

EXPANSION  
IN AFRICA

**SBM**



# SBM HOLDINGS LTD

8<sup>th</sup> Annual Meeting

28 June 2018

SBM

## DISCLAIMER

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# ABOUT SBM GROUP



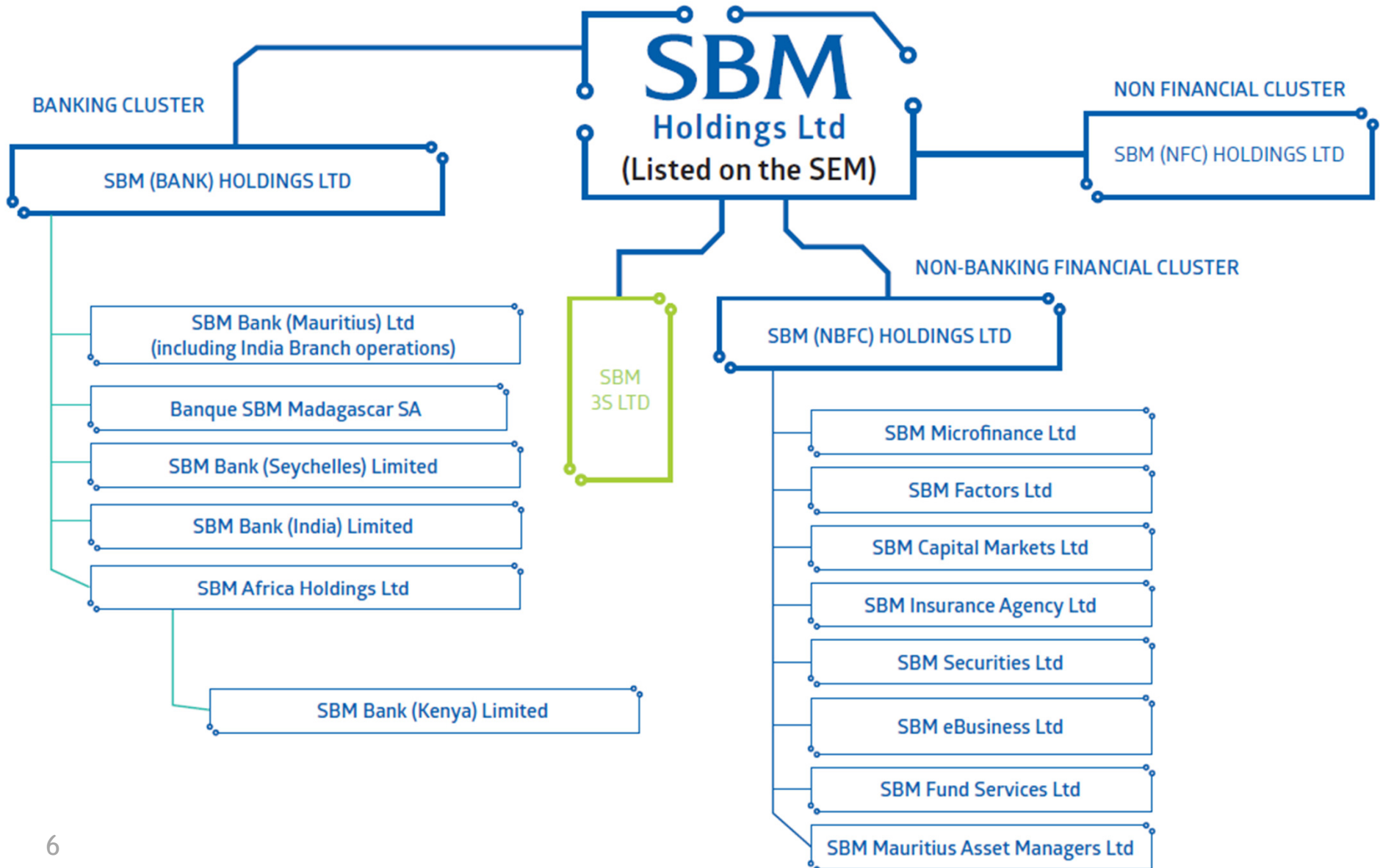
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# Strong Group Fundamentals

- Established in 1973, SBM has a strong franchise in Mauritius, and a growing regional presence
- Listed on the Stock Exchange of Mauritius (SEM) since 30 June 1995. Currently 3<sup>rd</sup> largest on SEM with a Market capitalisation of MUR23.3 billion as at 31 May 2018
- Total assets of MUR 202 billion as at March 2018
- Engaged in banking, non-banking financial services and non-financial investments
- Among top 1000 banks in the world
- Moody's Rating for SBM Bank (Mauritius) Ltd: Baa3/P-3 (Stable Outlook)



# Group Structure



# Our Presence



# Recognition at Different Levels



Best Retail Banking  
Mauritius 2017



SBM Securities Ltd:  
Best Stockbroker -  
Indian Ocean 2017



Regional Bank of the Year -  
Southern Africa



Best Investment Bank &  
Best Innovation in Retail Banking  
Mauritius 2018



Best Retail Bank  
Mauritius 2017



Best e-Commerce  
Bank Mauritius  
2017

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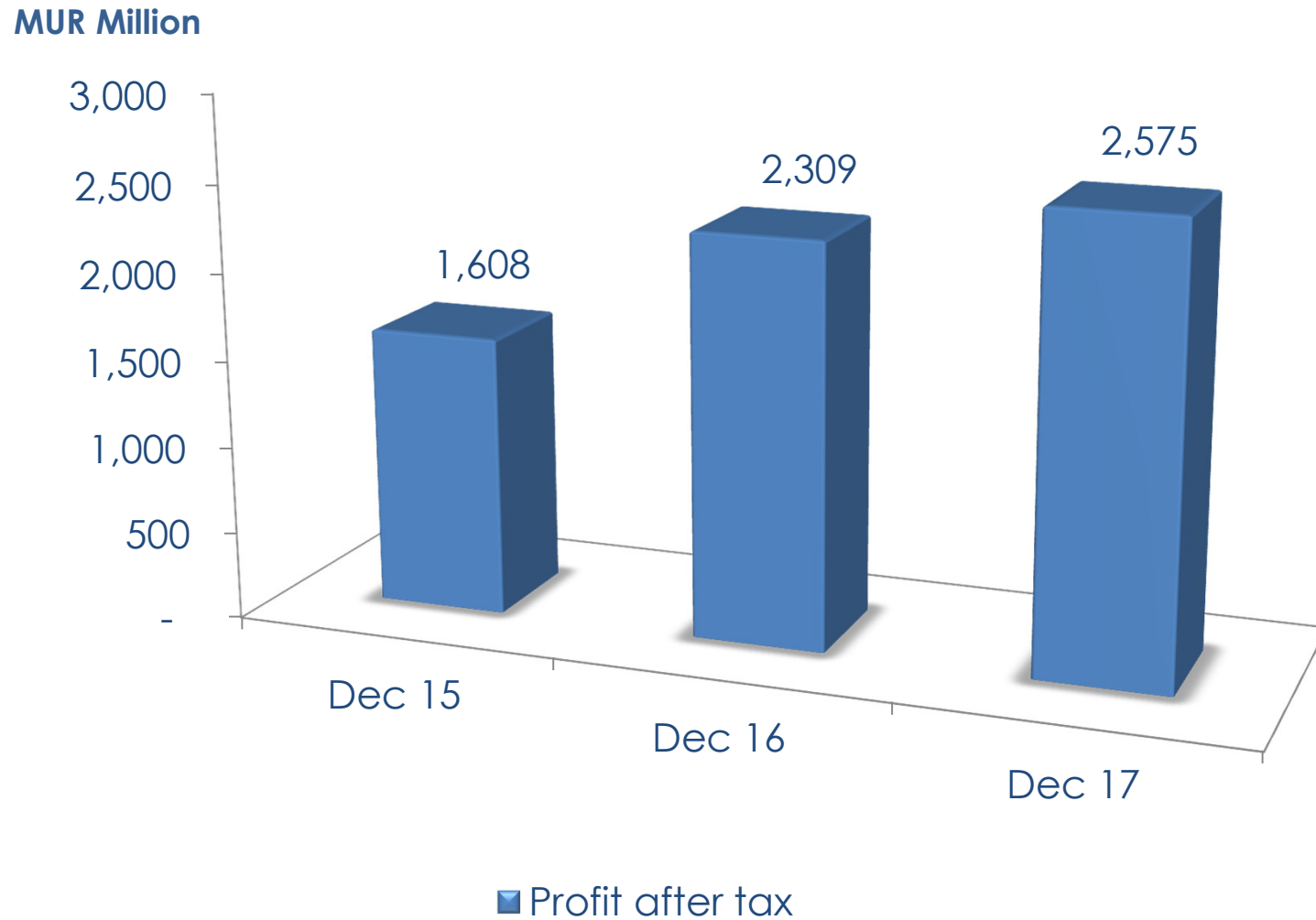
The background is a solid teal color. There are two decorative white arcs with circular endpoints. One arc starts from the left edge and curves upwards and to the right, ending in a dot. The other arc starts from the bottom left and curves upwards and to the right, ending in a dot.

