

SBM Holdings Ltd

SBM Holdings Ltd ('the Group') is pleased to present its condensed interim unaudited financial report for the nine months ended 30 September 2016.

The condensed interim unaudited 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 interim financial report has been prepared based on those accounting policies applied in the preparation of the audited financial statements for the year ended 31 December 2015, except that the Group and the Company have adopted all new standards and interpretations which are effective as from 01 January 2016.

Operating Results

The Board of Directors is pleased to report the Group's profit after tax of MUR 1.99 billion for the nine months ended 30 September 2016 as compared to MUR 1.13 billion for the nine months ended 30 September 2015 as restated, representing an increase of over 75%. Last year we had some exceptional impairment charges amounting to MUR 1.34 billion compared to MUR 457 million for the same period this year. The Group's operating income has increased from MUR 4.53 billion for the period ended 30 September 2015 to MUR 4.97 billion for the period ended 30 September 2016 representing an increase of 9.69%. This result was mainly achieved by an increase in net interest income of MUR 165 million and in non-interest income of MUR 274 million. However, net interest margin has decreased from 3.71% for the period ended September 2015 to 3.67% for period ended September 2016 which was mainly due to prevailing market conditions of excess liquidity and competitive pricing.

Profit before net impairment loss on financial assets has increased from MUR 2.92 billion for period 30 September 2015 to MUR 3.05 billion for period 30 September 2016 or by 4.6%. Profit after impairment before tax rose from MUR 1.57 billion to MUR 2.59 billion or by 65%. The earnings per share increased to 7.73 cents for the period closing 30 September 2016 compared to 4.39 cents for period ended 30 September 2015.

The Group's total assets grew by 7.37% from MUR 136.16 billion as at 31 December 2015 to reach MUR 146.19 billion at 30 September 2016. Gilt-edged investment securities have increased by MUR 5.59 billion or nearly 15% coupled with increases in cash and cash equivalents and loans and placements with banks amounting to MUR 3.62 billion. Investment securities, which represented more than 29% of total assets, earned lower yields given weak demand for credit still prevailing coupled with excess liquidity in the market. Intangible assets have increased by MUR 1.45 billion from MUR 2.37 billion as at 31 December 2015 to MUR 3.82 billion as at 30 September 2016 following implementation of the new IT system which has gone live on 12 September 2016. However, net loans and advances witnessed a drop of MUR 657 million. Deposits from non-bank customers and bank customers have increased significantly by nearly MUR 9 billion during these nine months of 2016. Impaired advances increased by nearly 25% from MUR 3.71 billion at 31 December 2015 to MUR 4.62 billion at 30 September 2016. Net impaired advances to net advances ratio has increased from 1.87 % at 31 December 2015 to 2.40 % at 30 September 2016.

SBM Holdings Ltd: the Group capital

The capital base and equity of the Group stood at MUR 23.27 billion and MUR 23.34 billion respectively as at 30 September 2016 as compared to MUR 23.72 billion and MUR 22.19 billion respectively as at 31 December 2015.

The Group's capital adequacy ratio (CAR), Tier 1 capital and common equity Tier 1 capital ratios decreased to 26.61%, 20.49% and 20.49% respectively as at 30 September 2016 compared to 28.26%, 21.75% and 21.75% respectively as at 31 December 2015.

SBM (Bank) Holdings Ltd: the Banking Group capital

The consolidated capital base of the Banking Group stood at MUR 11.78 billion as at 30 September 2016 with a shareholders' equity of MUR 15.64 billion. CAR under Basel III of the Banking Group stood at 14.96% as at 30 September 2016 and both Tier 1 capital and common equity Tier 1 capital to risk weighted assets ratios stood at 12.99% against the minimum regulatory limits of 10.38% for CAR including provision for Domestically Systemic Important Banks (D-SIBs), 8.0% for Tier 1 capital and 6.5% for common equity Tier 1 capital.

