

SBM Holdings Ltd

SBM Holdings Ltd ('the Group') is pleased to present its abridged audited separate and consolidated financial statements for the year ended 31 December 2015. The audited financial statements have been prepared in accordance with International Financial Reporting Standards.

Operating Results

The Group's profit before impairment and tax which was restated at MUR 3.11 billion for the year ended 31 December 2014 increased to MUR 3.99 billion for the year ended 31 December 2015. However, the profit after tax of the Group fell from MUR 1.87 billion as restated for the year ended 31 December 2014 to MUR 1.61 billion for the year ended 31 December 2015. This was the result of a substantial increase in credit impairment charges during the period under review amounting to MUR 1.94 billion as compared to MUR 0.63 billion for the last year. This substantial increase in credit impairment losses was due mainly to a major conglomerate in segment A going into receivership/ administration and two large corporate accounts in Segment B that went impaired.

Profit after tax for 2014 has been restated downwards by MUR 1.29 billion mainly to reflect part of the expenditures incurred during the year 2014 relating to inefficiencies in the implementation of the Group's information technology project named "Flamingo" and costs in respect of Business Transformation Initiatives which have been expensed as they did not meet the criteria to be treated as capital expenditure under IAS 38.

Net interest income has increased by 5% as compared to last year to reach MUR 4.25 billion for the year ended 31 December 2015. The Group continues to focus on lower cost current and savings account deposits. Excluding the exceptional gain on sale of equity investments of MUR 0.38 billion for the year ended 31 December 2014, non-interest income increased by MUR 0.17 billion driven mainly by dealings on foreign exchange and securities. Recurring non-interest expenses increased from MUR 2.01 billion in 2014 to MUR 2,21 billion for the year ended 31 December 2015 mostly due to increase in personnel costs. Cost to income ratio stood at 52.58% for the year ending 31 December 2015.

The Group's total assets rose by 8.41%, from MUR 125.60 billion, as restated, as at 31 December 2014 to MUR 136.16 billion at 31 December 2015, driven by an increase of MUR 7.01 billion in gilt-edged investment securities and MUR 1.35 billion in net loans and advances. Deposits from non-bank customers increased by MUR 12.50 billion or 13.61%, mostly in low cost current and savings accounts.

Impaired advances increased as stated above from MUR 1.46 billion at 31 December 2014 to reach MUR 3.71 billion at 31 December 2015. This has impacted the net impaired advances to net advances ratio, from 0.96% at 31 December 2014 to 1.87% at 31 December 2015.

SBM Holdings Ltd; the Group capital

The capital base and equity of the Group stood at MUR 23.72 billion and MUR 22.19 billion respectively as at 31 December 2015 as compared to MUR 24.93 billion and MUR 22.07 billion respectively as restated, as at 31 December 2014.

The Group's capital adequacy ratio (CAR), Tier 1 capital and common equity Tier 1 capital ratios decreased from 31.41%, 25.67% and 25.67% respectively as restated, as at end of 31 December 2014 to 28.26%, 21.75% and 21.75% respectively as at 31 December 2015, mainly due to reclassification of assets into intangible assets and increase in risk weighted assets. However, the ratios are still well above the minimum regulatory requirements.

SBM (Bank) Holdings Ltd; the Banking group capital

The consolidated capital base of the Banking group stood at MUR 11.33 billion as at 31 December 2015 with a shareholder's equity of MUR 13.74 billion. CAR under Basel III of the Banking group stood at 14.96% as at 31 December 2015 and both Tier 1 capital and common equity Tier 1 capital to risk weighted assets ratio stood at 12.94% against the minimum regulatory limits of 10% for CAR, 7.5% for Tier 1 capital and 6% for common equity Tier 1 capital.

Dividend

Dividends amounting to MUR 0.75 billion representing 2.9 cents per share were declared and paid during the financial year ended 31 December 2015. After the reporting date, an additional dividend of 1.1 cents was declared and paid, totalling 4 cents per share in respect of the financial year 2015.

