

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 2016. The audited financial statements have been prepared in accordance with the International Financial Reporting Standards.

Operating Results

The Board of Directors is pleased to report that the Group's profit after tax has increased by over 43% from MUR 1.61 billion for the year ended 31 December 2015 to MUR 2.31 billion for the year ended 31 December 2016. The increase in profit is mainly due to the substantial reduction in impairment charges for the current year amounting to MUR 0.72 billion as compared to MUR 1.94 billion for last year. The Group's operating income has increased from MUR 6.26 billion for the year ended 31 December 2015 to MUR 6.45 billion for the year ended 31 December 2016, mainly on account of increases in net interest income and higher trading income despite an unexpected shortfall in dividend income. Net interest margin has however decreased from 3.25% for the year ended 31 December 2015 to 3.10% for year ended December 2016 which was mainly due to prevailing market conditions of excess liquidity and competitive pricing. The earnings per share increased from 62.27 cents for the year ended 31 December 2015 to 89.43 cents for year ended 31 December 2016.

The Group's total assets grew by 7.88% from MUR 136.16 billion as at 31 December 2015 to reach MUR 146.90 billion as at 31 December 2016. The increase in total assets is mainly due to increases in loans to and placements with banks amounting to MUR 3.44 billion, coupled with increases in net loans and advances to non-bank customers by MUR 2.84 billion and investment securities increasing by MUR 2.06 billion. Net loans and advances to non-bank customers which represented 51% of the balance sheet in 2015 dropped down to 49% for 2016. However, this was compensated by placements to banks which improved from 0.89% in 2015 to 3.16% in 2016 while investment securities decreased from 27.45% in 2015 to 26.84% in 2016. Intangible assets have increased by MUR 1.40 billion from MUR 2.37 billion as at 31 December 2015 to MUR 3.77 billion as at 31 December 2016 following implementation of the Flamingo IT system which has gone live on 12 September 2016. Deposits from non-bank customers and bank customers have increased by MUR 4.96 billion and MUR 1.86 billion respectively during the year 2016. Gross impaired advances increased from MUR 3.71 billion at 31 December 2015 to MUR 5.00 billion at 31 December 2016. Net impaired advances to net advances ratio has increased from 1.87% at 31 December 2015 to 2.64% at 31 December 2016.

SBM Holdings Ltd: the Group capital

The capital base and equity of the Group stood at MUR 24.03 billion and MUR 23.80 billion respectively as at 31 December 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 25.70%, 19.90% and 19.90% respectively as at 31 December 2016 compared to 28.26%, 21.75% and 21.75% respectively as at 31 December 2015 due to the growth in risk weighted assets.

SBM (Bank) Holdings Ltd: the Banking Group capital

The consolidated capital base of the Banking Group stood at MUR 12.28 billion as at 31 December 2016 with a shareholder's equity of MUR 15.90 billion. CAR under Basel III of the Banking Group stood at 14.92% as at 31 December 2016 and both Tier 1 capital and common equity Tier 1 capital to risk weighted assets ratios stood at 13.01% 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

Economic conditions both internationally and in Mauritius continue to improve at a slow pace. Whereas Mauritius business is expected to gradually pick up, the Group reckons that the bulk of its growth in the coming months would come from cross-border business and international banking operations. Hence, the Group continues to roll out its long term strategic plan focused on 5 main pillars namely consolidation, diversification, modernization, internationalization and capacity building. In this respect, a number of initiatives have been launched with the objective of further growing the asset base while achieving top quartile return on equity. As a result, business volumes and profitability for this year should sensibly improve despite higher charges for amortization linked to the recent system implementation.

Besides its existing presence in India and Madagascar which is being further consolidated, the Group is progressing satisfactorily with respect to its presence in Seychelles and Kenya within this year.

The Group is expanding its non-banking business by deepening its relationship with the SME sector which is a key driver of national economic growth with initiatives such as micro finance and factoring. Other innovative initiatives include the creation of Infrastructure Funds and acting as lead arranger for bonds and debt structures for international corporations.

We are confident that the performance of the Group will continue to improve. 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

30 March 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SBM HOLDINGS LTD

We have audited the financial statements of SBM Holdings Ltd (the 'Company') and its subsidiaries (the "Group") for the year ended 31 December 2016, from which the summarised financial statements were derived, in accordance with International Standards on Auditing. In our report dated 30 March 2017, we expressed an unqualified opinion on the Group and the Company's financial statements from which the summarised financial statements were derived.

In our opinion, the accompanying summarised financial statements are consistent, in all material respects, with the Group and the Company's financial statements from which they were derived.

For a better understanding of the Group and the Company's financial position, financial performance and cash flows for the year and of the scope of our audit, the summarised financial statements should be read in conjunction with the Group and the Company's financial statements from which the summarised financial statements were derived and our audit report thereon.

