



SBM HOLDINGS LTD

INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

KEY HIGHLIGHTS (June 2020 v/s June 2019)

OPERATING INCOME	PROFIT BEFORE CREDIT LOSS EXPENSE	INVESTMENT SECURITIES	GROSS LOANS	DEPOSITS	TOTAL ASSETS
MUR 5.3 Bn ▲ 17.8%	MUR 2.4 Bn ▲ 50.6%	MUR 112.6 Bn ▲ 27.3%	MUR 132.7 Bn ▲ 16.2%	MUR 207.2 Bn ▲ 19.5%	MUR 284.7 Bn ▲ 17.9%

SBM Holdings Ltd ('the Company') and its subsidiaries here altogether ('the Group') present the Group and Company interim unaudited condensed financial report for the six months ended 30 June 2020.

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 has also been prepared based on those accounting policies applied in the preparation of the audited financial statements for the year ended 31 December 2019; the Group and the Company having adopted all new standards and interpretations which are effective as from 01 January 2020.

REVIEW REPORT ON THE INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF SBM HOLDINGS LTD

Introduction

We have reviewed the accompanying interim unaudited condensed financial statements set out on pages 10 to 30 which comprise the interim unaudited condensed statements of financial position of SBM Holdings Ltd ("the Company") and of its subsidiaries ("the Group") as at 30 June 2020, and the related interim unaudited condensed statements of profit or loss and statement of other comprehensive income for the quarter and six months then ended, interim unaudited condensed statements of changes in equity, interim unaudited condensed statements of cash flows and other explanatory notes. The Board of directors and management are responsible for the preparation and presentation of these interim unaudited condensed financial statements in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on these interim unaudited condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (“ISRE”) 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 unaudited condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

Other matter

The comparative interim unaudited condensed financial statements of the Group and the Company as of 30 June 2019 and as of 31 December 2019 and for the three months ended 30 June 2019, six months ended 30 June 2019 and year ended 31 December 2019 were respectively reviewed and audited by another auditor who issued an unqualified conclusion and opinion.

Deloitte**Chartered Accountants**

Date: 13 August 2020

INTERIM UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020

	The Group			The Company		
	Unaudited 30 June 2020 MUR' 000	Unaudited 30 June 2019 MUR' 000	Audited 31 December 2019 MUR' 000	Unaudited 30 June 2020 MUR' 000	Unaudited 30 June 2019 MUR' 000	Audited 31 December 2019 MUR' 000
ASSETS						
Cash and cash equivalents	15,517,708	14,586,167	18,181,126	53,277	41,631	178,632
Mandatory balances with central bank	11,151,632	10,073,974	10,680,287	-	-	-
Loans to and placements with banks	7,436,653	7,278,755	9,240,131	-	-	-
Derivative financial instruments	1,155,236	856,266	874,269	-	-	-
Loans and advances to non-bank customers	118,652,418	103,598,355	109,396,640	-	-	-
Investment securities	112,605,100	88,435,637	94,276,665	1,697,701	2,642,870	1,670,478
Equity investments	6,019,110	6,096,689	6,014,270	4,227,683	4,227,683	4,227,683
Investment in subsidiaries	-	-	-	29,820,268	28,730,768	29,899,918
Investment in associate	1,505,386	1,444,215	1,479,048	1,272,977	1,272,977	1,272,977
Property and equipment and right of use assets	4,067,226	3,737,121	4,088,213	2,779	4,718	3,865
Goodwill and other intangible assets	2,523,777	2,985,653	2,729,474	1,020	39	1,157
Deferred tax assets	500,067	93,401	355,992	-	-	-
Other assets	3,558,143	2,313,476	3,159,878	163,380	210,637	231,515
Total assets	284,692,456	241,499,709	260,475,993	37,239,085	37,131,323	37,486,225
LIABILITIES						
Deposits from banks	833,798	922,258	907,521	-	-	-
Deposits from non-bank customers	207,187,607	173,381,539	199,397,188	-	-	-
Other borrowed funds	30,223,939	23,723,436	15,670,968	-	-	-
Derivative financial instruments	1,218,260	739,550	881,176	3,979	-	-
Current tax liabilities	106,457	417,442	536,283	-	-	-
Deferred tax liabilities	-	107,498	-	-	-	-
Other liabilities	8,095,119	6,399,288	8,583,364	124,501	102,441	115,977
Pension liability	240,694	44,371	241,628	1,148	-	1,363
Subordinated debts	10,241,235	9,573,944	9,739,981	10,241,235	9,573,944	9,739,981
Total liabilities	258,147,109	215,309,326	235,958,109	10,370,863	9,676,385	9,857,321
SHAREHOLDERS' EQUITY						
Stated capital	32,500,204	32,500,204	32,500,204	32,500,204	32,500,204	32,500,204
Retained earnings	1,405,840	2,998,573	1,107,260	64,862	651,596	825,549
Other reserves	(2,485,666)	(4,433,363)	(4,214,549)	(821,813)	(821,831)	(821,818)
	31,420,378	31,065,414	29,392,915	31,743,253	32,329,969	32,503,935
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	26,545,347	26,190,383	24,517,884	26,868,222	27,454,938	27,628,904
Total equity and liabilities	284,692,456	241,499,709	260,475,993	37,239,085	37,131,323	37,486,225
Contingent liabilities	30,073,792	22,218,644	24,629,940			