Outlook

The SBM Group has embarked on a five-year strategy to consolidate its Mauritius banking operations, which are expected to remain the mainstay of the Group, while enhancing its revenue base by increasing the share of income from cross-border activities and non-banking operations. Whereas challenges are anticipated both locally and globally in relation to business volumes, asset yields and credit quality, the Group will lay increased focus on operational efficiency, product development, customer service and innovation to improve the bottom-line, underpinned by enhanced capabilities, particularly in the areas of risk management, talent development and technology. These capabilities will also support the Group in its endeavour to expand its regional footprint, namely in geographies with a strong potential for growth.

We wish to thank the shareholders for their unflinching support.

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

Ouma Shankar OCHIT
Chairman, Audit Committee

24 March 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SBM HOLDINGS LTD

Report on the Financial Statements

We have audited the financial statements of SBM Holdings Ltd (the "Company") and its subsidiaries (the "Group") on pages 4 to 72 which comprise the statement of financial position as at 31 December 2015 and the statement of profit or loss and statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001 and Financial Reporting Act 2004, and for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements on pages 4 to 72 give a true and fair view of the financial position of the Group and the Company as at 31 December 2015 and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SBM HOLDINGS LTD (CONTINUED)**

Report on the Financial Statements *(Continued)*

Other matter

This report has been prepared solely for the Company's members, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with or interests in the Group and the Company other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Financial Reporting Act 2004

The directors are responsible for preparing the Corporate Governance Report.

Our responsibility is to report on the extent of compliance with the Code of Corporate Governance as disclosed in the annual report and whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosures in the Corporate Governance Report are consistent with the requirements of the Code.

ERNST & YOUNG

Ebène, Mauritius

PATRICK NG TSEUNG, A.C.A

Licensed by FRC

Date: 24 March 2016

SBM HOLDINGS LTD
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	The Group			The Company		
	31 December	31 December	31 December	31 December	31 December	31 December
	2015	2014 (Restated)	2013 (Restated)	2015	2014	2013
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
ASSETS						
Cash and cash equivalents	9,174,135	8,194,125	7,044,347	178,060	3,702	111
Mandatory balances with Central Banks	6,919,908	6,548,749	5,494,981	-	-	-
Loans to and placements with banks	1,208,945	702,133	932,428	-	-	-
Trading assets	144,142	205,223	249,571	-	-	-
Loans and advances to non-bank customers	68,784,195	67,434,536	69,630,171	-	-	-
Investment securities	37,375,824	30,369,883	18,176,133	5,896,350	3,915,754	-
Equity investments	6,066,176	6,721,917	4,189,429	5,534,324	6,319,881	-
Investment in associate	-	-	845,175	-	-	-
Investment in subsidiaries	-	-	-	20,999,183	20,999,183	-
Property and equipment	2,827,601	2,753,303	2,623,065	5,512	-	-
Intangible assets	2,370,629	1,252,333	1,023,272	-	-	-
Deferred tax assets	276,756	171,431	145,100	-	-	-
Other assets	1,013,780	1,248,629	1,507,051	126,773	287,790	14
Total assets	136,162,091	125,602,262	111,860,723	32,740,202	31,526,310	125
LIABILITIES						
Deposits from banks	751,719	593,899	217,281	-	-	-
Deposits from non-bank customers	104,281,103	91,784,990	83,016,635	-	-	-
Other borrowed funds	2,132,497	5,113,005	6,110,051	-	-	-
Trading liabilities	120,781	146,634	238,555	-	-	-
Current tax liabilities	391,954	87,953	247,198	16,389	-	-
Deferred tax liabilities	-	-	51,192	19	-	-
Other liabilities	2,433,536	2,203,910	2,632,425	3,493	8,919	-
Subordinated debts	3,862,138	3,598,208	4,200	3,862,138	3,598,208	-
Total liabilities	113,973,728	103,528,599	92,517,537	3,882,039	3,607,127	-
SHAREHOLDERS' EQUITY						
Stated capital	32,500,204	32,500,204	303,740	32,500,204	32,500,204	125
(Accumulated losses)/Retained earnings	(430,006)	(1,109,410)	16,125,433	2,030,144	307,529	-
Other reserves	(5,006,804)	(4,442,100)	5,247,299	(797,154)	(13,519)	-
	27,063,394	26,948,694	21,676,472	33,733,194	32,794,214	125
Treasury shares	(4,875,031)	(4,875,031)	(2,333,286)	(4,875,031)	(4,875,031)	-
Total equity attributable to equity holders of the parent	22,188,363	22,073,663	19,343,186	28,858,163	27,919,183	125
Total equity and liabilities	136,162,091	125,602,262	111,860,723	32,740,202	31,526,310	125

