

SBM Holdings Ltd

SBM Holdings Ltd ('the Group') is pleased to present its interim unaudited condensed financial report for the three months ended 31 March 2018.

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 2017 and the Group and the Company have adopted all new standards and interpretations which are effective as from 01 January 2018.

Operating results

The Board of Directors is pleased to report a Group profit after tax of MUR 747 million for the 3 months period ended 31 March 2018 as compared to MUR 581 million for the same period of last year, representing an increase of 28.43%. Net interest income has increased over the quarter contributing to the increase in profit which was partly offset by increased expenses.

Net interest income has gone up by MUR 262 million, which is explained by a significant increase of MUR 20.57 billion in net loans and advances from MUR 83.34 billion as at 31 March 2017 to MUR 103.91 billion as at 31 March 2018, whereas interest expense has gone up by only MUR 89 million due to increases in low cost deposits. Non-interest income has increased marginally on account of fees and commissions directly related to the credit portfolio as well as increased income from dealings in foreign currencies and exchange income. Operating expenses have also increased from MUR 721 million for the three months ended 31 March 2017 to MUR 896 million for the three months ended 31 March 2018 due to annual salary review and higher headcounts as well as Kenya costs of operations and project related costs. The cost to income ratio stood at 45.07% while the earnings per share were 28.92 cents for the period ended 31 March 2018.

The Group's total assets as at 31 March 2018 were MUR 202 billion as compared to MUR 194 billion as at 31 December 2017, showing an increase of 4%. The increase of MUR 8 billion in total assets is mainly explained by an increase in investment securities of MUR 6 billion. Deposits from non-bank customers went up by MUR 8 billion mainly in low cost foreign currency deposits. Gross impaired advances stood at MUR 5.51 billion as at 31 March 2018. The net impaired advances to net advances were 2.43% whereas gross impaired advances to gross advances stood at 5.09%.

The Group Capital

The capital base and equity of the Group decreased from MUR 25.11 billion and MUR 25.16 billion respectively as at 31 December 2017, to MUR 24.75 billion and MUR 25.10 billion respectively as at 31 March 2018, due to adoption of IFRS 9 effective from 01 January 2018.

The Group's capital adequacy ratio (CAR), Tier 1 capital and common equity Tier 1 capital ratios decreased to 19.67%, 15.85% and 15.85% respectively as at 31 March 2018 compared to 19.98 %, 15.92% and 15.92% respectively as at 31 December 2017, which are well above the minimum regulatory limits.

Outlook

The credit environment in Mauritius is showing signs of improvement, which should provide support for consolidation of our domestic operations. At the same time, Segment B (Mauritius cross-border) business is expected to provide the impetus for growth in 2018. Regional expansion initiatives are on track, with satisfactory progress in both Kenya and India. The contribution of the regional operations is expected to increase over the medium term as we build scale. To support the growth initiatives, the Group will issue Tier II bonds for the aggregate nominal amounts of MUR 2 billion with an option to retain a maximum amount of MUR 3.5 billion and USD 50 million with an option to retain a maximum amount of USD 100 million respectively. The Group will continue to diversify its range of financial solutions in line with customer needs, and capitalize on its strong network and growing geographical presence to maximize cross-sell opportunities. In parallel, digitalization initiatives are on-going, with the objective of providing a seamless service to our customers.

We wish to thank all stakeholders for their continued support.



