



SBM HOLDINGS LTD
INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

SBM Holdings Ltd ('the Company') and its subsidiaries here altogether ('the Group') present the Group and Company interim unaudited condensed financial report for the nine months ended 30 September 2020.

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 2019; the Group and the Company having adopted all new standards and interpretations which are effective as from 01 January 2020.

REVIEW REPORT ON THE INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

Introduction

We have reviewed the accompanying interim unaudited condensed financial statements set out on pages 10 to 32 which comprise the interim unaudited condensed statement of financial position of **SBM Holdings Ltd ("the Company") and of its subsidiaries ("the Group")** as at 30 September 2020, and the related interim unaudited condensed statement of profit or loss and statement of other comprehensive income for the quarter and nine months then ended, interim unaudited condensed statement of changes in equity, interim unaudited condensed statement of cash flows and other explanatory notes. The Board of directors and management are responsible for the preparation and presentation of these unaudited condensed interim financial statements in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on these unaudited condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements ("ISRE") 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 unaudited condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

Other Matter

The comparative interim unaudited condensed financial statements of the Group and the Company as of 30 September 2019 and as of 31 December 2019 and for the three months ended 30 September 2019, nine months ended 30 September 2019 and year ended 31 December 2019 were respectively reviewed and audited by another auditor who issued an unqualified conclusion and opinion.

Deloitte

Chartered Accountants

13 November 2020

KEY HIGHLIGHTS
OPERATING INCOME
MUR 8.0 Bn
▲ 16.3%
**PROFIT BEFORE
CREDIT LOSS EXPENSE**
MUR 3.6 Bn
▲ 58.7%
**INVESTMENT
SECURITIES**
MUR 105.8 Bn
▲ 24.1%
GROSS LOANS
MUR 133.8 Bn
▲ 12.1%
DEPOSITS
MUR 211.0 Bn
▲ 23.0%
TOTAL ASSETS
MUR 279.8 Bn
▲ 16.3%
September 2020 vs September 2019
SBM HOLDINGS LTD
INTERIM UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	The Group			The Company		
	Unaudited 30 September 2020	Unaudited 30 September 2019	Audited 31 December 2019	Unaudited 30 September 2020	Unaudited 30 September 2019	Audited 31 December 2019
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
ASSETS						
Cash and cash equivalents	20,255,219	11,648,377	18,181,126	428,097	94,450	178,632
Mandatory balances with Central bank	10,827,606	9,847,889	10,680,287	-	-	-
Loans to and placements with banks	6,335,356	5,824,449	9,240,131	-	-	-
Derivative financial instruments	729,956	1,490,662	874,269	-	-	-
Loans and advances to non-bank customers	118,701,634	109,469,663	109,396,640	-	-	-
Investment securities	105,786,953	85,257,505	94,276,665	1,687,699	1,692,332	1,670,478
Equity investments	5,205,575	6,082,198	6,014,270	3,636,307	4,227,683	4,227,683
Investment in subsidiaries	-	-	-	29,472,239	29,899,893	29,899,918
Investment in associate	1,546,549	1,475,435	1,479,048	1,272,977	1,272,977	1,272,977
Property and equipment and right of use assets	4,194,957	3,846,093	4,088,213	2,437	4,324	3,865
Goodwill and other intangible assets	2,405,985	2,865,715	2,729,474	952	36	1,157
Deferred tax assets	530,032	112,317	355,992	-	-	-
Other assets	3,118,686	2,731,938	3,159,878	201,209	261,477	231,515
Assets classified as held for sale	201,399	-	-	-	-	-
Total assets	279,839,907	240,652,241	260,475,993	36,701,917	37,453,172	37,486,225
LIABILITIES						
Deposits from banks	1,262,750	1,296,727	907,521	-	-	-
Deposits from non-bank customers	210,974,603	171,507,322	199,397,188	-	-	-
Other borrowed funds	20,207,751	24,391,841	15,670,968	-	-	-
Derivative financial instruments	1,063,278	1,526,421	881,176	23,965	-	-
Current tax liabilities	59,605	503,702	536,283	-	513	-
Deferred tax liabilities	-	71,161	-	-	-	-
Other liabilities	10,323,625	5,179,575	8,583,364	114,540	110,751	115,977
Pension liability	96,926	40,510	241,628	1,040	-	1,363
Subordinated debts	10,301,380	9,807,125	9,739,981	10,301,380	9,807,125	9,739,981
Liabilities directly associated with assets classified as held for sale	4,048	-	-	-	-	-
Total liabilities	254,293,966	214,324,384	235,958,109	10,440,925	9,918,389	9,857,321
SHAREHOLDERS' EQUITY						
Stated capital	32,500,204	32,500,204	32,500,204	32,500,204	32,500,204	32,500,204
Retained earnings	1,468,494	3,011,646	1,107,260	49,047	731,441	825,549
Other reserves	(3,547,726)	(4,308,962)	(4,214,549)	(1,413,228)	(821,831)	(821,818)
	30,420,972	31,202,888	29,392,915	31,136,023	32,409,814	32,503,935
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	25,545,941	26,327,857	24,517,884	26,260,992	27,534,783	27,628,904
Total equity and liabilities	279,839,907	240,652,241	260,475,993	36,701,917	37,453,172	37,486,225
Contingent liabilities	32,622,120	41,308,828	24,629,940			