# FINANCIAL HIGHLIGHTS

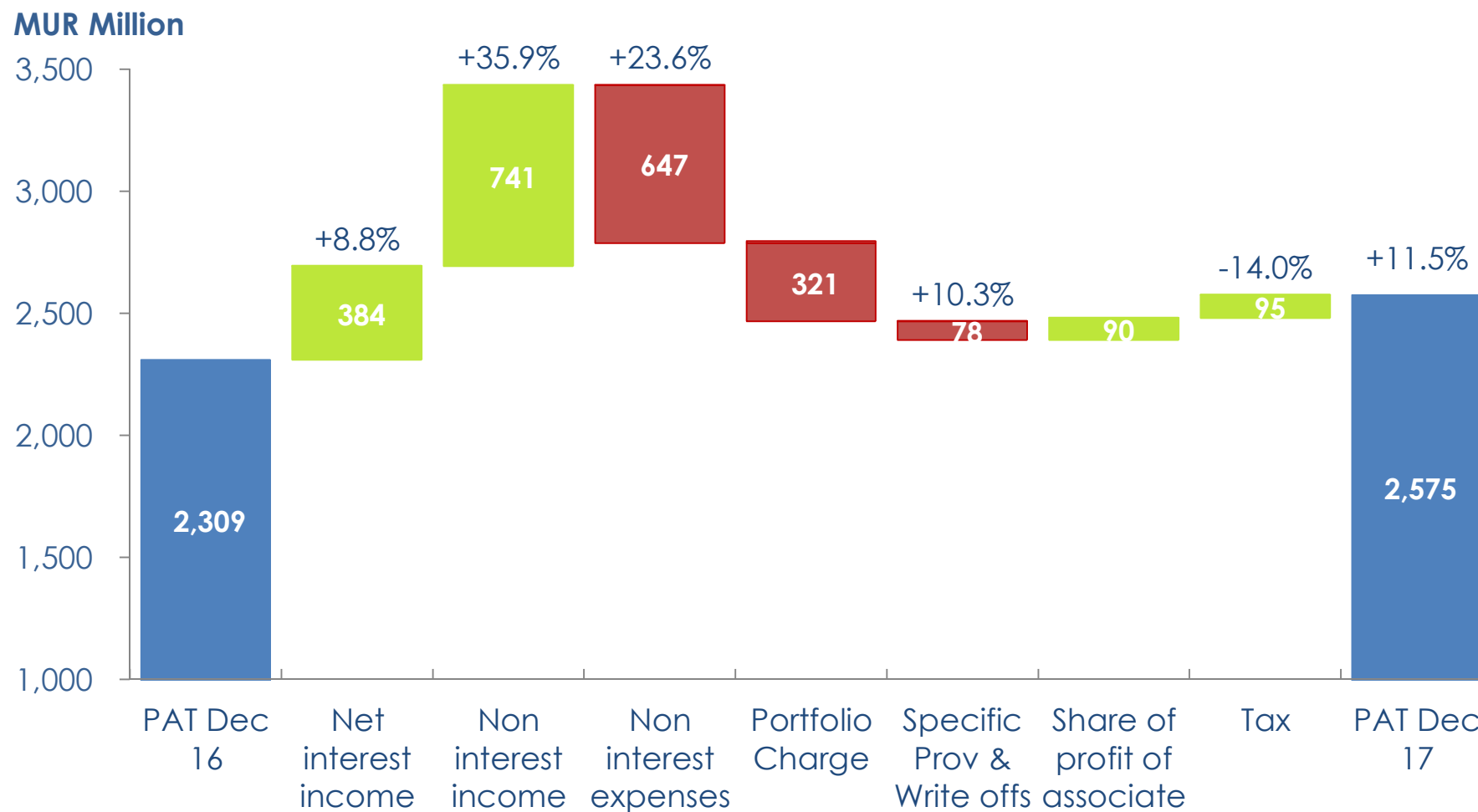
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## Group Profit for December 2017 increased...

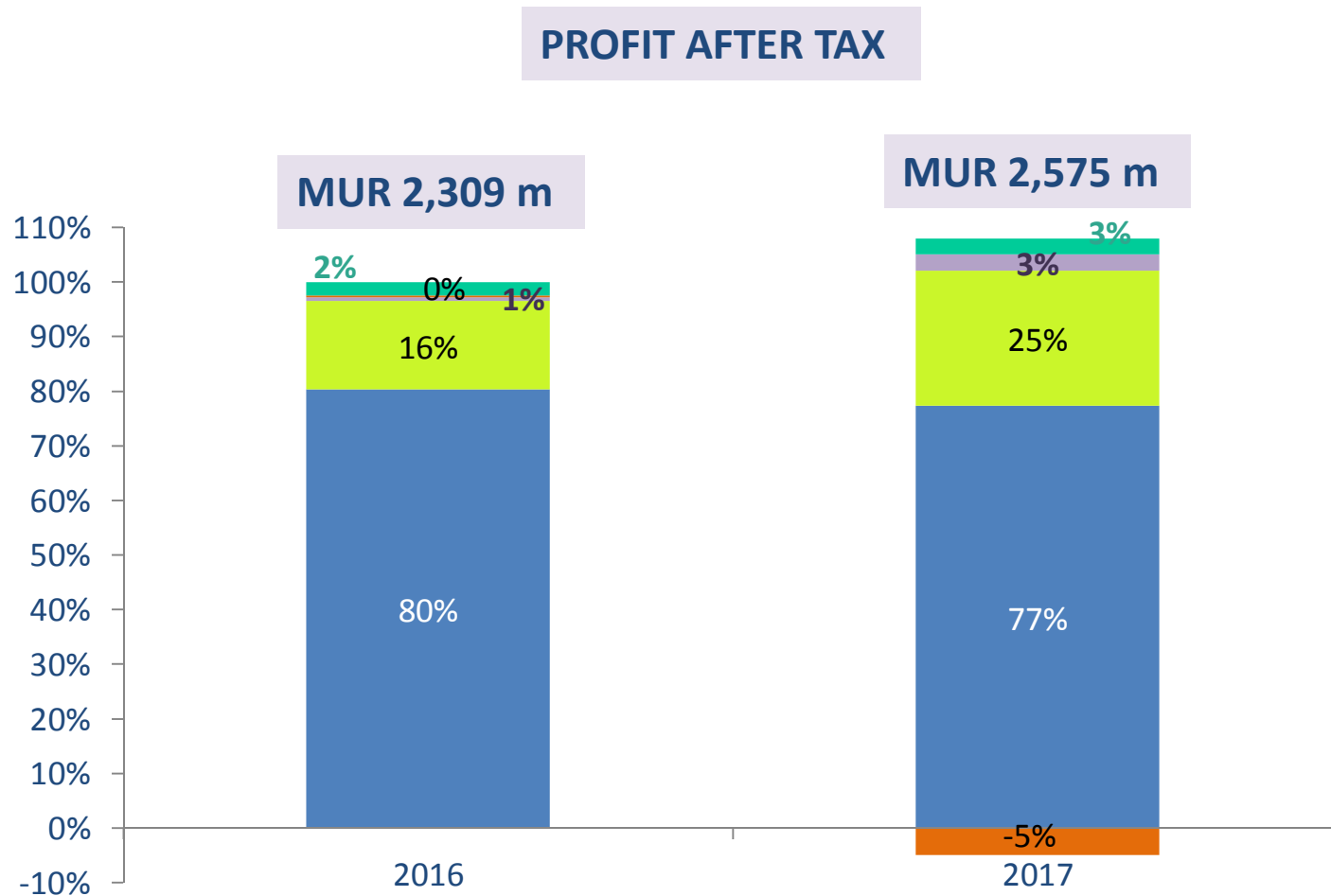
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... Mainly due to growth in Net Interest Income and Non Interest Income, tempered by a significant rise in operating expenses and portfolio provisions