Outlook

The Mauritian economy continues to grow at a moderate pace with good performance in tourism and services sectors. However, uncertainties still prevail on the international front. Credit growth to the private sector has been weak and interest rates remain low amidst continuing high liquidity in the economy. But with the implementation of projects and measures announced in the recent Budget, the economy is expected to grow at a higher rate.

In this context, the SBM Group continues to actively pursue its strategy of diversification of its income streams by growing its non-banking financial services and further internationalizing its operations. Capacity building initiatives, namely relating to people, processes, products and technology, are also being stepped up to support the growth objectives.

We wish to thank all stakeholders for their continued support.

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

Ouma Shankar OCHIT
Chairman, Audit Committee

14 November 2016

**REVIEW REPORT TO THE BOARD OF DIRECTORS OF
SBM HOLDINGS LTD**

We have reviewed the accompanying interim condensed statement of financial position of SBM Holdings Ltd (the "Company") and its subsidiaries (the "Group") as of 30 September 2016 and the related interim condensed statements of profit or loss and other comprehensive income, changes in equity and abridged cash flows for the nine months period 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 financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 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 condensed financial information does not present fairly, in all material respects, the financial position of the Company and the Group as at 30 September 2016, and of its financial performance and its cash flows for the nine months period then ended in accordance with IAS 34 Interim Financial Reporting.

ERNST & YOUNG
Ebène, Mauritius

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

Date:14 September 2016

SBM HOLDINGS LTD

INTERIM UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

STATEMENT OF FINANCIAL POSITION

	The Group			The Company		
	30 September 2016	30 September 2015	31 December 2015	30 September 2016	30 September 2015	31 December 2015
	MUR'000	Restated MUR'000	MUR'000	MUR' 000	MUR' 000	MUR' 000
ASSETS						
Cash and cash equivalents	11,100,529	5,511,890	9,174,135	37,974	101,140	178,060
Mandatory balances with Central Banks	7,197,060	6,362,549	6,919,908	-	-	-
Loans to and placements with banks	2,621,460	1,330,236	1,208,945	-	-	-
Trading assets	189,977	237,412	144,142	-	-	-
Loans and advances to non-bank customers	68,127,149	66,798,167	68,784,195	-	-	-
Investment securities	42,967,484	36,457,432	37,375,824	4,500,454	5,444,149	5,896,350
Equity investments	6,547,241	5,944,777	6,066,176	5,534,324	5,534,324	5,534,324
Investment in subsidiaries	-	-	-	21,848,084	21,012,146	20,999,183
Property and equipment	2,796,051	2,827,196	2,827,601	4,631	5,813	5,512
Intangible assets	3,820,876	1,965,712	2,370,629	-	-	-
Deferred tax assets	329,990	278,202	276,756	-	-	-
Other assets	494,821	920,562	1,013,780	1,713	27,498	126,773
TOTAL ASSETS	146,192,638	128,634,135	136,162,091	31,927,180	32,125,070	32,740,202
LIABILITIES						
Deposits from banks	2,499,959	863,404	751,719	-	-	-
Deposits from non-bank customers	111,489,538	94,920,823	104,281,103	-	-	-
Other borrowed funds	1,713,245	4,811,364	2,132,497	-	-	-
Trading liabilities	187,943	218,536	120,781	-	-	-
Current tax liabilities	493,080	486,133	391,954	5,195	13,981	16,389
Deferred tax liabilities	-	-	-	38	-	19
Other liabilities	2,653,095	1,949,123	2,433,536	3,452	5,621	3,493
Subordinated debts	3,817,870	3,826,848	3,862,138	3,817,870	3,826,848	3,862,138
Total liabilities	122,854,730	107,076,231	113,973,728	3,826,555	3,846,450	3,882,039
SHAREHOLDERS' EQUITY						
Stated capital	32,500,204	32,500,204	32,500,204	32,500,204	32,500,204	32,500,204
Retained earnings/(Accumulated losses)	794,001	(913,843)	(430,006)	1,275,265	1,454,282	2,030,144
Other reserves	(5,081,266)	(5,153,426)	(5,006,804)	(799,813)	(800,835)	(797,154)
	28,212,939	26,432,935	27,063,394	32,975,656	33,153,651	33,733,194
Less treasury shares	(4,875,031)	(4,875,031)	(4,875,031)	(4,875,031)	(4,875,031)	(4,875,031)
Total equity	23,337,908	21,557,904	22,188,363	28,100,625	28,278,620	28,858,163
TOTAL EQUITY AND LIABILITIES	146,192,638	128,634,135	136,162,091	31,927,180	32,125,070	32,740,202
Contingent Liabilities	14,743,526	16,571,770	14,806,879			

