance is expected in 2019.

We wish to thank all stakeholders for their continued support.

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

Subhas THECKA
Chairman, Audit Committee

13 May 2019

REVIEW REPORT TO THE BOARD OF DIRECTORS OF SBM HOLDINGS LTD

We have reviewed the accompanying interim condensed statements of financial position of SBM Holdings Ltd (the "Company") and its subsidiaries (the "Group") as of 31 March 2019, and the related interim condensed statements of profit or loss and other comprehensive income, changes in equity and abridged cash flows for the quarter 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 condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of the 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 Group and the Company as at 31 March 2019, and of their financial performance and their cash flows for the quarter then ended in accordance with IAS 34 Interim Financial Reporting.

ERNST & YOUNG
Ebène, Mauritius

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

13 May 2019

INTERIM UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2019

	The Group			The Company		
	Unaudited 31 March 2019	Unaudited 31 March 2018	Audited 31 December 2018	Unaudited 31 March 2019	Unaudited 31 March 2018	Audited 31 December 2018
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
ASSETS						
Cash and cash equivalents	11,506,296	16,083,245	15,653,515	67,709	21,975	32,890
Mandatory balances with central banks	9,878,692	8,897,412	9,977,260	-	-	-
Loans to and placements with banks	8,729,143	10,205,076	11,090,361	-	-	-
Derivative financial instruments	1,047,488	1,796,987	764,077	-	-	-
Loans and advances to non-bank customers	101,699,553	103,906,201	102,108,174	-	-	-
Investment securities	77,321,882	45,949,779	71,594,287	2,783,284	1,405,279	3,105,326
Equity investments	5,902,019	6,026,644	5,752,870	4,227,683	4,292,925	4,227,683
Investment in subsidiaries	-	-	-	28,730,768	24,665,178	28,485,152
Investment in associate	1,348,565	1,353,116	1,308,157	1,272,977	1,272,977	1,272,977
Property and equipment	4,156,601	2,838,802	3,153,914	5,243	7,250	5,780
Goodwill and other intangible assets	3,129,452	3,876,302	3,226,412	47	-	44
Deferred tax assets	91,795	93,961	89,440	-	-	-
Other assets	1,944,796	1,316,006	1,655,659	170,701	457,737	153,309
Total assets	226,756,282	202,343,531	226,374,126	37,258,412	32,123,321	37,283,161
LIABILITIES						
Deposits from banks	679,607	693,043	716,702	-	-	-
Deposits from non-bank customers	167,479,396	152,912,200	169,384,480	-	-	-
Other borrowed funds	17,170,108	13,449,386	14,522,085	-	-	-
Derivative financial instruments	1,015,067	1,474,176	799,441	-	-	-
Current tax liabilities	795,315	213,680	495,964	8,772	1,005	503
Deferred tax liabilities	146,965	206,308	159,477	-	-	-
Other liabilities	4,886,729	4,581,544	6,706,294	223,862	263,798	91,777
Subordinated debts	9,576,594	3,709,126	9,412,677	9,576,594	3,709,126	9,412,677
Total liabilities	201,749,781	177,239,463	202,197,120	9,809,228	3,973,929	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	2,751,220	2,594,098	2,270,280	646,016	1,282,386	965,704
Other reserves	(5,369,892)	(5,115,203)	(5,718,447)	(822,005)	(758,167)	(812,673)
Total equity	29,881,532	29,979,099	29,052,037	32,324,215	33,024,423	32,653,235
Less: Treasury shares	(4,875,031)	(4,875,031)	(4,875,031)	(4,875,031)	(4,875,031)	(4,875,031)
Total equity attributable to equity holders of the parent	25,006,501	25,104,068	24,177,006	27,449,184	28,149,392	27,778,204
Total equity and liabilities	226,756,282	202,343,531	226,374,126	37,258,412	32,123,321	37,283,161
Contingent liabilities	21,047,060	26,451,487	20,454,774			

Approved by the Board of Directors and authorised for issue on 13 May 2019.