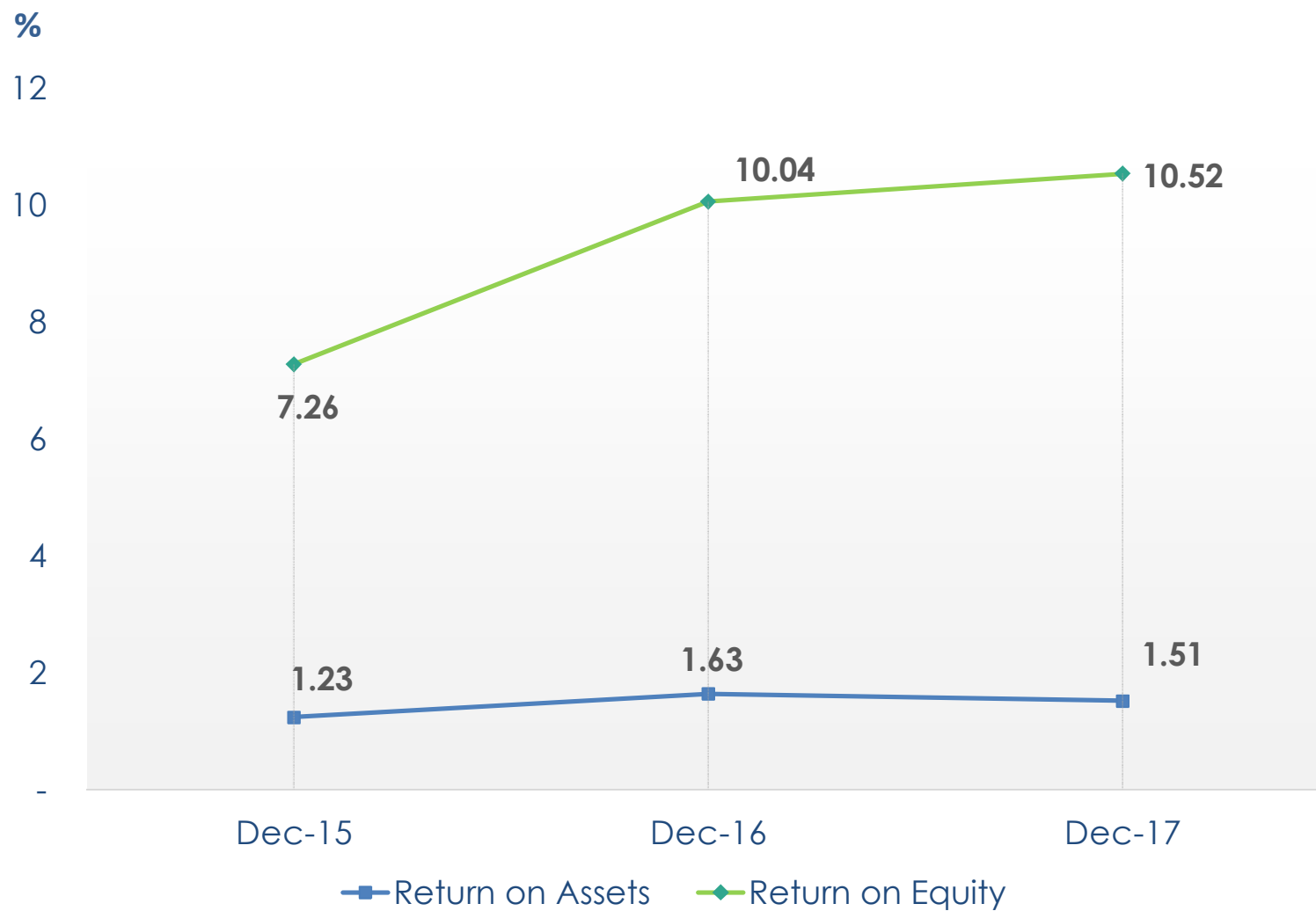


# Domestic Banking remains the main pillar of the Group, but the contribution from Cross Border has picked up



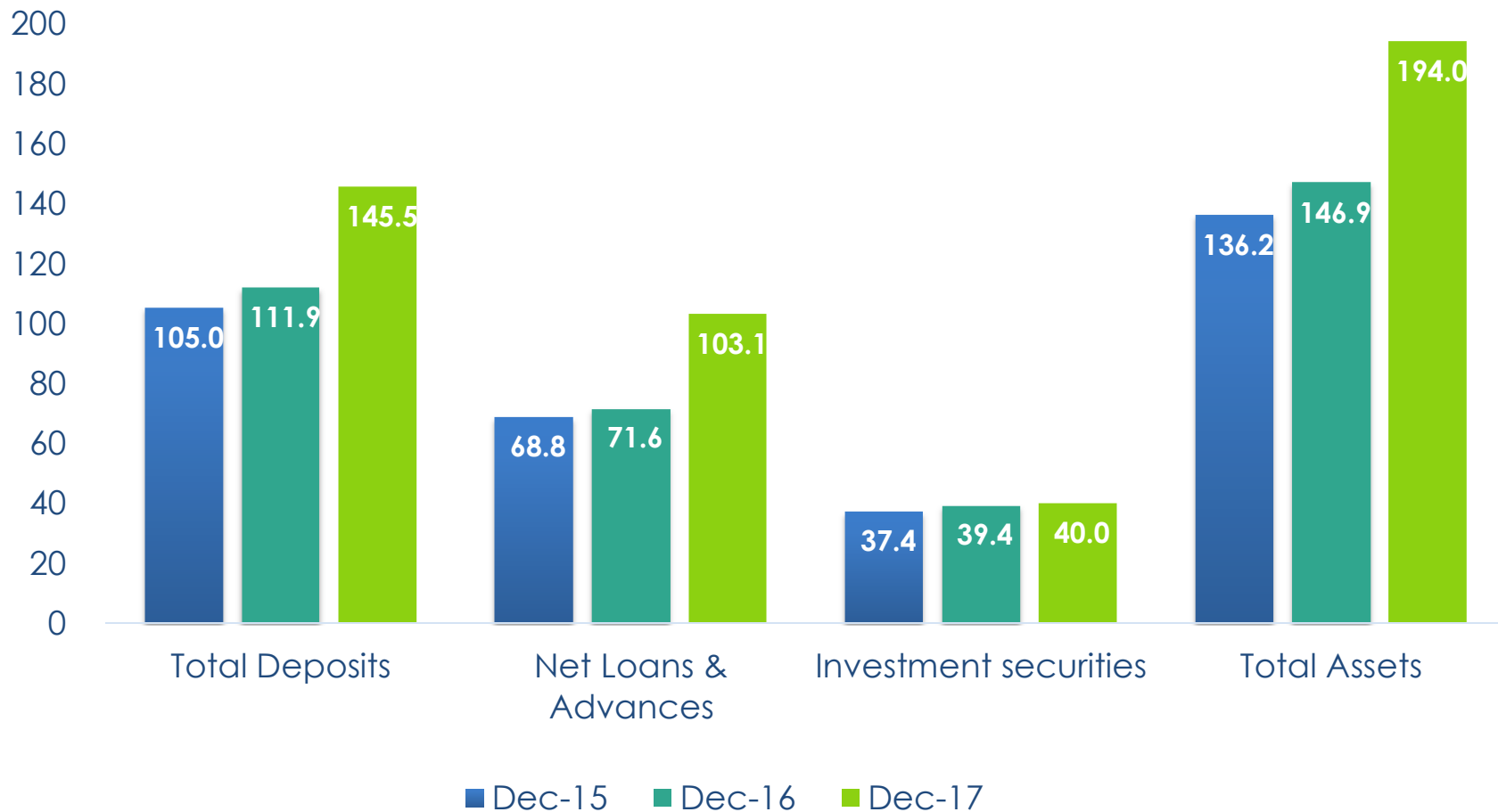
- SBM Holdings Ltd
- SBM (NBFC) Holdings Ltd
- SBM (Bank) Holdings Ltd-Segment A
- SBM (NFC) Holdings Ltd
- SBM (Bank) Holdings Ltd-Seg B (Incl overseas)

## ROE improved slightly, but ROA dropped



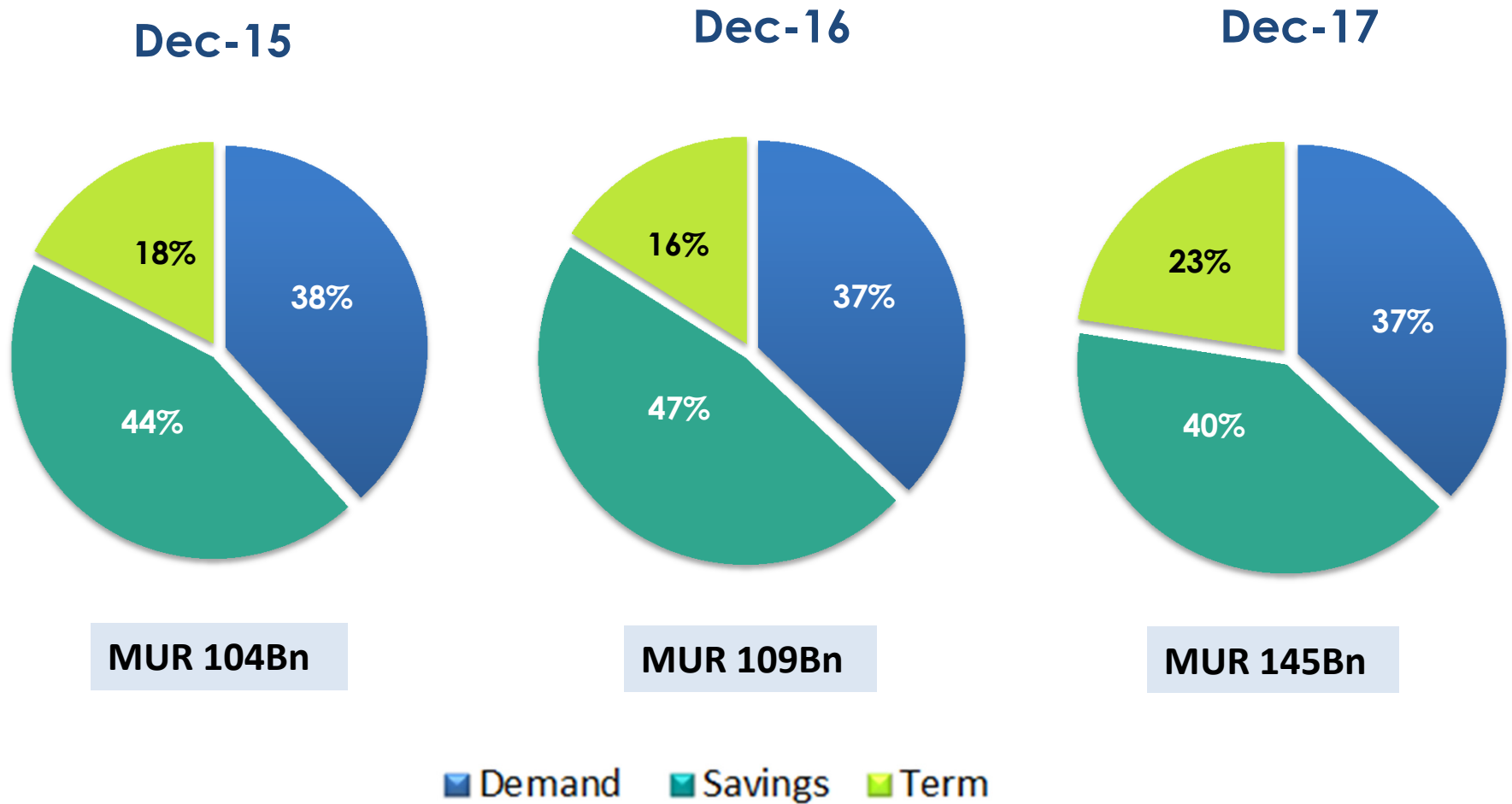
## Total Assets grew by 32% driven by higher Segment B assets

MUR Billion



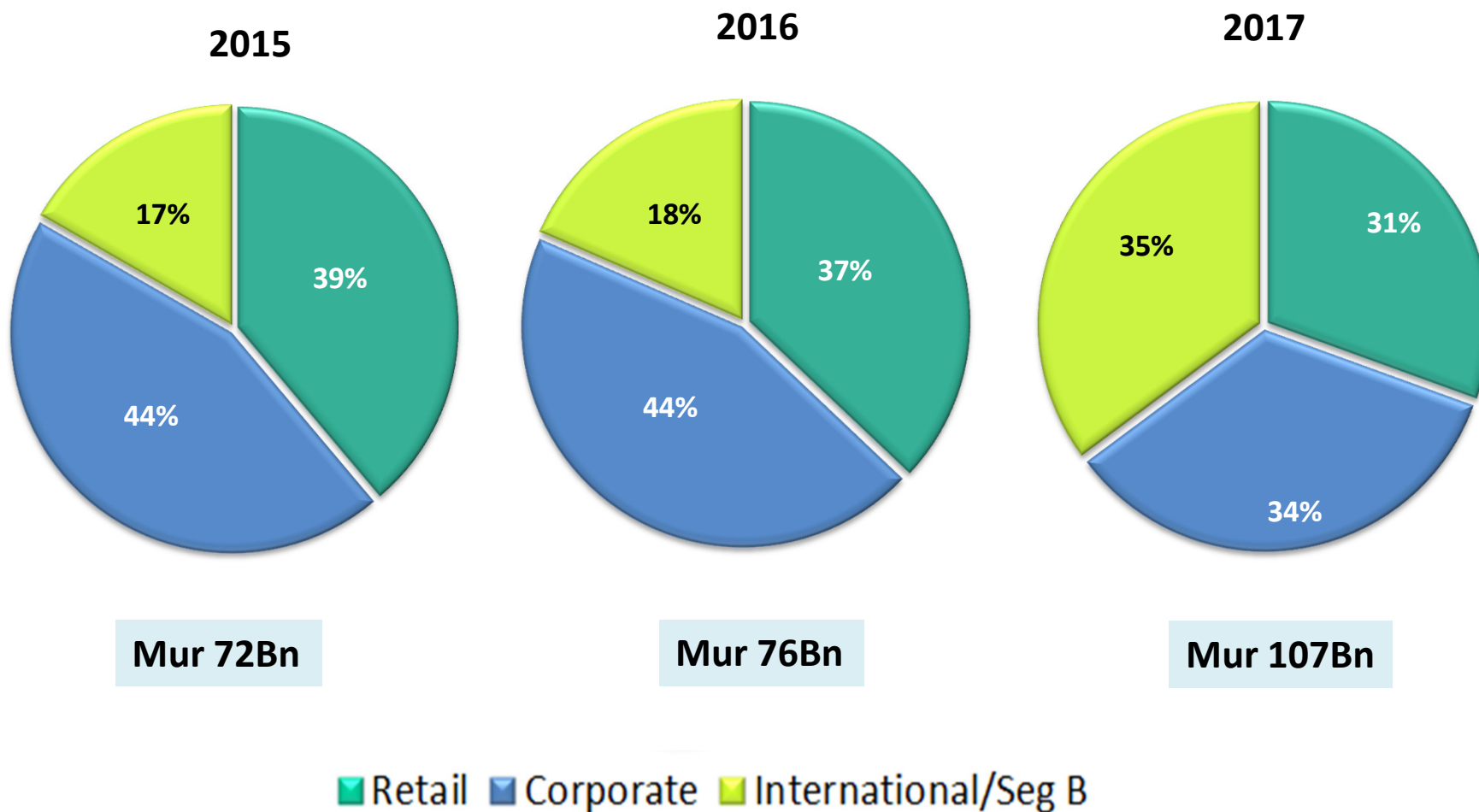
# Deposit Mix remained well balanced and kept the growth momentum year on year