Approved by the Board of Directors and authorised for issue on 14 November 2016 and signed on its behalf by:

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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
INTERIM UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

INTERIM UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS

	The Group					The Company				
	Quarter ended 30 September 2016	Quarter ended 30 September 2015	9 months ended 30 September 2016	9 months ended 30 September 2015	Year ended 31 December 2015	Quarter ended 30 September 2016	Quarter ended 30 September 2015	9 months ended 30 September 2016	9 months ended 30 September 2015	Year ended 31 December 2015
	(Restated)		(Restated)							
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Interest income	1,558,264	1,610,975	4,721,671	4,813,292	6,424,315	54,789	60,117	191,838	179,030	249,758
Interest expense	(472,183)	(520,275)	(1,421,335)	(1,677,620)	(2,171,580)	(41,063)	(29,726)	(112,628)	(98,055)	(133,221)
Net interest income	1,086,081	1,090,700	3,300,336	3,135,672	4,252,735	13,726	30,391	79,210	80,975	116,537
Fee and commission income	271,538	262,176	842,722	753,078	1,058,126	-	-	-	-	-
Fee and commission expense	(6,462)	(6,765)	(19,688)	(23,412)	(29,340)	(125)	-	(125)	-	-
Net fee and commission income	265,076	255,411	823,034	729,666	1,028,786	(125)	-	(125)	-	-
Dividend income	6,076	29,682	6,671	30,187	157,273	-	64,616	-	2,022,457	2,597,724
Net trading income	179,564	122,571	439,309	397,134	527,636	13,969	849	14,107	2,523	3,697
Other operating income	137,334	83,200	401,401	239,133	288,863	952	7,921	5,553	15,768	16,224
Non-interest income	588,050	490,864	1,670,415	1,396,120	2,002,558	14,796	73,386	19,535	2,040,748	2,617,645
Operating income	1,674,131	1,581,564	4,970,751	4,531,792	6,255,293	28,522	103,777	98,745	2,121,723	2,734,182
Personnel expenses	(336,475)	(308,344)	(972,995)	(909,190)	(1,237,004)	(929)	(142)	(1,471)	(142)	(1,355)
Depreciation and amortisation	(237,146)	(39,641)	(319,451)	(120,094)	(161,535)	(301)	(200)	(902)	(200)	(501)
Other expenses	(235,140)	(180,535)	(627,932)	(586,744)	(871,912)	(19,801)	(2,817)	(34,918)	(5,384)	(38,040)
Non-interest expense	(808,761)	(528,520)	(1,920,378)	(1,616,028)	(2,270,451)	(21,031)	(3,159)	(37,291)	(5,726)	(39,896)
Profit before net impairment loss on financial assets	865,370	1,053,044	3,050,373	2,915,764	3,984,842	7,491	100,618	61,454	2,115,997	2,694,286
Net impairment loss on financial assets	(250,700)	(300,148)	(457,488)	(1,341,213)	(1,936,840)	-	-	-	-	-
Profit before income tax	614,670	752,896	2,592,885	1,574,551	2,048,002	7,491	100,618	61,454	2,115,997	2,694,286
Tax expense	(197,791)	(186,370)	(598,082)	(440,809)	(440,448)	(3,000)	(5,687)	(15,973)	(13,981)	(16,408)
Profit for the period/year attributable to equity holders of the parent	416,879	566,526	1,994,803	1,133,742	1,607,554	4,491	94,931	45,481	2,102,016	2,677,878
Earnings per share			7.73	4.39	6.23					