ERNST & YOUNG
Ebène
Mauritius

SBM HOLDINGS LTD
STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	The Group			The Company		
	31 December 2016	31 December 2015	31 December 2014	31 December 2016	31 December 2015	31 December 2014
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
ASSETS						
Cash and cash equivalents	9,490,208	9,174,135	8,194,125	15,321	178,060	3,702
Mandatory balances with Central Banks	7,097,994	6,919,908	6,548,749	-	-	-
Loans to and placements with banks	4,645,911	1,208,945	702,133	-	-	-
Trading assets	165,998	144,142	205,223	-	-	-
Loans and advances to non-bank customers	71,624,874	68,784,195	67,434,536	-	-	-
Investment securities	39,430,829	37,375,824	30,369,883	4,305,882	5,896,350	3,915,754
Equity investments	5,732,722	6,066,176	6,721,917	4,261,347	5,534,324	6,319,881
Investment in associate	1,275,880	-	-	1,272,977	-	-
Investment in subsidiaries	-	-	-	21,854,773	20,999,183	20,999,183
Property and equipment	2,809,777	2,827,601	2,753,303	4,309	5,512	-
Intangible assets	3,770,271	2,370,629	1,252,333	-	-	-
Deferred tax assets	215,260	276,756	171,431	-	-	-
Other assets	635,984	1,013,780	1,248,629	1,501	126,773	287,790
Total assets	146,895,708	136,162,091	125,602,262	31,716,110	32,740,202	31,526,310
LIABILITIES						
Deposits from banks	2,611,669	751,719	593,899	-	-	-
Deposits from non-bank customers	109,241,194	104,281,103	91,784,990	-	-	-
Other borrowed funds	4,486,008	2,132,497	5,113,005	-	-	-
Trading liabilities	182,413	120,781	146,634	-	-	-
Current tax liabilities	364,670	391,954	87,953	1,354	16,389	-
Deferred tax liabilities	-	-	-	64	19	-
Other liabilities	2,339,683	2,433,536	2,203,910	5,997	3,493	8,919
Subordinated debts	3,865,371	3,862,138	3,598,208	3,865,371	3,862,138	3,598,208
Total liabilities	123,091,008	113,973,728	103,528,599	3,872,786	3,882,039	3,607,127
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)	865,100	(430,006)	(1,109,410)	1,020,810	2,030,144	307,529
Other reserves	(4,685,573)	(5,006,804)	(4,442,100)	(802,659)	(797,154)	(13,519)
Treasury shares	28,679,731 (4,875,031)	27,063,394 (4,875,031)	26,948,694 (4,875,031)	32,718,355 (4,875,031)	33,733,194 (4,875,031)	32,794,214 (4,875,031)
Total equity attributable to equity holders of the parent	23,804,700	22,188,363	22,073,663	27,843,324	28,858,163	27,919,183
Total equity and liabilities	146,895,708	136,162,091	125,602,262	31,716,110	32,740,202	31,526,310

Approved by the Board of Directors and authorised for issue on 30 March 2017.

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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
STATEMENTS OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2016

	The Group			The Company		
	31 December 2016	31 December 2015	31 December 2014	31 December 2016	31 December 2015	31 December 2014
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Interest income	6,249,765	6,424,315	6,451,246	227,814	249,758	29,631
Interest expense	(1,866,491)	(2,171,580)	(2,400,808)	(149,307)	(133,221)	(32,650)
Net interest income	4,383,274	4,252,735	4,050,438	78,507	116,537	(3,019)
Fee and commission income	1,081,945	1,058,126	944,617	-	-	-
Fee and commission expense	(29,346)	(29,340)	(29,345)	-	-	-
Net fee and commission income	1,052,599	1,028,786	915,272	-	-	-
Dividend income	38,864	157,273	179,339	27,563	2,597,724	6,971,350
Net trading income	515,050	527,636	403,700	3,822	3,697	185
Other operating income	456,438	288,863	712,116	9,331	16,224	-
Non-interest income	2,062,951	2,002,558	2,210,427	40,716	2,617,645	6,971,535
Operating income	6,446,225	6,255,293	6,260,865	119,223	2,734,182	6,968,516
Personnel expenses	(1,395,895)	(1,237,004)	(1,117,287)	(3,830)	(1,355)	(792)
Depreciation and amortisation	(350,004)	(161,535)	(166,022)	(1,203)	(501)	-
Other expenses	(995,723)	(871,912)	(1,869,155)	(48,005)	(38,040)	(4,681)
Non-interest expense	(2,741,622)	(2,270,451)	(3,152,464)	(53,038)	(39,896)	(5,473)
Profit before net impairment loss on financial assets	3,704,603	3,984,842	3,108,401	66,185	2,694,286	6,963,043
Net impairment loss on financial assets	(716,899)	(1,936,840)	(630,353)	-	-	(6,319,881)
Operating profit	2,987,704	2,048,002	2,478,048	66,185	2,694,286	643,162
Share of profit of associate	1,627	-	62,993	-	-	-
Profit before tax	2,989,331	2,048,002	2,541,041	66,185	2,694,286	643,162
Tax expense	(680,429)	(440,448)	(672,641)	(16,979)	(16,408)	-
Profit for the year	2,308,902	1,607,554	1,868,400	49,206	2,677,878	643,162
Earnings per share (Cents)	89.43	62.27	72.37			