 Approved by the Board of Directors and authorised for issue on **13 November 2020**.

Sattar HAJEE ABDOULA
 Chairman

Subhas THECKA
 Director

SBM HOLDINGS LTD
INTERIM UNAUDITED CONDENSED STATEMENTS OF PROFIT OR LOSS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

	The Group					The Company				
	Unaudited	Restated Unaudited	Unaudited	Restated Unaudited	Restated Audited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	Quarter ended	Quarter ended	Nine months ended	Nine months ended	Year ended	Quarter ended	Quarter ended	Nine months ended	Nine months ended	Year ended
	30 September 2020	30 September 2019	30 September 2020	30 September 2019	31 December 2019	30 September 2020	30 September 2019	30 September 2020	30 September 2019	31 December 2019
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Interest income	2,605,363	2,723,463	8,112,687	7,856,400	10,640,865	(3,623)	14,746	5,317	59,853	68,079
Interest expense	(820,765)	(1,090,664)	(2,966,546)	(3,050,510)	(4,155,476)	(101,411)	(119,232)	(338,343)	(357,965)	(476,589)
Net interest income / (expense)	1,784,598	1,632,799	5,146,141	4,805,890	6,485,389	(105,034)	(104,486)	(333,026)	(298,112)	(408,510)
Fee and commission income	290,436	384,174	1,150,783	1,124,792	1,607,281	-	-	-	-	-
Fee and commission expense	(14,545)	(14,595)	(40,636)	(32,020)	(43,508)	(127)	(25)	(13)	(99)	(150)
Net fee and commission income / (expense)	275,891	369,579	1,110,147	1,092,772	1,563,773	(127)	(25)	(13)	(99)	(150)
Profit/(loss) arising from dealing in foreign currencies	209,015	27,797	29,374	287,736	381,175	15,495	(130,987)	(445,513)	(270,794)	(289,253)
Net gain on sale of securities	406,271	126,940	1,526,110	363,164	665,904	40	6,125	1,548	6,805	6,767
Dividend income	34,103	175,339	110,430	220,652	223,076	100,685	600,732	175,685	1,045,732	1,570,456
Net (loss)/gain from financial instruments	(2,936)	49,125	36,754	104,106	107,592	(12,742)	(905)	7,117	22,200	17,879
Other operating income	43,832	2,470	43,063	3,271	4,493	-	-	-	-	-
Non-interest income / (expense)	966,176	751,250	2,855,878	2,071,701	2,946,013	103,351	474,940	(261,176)	803,844	1,305,699
Operating income / (expense)	2,750,774	2,384,049	8,002,019	6,877,591	9,431,402	(1,683)	370,454	(594,202)	505,732	897,189
Personnel expenses	(737,678)	(712,279)	(2,159,901)	(2,049,569)	(2,869,406)	(6,461)	(17,113)	(38,338)	(62,537)	(82,994)
Depreciation of property and equipment and right-of-use assets	(131,617)	(115,234)	(337,720)	(341,575)	(473,181)	(343)	(536)	(1,429)	(1,600)	(2,142)
Amortisation of intangible assets	(140,926)	(143,089)	(421,540)	(469,531)	(616,923)	(69)	(2)	(206)	(7)	(208)
Other expenses	(447,178)	(643,588)	(1,336,756)	(1,516,316)	(1,863,716)	(7,570)	(14,848)	(18,192)	(30,610)	(49,096)
Impairment of investment in subsidiaries	-	-	-	-	-	-	-	(124,000)	-	-
Bank levy	(42,841)	(82,707)	(128,526)	(221,640)	(171,368)	-	-	-	-	-
Non-interest expense	(1,500,240)	(1,696,897)	(4,384,443)	(4,598,631)	(5,994,594)	(14,443)	(32,499)	(182,165)	(94,754)	(134,440)
Profit/(loss) before credit loss expense	1,250,534	687,152	3,617,576	2,278,960	3,436,808	(16,126)	337,955	(776,367)	410,978	762,749
Credit loss (expense) / income on financial assets and memorandum items	(992,185)	(375,529)	(2,725,623)	(526,083)	(2,995,558)	55	583	(135)	1,077	1,085
Operating profit / (loss)	258,348	311,623	891,953	1,752,877	441,250	(16,071)	338,538	(776,502)	412,055	763,834
Share of profit of associate	39,111	29,371	94,532	95,856	139,237	-	-	-	-	-
Profit/(loss) before income tax	297,459	340,994	986,485	1,848,733	580,487	(16,071)	338,538	(776,502)	412,055	763,834
Tax expense	(104,477)	(77,970)	(155,997)	(367,077)	(547,487)	-	(513)	-	(870)	(357)
Profit/(loss) for the quarter/period/year from continuing operations	192,983	263,024	830,488	1,481,656	33,000	(16,071)	338,025	(776,502)	411,185	763,477
Discontinued operations										
Loss after tax for the quarter/period/year	(42,719)	(2,559)	(5,286)	(3,507)	(17,965)	-	-	-	-	-
Loss on disposal	-	-	-	-	-	-	-	-	-	-
Profit/(loss) for the quarter/period/year attributable to equity holders of the parent	150,264	260,465	825,202	1,478,149	15,035	(16,071)	338,025	(776,502)	411,185	763,477
Earnings per share:										
Basic (Cents)	7.5	10.2	32.2	57.4	0.6					
Diluted (Cents)	7.5	10.2	32.2	57.4	0.6					

