

SBM Holdings Ltd

SBM Holdings Ltd ('the Group') is pleased to present its condensed interim unaudited financial report for the quarter ended 31 March 2017.

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 2016, except that the Group and the Company have adopted all new standards and interpretations which are effective as from 01 January 2017.

Operating Results

The Group's profit after tax stood at MUR 581 million for the Quarter ended 31 March 2017 compared to MUR 715 million for the quarter ended 31 March 2016. The decrease in profit is due mainly to an increase in impairment charges and system costs for the Quarter amounting to MUR 523 million as compared to MUR 328 million for previous quarter. The Group's operating income has increased from MUR 1,650 million for the quarter ended 31 March 2016 to MUR 1,714 million for the quarter ended 31 March 2017, mainly on account of increases in non-interest income. Net interest margin has however decreased from 3.36% for the quarter ended 31 March 2016 to 2.82% for quarter ended 31 March 2017 which was due mainly to prevailing market conditions of excess liquidity and competitive pricing. The earnings per share decreased from 27.69 cents for the quarter ended 31 March 2016 to 22.52 cents for quarter ended 31 March 2017.

However, the Group's total assets grew substantially by 12.71% from MUR 146.90 billion as at 31 December 2016 to reach MUR 165.58 billion as at 31 March 2017. The increase in total assets is due mainly to increase in net loans and advances to non-bank customers of MUR 11.72 billion, increase in loans to and placements with banks of MUR 1.26 billion and increase in investment securities of MUR 0.62 billion. Deposits from non-bank customers have increased by MUR 15.61 billion.

Gross impaired advances increased from MUR 5.00 billion at 31 December 2016 to MUR 5.17 billion at 31 March 2017. However gross impaired advances to gross advances ratio improved from 6.60% in December 2016 to 5.89% in March 2017. Net impaired advances to net advances ratio also improved from 2.64% at December 2016 to 2.24% as at March 2017.

SBM Holdings Ltd: the Group capital

The capital base and equity of the Group stood at MUR 24.10 billion and MUR 24.20 billion respectively as at 31 March 2017 as compared to MUR 24.03 billion and MUR 23.80 billion respectively as at 31 December 2016.

The Group's capital adequacy ratio (CAR), Tier 1 capital ratio and common equity Tier 1 capital ratio decreased to 23.00%, 18.19% and 18.19% respectively as at 31 March 2017 from 25.70%, 19.90% and 19.90% respectively as at 31 December 2016 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 12.97 billion as at 31 March 2017 with a shareholder's equity of MUR 16.41 billion. CAR under Basel III of the Banking Group stood at 13.81% as at 31 March 2017 against the minimum regulatory limit of 11.125% for CAR including provision for Domestically Systemic Important Banks (D-SIBs) and Capital Conservation Buffer. Both Tier 1 capital and common equity Tier 1 capital to risk weighted assets ratios stood at 12.00% against the minimum regulatory limit of 9.125%, for Tier 1 capital and 7.625% for common equity Tier 1 capital.

Outlook

Credit growth has shown signs of a pickup in the first quarter and should remain appreciable going forward in line with an improvement in business confidence and the planned implementation of large scale infrastructure projects. However, margins would remain under pressure amidst strong competition and persisting high liquidity. The Group will continue to accompany growth domestically and be a partner of choice for both individuals and businesses, including SMEs. At the same time, SBM is actively pursuing diversification and internationalisation. Thus, segment B business should continue to grow, building on the first quarter momentum. The Group is also progressing well on its regional expansion projects, with the launch of SBM Bank (Kenya) Limited on the 10th of May 2017. Furthermore the Group's international development pipeline includes the setting up of a subsidiary in Seychelles and the conversion of the branch operation in India into a Wholly Owned Subsidiary. On the non-banking front, the advisory business has been revamped. The Group has successfully acted as lead arranger for a Note Programme for a local corporate, and is eyeing other sizable deals. Looking ahead, we are continuing to execute our strategy in a focused manner, and expect an upturn in business volumes and profitability this year. In this context, the Group is focusing on capacity building and has already embarked on the recruitment of the Group Chief Executive and other key executives.