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



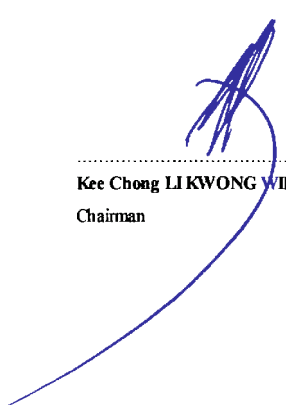
Subhas THECKA
Chairman, Audit Committee

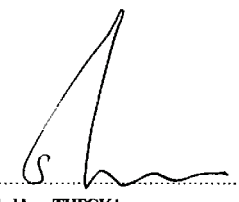
11 May 2018

SBM HOLDINGS LTD
INTERIM UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	The Group			The Company		
	Unaudited 31 March 2018	Unaudited 31 March 2017	Audited 31 December 2017	Unaudited 31 March 2018	Unaudited 31 March 2017	Audited 31 December 2017
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
ASSETS						
Cash and cash equivalents	16,083,745	13,765,989	16,331,538	21,975	205,677	73,223
Mandatory balances with Central Banks	8,897,412	7,916,841	8,966,717	-	-	-
Loans to and placements with banks	10,305,076	5,902,158	8,897,399	-	-	-
Derivative financial instruments	1,796,987	425,821	1,356,774	-	-	-
Loans and advances to non-bank customers	103,906,201	83,341,051	103,128,838	-	-	-
Investment securities	45,949,779	40,051,580	40,000,421	1,405,279	4,053,374	1,461,801
Equity investments	6,026,644	5,696,292	6,137,779	4,292,925	4,261,347	4,292,925
Investment in associate	1,353,116	1,275,880	1,336,902	1,272,977	1,272,977	1,272,977
Investment in subsidiaries	-	-	-	24,665,178	21,854,773	24,665,178
Property and equipment	2,838,802	2,768,970	2,854,218	7,250	4,009	3,106
Intangible assets	3,876,302	3,721,886	3,875,613	-	-	-
Deferred tax assets	93,961	203,626	95,461	-	-	-
Other assets	1,316,006	508,890	1,039,721	457,737	202,781	70,448
Total assets	202,343,531	165,578,984	194,021,381	32,123,321	31,854,938	31,839,658
LIABILITIES						
Deposits from banks	693,043	1,891,888	689,265	-	-	-
Deposits from non-bank customers	152,912,200	124,848,274	144,850,676	-	-	-
Other borrowed funds	13,449,386	7,550,896	13,686,203	-	-	-
Derivative financial instruments	1,474,176	430,097	1,334,641	-	-	-
Current tax liabilities	213,680	461,864	124,195	1,005	1,804	1,005
Deferred tax liabilities	206,308	-	170,905	-	64	-
Other liabilities	4,581,544	2,369,026	4,299,258	263,798	262,412	5,501
Subordinated debts	3,709,126	3,823,669	3,701,466	3,709,126	3,823,669	3,701,466
Total liabilities	177,239,463	141,375,714	168,856,609	3,973,929	4,087,949	3,707,972
SHAREHOLDERS' EQUITY						
Stated capital	32,500,204	32,500,204	32,500,204	32,500,204	32,500,204	32,500,204
Retained earnings	2,594,098	1,199,583	2,410,007	1,282,385	936,783	1,242,101
Other reserves	(5,115,203)	(4,621,486)	(4,870,408)	(758,166)	(794,967)	(735,588)
	29,979,099	29,078,301	30,039,803	33,024,423	32,642,020	33,006,717
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	25,104,068	24,203,270	25,164,772	28,149,392	27,766,989	28,131,686
Total equity and liabilities	202,343,531	165,578,984	194,021,381	32,123,321	31,854,938	31,839,658
Contingent liabilities	26,400,172	20,107,411	26,856,831			

Approved by the Board of Directors and authorised for issue on 11 May 2018.


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


Subhas THECKA
Chairman, Audit Committee

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SBM HOLDINGS LTD
INTERIM UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER ENDED 31 MARCH 2018

	The Group			The Company		
	Unaudited Quarter ended 31 March 2018	Unaudited Quarter ended 31 March 2017	Audited Year ended 31 December 2017	Unaudited Quarter ended 31 March 2018	Unaudited Quarter ended 31 March 2017	Audited Year ended 31 December 2017
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Interest income	1,887,789	1,537,101	7,007,347	14,493	41,096	131,045
Interest expense	(561,845)	(473,160)	(2,239,586)	(36,329)	(37,642)	(149,011)
Net interest income/(expense)	1,325,944	1,063,941	4,767,761	(21,836)	3,454	(17,966)
Fee and commission income	322,896	258,814	1,268,893	-	-	-
Fee and commission expense	(6,484)	(5,766)	(29,385)	(15)	-	(339)
Net fee and commission income/(expense)	316,412	253,048	1,239,508	(15)	-	(339)
Profit arising from dealing in foreign currencies	176,167	165,580	560,843	-	-	-
Net gain on sale of securities	16,272	87,814	464,433	-	-	12,765
Dividend income	57	3,385	21,501	350,300	201,500	1,270,535
Net gain/(loss) from dealing from financial instruments	152,051	139,988	516,538	(6,006)	(1,044)	67,735
Other operating income	-	3	1,221	1,656	(11,328)	-
Non-interest income	660,959	649,818	2,804,044	345,935	189,128	1,350,696
Operating income	1,986,903	1,713,759	7,571,805	324,099	192,582	1,332,730
Personnel expenses	(457,200)	(358,921)	(1,618,992)	(15,734)	-	(18,843)
Depreciation and amortisation	(179,467)	(145,550)	(669,966)	(396)	(301)	(1,203)
Other expenses	(258,882)	(216,424)	(1,099,274)	(9,505)	(17,679)	(61,566)
Non-interest expense	(895,549)	(720,895)	(3,388,232)	(25,635)	(17,980)	(81,612)
Profit before net impairment loss on financial assets	1,091,354	992,864	4,183,573	298,464	174,602	1,251,118
Net impairment loss on financial assets	(237,546)	(297,047)	(1,115,280)	-	-	-
Operating profit	853,808	695,817	3,068,293	298,464	174,602	1,251,118
Share of profit of associate	18,332	-	92,005	-	-	-
Profit before tax	872,140	695,817	3,160,298	298,464	174,602	1,251,118
Income tax expense	(125,473)	(114,443)	(585,375)	-	(450)	2,895
Profit for the quarter / year attributable to equity holders of the parent	746,667	581,374	2,574,923	298,464	174,152	1,254,013
Earnings per share (Cents)	28.92	22.52	99.73			