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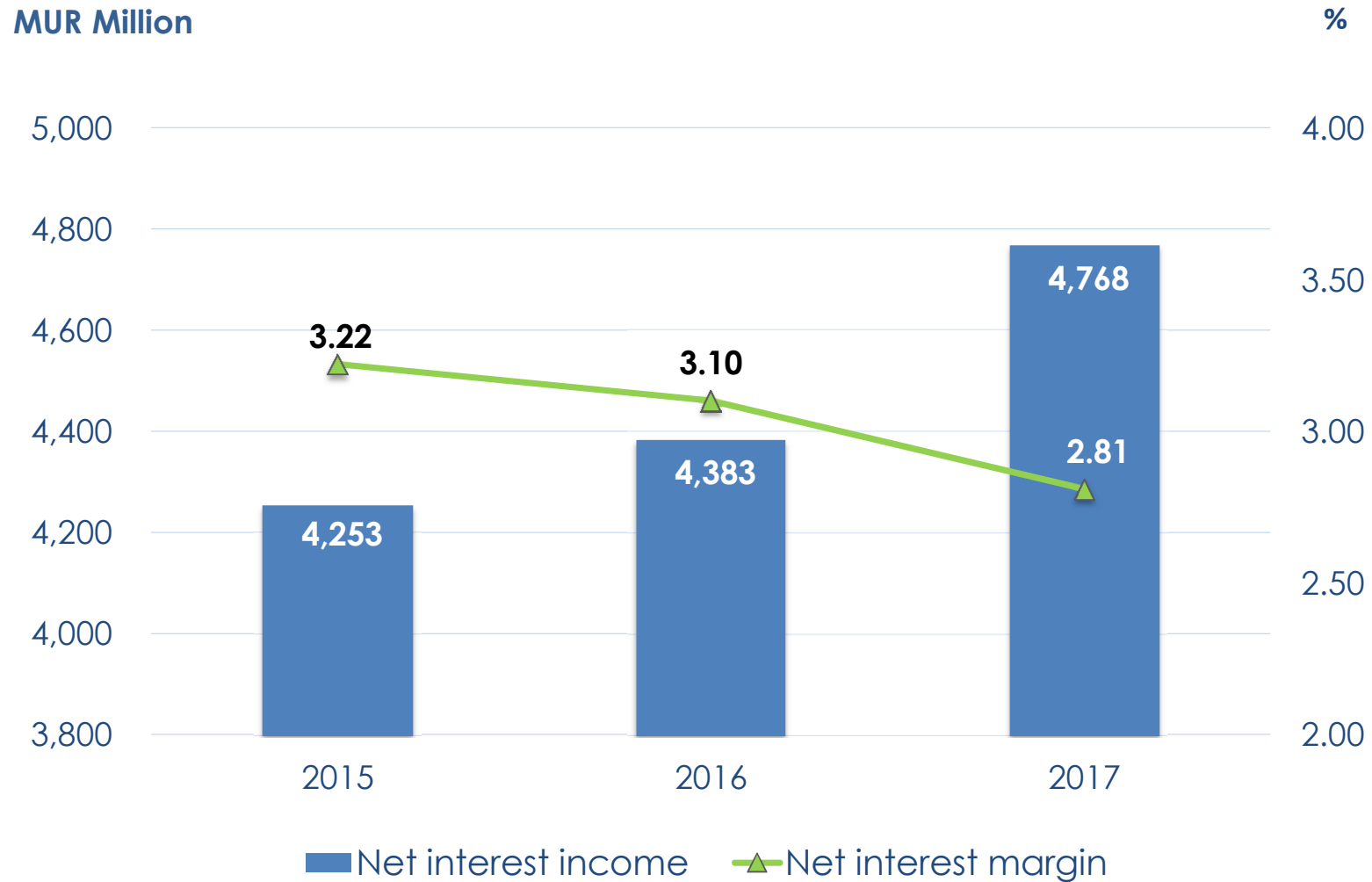
## Gross Loans and Advances: volumes increased due to international/ Segment B advances

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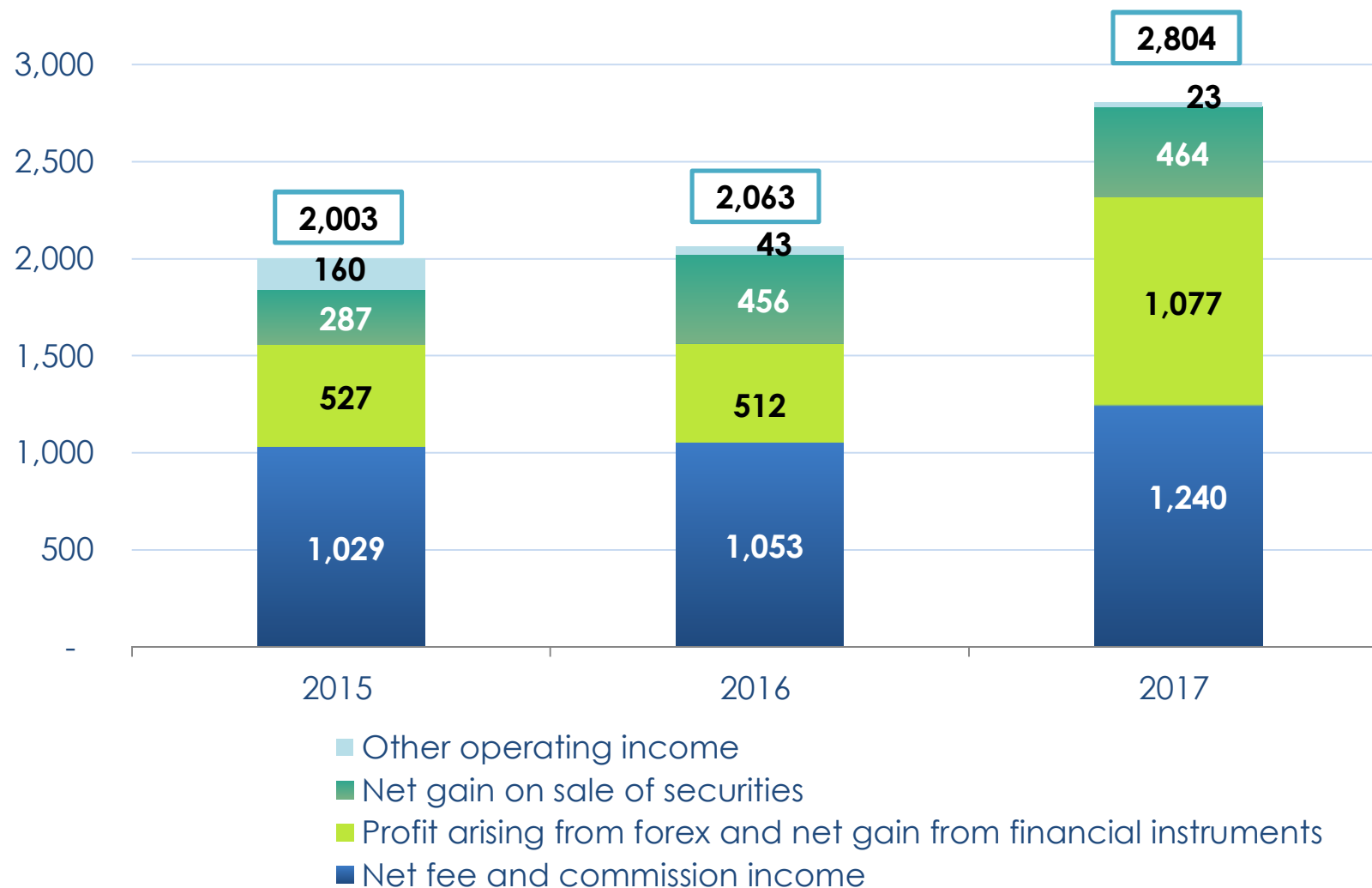


# Net Interest Income recorded growth on the back of the strong assets growth despite drop in NIM



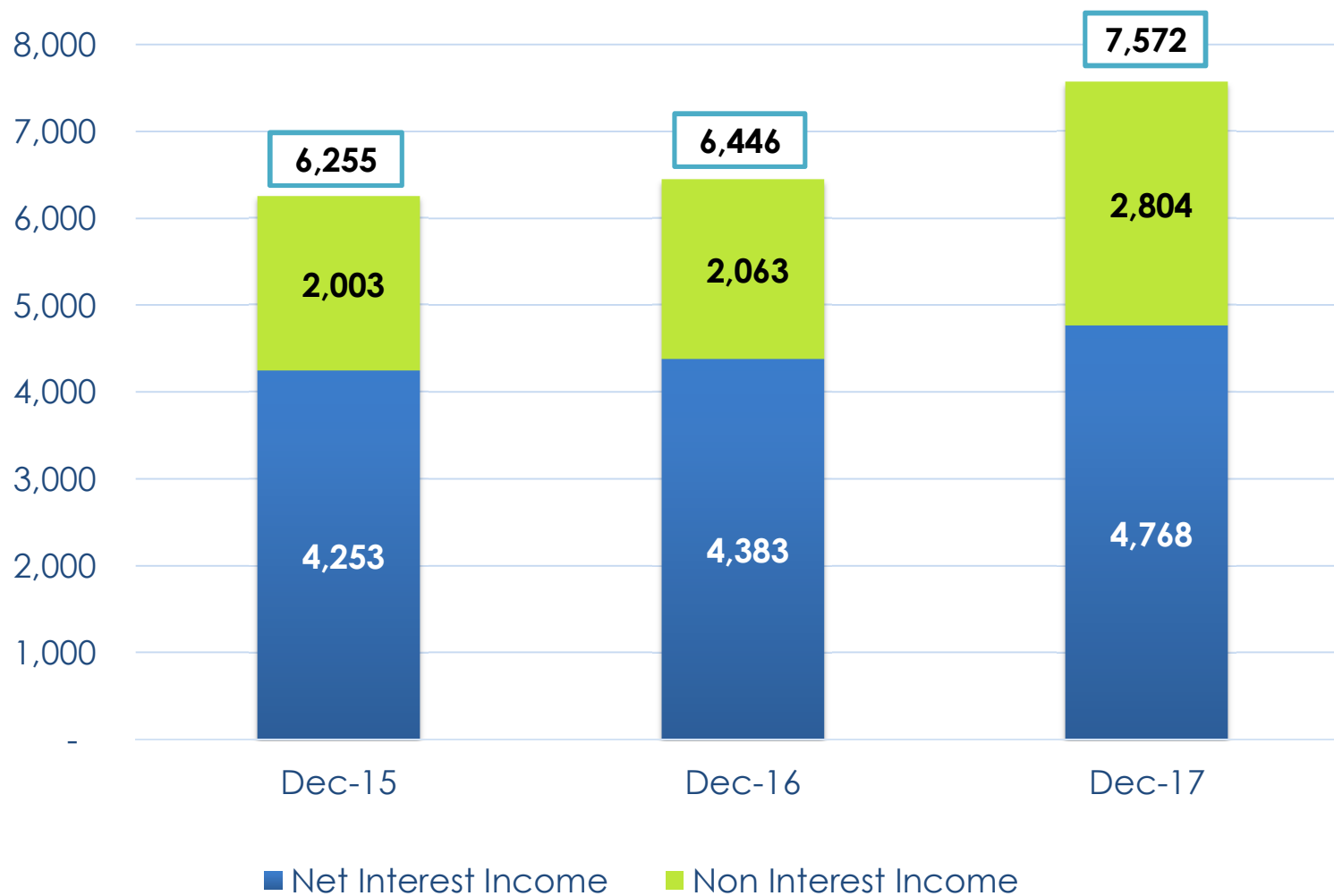
## Non-Interest Income was supported by a large increase in gains from dealing in financial instruments coupled with higher fees & commission