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

Ouma Shankar OCHIT
Chairman, Audit Committee

12 May 2017

**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 31 March 2017 and the related interim condensed statements of profit or loss and other comprehensive income, changes in equity and abridged cash flows for the quarter 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 31 March 2017, and of its financial performance and its cash flows for the quarter then ended in accordance with IAS 34 Interim Financial Reporting.

ERNST & YOUNG
Ebène, Mauritius

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

Date: 12 May 2017

SBMHOLDINGS LTD
STATEMENT OF FINANCIAL POSITION
As at 31 March 2017

	The Group			The Company		
	31 March 2017	31 March 2016	31 December 2016	31 March 2017	31 March 2016	31 December 2016
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
ASSETS						
Cash and cash equivalents	13,765,989	7,087,790	9,490,208	205,677	22,747	15,321
Mandatory balances with Central Banks	7,916,841	6,964,875	7,097,994	-	-	-
Loans to and placements with banks	5,902,158	1,783,600	4,645,911	-	-	-
Trading assets	425,821	238,282	165,998	-	-	-
Loans and advances to non-bank customers	83,341,051	67,478,831	71,624,874	-	-	-
Investment securities	40,051,580	40,103,287	39,430,829	4,053,374	5,864,470	4,305,882
Equity investments	5,696,292	6,542,994	5,732,722	4,261,347	5,534,324	4,261,347
Investment in associate	1,275,880	-	1,275,880	1,272,977	-	1,272,977
Investment in subsidiaries	-	-	-	21,854,773	20,999,183	21,854,773
Property and equipment	2,768,970	2,815,451	2,809,777	4,009	5,211	4,309
Intangible assets	3,721,886	2,509,021	3,770,271	-	-	-
Deferred tax assets	203,626	316,092	215,260	-	-	-
Other assets	508,890	812,593	635,984	202,781	1,169	1,501
Total assets	165,578,984	136,652,816	146,895,708	31,854,938	32,427,104	31,716,110
LIABILITIES						
Deposits from banks	1,891,888	2,530,352	2,611,669	-	-	-
Deposits from non-bank customers	124,848,274	101,528,752	109,241,194	-	-	-
Other borrowed funds	7,550,896	3,116,770	4,486,008	-	-	-
Trading liabilities	430,097	216,510	182,413	-	-	-
Current tax liabilities	461,864	620,358	364,670	1,804	21,845	1,354
Deferred tax liabilities	-	-	-	64	38	64
Other liabilities	2,369,026	2,289,964	2,339,683	262,412	3,344	5,997
Subordinated debts	3,823,669	3,809,431	3,865,371	3,823,669	3,809,431	3,865,371
Total liabilities	141,375,714	114,112,137	123,091,008	4,087,949	3,834,658	3,872,786
SHAREHOLDERS' EQUITY						
Stated capital	32,500,204	32,500,204	32,500,204	32,500,204	32,500,204	32,500,204
Retained earnings	1,199,583	10,643	865,100	936,783	1,769,395	1,020,810
Other reserves	(4,621,486)	(5,095,137)	(4,685,573)	(794,967)	(802,122)	(802,659)
	29,078,301	27,415,710	28,679,731	32,642,020	33,467,477	32,718,355
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	24,203,270	22,540,679	23,804,700	27,766,989	28,592,446	27,843,324
Total equity and liabilities	165,578,984	136,652,816	146,895,708	31,854,938	32,427,104	31,716,110
Contingent liabilities	20,107,411	14,861,717	15,015,298			

Approved by the Board of Directors and authorised for issue on 12 May 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
CONDENSED STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER ENDED 31 MARCH 2017