SBM HOLDINGS LTD
INTERIM UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2018

Group	Stated Capital MUR 000	Treasury Shares MUR 000	Statutory Reserve MUR 000	Revenue Reserve MUR 000	Net Unrealised Investment Fair Value MUR 000	Net Property Revaluation Reserve MUR 000	Net Translation Reserve MUR 000	Net Other Reserve MUR 000	Restructure Reserve MUR 000	Total Equity MUR 000
At 01 January 2017	32,500,204	(4,875,031)	592,187	865,100	(231,667)	157,777	175,194	1,276	(5,380,340)	23,804,700
Profit for the quarter	-	-	-	581,374	-	-	-	-	-	581,374
Other comprehensive income for the quarter	-	-	-	-	(4,200)	-	79,575	-	-	75,375
Total comprehensive income for the quarter	-	-	-	581,374	(4,200)	-	79,575	-	-	656,749
Transfer to retained earnings	-	-	-	11,288	-	(11,288)	-	-	-	-
Dividend	-	-	-	(258,179)	-	-	-	-	-	(258,179)
At 31 March 2017	32,500,204	(4,875,031)	592,187	1,199,583	(235,867)	146,489	254,769	1,276	(5,380,340)	24,203,270
At 01 January 2017	32,500,204	(4,875,031)	592,187	865,100	(231,667)	157,777	175,194	1,276	(5,380,340)	23,804,700
Profit for the year	-	-	-	2,574,923	-	-	-	-	-	2,574,923
Other comprehensive income for the year	-	-	-	(32,876)	(84,196)	-	(65,347)	290	-	(182,129)
Total comprehensive income for the year	-	-	-	2,542,047	(84,196)	-	(65,347)	290	-	2,392,794
Transfer to statutory reserve	-	-	1,779	(1,779)	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	37,361	-	(37,361)	-	-	-	-
Dividend	-	-	-	(1,032,722)	-	-	-	-	-	(1,032,722)
At 31 December 2017	32,500,204	(4,875,031)	593,966	2,410,007	(315,863)	120,416	109,847	1,566	(5,380,340)	25,164,771
At 01 January 2018	32,500,204	(4,875,031)	593,966	2,410,007	(315,863)	120,416	109,847	1,566	(5,380,340)	25,164,771
Impact of adopting IFRS 9	-	-	-	(314,004)	-	-	-	-	-	(314,004)
Restated opening balance under IFRS 9	32,500,204	(4,875,031)	593,966	2,096,003	(315,863)	120,416	109,847	1,566	(5,380,340)	24,850,767
Profit for the quarter	-	-	-	746,667	-	-	-	-	-	746,667
Other comprehensive loss for the quarter	-	-	-	-	(220,249)	(1,027)	(11,794)	(2,118)	-	(235,188)
Total comprehensive income for the quarter	-	-	-	746,667	(220,249)	(1,027)	(11,794)	(2,118)	-	511,479
Transfer to statutory reserve	-	-	-	9,607	-	(9,607)	-	-	-	-
Transfer to retained earnings	-	-	-	(258,179)	-	-	-	-	-	(258,179)
Dividend	-	-	-	-	-	-	-	-	-	-
At 31 March 2018	32,500,204	(4,875,031)	593,966	2,594,098	(536,112)	109,782	98,053	(552)	(5,380,340)	25,104,068

SBM HOLDINGS LTD
INTERIM UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2018

	The Group			The Company		
	Unaudited Quarter ended 31 March 2018	Unaudited Quarter ended 31 March 2017	Audited Year ended 31 December 2017	Unaudited Quarter ended 31 March 2018	Unaudited Quarter ended 31 March 2017	Audited Year ended 31 December 2017
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Net cash from/ (used in) operating activities	141,835	1,301,856	922,948	(404,667)	30,559	3,801,568
Net (used in)/ cash from financing activities	(229,157)	3,023,186	6,740,105	7,660	(41,703)	(1,030,697)
Net cash (used in)/from investing activities	(160,971)	(49,261)	(821,723)	345,759	201,500	(2,712,969)
Net change in cash and cash equivalents	(248,293)	4,275,781	6,841,330	(51,248)	190,356	57,902
Cash and cash equivalents at beginning of quarter / year	16,331,538	9,490,208	9,490,208	73,223	15,321	15,321
Cash and cash equivalents at end of quarter / year	16,083,245	13,765,989	16,331,538	21,975	205,677	73,223

Copies of the unaudited interim condensed financial statement 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

D. Ramjug Chumun

Company Secretary

11 May 2018

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 financial statements for the three months ended 31 March 2018.

SBM