Approved by the Board of Directors and authorised for issue on 24 March 2016.

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

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Ouma Shankar OCHIT
Chairman, Audit Committee

SBM HOLDINGS LTD
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2015

	The Group			The Company		
	Year ended 31 December 2015	Year ended 31 December 2014 (Restated)	18 months ended 31 December 2013 (Restated)	Year ended 31 December 2015	Year ended 31 December 2014	18 months ended 31 December 2013
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Interest income	6,424,315	6,451,246	9,333,865	249,758	29,631	-
Interest expense	(2,171,580)	(2,400,808)	(3,417,785)	(133,221)	(32,650)	-
Net interest income	4,252,735	4,050,438	5,916,080	116,537	(3,019)	-
Fee and commission income	1,058,126	944,617	1,495,479	-	-	-
Fee and commission expense	(29,340)	(29,345)	(45,283)	-	-	-
Net fee and commission income	1,028,786	915,272	1,450,196	-	-	-
Dividend income	157,273	179,339	823,026	2,597,724	6,971,350	-
Net trading income	527,636	403,700	571,266	3,697	185	-
Other operating income	288,863	712,116	460,200	16,224	-	-
Non-interest income	2,002,558	2,210,427	3,304,688	2,617,645	6,971,535	-
Operating income	6,255,293	6,260,865	9,220,768	2,734,182	6,968,516	-
Personnel expenses	(1,237,004)	(1,117,287)	(1,719,604)	(1,355)	(792)	-
Depreciation and amortisation	(161,535)	(166,022)	(283,039)	(501)	-	-
Other expenses	(871,912)	(1,869,155)	(1,358,389)	(38,040)	(4,681)	-
Non-interest expense	(2,270,451)	(3,152,464)	(3,361,032)	(39,896)	(5,473)	-
Profit before net impairment loss on financial assets	3,984,842	3,108,401	5,859,736	2,694,286	6,963,043	-
Net impairment loss on financial assets	(1,936,840)	(630,353)	(742,224)	-	(6,319,881)	-
Operating profit	2,048,002	2,478,048	5,117,512	2,694,286	643,162	-
Share of profit of associate	-	62,993	141,671	-	-	-
Profit before tax	2,048,002	2,541,041	5,259,183	2,694,286	643,162	-
Income tax expense	(440,448)	(672,641)	(908,808)	(16,408)	-	-
Profit for the year / period attributable to equity holders of the parent	1,607,554	1,868,400	4,350,375	2,677,878	643,162	-
Earnings per share (Cents)	6.23	7.24	16.85			