SBM HOLDINGS LTD
INTERIM UNAUDITED CONDENSED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

	The Group					The Company				
	Unaudited Quarter ended 30 September 2020	Restated Unaudited Quarter ended 30 September 2019	Unaudited Nine months ended 30 September 2020	Restated Unaudited Nine months ended 30 September 2019	Restated Audited Year ended 31 December 2019	Unaudited Quarter ended 30 September 2020	Unaudited Quarter ended 30 September 2019	Unaudited Nine months ended 30 September 2020	Unaudited Nine months ended 30 September 2019	Audited Year ended 31 December 2019
	MUR' 000	MUR' 000	2019 MUR' 000	2018 MUR' 000	2018 MUR' 000	MUR' 000	MUR' 000	2019 MUR' 000	2018 MUR' 000	2018 MUR' 000
Profit/(loss) for the quarter/period/year from continuing operations	150,264	260,465	825,202	1,478,149	15,035	(16,071)	338,025	(776,502)	411,185	763,477
Other comprehensive income :										
<i>Items that will not be reclassified subsequently to profit or loss:</i>										
Increase in revaluation of property	-	-	-	-	255,148	-	-	-	-	-
Deferred tax on revaluation of property	-	-	-	-	(9,950)	-	-	-	-	-
Impact of change in deferred tax rate on revaluation of property	-	-	-	-	118,392	-	-	-	-	-
Remeasurement of defined benefit pension plan	-	-	-	-	(203,865)	-	-	-	-	-
Deferred tax on remeasurement of defined benefit pension plan	-	-	-	-	14,271	-	-	-	-	-
Impact of change in deferred tax rate on defined benefit pension plan	-	-	-	-	(7,923)	-	-	-	-	-
Share of associate-remeasurement of defined benefit pension plan	5,241	1,178	(20,245)	(31,105)	(31,105)	-	-	-	-	-
Share of other comprehensive (loss) / income of associate	(3,002)	(2,937)	(19,691)	75,423	76,112	-	-	-	-	-
Net gain on equity instruments designated at FVTOCI	-	-	-	45,277	45,277	-	-	-	-	-
	2,239	(1,759)	(39,936)	89,595	256,357	-	-	-	-	-
<i>Items that may be reclassified subsequently to profit or loss:</i>										
Exchange differences on translation of foreign operations	952	53,908	196,539	309,893	327,378	-	-	-	-	-
Exchange differences resulting from share of associate	(188)	3,609	12,903	27,103	25,496	-	-	-	-	-
Investment securities measured at FVTOCI										
Movement in fair value during the quarter/period/year	(816,368)	(51,493)	1,164,573	696,378	395,221	-	-	(591,410)	(9,158)	(9,145)
Fair value re-cycled on disposal	(368,182)	-	(1,127,626)	-	231,379	-	-	-	-	-
Movement in credit loss expense relating to debt instruments held at FVTOCI	31,876	2,758	(3,598)	(9,026)	(6,356)	-	-	-	-	-
Net loss on derecognition of financial instruments at fair value through other comprehensive income	-	128,172	-	204,207	-	-	-	-	-	-
Equity instrument at FVOCI-Net movement in fair value	-	-	-	-	-	-	-	-	-	-
	(1,151,910)	136,954	242,791	1,228,555	973,118	-	-	(591,410)	(9,158)	(9,145)
Total other comprehensive income / (loss)	(1,149,671)	135,195	202,855	1,318,150	1,229,475	-	-	(591,410)	(9,158)	(9,145)
Total comprehensive income / (loss) attributable to equity holders of the parent	(999,407)	395,660	1,028,057	2,796,299	1,244,510	(16,071)	338,025	(1,367,912)	402,027	754,332

