

STATE BANK OF MAURITIUS LTD

ABRIDGED UNAUDITED INTERIM FINANCIAL REPORT

The abridged unaudited interim financial report for the six months ended 31 December 2009 has been prepared in accordance with the Bank of Mauritius Guideline on Public Disclosure of Information and IAS 34 - Interim Financial Reporting. The interim financial report has been prepared using the same accounting policies as those adopted in the financial statements for the financial year ended 30 June 2009 and has been reviewed by the Bank's external auditors, whose report is attached. The interim financial report contains forward-looking statements and risks exist that they may not materialise. Users of the information should therefore not place undue reliance on these statements.

Results

Against the backdrop of weak global economic conditions, the Bank profit for the half year ended 31 December 2009 stood at Rs1,040.2m (2008: Rs1,077.9m) while the Group registered a profit of Rs1,106.5m (2008: Rs1,257.1m). The year-on-year decrease in profit was primarily attributable to lower dividend income of Rs 134.0m received in the current period and higher tax expense of Rs 31.6m which includes the increased special levy on banks. Net interest income registered a positive growth of 7.6%, as a result of active liability management and growth in foreign assets. Foreign exchange and fee-based income were however adversely impacted by uncertainty prevailing in the domestic and international markets.

The Group continues to diversify its asset and revenue base. Group advances increased by 6.7% in the first half of the year, with an increase of around 23% in international business. Given the Group's comfortable liquidity position, our liability management focused on garnering lower cost deposits. The credit to deposit ratio consequently improved from 64% in June 2009 to 70% in December 2009. The quality of the asset portfolio remains sound with the gross and net impaired advances ratios at 1.6% and 0.6% respectively. The Group capital adequacy ratio stood at 23.6%, significantly above the regulatory limit of 10%.

Amalgamation

On 7 December 2009, the operations of SBM Lease Ltd, a wholly owned subsidiary, were amalgamated with those of the Bank. The profit after tax of SBM Lease Ltd as at that date, amounting to Rs16.4m, has been included in the Bank's current half year results.

Dividend

In July 2009, a final dividend of Rs 2.75 per share was declared for the financial year ended 30 June 2009 and was paid in October 2009, representing a payout ratio of 35% (2008: 31%).

Prospects

Credit growth remains subdued in the short term as investors continue to exercise caution before engaging in major projects. Liquidity is thus expected to remain high, putting continued pressure on margins. Trade volumes could also remain tepid in view of weak domestic and international demand. On the other hand, the planned implementation of large scale infrastructure projects should bolster economic activity over the medium term. The Group continuously seeks opportunities for revenue diversification while building internal capacity, notably through investment in human capital, in line with its longer term growth objectives.

G.S. Ramdaursingh
Chairman

A. Rey
Director (Chairman, Audit Committee)

G. Vir
Chief Executive

February 11, 2010

Report on Review of Interim Financial Information
To the Board of Directors of
State Bank of Mauritius Ltd “SBM”

Introduction

We have reviewed the accompanying condensed unaudited interim statements of financial position of the Group and of the Bank as at 31 December 2009 and the related condensed unaudited interim income statements, statements of comprehensive income, statements of changes in equity and cash flow statements for the six months then ended. The Board of Directors and management of SBM are responsible for the preparation and presentation of this interim financial information in accordance with the Bank of Mauritius Guideline on Public Disclosure of Information and International Financial Reporting Standards. 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 financial information is not prepared, in all material respects, in accordance with the Bank of Mauritius Guideline on Public Disclosure of Information and International Financial Reporting Standards.

