



INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2020

RESULTS

SBM Holdings Ltd (the Company) and its subsidiaries here altogether (the Group) present the Group and Company interim unaudited condensed financial report for the quarter ended 31 March 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.

The operating environment

The operating environment is faced with unprecedented disruption and uncertainty in economic activities as a consequence of the COVID-19 pandemic.

Central banks and governments across the world have adopted several accommodative fiscal and monetary measures to support their economies. In Mauritius, the Key Repo Rate has been cut by 150 basis points since the beginning of the year (50 basis points on 10 March 2020 and 100 basis points on 16 April 2020). The cash reserve ratio has also been reduced by 100 basis points since 13 March 2020. Wage support schemes have been launched by the Government of Mauritius while banks have been called upon to grant moratoriums on repayment of credit facilities, among others. Similar measures have been adopted by the central banks and governments of the countries where the Group is present.

With the reduction in repo rate, interest rates have gone down putting pressure on the already squeezed margins. Several sectors of the economy have been or will be impacted; leading to a rise in credit loss expense while at the same time demand for credit has slowed down. The local currency has also seen a depreciating trend.

The prevailing challenging context has impacted the results of the Group in this first quarter of 2020.

Operating results

The Group profit before credit loss stood at MUR 985.0 million for the quarter ending 31 March 2020 as compared to MUR 764.8 million for same period last year, representing an increase of 28.8%. The operating income has also shown positive improvements, going up by 15.0% to reach MUR 2.4 billion even on account of an exchange loss of MUR 209.1 million. SBM Holdings Ltd holds USD 140 million subordinated debts in its books for which an unrealized exchange loss of MUR 363.9 million was recorded, as a result of the depreciation of the Mauritian rupee against the US Dollar in this quarter.

However, profit after tax for the Group for this quarter stood at MUR 180.1 million (March 2019: MUR 600.6 million) which is due to high credit loss expense of MUR 784.8 million driven by a combination of factors namely unfavorable exchange rates movement, existing segment B exposures and the impact of the COVID-19 pandemic. A review of our credit modeling has been made based on certain forward-looking assumptions on our operations despite high levels of uncertainties on the evolution of the operating environment.

Net interest income has reached MUR 1.7 billion for this quarter, a rise of MUR 211.5 million as compared to the same period last year. Interest income has grown by MUR 307.9 million driven by growth in loans and investment securities. As at 31 March 2020, gross loans and advances have reached MUR 129.0 billion (March 2019: MUR 111.8 billion) and investment securities stood at MUR 93.5 billion (March 2019: MUR 77.3 billion).

REPORT ON THE REVIEW OF THE INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2020 TO THE BOARD OF DIRECTORS OF SBM HOLDINGS LTD

Introduction

We have reviewed the accompanying interim unaudited condensed financial statements which comprise the interim unaudited consolidated and separate statements of financial position of SBM Holdings Ltd (the "Company") and its subsidiaries (the "Group") as at 31 March 2020 and the related interim unaudited consolidated and separate statements of profit or loss and other comprehensive income, interim unaudited consolidated and separate statements of changes in equity, interim unaudited consolidated and separate statement of cash flows for the three months then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim unaudited condensed financial statements in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this interim unaudited condensed 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

INTERIM UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020

Table with 6 columns: The Group (Unaudited 31 March 2020, Unaudited 31 March 2019, Audited 31 December 2019) and The Company (Unaudited 31 March 2020, Unaudited 31 March 2019, Audited 31 December 2019). Rows include ASSETS (Total assets 273,455,233), LIABILITIES (Total liabilities 248,619,041), and SHAREHOLDERS' EQUITY (Total equity 24,836,192).

Approved by the Board of Directors and authorised for issue on 25 June 2020.

Sattar HAJEE ABDLOULA Chairman, Subhas THECKA Chairman, Audit Committee

Interest expense has increased by only MUR 96.4 million, supported by lower interest rates and low costs deposits.

Non-interest income has increased by MUR 114.1 million (18.8%), from MUR 605.5 million for the quarter ended 31 March 2019 to MUR 719.6 million for quarter ended 31 March 2020. The increase is mainly driven by gain on sale of securities and net fee and commission income net of unrealized loss on exchange of MUR 363.9 million. Non-interest expenses also rose by MUR 105.3 million (7.9%) for the quarter ended 31 March 2020, as compared to the same period last year. The increase includes special levy imposed on banks, previously accounted for under tax expenses, now reclassified under non-interest expenses as from the second quarter of 2019. The cost to income ratio stood at 59.5% (March 2019: 63.7%).

Despite the current COVID-19 situation, the total assets of the Group in this quarter have grown by 5.0% from MUR 260.5 billion as at 31 December 2019 to MUR 273.5 billion as at 31 March 2020, driven by increases in loans and advances and cash balances. Gross loans and advances rose by 5.9% from MUR 121.7 billion as at 31 December 2019 to MUR 129.0 billion as at 31 March 2020. Cash and cash equivalents increased significantly by 41.2% from MUR 18.2 billion as at 31 December 2019 to MUR 25.7 billion as at 31 March 2020. Deposits stood at MUR 198.7 billion as at 31 March 2020, down from MUR 199.4 billion as at 31 December 2019. Other borrowed funds rose to MUR 29.0 billion as at 31 March 2020.