SBM HOLDINGS LTD
INTERIM UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

	Stated capital	Treasury shares	Statutory reserve	General reserve	Retained earnings	Fair value reserve on financial instruments recognised in OCI	Net property revaluation reserve	Net translation reserve	Net other 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	MUR' 000
At 01 January 2019	32,500,204	(4,875,031)	597,074	-	2,270,280	(837,132)	63,146	(66,526)	(94,669)	(5,380,340)	24,177,006
Profit for the period	-	-	-	-	1,478,149	-	-	-	-	-	1,478,149
Credit loss expense relating to debts instruments held at FVTOCI	-	-	-	-	-	(9,026)	-	-	-	-	(9,026)
Share of OCI of associate	-	-	-	-	(31,105)	75,423	-	27,103	-	-	71,421
Other comprehensive income for the period	-	-	-	-	-	945,862	-	309,893	-	-	1,255,755
Total comprehensive income for the period	-	-	-	-	1,447,044	1,012,259	-	336,996	-	-	2,796,299
Reclassification of associate to their respective reserve	-	-	-	-	-	(76,785)	-	(17,884)	94,669	-	-
Transfer to retained earnings	-	-	-	-	29,770	-	(28,696)	(1,074)	-	-	-
Transfer to statutory reserve	-	-	90,000	-	(90,000)	-	-	-	-	-	-
Dividend	-	-	-	-	(645,448)	-	-	-	-	-	(645,448)
At 30 September 2019	<u>32,500,204</u>	<u>(4,875,031)</u>	<u>687,074</u>	<u>-</u>	<u>3,011,646</u>	<u>98,342</u>	<u>34,450</u>	<u>251,512</u>	<u>-</u>	<u>(5,380,340)</u>	<u>26,327,857</u>
At 01 January 2019	32,500,204	(4,875,031)	597,074	-	2,270,280	(837,132)	63,146	(66,526)	(94,669)	(5,380,340)	24,177,006
Profit for the year	-	-	-	-	15,035	-	-	-	-	-	15,035
Credit loss expense relating to debts instruments held at FVTOCI	-	-	-	-	-	(6,356)	-	-	-	-	(6,356)
Share of OCI of associate	-	-	-	-	-	76,112	-	25,496	-	-	101,608
Other comprehensive (loss)/income for the year	-	-	-	-	(228,622)	671,877	363,590	327,378	-	-	1,134,223
Total comprehensive income for the year	-	-	-	-	(213,587)	741,633	363,590	352,874	-	-	1,244,510
Reclassification of associate to their respective reserve	-	-	-	-	-	(76,785)	-	(17,884)	94,669	-	-
Transfer to statutory reserve	-	-	90,000	-	(90,000)	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	44,199	-	(43,121)	(1,078)	-	-	-
Dividend	-	-	-	-	(903,632)	-	-	-	-	-	(903,632)
At 31 December 2019	<u>32,500,204</u>	<u>(4,875,031)</u>	<u>687,074</u>	<u>-</u>	<u>1,107,260</u>	<u>(172,284)</u>	<u>383,615</u>	<u>267,386</u>	<u>-</u>	<u>(5,380,340)</u>	<u>24,517,884</u>
At 01 January 2020	32,500,204	(4,875,031)	687,074	-	1,107,260	(172,284)	383,615	267,386	-	(5,380,340)	24,517,884
Profit for the period	-	-	-	-	825,202	-	-	-	-	-	825,202
Credit loss expense relating to debts instruments held at FVTOCI	-	-	-	-	-	(3,598)	-	-	-	-	(3,598)
Share of OCI of associate	-	-	-	-	(20,245)	(19,691)	-	12,903	-	-	(27,033)
Other comprehensive income for the period	-	-	-	-	-	36,947	-	196,539	-	-	233,486
Total comprehensive income for the period	-	-	-	-	804,957	13,658	-	209,442	-	-	1,028,056
Reclassification from translation reserve to revaluation reserve	-	-	-	-	-	-	2,019	(2,019)	-	-	-
Transfer from revaluation reserve to retained earnings	-	-	-	-	38,466	-	(38,466)	-	-	-	-
Transfer from retained earnings to statutory reserve	-	-	2,531	-	(2,531)	-	-	-	-	-	-
Transfer from revaluation reserve to statutory reserve	-	-	4,177	-	-	(4,177)	-	-	-	-	-
Transfer from revaluation reserve to general reserve	-	-	-	3,416	-	(3,416)	-	-	-	-	-
Transfer from retained earnings to general reserve	-	-	-	472,064	(472,064)	-	-	-	-	-	-
Transfer from revaluation reserve to retained earnings	-	-	-	-	(7,594)	7,594	-	-	-	-	-
At 30 September 2020	<u>32,500,204</u>	<u>(4,875,031)</u>	<u>693,782</u>	<u>475,480</u>	<u>1,468,494</u>	<u>(158,625)</u>	<u>347,168</u>	<u>474,809</u>	<u>-</u>	<u>(5,380,340)</u>	<u>25,545,941</u>