	The Group			The Company		
	Quarter ended 31 March 2017	Quarter ended 31 March 2016	Year ended 31 December 2016	Quarter ended 31 March 2017	Quarter ended 31 March 2016	Year ended 31 December 2016
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Interest income	1,537,101	1,603,545	6,249,765	41,096	68,528	227,814
Interest expense	(473,160)	(470,073)	(1,866,491)	(37,642)	(35,510)	(149,307)
Net interest income	1,063,941	1,133,472	4,383,274	3,454	33,018	78,507
Fee and commission income	258,814	291,727	1,081,945	-	-	-
Fee and commission expense	(5,766)	(6,381)	(29,346)	-	-	-
Net fee and commission income	253,048	285,346	1,052,599	-	-	-
Dividend income	3,385	-	38,864	201,500	-	27,563
Net trading income / (expenses)	307,362	121,958	515,050	(1,044)	(1,698)	3,822
Other operating income	86,023	109,589	456,438	(11,328)	2,484	9,331
Non-interest income	649,818	516,893	2,062,951	189,128	786	40,716
Operating income	1,713,759	1,650,365	6,446,225	192,582	33,804	119,223
Personnel expenses	(358,921)	(310,375)	(1,395,895)	(2,958)	(49)	(3,830)
Depreciation and amortisation	(145,550)	(39,916)	(350,004)	(301)	(301)	(1,203)
Other expenses	(216,424)	(213,965)	(995,723)	(14,721)	(4,731)	(48,005)
Non-interest expense	(720,895)	(564,256)	(2,741,622)	(17,980)	(5,081)	(53,038)
Profit before net impairment loss on financial assets	992,864	1,086,109	3,704,603	174,602	28,723	66,185
Net impairment loss on financial assets	(297,047)	(184,474)	(716,899)	-	-	-
Operating profit	695,817	901,635	2,987,704	174,602	28,723	66,185
Share of profit of associate	-	-	1,627	-	-	-
Profit before tax	695,817	901,635	2,989,331	174,602	28,723	66,185
Income tax expense	(114,443)	(186,665)	(680,429)	(450)	(5,475)	(16,979)
Profit for the quarter / year attributable to equity holders of the parent	581,374	714,970	2,308,902	174,152	23,248	49,206
Earnings per share (Cents)	22.52	27.69	89.43			

SBMHOLDINGS LTD
CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2017

	The Group			The Company		
	Quarter ended 31 March 2017	Quarter ended 31 March 2016	Year ended 31 December 2016	Quarter ended 31 March 2017	Quarter ended 31 March 2016	Year ended 31 December 2016
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Profit for the quarter / year attributable to equity holders of the parent	581,374	714,970	2,308,902	174,152	23,248	49,206
Other comprehensive income :						
<i>Items that will not be reclassified subsequently to profit or loss:</i>						
Decrease in revaluation of property	-	-	1,530	-	-	-
Underprovision of deferred tax assets on revaluation of property in prior years	-	-	(24,817)	-	-	-
Share of other comprehensive loss of associate	-	-	1,276	-	-	-
Remeasurement of defined benefit pension plan (net of deferred tax)	-	-	1,599	-	-	-
	-	-	(20,412)	-	-	-
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translation of foreign operations	79,575	(62,786)	(80,866)	-	-	-
Movement in fair value of available-for-sale investments	-	-	650,541	-	-	3,826
Fair value re-cycled on disposal of available-for-sale investments	-	-	(180,697)	-	-	(6,740)
Movement in value of available-for-sale investments	(4,200)	(15,871)	(2,591)	7,692	(4,968)	(2,591)
	75,375	(78,657)	386,387	7,692	(4,968)	(5,505)
Total other comprehensive income / (loss) for the quarter / year	75,375	(78,657)	365,975	7,692	(4,968)	(5,505)
Total comprehensive income attributable to equity holders of the parent for the quarter / year	656,749	636,313	2,674,877	181,844	18,280	43,701