MUR Million



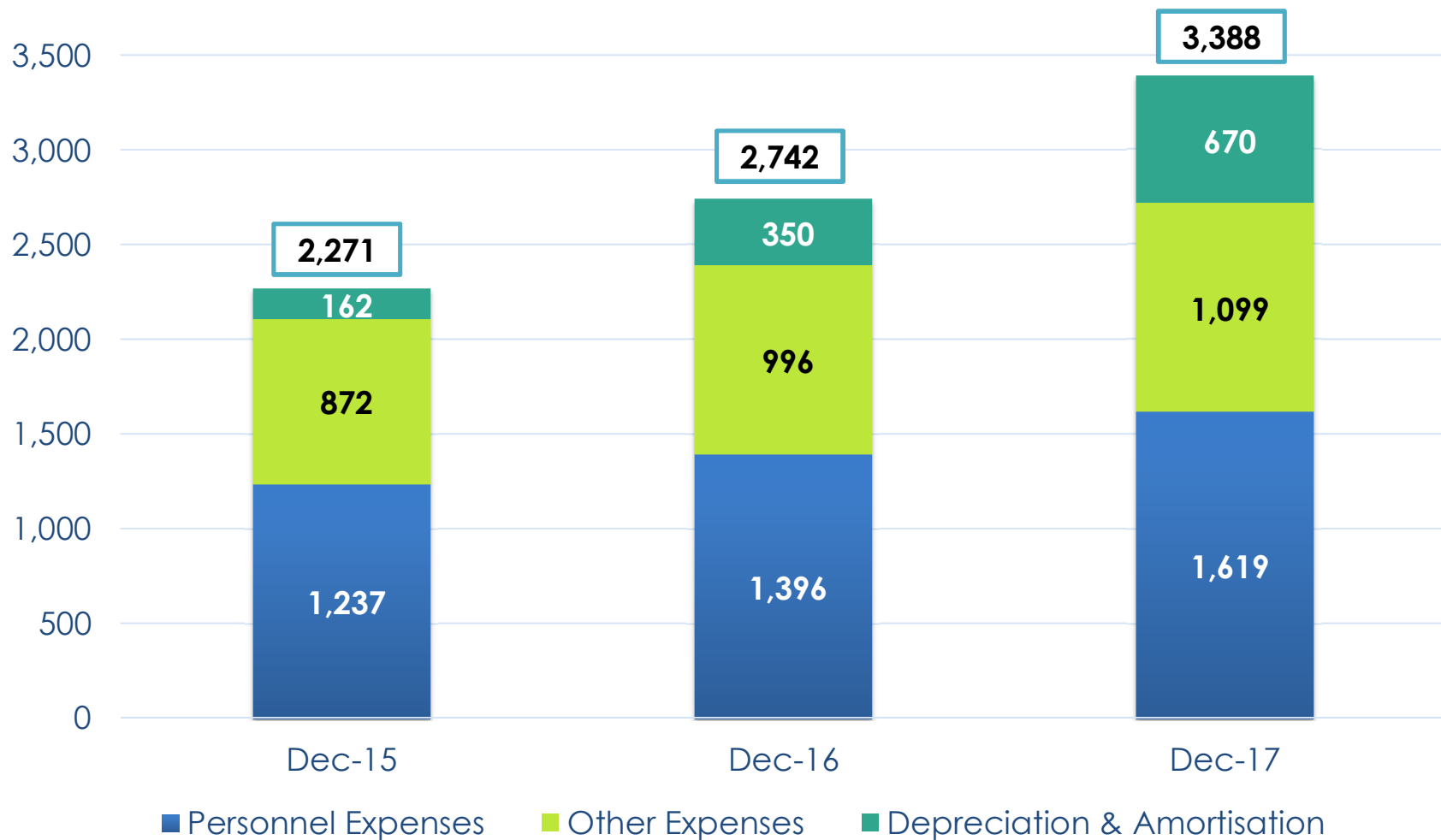
## Gross Operating Income grew by 17.5%

MUR Million



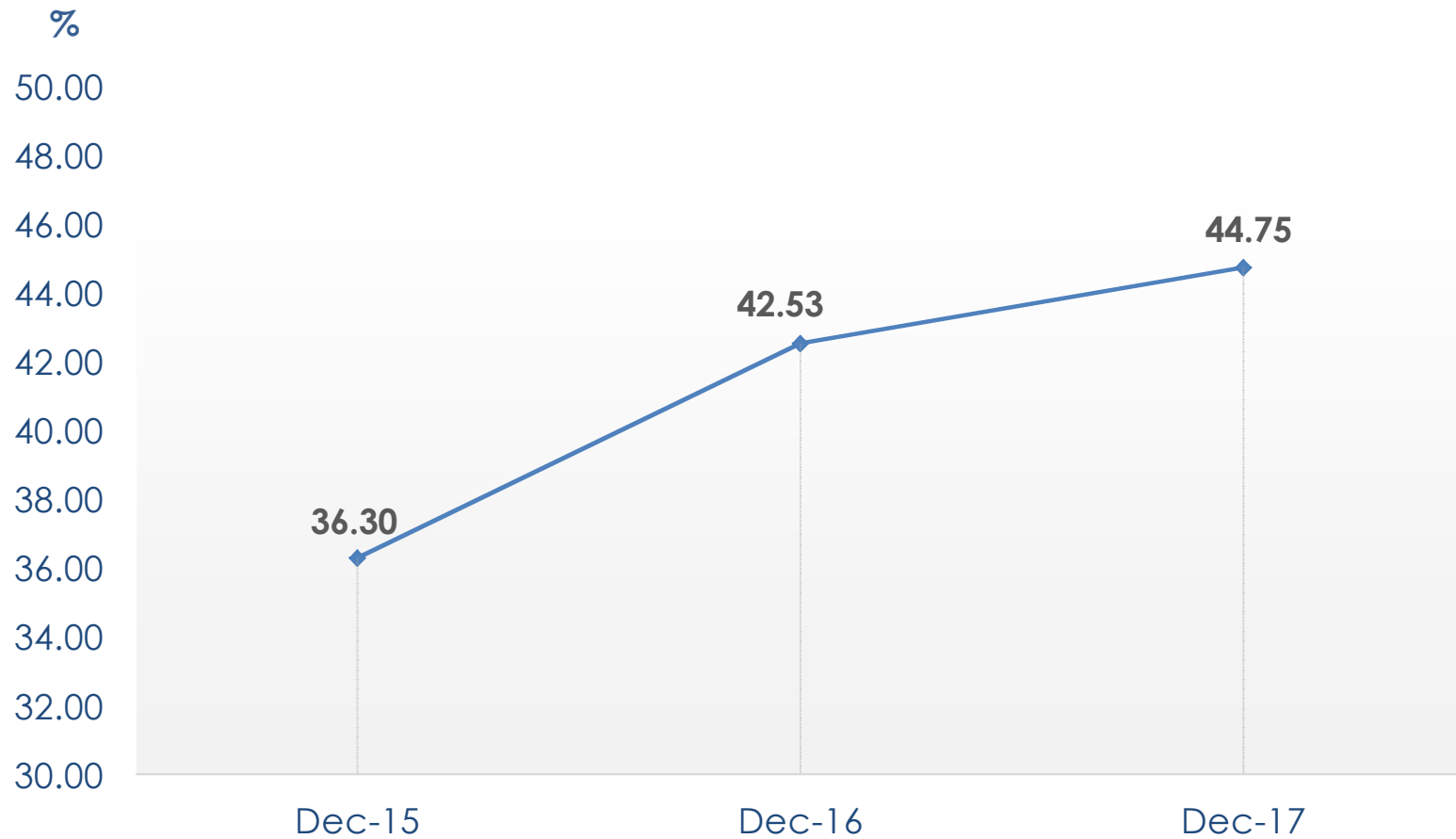
## Operating Expenses increased significantly amidst capacity building initiatives and the full year impact of new system implementation