SBM HOLDINGS LTD
STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	The Group			The Company		
	31 December 2016	31 December 2015	31 December 2014	31 December 2016	31 December 2015	31 December 2014
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Profit for the year	2,308,902	1,607,554	1,868,400	49,206	2,677,878	643,162
Other comprehensive income :						
<i>Items that will not be reclassified subsequently to profit or loss net of deferred tax:</i>						
Decrease in revaluation of property	1,530	(2,680)	391	-	-	-
Underprovision of deferred tax assets on revaluation of property in prior years	(24,817)	-	-	-	-	-
Share of other comprehensive income / (loss) of associate	1,276	-	(9,535)	-	-	-
Remeasurement of defined benefit pension plan	1,599	(10,877)	11,855	-	-	-
	(20,412)	(13,557)	2,711	-	-	-
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translation of foreign operations	(80,866)	202,833	87,574	-	-	-
Movement in fair value of available-for-sale investments	650,541	(575,701)	2,188,203	3,826	(767,410)	(13,519)
Fair value re-cycled on disposal of available-for-sale investments	(180,697)	(151,166)	(461,148)	(6,740)	(16,225)	-
Fair value realised on reclassification of available-for-sale investments to Investment in associate	(2,591)	-	-	(2,591)	-	-
	386,387	(524,034)	1,814,629	(5,505)	(783,635)	(13,519)
Total other comprehensive income / (loss)	365,975	(537,591)	1,817,340	(5,505)	(783,635)	(13,519)
Total comprehensive income for the year	2,674,877	1,069,963	3,685,740	43,701	1,894,243	629,643

SBM HOLDINGS LTD
STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Stated capital	Treasury shares	Statutory reserve	Retained earnings/ (Accumulated losses)	Net property revaluation reserve	Other reserves	Total equity
The Group	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
At 01 January 2014	303,740	(2,333,286)	572,346	16,125,433	1,370,593	3,304,360	19,343,186
Profit for the year	-	-	-	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)	-
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	32,500,204	(4,875,031)	583,457	(1,109,410)	273,609	(5,299,166)	22,073,663
At 01 January 2015	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
At 01 January 2016	32,500,204	(4,875,031)	592,187	(430,006)	224,209	(5,823,200)	22,188,363
Profit for the year	-	-	-	2,308,902	-	-	2,308,902
Other comprehensive income for the year	-	-	-	1,599	(23,287)	387,663	365,975
Total comprehensive income for the year	-	-	-	2,310,501	(23,287)	387,663	2,674,877
Transfer to retained earnings	-	-	-	43,145	(43,145)	-	-
Dividend	-	-	-	(1,058,540)	-	-	(1,058,540)
At 31 December 2016	32,500,204	(4,875,031)	592,187	865,100	157,777	(5,435,537)	23,804,700

SBM HOLDINGS LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Stated capital	Treasury shares	Retained earnings	Net unrealised investment fair value reserve	Total equity
<u>The Company</u>	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
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	-	-	2,677,878	(783,635)	1,894,243
Dividend	-	-	(955,263)	-	(955,263)
At 31 December 2015	32,500,204	(4,875,031)	2,030,144	(797,154)	28,858,163
At 01 January 2016	32,500,204	(4,875,031)	2,030,144	(797,154)	28,858,163
Profit for the year	-	-	49,206	-	49,206
Other comprehensive loss for the year	-	-	-	(5,505)	(5,505)
Total comprehensive income for the year	-	-	49,206	(5,505)	43,701
Dividend	-	-	(1,058,540)	-	(1,058,540)
At 31 December 2016	32,500,204	(4,875,031)	1,020,810	(802,659)	27,843,324

SBM HOLDINGS LTD
ABRIDGED STATEMENTS OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Group			Company		
	31 December 2016	31 December 2015	31 December 2014	31 December 2016	31 December 2015	31 December 2014
	MUR' 000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Net cash from/ (used in) operating activities	1,950,483	6,230,508	(935,300)	2,115,295	1,108,974	(333,881)
Net cash from/ (used in) financing activities	1,298,204	(3,909,112)	1,125,342	(1,062,293)	(928,603)	(314,296)
Net cash (used in) / from investing activities	(2,962,405)	(1,341,386)	959,736	(1,215,741)	(6,013)	651,768
Net change in cash and cash equivalents	286,282	980,010	1,149,778	(162,739)	174,358	3,591
Net foreign exchange differences	29,791	-	-	-	-	-
Cash and cash equivalents at start of year	9,174,135	8,194,125	7,044,347	178,060	3,702	111
Cash and cash equivalents at end of year	9,490,208	9,174,135	8,194,125	15,321	178,060	3,702

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

30 March 2017

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 2016.