SBMHOLDINGS LTD
STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2017

Group	Stated Capital	Treasury Shares	Statutory Reserve	Revenue Reserve	Net Unrealised Investment Fair Value	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
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 quarter	-	-	-	714,970	-	-	-	-	-	714,970
Other comprehensive income for the quarter	-	-	-	-	(15,871)	-	(62,786)	-	-	(78,657)
Total comprehensive income for the quarter	-	-	-	714,970	(15,871)	-	(62,786)	-	-	636,313
Transfer to retained earnings	-	-	-	9,676	-	(9,676)	-	-	-	-
Dividend	-	-	-	(283,997)	-	-	-	-	-	(283,997)
At 31 March 2016	32,500,204	(4,875,031)	592,187	10,643	(714,791)	214,533	193,274	-	(5,380,340)	22,540,679
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 year	-	-	-	2,308,902	-	-	-	-	-	2,308,902
Other comprehensive income for the year	-	-	-	1,599	467,253	(23,287)	(80,866)	1,276	-	365,975
Total comprehensive income for the year	-	-	-	2,310,501	467,253	(23,287)	(80,866)	1,276	-	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	(231,667)	157,777	175,194	1,276	(5,380,340)	23,804,700
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

SBM HOLDINGS LTD
CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2017

<u>Company</u>	<u>Stated capital</u> MUR' 000	<u>Treasury shares</u> MUR' 000	<u>Retained earnings</u> MUR' 000	<u>Net unrealised investment fair value reserve</u> MUR' 000	<u>Total equity</u> MUR' 000
At 01 January 2016	32,500,204	(4,875,031)	2,030,144	(797,154)	28,858,163
Profit for quarter	-	-	23,248	-	23,248
Other comprehensive loss for the quarter	-	-	-	(4,968)	(4,968)
Total comprehensive income for the quarter	-	-	23,248	(4,968)	18,280
Dividend	-	-	(283,997)	-	(283,997)
At 31 March 2016	<u>32,500,204</u>	<u>(4,875,031)</u>	<u>1,769,395</u>	<u>(802,122)</u>	<u>28,592,446</u>
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	<u>32,500,204</u>	<u>(4,875,031)</u>	<u>1,020,810</u>	<u>(802,659)</u>	<u>27,843,324</u>
At 01 January 2017	32,500,204	(4,875,031)	1,020,810	(802,659)	27,843,324
Profit for the quarter	-	-	174,152	-	174,152
Other comprehensive loss for the quarter	-	-	-	7,692	7,692
Total comprehensive income for the quarter	-	-	174,152	7,692	181,844
Dividend	-	-	(258,179)	-	(258,179)
At 31 March 2017	<u>32,500,204</u>	<u>(4,875,031)</u>	<u>936,783</u>	<u>(794,967)</u>	<u>27,766,989</u>

SBMHOLDINGS LTD

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2017**

	The Group			The Company		
	Quarter ended 31 March 2017	Quarter ended 31 March 2016	Year ended 31 December 2016	Quarter ended 31 March 2017	Quarter ended 31 March 2016	Year ended 31 December 2016
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Net cash from (used in) / operating activities	1,301,856	(2,051,019)	1,980,274	30,559	181,390	2,115,295
Net cash from / (used in) financing activities	3,023,186	647,568	1,298,204	(41,703)	(336,703)	(1,062,293)
Net cash used in investing activities	(49,261)	(682,894)	(2,962,405)	201,500	-	(1,215,741)
Net change in cash and cash equivalents	4,275,781	(2,086,345)	316,073	190,356	(155,313)	(162,739)
Cash and cash equivalents at beginning of quarter / year	9,490,208	9,174,135	9,174,135	15,321	178,060	178,060
Cash and cash equivalents at end of quarter / year	13,765,989	7,087,790	9,490,208	205,677	22,747	15,321

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

12 May 2017

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 quarter ended 31 March 2017.