MUR Million

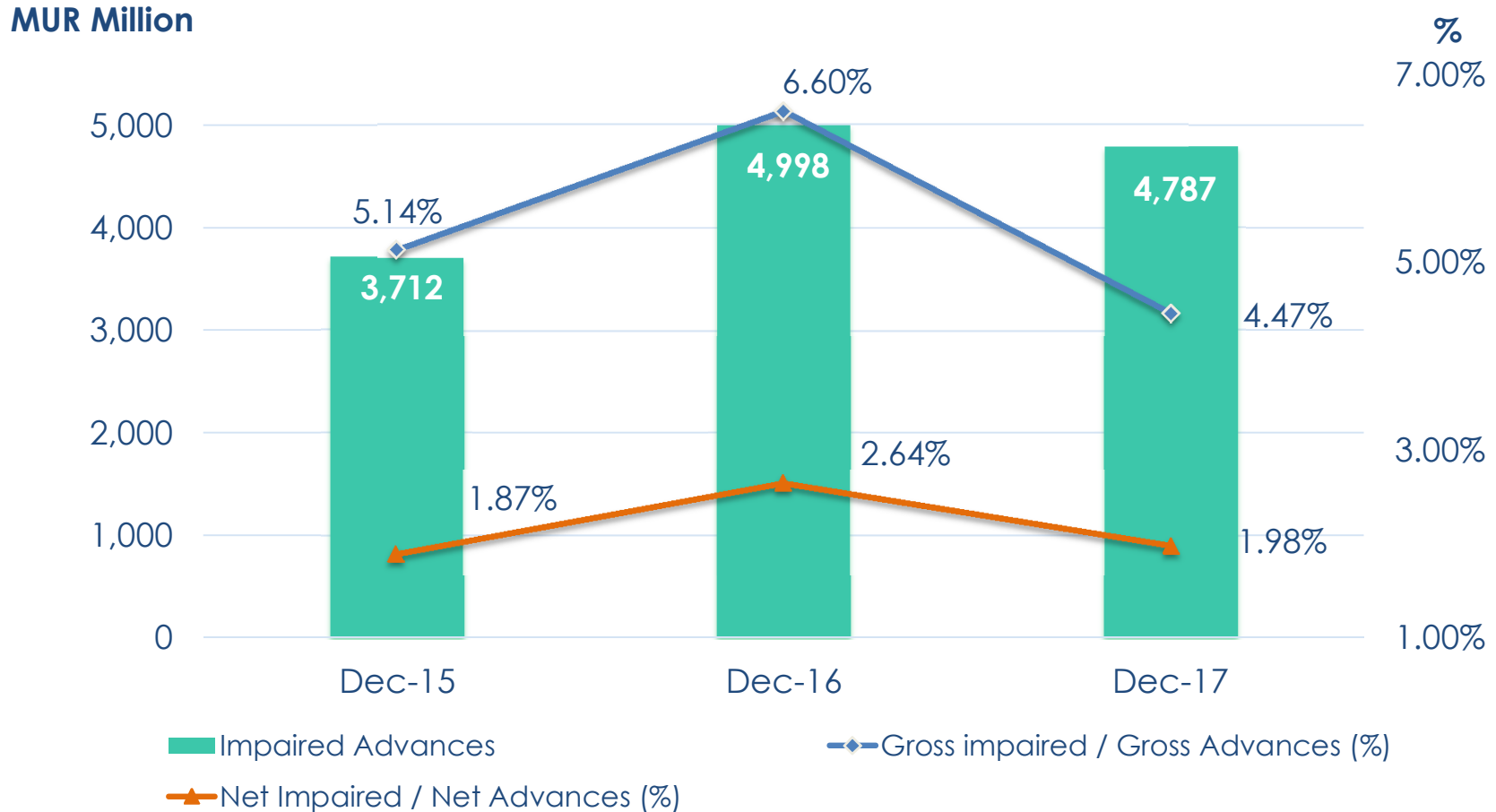


## ... resulting in a rise in the Cost to Income Ratio

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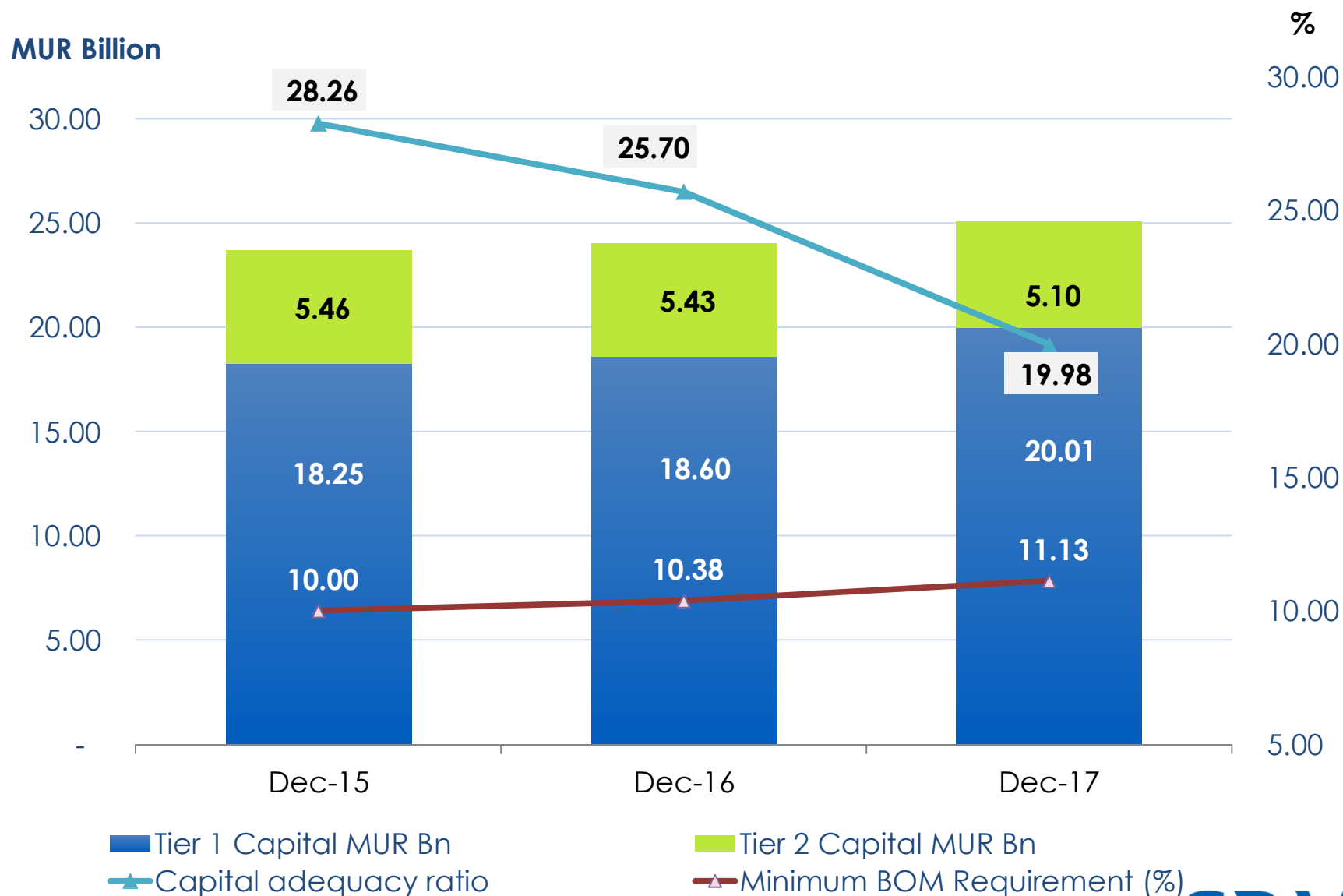


## Both Gross Impairment Ratio and Net Impaired Ratio improved compared to 2016

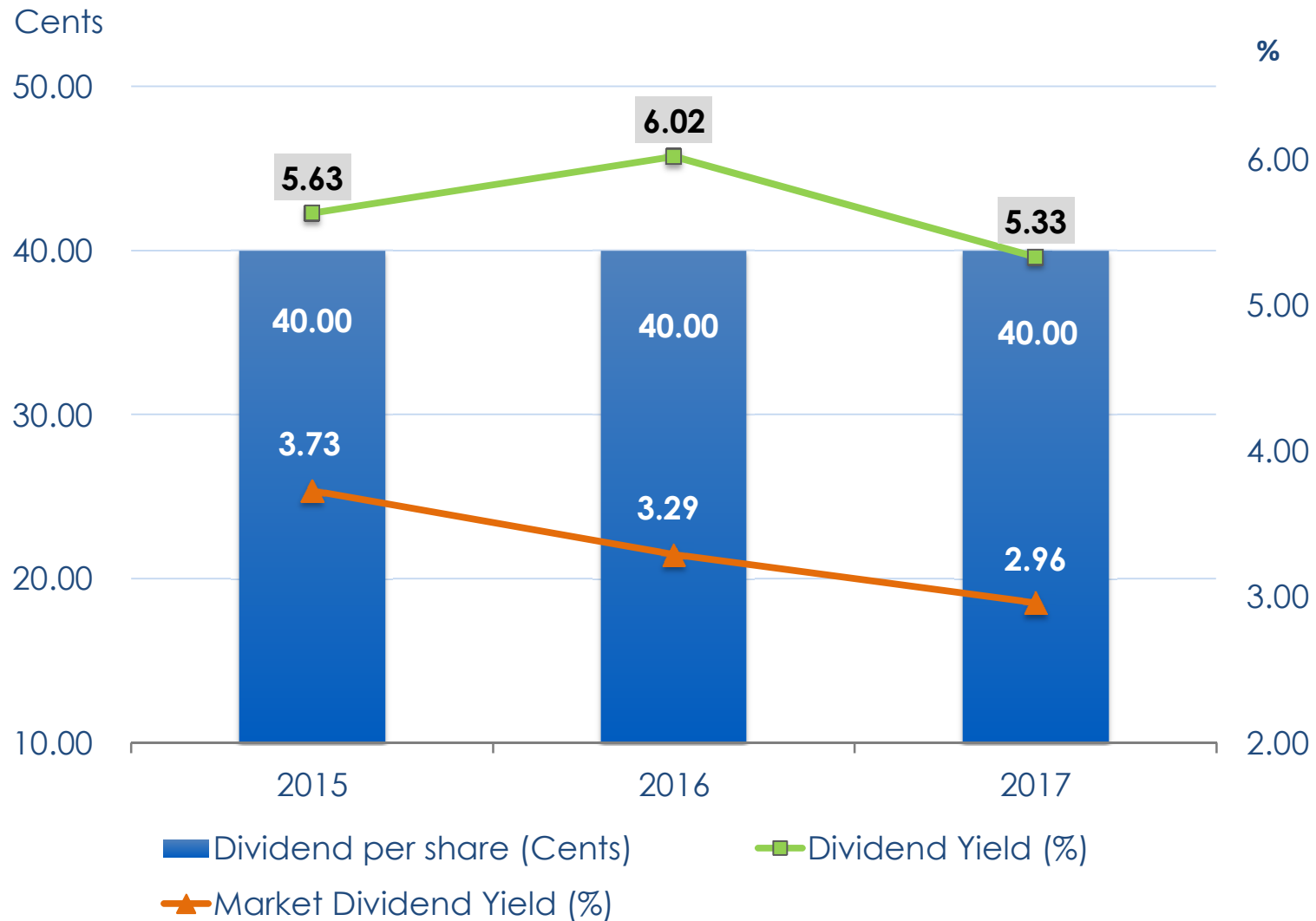


For the year ended December 2017, SBM Mauritius Ops and SBM Indian Ops booked write offs of MUR 1.3 Bn and MUR 296 M respectively out of existing provisions.