Approved by the Board of Directors and authorised for issue on 13 August 2020.

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Sattar HAJEE ABDOULA
Chairman

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Subhas THECKA
Director

INTERIM UNAUDITED CONDENSED STATEMENTS OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2020

	The Group					The Company				
	Unaudited Quarter ended 30 June 2020	Unaudited Quarter ended 30 June 2019	Unaudited Six months ended 30 June 2020	Unaudited Six months ended 30 June 2019	Audited Year ended 31 December 2019	Unaudited Quarter ended 30 June 2020	Unaudited Quarter ended 30 June 2019	Unaudited Six months ended 30 June 2020	Unaudited Six months ended 30 June 2019	Audited Year ended 31 December 2019
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Interest income	2,701,545	2,632,095	5,510,882	5,133,519	10,644,090	2,920	20,261	8,940	45,106	68,079
Interest expense	(1,048,545)	(958,776)	(2,146,058)	(1,959,846)	(4,156,726)	(118,697)	(119,858)	(236,932)	(238,733)	(476,589)
Net interest income / (expense)	1,653,000	1,673,319	3,364,824	3,173,673	6,487,364	(115,777)	(99,597)	(227,992)	(193,627)	(408,510)
Fee and commission income	394,574	397,465	865,868	744,069	1,616,807	-	-	-	-	-
Fee and commission expense	(13,111)	(9,631)	(26,093)	(17,426)	(43,508)	(1)	(35)	(140)	(74)	(150)
Net fee and commission income / (expense)	381,463	387,834	839,775	726,643	1,573,299	(1)	(35)	(140)	(74)	(150)
Profit/(loss) arising from dealing in foreign currencies	65,371	150,611	(143,770)	259,940	381,611	(97,072)	(71,351)	(461,008)	(139,807)	(289,253)
Net gain on sale of securities	702,031	129,951	1,119,839	236,224	665,904	1,524	900	1,507	680	6,767
Dividend income	74,826	45,313	76,327	45,313	223,076	40,000	445,000	75,000	445,000	1,570,456
Net (loss)/gain from financial instruments	(11,423)	4,751	39,690	54,982	107,592	29,625	7,683	19,859	23,105	17,879
Other operating income	(769)	(78)	(769)	802	4,493	-	-	-	-	-
Non-interest income / (expense)	1,211,499	718,382	1,931,092	1,323,904	2,955,975	(25,924)	382,197	(364,782)	328,904	1,305,699
Operating income / (expense)	2,864,499	2,391,701	5,295,916	4,497,577	9,443,339	(141,701)	282,600	(592,774)	135,277	897,189
Personnel expenses	(733,007)	(674,683)	(1,430,680)	(1,340,720)	(2,883,912)	(15,606)	(23,128)	(31,878)	(45,424)	(82,994)
Depreciation of property and equipment and right-of-use assets	(118,422)	(127,834)	(209,321)	(226,341)	(476,839)	(543)	(532)	(1,086)	(1,063)	(2,142)
Amortisation of intangible assets	(142,588)	(144,245)	(281,670)	(326,442)	(617,833)	(69)	(3)	(137)	(5)	(208)
Other expenses	(414,902)	(479,158)	(890,864)	(873,542)	(1,873,960)	(735)	(3,101)	(10,622)	(15,761)	(49,096)
Impairment of investment in subsidiaries	-	-	-	-	-	-	-	(124,000)	-	-
Bank levy	(42,842)	(138,933)	(85,685)	(138,933)	(171,368)	-	-	-	-	-
Non-interest expense	(1,451,761)	(1,564,852)	(2,898,220)	(2,905,978)	(6,023,912)	(16,953)	(26,764)	(167,723)	(62,253)	(134,440)
Profit/(loss) before credit loss expense	1,412,738	826,849	2,397,696	1,591,599	3,419,427	(158,654)	255,836	(760,497)	73,024	762,749
Credit loss (expense) / income on financial assets and memorandum items	(948,265)	(252,582)	(1,733,045)	(151,288)	(2,996,142)	-	10	(190)	494	1,085
Operating profit / (loss)	464,473	574,267	664,651	1,440,311	423,285	(158,654)	255,846	(760,687)	73,518	763,834
Share of profit of associate	51,064	42,928	55,421	66,485	139,237	-	-	-	-	-
Profit/(loss) before income tax	515,537	617,195	720,072	1,506,796	562,522	(158,654)	255,846	(760,687)	73,518	763,834
Tax expense	(20,729)	(116)	(45,135)	(289,106)	(547,487)	-	7,913	-	(357)	(357)
Profit/(loss) for the quarter/period/year attributable to equity holders of the parent	494,808	617,079	674,937	1,217,690	15,035	(158,654)	263,759	(760,687)	73,161	763,477
Earnings per share:										
Basic (Cents)	19.2	23.9	26.1	47.2	0.6					
Diluted (Cents)	19.2	23.9	26.1	47.2	0.6					