SBM HOLDINGS LTD
 INTERIM UNAUDITED CONDENSED STATEMENTS OF OTHER COMPREHENSIVE INCOME
 FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

STATEMENTS OF OTHER COMPREHENSIVE INCOME

	The Group					The Company				
	Quarter ended	Quarter ended	9 months ended	9 months ended	Year ended	Quarter ended	Quarter ended	9 months ended	9 months ended	Year ended
	30 September	30 September	30 September	30 September	31 December	30 September	30 September	30 September	30 September	31 December
	2016	2015	2016	2015	2015	2016	2015	2016	2015	2015
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Profit for the period/year attributable to equity holders of the parent	416,879	566,526	1,994,803	1,133,742	1,607,554	4,491	94,931	45,481	2,102,016	2,677,878
Other comprehensive income :										
<i>Items that will not be reclassified subsequently to profit or loss:</i>										
Movement in revaluation of property	-	-	1,529	(2,680)	(2,680)	-	-	-	-	-
Remeasurement of defined benefit pension plan (net of deferred tax)	-	-	-	-	(10,877)	-	-	-	-	-
	-	-	1,529	(2,680)	(13,557)	-	-	-	-	-
<i>Items that may be reclassified subsequently to profit or loss:</i>										
Exchange differences on translation of foreign operations	33,838	(58,642)	(57,692)	195,875	202,833	-	-	-	-	-
Movement in fair value of available-for-sale investments	15,062	(54,135)	11,265	(887,433)	(726,867)	2,271	(16,795)	(2,659)	(787,316)	(783,635)
Fair value realised on disposal of available-for-sale investments	-	-	-	-	-	-	-	-	-	-
	48,900	(112,777)	(46,427)	(691,558)	(524,034)	2,271	(16,795)	(2,659)	(787,316)	(783,635)
Other comprehensive (loss)/income	48,900	(112,777)	(44,898)	(694,238)	(537,591)	2,271	(16,795)	(2,659)	(787,316)	(783,635)
Total comprehensive income/(loss) attributable to equity holders of the parent	465,779	453,749	1,949,905	439,504	1,069,963	6,762	78,136	42,822	1,314,700	1,894,243