## Capital adequacy ratio remained well above regulatory requirements, albeit decreasing in line with strong advances growth



## Dividend: maintained at same level as in 2016 since Group's capital position remains sound



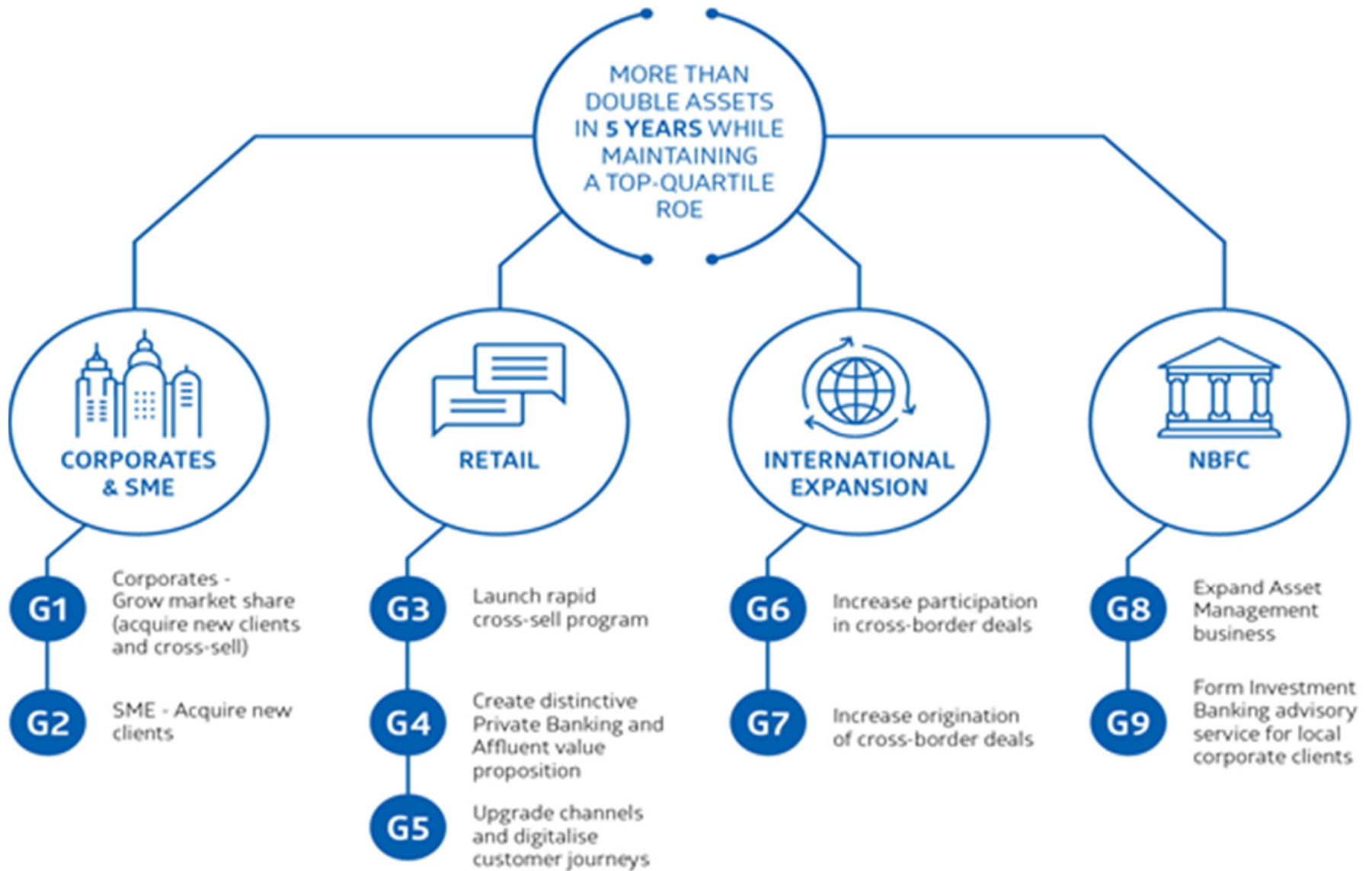




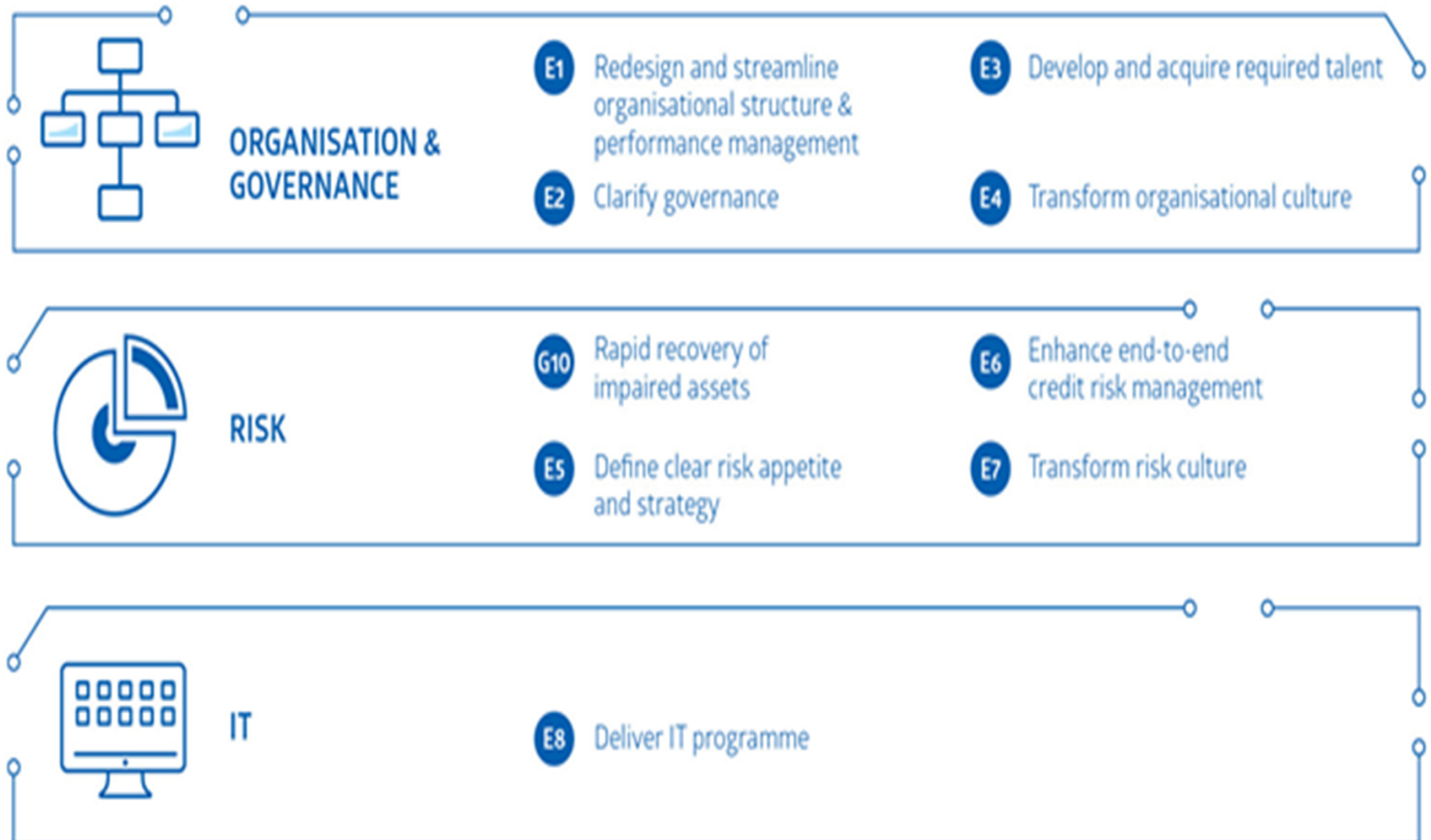
# OUR STRATEGY

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# Strategic Focus Areas



# Strategic Focus Areas (Cont'd)



# Consolidation



Market Share:  
Corporate Banking  
increased from  
18.7% in Dec 16 to  
20.2% in Dec 17



Market share:  
Personal Banking  
increased from  
29.4% in Dec 16 to  
30.8% in Dec 17



Additional dedicated  
SME desks in  
branches



SME:  
Partnership with FSA -  
guarantee for bank  
loans & resources



Launch SBM  
Microfinance

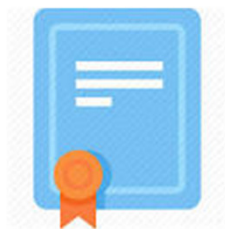


Cross-selling initiative &  
Customer referral model

# Diversification



Arranger  
MUR 1.5 Bn Secured  
Notes Programme -  
for a local corporate



Investment  
Banking  
licence  
July 2017



Raised USD 165 Mn  
through depository  
receipts for  
Afreximbank



Revamped Wealth  
Management &  
Asset Management  
businesses  
Total AUM - MUR 9.5 Bn



Africa Infrastructure  
and Industrialisation  
Fund, LP



Launch of  
structured products  
- leveraged notes,  
capital protected  
notes, Ghana Coco  
Bond



SBM (Mauritius) Infrastructure  
Development  
Company Ltd- SPV raising  
USD 500 Mn from AfreximBank

# Regionalisation



Opened 5<sup>th</sup> branch



First Foreign Bank to  
Obtain WOS Licence



- ✓ SBM Bank (Kenya) Ltd -  
May 2017
- ✓ Initiated acquisition of  
Chase Bank



Licence to operate in  
Seychelles



Partnered with pan-  
African financial  
institutions -  
Afreximbank/ FSA/ PTA  
Bank

# Modernisation



Upgraded  
SBM Mobile  
Banking App



Upgraded  
SBM Internet  
Banking



Online Loan  
Application



Signature Pad



eStatement  
initiative



New Website  
October 2017



Partnership with  
AliPay:  
A first in Mauritius

# Capacity Building



Recruitment in  
key positions &  
appointment of  
Group CEO



Staff Engagement  
Survey



Conversion to  
Permanent Employment  
& Job Evaluation



Launch of  
SBM Training Centre



Review of  
HR Policies



Streamlined  
processes



# Community & Employee Initiatives



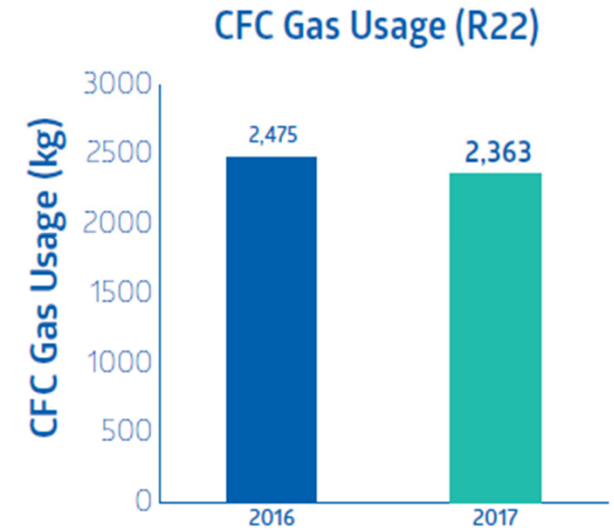
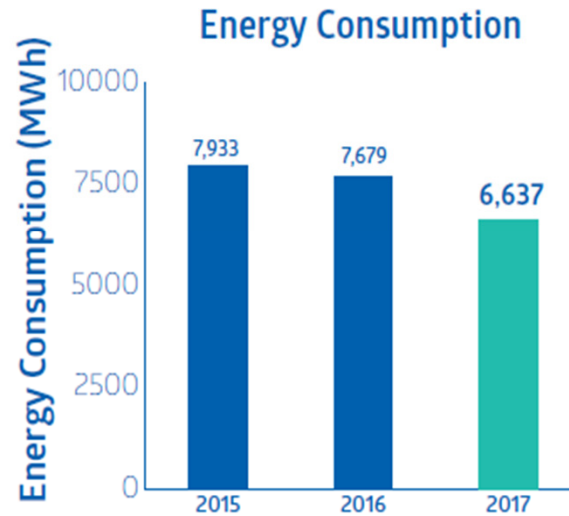
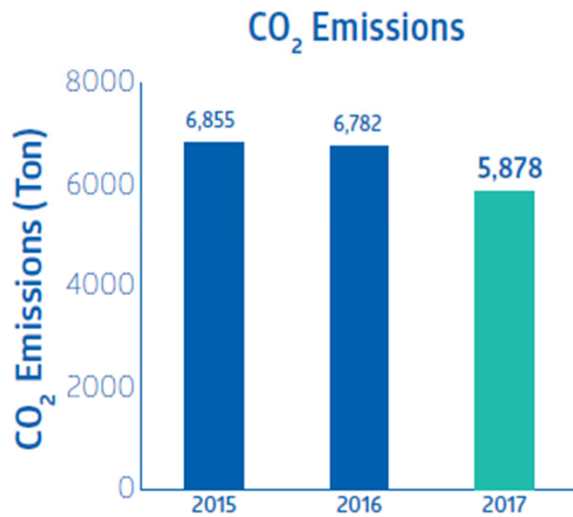
**2,250 Scholarships**  
awarded to date