INTERIM UNAUDITED CONDENSED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2020

	The Group					The Company				
	Unaudited Quarter ended 30 June 2020 MUR' 000	Unaudited Quarter ended 30 June 2019 MUR' 000	Unaudited Six months ended 30 June 2020 MUR' 000	Unaudited Six months ended 30 June 2019 MUR' 000	Audited Year ended 31 December 2019 MUR' 000	Unaudited Quarter ended 30 June 2020 MUR' 000	Unaudited Quarter ended 30 June 2019 MUR' 000	Unaudited Six months ended 30 June 2020 MUR' 000	Unaudited Six months ended 30 June 2019 MUR' 000	Audited Year ended 31 December 2019 MUR' 000
Profit/(loss) for the quarter/period/year attributable to equity holders of the parent	494,808	617,079	674,937	1,217,690	15,035	(158,654)	263,759	(760,687)	73,161	763,477
Other comprehensive income :										
<i>Items that will not be reclassified subsequently to profit or loss:</i>										
Increase in revaluation of property	-	-	-	-	255,148	-	-	-	-	-
Deferred tax on revaluation of property	-	-	-	-	(9,950)	-	-	-	-	-
Impact of change in deferred tax rate on revaluation of property	-	-	-	-	118,392	-	-	-	-	-
Remeasurement of defined benefit pension plan	-	-	-	-	(203,865)	-	-	-	-	-
Deferred tax on remeasurement of defined benefit pension plan	-	-	-	-	14,271	-	-	-	-	-
Impact of change in deferred tax rate on defined benefit pension plan	-	-	-	-	(7,923)	-	-	-	-	-
Share of associate-remeasurement of defined benefit pension plan	(25,486)	(32,283)	(25,486)	(32,283)	(31,105)	-	-	-	-	-
Share of other comprehensive (loss) / income of associate	(3,437)	63,236	(16,689)	78,360	76,112	-	-	-	-	-
Net gain on equity instruments designated at FVTOCI	-	-	-	45,278	45,277	-	-	-	-	-
	(28,923)	30,953	(42,175)	91,355	256,357	-	-	-	-	-
<i>Items that may be reclassified subsequently to profit or loss:</i>										
Exchange differences on translation of foreign operations	(17,083)	42,724	195,587	255,985	327,378	-	-	-	-	-
Exchange differences resulting from share of associate	3,206	21,754	13,091	23,494	25,496	-	-	-	-	-
Investment securities measured at FVTOCI										
Movement in fair value during the quarter/period/year	2,327,049	768,586	1,980,941	747,871	395,221	-	-	5	(9,158)	(9,145)
Fair value re-cycled on disposal	(1,049,777)	85,367	(759,444)	76,035	231,379	-	175	-	-	-
Movement in credit loss expense relating to debt instruments held at FVTOCI	(20,125)	8,658	(35,474)	(11,784)	(6,356)	-	-	-	-	-
Net loss on derecognition of financial instruments at fair value through other comprehensive income	-	(133,061)	-	-	-	-	-	-	-	-
	1,243,269	794,028	1,394,701	1,091,601	973,118	-	175	5	(9,158)	(9,145)
Total other comprehensive income / (loss)	1,214,347	824,981	1,352,526	1,182,956	1,229,475	-	175	5	(9,158)	(9,145)
Total comprehensive income / (loss) attributable to equity holders of the parent	1,709,155	1,442,060	2,027,463	2,400,646	1,244,510	(158,654)	263,934	(760,682)	64,003	754,332