SBM HOLDINGS LTD
INTERIM UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

STATEMENT OF CHANGES IN EQUITY

	Stated capital	Treasury shares	Statutory reserve	Retained earnings / (Accumulated losses)	Capital conservation reserve	Net unrealised investment fair value reserve	Net property revaluation reserve	Net translation reserve	Restructure reserve	Total Equity
The Group	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
At 01 January 2015										
- As previously stated	32,500,204	(4,875,031)	583,457	439,068	725,242	27,947	273,609	53,227	(5,380,340)	24,347,383
- Restatement	-	-	-	(1,548,478)	(725,242)	-	-	-	-	(2,273,720)
- As restated	32,500,204	(4,875,031)	583,457	(1,109,410)	-	27,947	273,609	53,227	(5,380,340)	22,073,663
Profit for the period as previously stated	-	-	-	1,294,315	-	-	-	-	-	1,294,315
Restatement	-	-	-	(160,573)	-	-	-	-	-	(160,573)
Profit for the period as restated	-	-	-	1,133,742	-	-	-	-	-	1,133,742
Other comprehensive (loss) / income for the period	-	-	-	-	-	(887,433)	(2,680)	195,875	-	(694,238)
Total comprehensive income / (loss) for the period	-	-	-	1,133,742	-	(887,433)	(2,680)	195,875	-	439,504
<i>Movement in respect of macro prudential provisioning:</i>										
As previously stated	-	-	-	-	121,631	-	-	-	-	121,631
Restatement	-	-	-	121,631	(121,631)	-	-	-	-	-
Transfer to allowance for credit impairment	-	-	-	(121,631)	-	-	-	-	-	(121,631)
As restated	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	25,818	-	-	(25,818)	-	-	-
Transfer to statutory reserve	-	-	8,730	(8,730)	-	-	-	-	-	-
Dividend	-	-	-	(955,263)	-	-	-	-	-	(955,263)
At 30 September 2015 (as Restated)	32,500,204	(4,875,031)	592,187	(913,843)	-	(859,486)	245,111	249,102	(5,380,340)	21,557,904
At 01 January 2015										
- Previously stated	32,500,204	(4,875,031)	583,457	439,068	725,242	27,947	273,609	53,227	(5,380,340)	24,347,383
- Restatement	-	-	-	(1,548,478)	(725,242)	-	-	-	-	(2,273,720)
- As restated	32,500,204	(4,875,031)	583,457	(1,109,410)	-	27,947	273,609	53,227	(5,380,340)	22,073,663
Profit for the period	-	-	-	1,607,554	-	-	-	-	-	1,607,554
Other comprehensive (loss) / income for the year	-	-	-	(10,877)	-	(726,867)	(2,680)	202,833	-	(537,591)
Total comprehensive income / (loss) for the year	-	-	-	1,596,677	-	(726,867)	(2,680)	202,833	-	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)	-	(698,920)	224,209	256,060	(5,380,340)	22,188,363
At 01 January 2016	32,500,204	(4,875,031)	592,187	(430,006)	-	(698,920)	224,209	256,060	(5,380,340)	22,188,363
Profit for the period	-	-	-	1,994,803	-	-	-	-	-	1,994,803
Other comprehensive income / (loss) for the period	-	-	-	-	-	11,265	1,529	(57,692)	-	(44,898)
Total comprehensive income for the period	-	-	-	1,994,803	-	11,265	1,529	(57,692)	-	1,949,905
Transfer to retained earnings	-	-	-	29,564	-	-	(29,564)	-	-	-
Dividend	-	-	-	(800,360)	-	-	-	-	-	(800,360)
At 30 September 2016	32,500,204	(4,875,031)	592,187	794,001	-	(687,655)	196,174	198,368	(5,380,340)	23,337,908

SBM HOLDINGS LTD
 INTERIM UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
 FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

STATEMENT OF CASH FLOWS

	The Group			The Company		
	9 months ended 30 September 2016	9 months ended 30 September 2015	Year ended 31 December 2015	9 months ended 30 September 2016	9 months ended 30 September 2015	Year ended 31 December 2015
	MUR'000	MUR'000 (Restated)	MUR'000	MUR'000	MUR'000	MUR'000
Net cash generated from / (used in) operating activities	5,433,308	(2,193,459)	6,230,508	1,553,444	(1,165,635)	1,108,974
Net cash used in financing activities	(1,263,881)	(1,028,263)	(3,909,112)	(844,629)	(726,624)	(928,603)
Net cash (used in) / generated from investing activities	(2,243,033)	539,487	(1,341,386)	(848,901)	1,989,697	(6,013)
Net change in cash and cash equivalents	1,926,394	(2,682,235)	980,010	(140,086)	97,438	174,358
Cash and cash equivalents at beginning of period/ year	9,174,135	8,194,125	8,194,125	178,060	3,702	3,702
Cash and cash equivalents at end of period/ year	11,100,529	5,511,890	9,174,135	37,974	101,140	178,060

Copies of the interim report 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

14 November 2016

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 of interim condensed financial statements, has been extracted from the interim unaudited condensed financial statements for the nine months ended 30 September 2016.