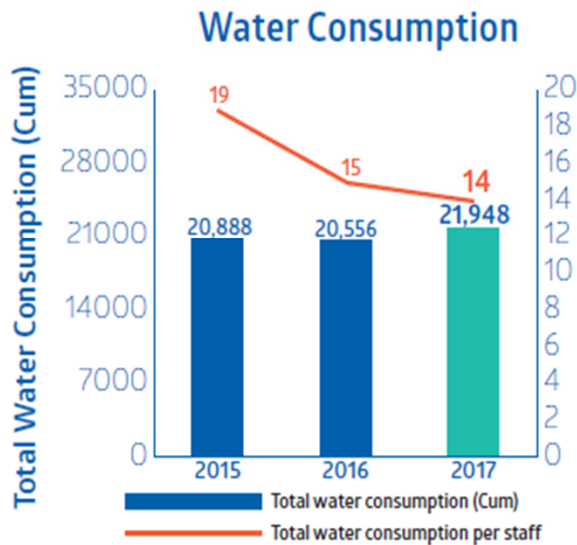
SBM Staff Children Education Fund:  
**170 beneficiaries** funded,  
amounting to **MUR 29 Mn**

# Adopting Sustainable Practices

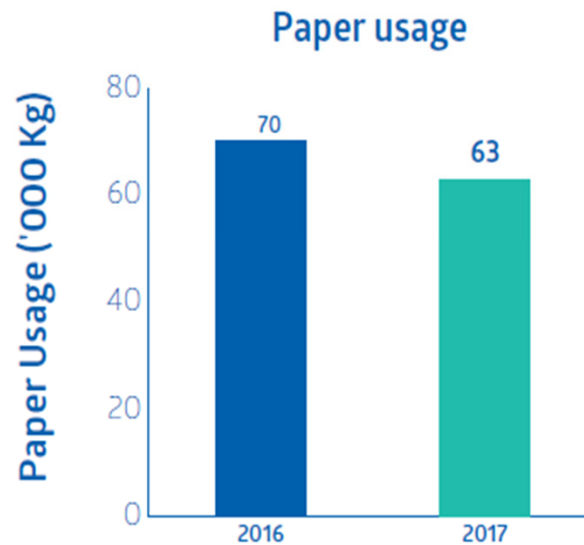
Replacement of our equipment by more efficient ones



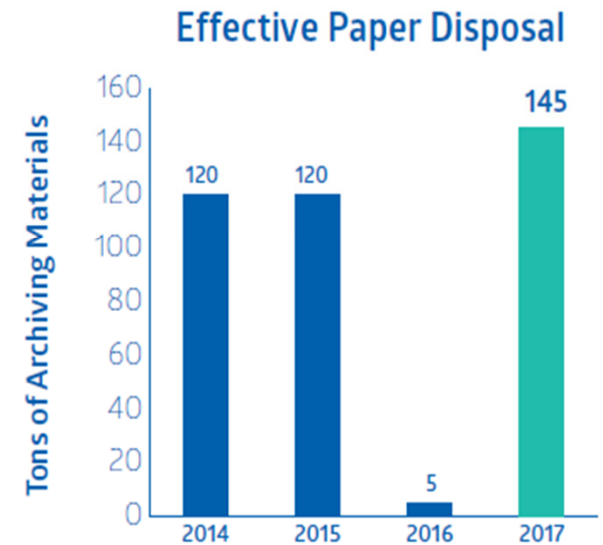
Monitoring of water consumption



Monitoring of Paper Usages



Paper Disposal





# OUR FOCUS AREAS

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# Our Focus Areas: Mauritius

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## Retail Banking

- Reduce cost to serve and improve customer convenience through migration to digital channels
- Cross-selling to better address customer needs
- Improve customer service levels

## Domestic Corporates and SMEs

- Sales process efficiency to grow market share
- Move up the value chain to meet client needs and raise share of fee-based income

# Our Focus Areas: Mauritius (cont'd)

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## International Banking

- Leverage international presence across selected countries
- Cross-selling across Group entities

## Private Banking & Wealth Management

- Product and market diversification

## Non-Banking Financial Services

- Product development and product scale
- Synergy with other entities of the Group
- Investment banking deals

# Our Focus Areas: India

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- Create customer value propositions to build a healthy book and gain market share with a respectable Indian lender status
- Exploit India/Mauritius/Kenya/Madagascar linkages to grow both funded and non-funded business
- Tap into synergistic opportunities with other entities of the Group through cross-selling
- Manage impaired assets and recovery from written-off/provisioned assets

# Our Focus Areas: Kenya

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- Stabilisation and integration (subject to deal completion)
- Take advantage of the combined strength to grow business in the target segments
- Tap into synergetic opportunities with other entities of the Group
- Align policies to Group policies, particularly in areas of risk and compliance

# Our Focus Areas: Madagascar

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- Low-risk business focus
- Accompany Mauritian customers doing business in Madagascar
- Cross-sell HNWIs and Corporates to Mauritius banking and non-banking



# Our Focus Areas: Key Enablers

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## HR

- Improve capabilities in selected growth areas
- Enhance organisational culture
- Recruit, retain and reward top talent

## Technology

- Pursue digitalisation agenda
- Manage IT costs and cost of change
- Optimise distribution channels

# Our Focus Areas: Key Enablers

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## Organisation and Governance Framework

- Revamp group organisation and governance structure to improve accountability and synergy

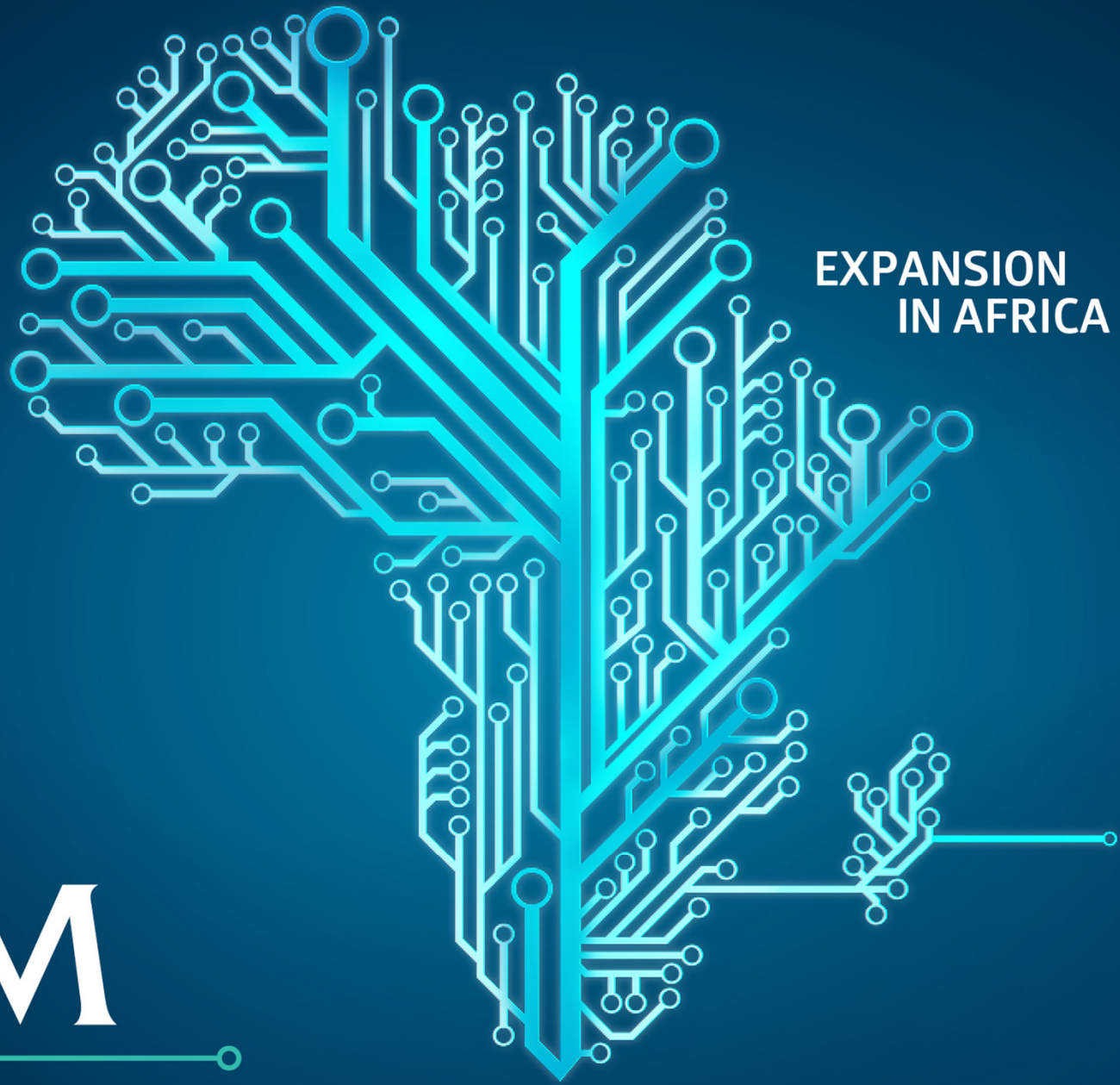
## Risk Management

- Align risk appetite to strategy
- Improve risk culture and operational excellence
- End to end credit process review



THANK YOU

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