INTERIM UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Stated capital	Treasury shares	Statutory reserve	General reserve	Retained earnings	Fair value reserve on financial instruments recognised in OCI	Net property revaluation reserve	Net translation reserve	Net other reserve	Restructure reserve	Total equity
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
The Group											
At 01 January 2019	32,500,204	(4,875,031)	597,074	-	2,270,280	(837,132)	63,146	(66,526)	(94,669)	(5,380,340)	24,177,006
Profit for the period	-	-	-	-	1,217,690	-	-	-	-	-	1,217,690
Credit loss expense relating to debts instruments held at FVTOCI	-	-	-	-	-	(11,784)	-	-	-	-	(11,784)
Share of OCI of associate	-	-	-	-	-	78,360	-	23,494	-	-	101,854
Other comprehensive (loss)/income for the period	-	-	-	-	(32,283)	869,184	-	255,985	-	-	1,092,886
Total comprehensive income for the period	-	-	-	-	1,185,407	935,760	-	279,479	-	-	2,400,646
Reclassification of associate to their respective reserve	-	-	-	-	-	(76,784)	-	(17,885)	94,669	-	-
Transfer to retained earnings	-	-	-	-	20,155	-	(19,081)	(1,074)	-	-	-
Transfer to statutory reserve	-	-	90,000	-	(90,000)	-	-	-	-	-	-
Dividend	-	-	-	-	(387,269)	-	-	-	-	-	(387,269)
At 30 June 2019	32,500,204	(4,875,031)	687,074	-	2,998,573	21,844	44,065	193,994	-	(5,380,340)	26,190,383
At 01 January 2019	32,500,204	(4,875,031)	597,074	-	2,270,280	(837,132)	63,146	(66,526)	(94,669)	(5,380,340)	24,177,006
Profit for the year	-	-	-	-	15,035	-	-	-	-	-	15,035
Credit loss expense relating to debts instruments held at FVTOCI	-	-	-	-	-	(6,356)	-	-	-	-	(6,356)
Share of OCI of associate	-	-	-	-	-	76,112	-	25,496	-	-	101,608
Other comprehensive (loss)/income for the year	-	-	-	-	(228,622)	671,877	363,590	327,378	-	-	1,134,223
Total comprehensive income for the year	-	-	-	-	(213,587)	741,633	363,590	352,874	-	-	1,244,510
Reclassification of associate to their respective reserve	-	-	-	-	-	(76,785)	-	(17,884)	94,669	-	-
Transfer to statutory reserve	-	-	90,000	-	(90,000)	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	44,199	-	(43,121)	(1,078)	-	-	-
Dividend	-	-	-	-	(903,632)	-	-	-	-	-	(903,632)
At 31 December 2019	32,500,204	(4,875,031)	687,074	-	1,107,260	(172,284)	383,615	267,386	-	(5,380,340)	24,517,884
At 01 January 2020	32,500,204	(4,875,031)	687,074	-	1,107,260	(172,284)	383,615	267,386	-	(5,380,340)	24,517,884
Profit for the period	-	-	-	-	674,937	-	-	-	-	-	674,937
Credit loss expense relating to debts instruments held at FVTOCI	-	-	-	-	-	(794,918)	-	-	-	-	(794,918)
Share of OCI of associate	-	-	-	-	(25,486)	(16,689)	-	13,091	-	-	(29,084)
Other comprehensive income for the period	-	-	-	-	-	1,980,941	-	195,587	-	-	2,176,528
Total comprehensive income for the period	-	-	-	-	649,451	1,169,334	-	208,678	-	-	2,027,463
Reclassification from translation to revaluation reserve	-	-	-	-	-	-	2,019	(2,019)	-	-	-
Transfer from revaluation reserve to retained earnings	-	-	-	-	25,629	-	(25,629)	-	-	-	-
Transfer from retained earnings to statutory reserve	-	-	2,531	-	(2,531)	-	-	-	-	-	-
Transfer from retained earnings to general reserve	-	-	-	373,969	(373,969)	-	-	-	-	-	-
At 30 June 2020	32,500,204	(4,875,031)	689,605	373,969	1,405,840	997,050	360,005	474,045	-	(5,380,340)	26,545,347