SBM HOLDINGS LTD
INTERIM UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

<u>The 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 2019	32,500,204	(4,875,031)	965,704	(812,673)	27,778,204
Profit for the period	-	-	411,185	-	411,185
Other comprehensive loss for the period	-	-	-	(9,158)	(9,158)
Total comprehensive income/(loss) for the period	-	-	411,185	(9,158)	402,027
Dividend	-	-	(645,448)	-	(645,448)
At 30 September 2019	<u>32,500,204</u>	<u>(4,875,031)</u>	<u>731,441</u>	<u>(821,831)</u>	<u>27,534,783</u>
At 01 January 2019	32,500,204	(4,875,031)	965,704	(812,673)	27,778,204
Profit for the year	-	-	763,477	-	763,477
Other comprehensive loss for the year	-	-	-	(9,145)	(9,145)
Total comprehensive income / (loss) for the year	-	-	763,477	(9,145)	754,332
Dividend	-	-	(903,632)	-	(903,632)
At 31 December 2019	<u>32,500,204</u>	<u>(4,875,031)</u>	<u>825,549</u>	<u>(821,818)</u>	<u>27,628,904</u>
At 01 January 2020	32,500,204	(4,875,031)	825,549	(821,818)	27,628,904
Loss for the period	-	-	(776,502)	-	(776,502)
Other comprehensive loss for the period	-	-	-	(591,410)	(591,410)
Total comprehensive loss for the period	-	-	(776,502)	(591,410)	(1,367,912)
At 30 September 2020	<u>32,500,204</u>	<u>(4,875,031)</u>	<u>49,047</u>	<u>(1,413,228)</u>	<u>26,260,992</u>