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

Subhas THECKA
Chairman, Audit Committee

INTERIM UNAUDITED CONDENSED STATEMENTS OF PROFIT OR LOSS FOR THE QUARTER ENDED 31 MARCH 2019

	The Group			The Company		
	Unaudited Quarter ended 31 March 2019	Unaudited Quarter ended 31 March 2018	Audited Year ended 31 December 2018	Unaudited Quarter ended 31 March 2019	Unaudited Quarter ended 31 March 2018	Audited Year ended 31 December 2018
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Interest income	2,501,424	1,887,789	8,816,856	24,845	14,493	77,913
Interest expense	(1,001,070)	(561,845)	(2,971,513)	(118,875)	(36,329)	(309,019)
Net interest income/(expense)	1,500,354	1,325,944	5,845,343	(94,030)	(21,836)	(231,106)
Fee and commission income	346,604	322,896	1,307,329	-	-	-
Fee and commission expense	(7,795)	(6,484)	(30,919)	(39)	(15)	(199)
Net fee and commission income/(expense)	338,809	316,412	1,276,410	(39)	(15)	(199)
Profit/(loss) arising from dealing in foreign currencies	109,329	176,167	758,677	(68,457)	-	(29,695)
Net gain/(loss) on sale of securities	106,273	16,272	204,458	(220)	-	27,614
Dividend income	-	57	110,051	-	350,300	1,233,068
Net gain/(loss) from dealing in financial instruments	50,231	152,051	509,849	15,422	(6,006)	-
Other operating income	879	-	1,073,651	-	1,656	-
Non-interest income	605,521	660,959	3,933,096	(53,294)	345,935	1,230,788
Operating income	2,105,875	1,986,903	9,778,439	(147,324)	324,099	999,682
Personnel expenses	(666,036)	(457,200)	(2,026,085)	(22,296)	(15,734)	(104,253)
Depreciation of property and equipment	(98,507)	(42,400)	(205,246)	(531)	(396)	(1,946)
Amortisation of intangible assets	(182,196)	(137,067)	(621,951)	(2)	-	(6)
Other expenses	(394,385)	(258,882)	(1,844,271)	(12,659)	(9,505)	(253,729)
Non-interest expense	(1,341,124)	(895,549)	(4,697,553)	(35,488)	(25,635)	(359,934)
Profit/(loss) before credit loss expense	764,751	1,091,354	5,080,886	(182,812)	298,464	639,748
Credit loss expense on financial assets	101,294	(237,546)	(3,559,350)	484	-	(1,646)
Operating profit/(loss)	866,045	853,808	1,521,536	(182,328)	298,464	638,102
Share of profit of associate	23,557	18,332	100,240	-	-	-
Profit/(loss) before income tax	889,602	872,140	1,621,776	(182,328)	298,464	638,102
Tax expense	(288,990)	(125,473)	(375,982)	(8,270)	-	(10,867)
Profit/(loss) for the quarter/year attributable to equity holders of the parent	600,612	746,667	1,245,794	(190,598)	298,464	627,235
Earnings per share (cents)	23.26	28.92	48.25			

INTERIM UNAUDITED CONDENSED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2019

	The Group			The Company		
	Unaudited Quarter ended 31 March 2019	Unaudited Quarter ended 31 March 2018	Audited Year ended 31 December 2018	Unaudited Quarter ended 31 March 2019	Unaudited Quarter ended 31 March 2018	Audited Year ended 31 December 2018
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Profit/(loss) for the quarter/year attributable to equity holders of the parent	600,612	746,667	1,245,794	(190,598)	298,464	627,235
Other comprehensive income:						
<i>Items that will not be reclassified subsequently to profit or loss:</i>						
Reversal in net property revaluation reserve	-	(1,027)	(17,689)	-	-	-
Share of other comprehensive income of associate	15,124	(2,118)	(96,235)	-	-	-
Remeasurement of defined benefit pension plan (net of deferred tax)	-	-	(27,802)	-	-	-
Net gain/(loss) on equity instruments designated at FVTOCI	45,277	-	(77,085)	-	-	(77,085)
Equity instrument at FVOCI-Net movement in fair value	133,061	(110,969)	-	-	-	-
	193,462	(114,114)	(218,811)	-	-	(77,085)
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translation of foreign operations	213,261	(11,794)	(176,373)	-	-	-
Exchange differences resulting from share of associate	1,739	-	-	-	-	-
Investment securities measured at FVTOCI						
Fair value re-cycled on disposal	-	-	1,491	-	-	-
Net movement in fair value during the quarter/year	(20,715)	(117,963)	(505,354)	-	(22,579)	-
Movement in credit loss expense relating to debts instruments held at FVTOCI	(20,442)	-	24,686	-	-	-
Net (loss)/income on derecognition of financial instruments at fair value through other comprehensive income	(9,332)	8,683	-	(9,332)	-	-
	164,511	(121,074)	(655,550)	(9,332)	(22,579)	-
	357,973	(235,188)	(235,188)	(9,332)	(22,579)	(77,085)
Total other comprehensive income/(loss)	958,585	511,479	371,433	(199,930)	275,885	550,150
Total comprehensive income/(loss) attributable to equity holders of the parent						

INTERIM UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 MARCH 2019

	Stated capital	Treasury shares	Statutory reserve
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