INTERIM UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2020

<u>The Company</u>	<u>Stated</u>	<u>Treasury</u>	<u>Retained</u>	<u>Net</u>	<u>Total</u>
	<u>capital</u>	<u>shares</u>	<u>earnings</u>	<u>unrealised</u>	<u>equity</u>
	<u>MUR' 000</u>	<u>MUR' 000</u>	<u>MUR' 000</u>	<u>fair value</u>	<u>MUR' 000</u>
				<u>reserve</u>	
At 01 January 2019	32,500,204	(4,875,031)	965,704	(812,673)	27,778,204
Profit for the period	-	-	73,161	-	73,161
Other comprehensive loss for the period	-	-	-	(9,158)	(9,158)
Total comprehensive income/(loss) for the period	-	-	73,161	(9,158)	64,003
Dividend	-	-	(387,269)	-	(387,269)
At 30 June 2019	32,500,204	(4,875,031)	651,596	(821,831)	27,454,938
At 01 January 2019	32,500,204	(4,875,031)	965,704	(812,673)	27,778,204
Profit for the year	-	-	763,477	-	763,477
Other comprehensive loss for the year	-	-	-	(9,145)	(9,145)
Total comprehensive income / (loss) for the year	-	-	763,477	(9,145)	754,332
Dividend	-	-	(903,632)	-	(903,632)
At 31 December 2019	32,500,204	(4,875,031)	825,549	(821,818)	27,628,904
At 01 January 2020	32,500,204	(4,875,031)	825,549	(821,818)	27,628,904
Loss for the period	-	-	(760,687)	-	(760,687)
Other comprehensive income for the period	-	-	-	5	5
Total comprehensive (loss) / income for the period	-	-	(760,687)	5	(760,682)
At 30 June 2020	32,500,204	(4,875,031)	64,862	(821,813)	26,868,222

INTERIM UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2020

	<u>The Group</u>			<u>The Company</u>		
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
	<u>Six months</u>	<u>Six months</u>	<u>Year</u>	<u>Six months</u>	<u>Six months</u>	<u>Year</u>
	<u>ended</u>	<u>ended</u>	<u>ended</u>	<u>ended</u>	<u>ended</u>	<u>ended</u>
	<u>30 June</u>	<u>30 June</u>	<u>31 December</u>	<u>30 June</u>	<u>30 June</u>	<u>31 December</u>
	<u>2020</u>	<u>2019</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>
	<u>MUR'000</u>	<u>MUR'000</u>	<u>MUR'000</u>	<u>MUR'000</u>	<u>MUR'000</u>	<u>MUR'000</u>
Net cash (used in)/generated from operating activities	(17,016,683)	(9,427,746)	2,560,472	(205,005)	480,359	2,465,688
Net cash generated from/(used in) financing activities	14,552,971	8,975,350	73,684	-	(226,002)	(903,632)
Net cash (used in)/from investing activities	(265,077)	(894,430)	(488,656)	79,650	(245,616)	(1,416,314)
Net change in cash and cash equivalents	(2,728,789)	(1,346,826)	2,145,500	(125,355)	8,741	145,742
Net foreign exchange difference	65,371	279,478	382,111	-	-	-
Cash and cash equivalents at beginning of period/year	18,181,126	15,653,515	15,653,515	178,632	32,890	32,890
Cash and cash equivalents at period/year end	15,517,708	14,586,167	18,181,126	53,277	41,631	178,632