Gross impaired advances to gross advances ratio and net impaired advances to net advances ratio stood at 13.4% and 5.4% respectively as at 31 March 2020.

No dividend payment is envisaged for this quarter.

Capital position

The capital base and equity of the Group increased from MUR 30.2 billion and MUR 24.5 billion respectively as at 31 December 2019, to MUR 30.8 billion and MUR 24.8 billion respectively as at 31 March 2020.

The Group's capital adequacy ratio (CAR), Tier 1 capital and common equity Tier 1 capital ratios decreased from 22.1%, 14.6% and 14.6%, respectively, as at 31 December 2019 to 21.4%, 14.1% and 14.1%, respectively, as at 31 March 2020, which are above the minimum regulatory limits of 13.9%, 11.9% and 10.4% respectively.

Outlook

The journey to recovery remains challenging despite a gradual resumption in economic activity, fiscal and monetary stimulus measures taken by the governments and central banks around the world. In this context, the Group has started an exercise to review and strengthen its strategy, risk appetite and governance framework across all its operating entities.

As an important financial partner, SBM Holdings Ltd will support key sectors of our economy and empower our clients to face the upcoming challenges post COVID-19. Our ambition is to continue to be the financial institution that has enabled our customers to prosper and succeed.

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

Sattar HAJEE ABDLOULA Chairman, 25 June 2020

Subhas THECKA Chairman, Audit Committee

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 31 March 2019 and 31 December 2019 and for the three months ended 31 March 2019 and the year ended 31 December 2019 were reviewed and audited respectively by another auditor who issued an unqualified conclusion and opinion respectively.

Deloitte Chartered Accountants Date: 25 June 2020

INTERIM UNAUDITED CONDENSED STATEMENTS OF PROFIT OR LOSS FOR THE QUARTER ENDED 31 MARCH 2020

Table with 6 columns: The Group (Unaudited Quarter ended 31 March 2020, Unaudited Quarter ended 31 March 2019, Audited Year ended 31 December 2019) and The Company (Unaudited Quarter ended 31 March 2020, Unaudited Quarter ended 31 March 2019, Audited Year ended 31 December 2019). Rows include Interest income (2,809,337), Interest expense (1,097,513), Net interest income (1,711,824), Fee and commission income (471,294), Net fee and commission income (458,313), Operating income (2,431,416), Profit/(loss) before income tax (204,534), Profit/(loss) for the quarter/year attributable to equity holders of the parent (180,128), and Earnings per share (Basic 7.0, Diluted 7.0).

INTERIM UNAUDITED CONDENSED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2020

Table with 6 columns: Unaudited Quarter ended 31 March 2020, The Group Unaudited Quarter ended 31 March 2019, Audited Year ended 31 December 2019, Unaudited Quarter ended 31 March 2020, The Company Unaudited Quarter ended 31 March 2019, Audited Year ended 31 December 2019. Rows include Profit/(loss) for the quarter/year attributable to equity holders of the parent (180,128), Other comprehensive income (602,035), Total other comprehensive income/(loss) (411,907), and Total comprehensive income/(loss) attributable to equity holders of the parent (318,308).

INTERIM UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 MARCH 2020

Table with 12 columns: The Group (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) and The Company (Stated capital, Treasury shares, Retained earnings, Net unrealised investment fair value reserve, Total equity). Rows include At 01 January 2019, Profit for the quarter, Credit loss expense relating to debts instruments held at FVTOCI, Share of OCI of associate, Other comprehensive income for the quarter, Total comprehensive income for the quarter, Reconciliation of associate to their respective reserve, Transfer to retained earnings, Dividend, At 31 March 2019, At 01 January 2020, Profit for the quarter, Credit loss expense relating to debts instruments held at FVTOCI, Share of OCI of associate, Other comprehensive (loss)/income for the quarter, Total comprehensive income for the quarter, Reconciliation of associate to their respective reserve, Transfer to statutory reserve, Transfer to retained earnings, Dividend, At 31 December 2019, At 01 January 2020, Profit for the quarter, Credit loss expense relating to debts instruments held at FVTOCI, Share of OCI of associate, Other comprehensive (loss)/income for the quarter, Total comprehensive income for the quarter, Transfer to retained earnings, Transfer to statutory reserve, Transfer to general reserve, At 31 March 2020.

INTERIM UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS FOR THE QUARTER ENDED 31 MARCH 2020

Table with 5 columns: Unaudited Quarter ended 31 March 2020, Unaudited Quarter ended 31 March 2019, Audited Year ended 31 December 2019, Unaudited Quarter ended 31 March 2020, Unaudited Quarter ended 31 March 2019, Audited Year ended 31 December 2019. Rows include Net cash (used in)/generated from operating activities (5,531,513), Net cash generated from/(used in) financing activities (13,342,746), Net cash used in investing activities (105,107), Net change in cash and cash equivalents (7,706,126), and Cash and cash equivalents at beginning of quarter/year (18,181,126) and at quarter/year end (25,682,429).

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, 25 June 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 quarter ended 31 March 2020.