SBM HOLDINGS LTD
INTERIM UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

	The Group			The Company		
	Unaudited Nine months ended 30 September 2020	Unaudited Nine months ended 30 September 2019	Audited Year ended 31 December 2019	Unaudited Nine months ended 30 September 2020	Unaudited Nine months ended 30 September 2019	Audited Year ended 31 December 2019
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Net cash (used in)/generated from operating activities	(1,946,767)	(12,145,112)	2,560,472	(499,727)	2,288,993	2,754,941
Net cash generated from/(used in) financing activities	4,536,783	9,618,757	73,684	-	(541,756)	(903,632)
Net cash (used in)/from investing activities	(545,297)	(1,141,787)	(488,656)	303,679	(1,414,883)	(1,416,314)
Net change in cash and cash equivalents	2,044,719	(3,668,142)	2,145,500	(196,048)	332,354	434,995
Net foreign exchange difference	29,374	(336,996)	382,111	445,513	(270,794)	(289,253)
Cash and cash equivalents at beginning of period/year	18,181,126	15,653,515	15,653,515	178,632	32,890	32,890
Cash and cash equivalents at period/year end	20,255,219	11,648,377	18,181,126	428,097	94,450	178,632

COMMENTS ON THE OPERATING RESULTS

For the nine months ended 30 September 2020, the Group reported a profit before impairment and taxes of MUR 3.6 billion against MUR 2.3 billion for the same period last year, representing an increase of 58.7%. This increase is mainly on account of higher operating income of MUR 1.1 billion. However, the Group reported a profit after tax of MUR 0.8 billion for the nine months ended September 2020 as compared to MUR 1.5 billion for the same period last year, mainly due to high impairment charges of MUR 2.7 billion.

Operating income has grown to MUR 8.0 billion, driven by an increase of MUR 0.3 billion in net interest income and MUR 0.8 billion in non-interest income. The increase in non-interest income was led by an increase in net gain on sale of securities by MUR 1.2 billion while net fee and commission income rose by MUR 17.4 million, in line with the increase in business volumes. Even with the slowdown in economic activities for most of the reporting period in the wake of the COVID-19 pandemic, the Group has managed to increase the operating income.

With the cost reduction strategy put in place during the period, the non-interest expense is lower as compared to the same period last year by MUR 214.2 million. With the increase in operating income and reduction in costs, the cost to income ratio has improved from 66.9% as at September 2019 to 54.8% as at September 2020.

Total assets have grown by MUR 19.4 billion from December 2019 to reach MUR 279.8 billion as at September 2020, mainly supported by growth of MUR 9.3 billion in net loans and advances to non-bank customers and MUR 11.5 billion in investment securities. Gross loans and advances increased by MUR 12.0 billion to reach MUR 133.8 billion. Gross impaired advances to gross advances ratio and net impaired advances to net advances ratio stood at 13.3% and 4.7% respectively at 30 September 2020. Deposits from non-bank customers also maintained an upward trend and stood at MUR 211.0 billion as at September 2020, representing an increase of MUR 11.6 billion from December 2019.

The Group is not envisaging any dividend payment for the quarter.

CAPITAL POSITION

The Group remains adequately capitalised with a capital base and shareholders' equity of MUR 31.2 billion and MUR 25.5 billion as compared to MUR 30.2 billion and MUR 24.5 billion respectively as at 31 December 2019.

The capital adequacy ratio remains strong at 21.5% with a common equity ratio of 14.5% and a Tier 1 capital ratio of 14.5% as at 30 September 2020. The ratios remain well above the minimum regulatory limits of 13.9%, 10.4% and 11.9% respectively.

OUTLOOK AND STRATEGY

The operating environment continues to be challenging with high levels of uncertainty which make it difficult to assess the full impact of the COVID-19 pandemic in the geographies we operate.

SBM Group is anticipating squeezed margins and worsening of the asset quality ratios. Nonetheless, the Group remains comfortably sound with a high capital adequacy ratio and sufficient liquidity coverage. The continuous growth in business volumes along with the support from the Government and Government related bodies to assist economic operators during these hard times have been very encouraging.

The Group has strengthened its strategic focus on consolidation of its core banking operations in key geographies of presence, rationalisation of low-yielding businesses and investments, optimisation of its cost structure and building human capabilities.

We thank all our stakeholders for their continued trust and support.

Sattar HAJEE ABDOULA
Chairman
13-Nov-20

Subhas THECKA
Director

Copies of the interim unaudited condensed financial statements 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

Mrs D. Ramjug Chumun

Company Secretary

13 November 2020

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 nine months ended 30 September 2020.