SBM HOLDINGS LTD
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	The Group			The Company		
	Year ended 31 December 2015	Year ended 31 December 2014 (Restated)	18 months ended 31 December 2013 (Restated)	Year ended 31 December 2015	Year ended 31 December 2014	18 months ended 31 December 2013
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Profit for the year / period attributable to equity holders of the parent	1,607,554	1,868,400	4,350,375	2,677,878	643,162	-
Other comprehensive income :						
<i>Items that will not be reclassified subsequently to profit or loss:</i>						
Decrease in revaluation of property	(2,680)	(4,397)	-	-	-	-
Deferred tax on revaluation surplus of property	-	4,788	-	-	-	-
Deferred tax on disposal of property	-	-	200	-	-	-
Effect of change in deferred tax rate	-	-	(804)	-	-	-
Share of other comprehensive loss of associate	-	(9,535)	(5,668)	-	-	-
Remeasurement of defined benefit pension plan (net of deferred tax)	(10,877)	11,855	(25,220)	-	-	-
	(13,557)	2,711	(31,492)	-	-	-
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translation of foreign operations	202,833	87,574	(438,836)	-	-	-
Movement in value of available-for-sale investments	(726,867)	2,104,952	552,536	(783,635)	(13,519)	-
Fair value realised on disposal of available-for-sale investments	-	(377,897)	(357,127)	-	-	-
	(524,035)	1,814,629	(243,427)	(783,635)	(13,519)	-
Total other comprehensive (loss) / income	(537,591)	1,817,340	(274,919)	(783,635)	(13,519)	-
Total comprehensive income attributable to equity holders of the parent	1,069,963	3,685,740	4,075,456	1,894,243	629,643	-

SBM HOLDINGS LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

Group	Stated capital	Treasury shares	Statutory reserve	Capital conservation reserve	Revenue reserve	property revaluation reserve	Other reserves (Note 39)	Total equity
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
At 01 July 2012								
- Previously stated	303,740	(2,333,286)	520,133	551,145	14,310,409	1,439,560	3,553,455	18,345,156
- Restatement	-	-	-	(551,145)	(73,579)	-	-	(624,724)
- As restated	303,740	(2,333,286)	520,133	-	14,236,830	1,439,560	3,553,455	17,720,432
Profit for the period as previously stated	-	-	-	-	4,706,359	-	-	4,706,359
Restatement	-	-	-	-	(355,984)	-	-	(355,984)
Profit for the period as restated	-	-	-	-	4,350,375	-	-	4,350,375
Other comprehensive loss for the period	-	-	-	-	(25,220)	(604)	(249,095)	(274,919)
Total comprehensive income for the period	-	-	-	-	4,325,155	(604)	(249,095)	4,075,456
Revaluation reserve realised on disposal of property	-	-	-	-	6,749	(6,749)	-	-
Transfer to retained earnings	-	-	-	-	61,614	(61,614)	-	-
Transfer to statutory reserve	-	-	52,213	-	(52,213)	-	-	-
Dividend	-	-	-	-	(2,452,702)	-	-	(2,452,702)
At 31 December 2013-As restated	303,740	(2,333,286)	572,346	-	16,125,433	1,370,593	3,304,360	19,343,186
At 01 January 2014								
- Previously stated	303,740	(2,333,286)	572,346	551,145	16,554,996	1,370,593	3,304,360	20,323,894
- Restatement	-	-	-	(551,145)	(429,563)	-	-	(980,708)
- As restated	303,740	(2,333,286)	572,346	-	16,125,433	1,370,593	3,304,360	19,343,186
Profit for the year as previously stated	-	-	-	-	3,161,412	-	-	3,161,412
Restatement	-	-	-	-	(1,293,012)	-	-	(1,293,012)
Profit for the period as restated	-	-	-	-	1,868,400	-	-	1,868,400
Other comprehensive income for the year	-	-	-	-	11,855	391	1,805,094	1,817,340
Total comprehensive income for the year	-	-	-	-	1,880,255	391	1,805,094	3,685,740
Transfer to restructure reserve	32,196,464	(2,541,745)	-	-	(18,155,810)	(1,063,164)	(10,435,745)	-
<i>Movement in respect of macro prudential provisioning:</i>								
As previously stated	-	-	-	174,097	-	-	-	174,097
Restatement	-	-	-	(174,097)	174,097	-	-	-
Transfer to allowance for credit impairment	-	-	-	-	(174,097)	-	-	(174,097)
As restated	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	7,086	(34,211)	27,125	-
Transfer to statutory reserve	-	-	11,111	-	(11,111)	-	-	-
Dividend	-	-	-	-	(955,263)	-	-	(955,263)
At 31 December 2014-As restated	32,500,204	(4,875,031)	583,457	-	(1,109,410)	273,609	(5,299,166)	22,073,663
At 01 January 2015								
- Previously stated	32,500,204	(4,875,031)	583,457	725,242	439,068	273,609	(5,299,166)	24,347,383
- Restatement	-	-	-	(725,242)	(1,548,478)	-	-	(2,273,720)
- As restated	32,500,204	(4,875,031)	583,457	-	(1,109,410)	273,609	(5,299,166)	22,073,663
Profit for the year	-	-	-	-	1,607,554	-	-	1,607,554
Other comprehensive income for the year	-	-	-	-	(10,877)	(2,680)	(524,034)	(537,591)
Total comprehensive income for the year	-	-	-	-	1,596,677	(2,680)	(524,034)	1,069,963
Transfer to retained earnings	-	-	-	-	46,720	(46,720)	-	-
Transfer to statutory reserve	-	-	8,730	-	(8,730)	-	-	-
Dividend	-	-	-	-	(955,263)	-	-	(955,263)
At 31 December 2015	32,500,204	(4,875,031)	592,187	-	(430,006)	224,209	(5,823,200)	22,188,363