COMMENTS ON THE OPERATING RESULTS

Operating income increased by MUR 0.8 billion to reach MUR 5.3 billion for the six months ended 30 June 2020, driven by a growth of MUR 0.2 billion in net interest income and MUR 0.6 billion in non-interest income. The net interest income was supported by growth in business volumes, both gross loans and advances as well as deposits, and increased investment securities which carry low risk. Net gain on sale of securities and fees and commission income contributed largely to the increase in non-interest income. Moreover, non-interest expenses were fairly contained and stood at MUR 2.9 billion, slightly lower than the same period last year. As a result, the cost to income ratio improved from 64.6% as at 30 June 2019 to 54.7% as at 30 June 2020. The Group recorded a profit before credit loss expense of MUR 2.4 billion, representing an increase of MUR 0.8 billion over the corresponding period of last year.

Credit loss expense rose from MUR 0.2 billion for the period ended 30 June 2019 to MUR 1.7 billion for the period ended 30 June 2020, reflecting elevated credit risks amidst the COVID-19 pandemic. Gross impaired advances to gross advances ratio and net impaired advances to net advances ratio stood at 13.6% and 5.4% respectively as at 30 June 2020.

The Group reported lower profits attributable to equity holders of the parent of MUR 0.7 billion, as compared to MUR 1.2 billion for the corresponding period last year.

Total assets have increased by MUR 24.2 billion from December 2019 to reach MUR 284.7 billion as at June 2020, mainly driven by growth of MUR 11.0 billion in gross loans and advances to non-bank customers and MUR 18.3 billion in investment securities which stood at MUR 132.7 billion and MUR 112.6 billion, respectively, as at 30 June 2020. Deposits from non-bank customers also maintained an upward trend and stood at MUR 207.2 billion as at June 2020, representing an increase of MUR 7.8 billion from December 2019.

CAPITAL POSITION

The Group remains adequately capitalised with the capital base increasing from MUR 30.2 billion as at 31 December 2019 to reach MUR 32.1 billion as at 30 June 2020. Shareholders' fund of the Group has also grown to stand at MUR 26.5 billion as at 30 June 2020.

This has resulted into a strong capital adequacy ratio of 22.0% along with a common equity ratio of 15.1% and a Tier 1 capital ratio of 15.1% as at 30 June 2020. The ratios remain well above the minimum regulatory limits of 13.9%, 10.4% and 11.9% respectively.

OUTLOOK AND STRATEGY

The operating environment remains exceptionally challenging with the COVID-19 pandemic which has severely impacted economic activities. The countries where the Group operates have remained under partial lockdown conditions, except for Mauritius which has seen a gradual removal of the lockdown since early June 2020, although borders remain closed.

Fiscal and monetary measures taken by the governments and the central banks are expected to mitigate some of the adverse impact of the pandemic. However, many countries, including those where the Group is present, will face significant contractions in 2020 as they continue to witness a drop in economic activities.

Faced with the growing uncertainties of the current climate, the Group has reviewed its strategic orientations to focus on (a) consolidation of our businesses locally and in the domestic markets where we operate by being more attentive and supportive to the needs of our valued customers; (b) rationalisation of our businesses and investments; (c) optimising our cost structure and bringing down cost metrics nearer to industry standards; and (d) building capabilities in critical areas demanding attention. In line with these measures, SBM has decided to cease its banking operations in the Seychelles. Until the effective date of cessation of activities, which shall be communicated at a later stage, banking operations shall continue as normal.

We thank all our stakeholders for their continued trust and support.

Sattar HAJEE ABDOULA

Chairman

13 August 2020

Subhas THECKA

Director

Copies of the interim unaudited condensed financial statements are available to the public free of charge at the registered office of the Company, SBM Tower, 1, Queen Elizabeth II Avenue, Place D'Armes, Port Louis and can be viewed on our website: www.sbmgroup.mu.

The statement of direct and indirect interests of officers of the Company in the capital of the Company and its subsidiaries may also be obtained free of charge upon request at the registered office of the Company.

By order of the Board

Mrs D. Ramjug Chumun

Company Secretary

13 August 2020

The Communiqué is issued pursuant to Listing Rule 12.20 and Securities Act 2005.

The Board of Directors of SBM Holdings Ltd accepts full responsibility for the accuracy of the information contained in this Communiqué.

The financial information, including the review report, has been extracted from the interim unaudited condensed financial statements for the six months ended 30 June 2020.