SBM HOLDINGS LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Stated capital	Treasury shares	Revenue reserve	Net unrealised investment fair value reserve	Total equity
Company	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
At 01 July 2012	25	-	-	-	25
Issue of shares	100	-	-	-	100
At 31 December 2013	125	-	-	-	125
At 01 January 2014	125	-	-	-	125
Shares held by SBM Bank (Mauritius) Ltd cancelled	(125)	-	-	-	(125)
Profit for the year	-	-	643,162	-	643,162
Other comprehensive loss for the year	-	-	-	(13,519)	(13,519)
Total comprehensive income for the year	-	-	643,162	(13,519)	629,643
Transfer of shares from SBM Bank (Mauritius) Ltd upon group restructure	32,500,204	-	-	-	32,500,204
Transfer of treasury shares upon group restructure	-	(4,875,031)	-	-	(4,875,031)
Dividend	-	-	(335,633)	-	(335,633)
At 31 December 2014	32,500,204	(4,875,031)	307,529	(13,519)	27,919,183
At 01 January 2015	32,500,204	(4,875,031)	307,529	(13,519)	27,919,183
Profit for the year	-	-	2,677,878	-	2,677,878
Other comprehensive loss for the year	-	-	-	(783,635)	(783,635)
Total comprehensive income for the year	-	-	-	-	-
Dividend (Note 20)	-	-	(955,263)	-	(955,263)
At 31 December 2015	32,500,204	(4,875,031)	2,030,144	(797,154)	28,858,163

SBM HOLDINGS LTD
ABRIDGED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Group			Company		
	Year ended 31 December 2015	Year ended 31 December 2014 (Restated)	18 months ended 31 December 2013 (Restated)	Year ended 31 December 2015	Year ended 31 December 2014	Year 18 months ended 31 December 2013
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Net cash from / (used in) operating activities	6,230,508	(935,300)	(1,136,463)	1,108,974	(333,881)	9
Net cash (used in) / from financing activities	(3,909,112)	1,125,342	1,253,112	(928,603)	(314,296)	-
Net cash (used in) / from investing activities	(1,341,386)	959,736	(65,697)	(6,013)	651,768	100
Net change in cash and cash equivalents	980,010	1,149,778	50,952	174,358	3,591	109
Cash and cash equivalents at beginning of period/ year	8,194,125	7,044,347	6,993,395	3,702	111	2
Cash and cash equivalents at end of period/ year	9,174,135	8,194,126	7,044,347	178,060	3,702	111

Copies of the audited 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

24 March 2016

The Communiqué is issued pursuant to Listing Rule 12.14 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 audit report, has been extracted from the audited financial statements for the year ended 31 December 2015.