Kemp Chatteris Deloitte

Chartered Accountants

February 11, 2010

**UNAUDITED ABRIDGED FINANCIAL STATEMENTS FOR THE PERIOD ENDED
DECEMBER 31, 2009**

ABRIDGED STATEMENTS OF FINANCIAL POSITION

	-----GROUP-----			-----BANK-----		
	31-Dec	31-Dec	30-Jun	31-Dec	31-Dec	30-Jun
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000
ASSETS						
Cash and cash equivalents	8,955,687	9,727,684	11,764,439	8,760,124	8,433,643	11,481,860
Trading assets	315,935	945,222	196,280	315,945	945,262	196,280
Loans to and placements with banks	2,264,439	1,927,835	2,766,726	2,264,439	3,132,778	2,766,726
Loans and advances to customers	42,724,286	38,512,544	39,793,808	42,001,160	36,990,994	38,062,324
Investment securities	18,989,087	15,927,317	19,011,409	17,257,867	14,041,714	17,470,368
Property and equipment	2,233,059	2,335,474	2,293,755	2,224,850	2,284,164	2,248,934
Intangible assets	69,231	126,410	78,988	79,167	134,357	87,307
Other assets	2,568,840	2,481,495	3,328,233	2,194,809	2,135,882	2,925,879
TOTAL ASSETS	78,120,564	71,983,981	79,233,638	75,098,361	68,098,794	75,239,678
LIABILITIES						
Deposits from banks	74,497	46,548	151,725	206,397	149,468	271,771
Deposits from customers	62,577,497	58,096,288	63,569,375	61,854,259	56,572,112	62,060,356
Trading liabilities	116,734	-	49,071	116,734	-	49,071
Other borrowed funds	1,000,431	904,859	1,057,506	1,000,431	1,048,655	1,129,568
Current tax liabilities	199,773	269,641	400,615	196,729	260,891	392,220
Deferred tax liabilities	115,439	165,925	133,817	115,260	165,580	133,124
Other liabilities	823,852	703,251	928,855	767,044	630,978	859,082
TOTAL LIABILITIES	64,908,223	60,186,512	66,290,964	64,256,854	58,827,684	64,895,192
SHAREHOLDERS' EQUITY						
Share capital	303,740	303,740	303,740	303,740	303,740	303,740
Retained earnings	10,746,412	9,552,325	10,318,964	8,309,923	7,072,290	7,760,462
Other reserves	2,162,179	1,941,404	2,319,970	2,227,844	1,895,080	2,280,284
Total equity attributable to equity holders of the parent	13,212,331	11,797,469	12,942,674	10,841,507	9,271,110	10,344,486
TOTAL EQUITY AND LIABILITIES	78,120,564	71,983,981	79,233,638	75,098,361	68,098,794	75,239,678
MEMORANDUM ITEMS						
Acceptances, guarantees, letters of credit, endorsements, other obligations on account of customers and spot foreign exchange contracts	7,962,021	8,353,849	5,307,272	7,784,192	8,162,774	5,125,241
Credit commitments	6,065,255	4,569,051	5,043,907	6,003,234	4,239,422	4,919,452
Inward bills held for collection	333,188	255,768	296,824	206,096	214,060	215,064
Outward bills sent for collection	179,309	323,145	160,454	164,484	282,893	149,839
	14,539,773	13,501,813	10,808,457	14,158,006	12,899,149	10,409,596

ABRIDGED INCOME STATEMENTS

	-----GROUP-----					-----BANK-----				
	Quarter ended 31-Dec 2009 MRs' 000	Quarter ended 31-Dec 2008 MRs' 000	Period ended 31-Dec 2009 MRs' 000	Period ended 31-Dec 2008 MRs' 000	Year ended 30-Jun 2009 MRs' 000	Quarter ended 31-Dec 2009 MRs' 000	Quarter ended 31-Dec 2008 MRs' 000	Period ended 31-Dec 2009 MRs' 000	Period ended 31-Dec 2008 MRs' 000	Year ended 30-Jun 2009 MRs' 000
Interest income	1,216,471	1,404,715	2,449,891	2,779,767	5,333,274	1,202,501	1,332,385	2,363,485	2,634,560	5,042,294
Interest expense	(594,836)	(785,659)	(1,207,730)	(1,625,459)	(2,933,336)	(592,854)	(761,294)	(1,168,969)	(1,568,846)	(2,810,846)
Net interest income	621,635	619,056	1,242,161	1,154,308	2,399,938	609,647	571,091	1,194,516	1,065,714	2,231,448
Net fee and commission income	167,113	197,151	326,754	353,418	746,866	158,013	182,476	303,647	324,427	690,659
Dividend income	141,378	181,462	146,159	280,159	310,284	144,764	179,391	145,562	179,899	209,369
Net trading income	24,325	19,712	27,809	19,205	1,534	24,325	19,721	27,809	19,214	1,534
Other operating income	124,597	142,557	258,360	291,772	523,173	114,554	131,852	235,735	272,392	483,620
Non interest income	457,413	540,882	759,082	944,554	1,581,857	441,656	513,440	712,753	795,932	1,385,182
Operating income	1,079,048	1,159,938	2,001,243	2,098,862	3,981,795	1,051,303	1,084,531	1,907,269	1,861,646	3,616,630
Non interest expense	(371,643)	(337,243)	(700,303)	(662,204)	(1,422,956)	(350,661)	(317,223)	(656,523)	(627,627)	(1,345,199)
Profit before net impairment loss on financial assets	707,405	822,695	1,300,940	1,436,658	2,558,839	700,642	767,308	1,250,746	1,234,019	2,271,431
Net impairment loss on financial assets	(47,901)	(37,778)	(70,427)	(65,691)	(278,737)	(44,221)	(27,009)	(52,077)	(32,744)	(199,138)
Operating profit	659,504	784,917	1,230,513	1,370,967	2,280,102	656,421	740,299	1,198,669	1,201,275	2,072,293
Share of profit of associates	21,139	243	39,691	18,288	64,517	-	-	-	-	-
Profit before income tax	680,643	785,160	1,270,204	1,389,255	2,344,619	656,421	740,299	1,198,669	1,201,275	2,072,293
Tax expense	(76,867)	(70,732)	(163,679)	(132,096)	(319,281)	(74,065)	(66,108)	(158,450)	(123,416)	(310,572)
Profit for the period attributable to equity holders of the parent	603,776	714,428	1,106,525	1,257,159	2,025,338	582,356	674,191	1,040,219	1,077,859	1,761,721
Earnings per share (MRs)			4.29	4.87	7.84					

STATEMENTS OF COMPREHENSIVE INCOME

	-----GROUP-----					-----BANK-----				
	Quarter ended 31-Dec 2009 MRs' 000	Quarter ended 31-Dec 2008 MRs' 000	Period ended 31-Dec 2009 MRs' 000	Period ended 31-Dec 2008 MRs' 000	Year ended 30-Jun 2009 MRs' 000	Quarter ended 31-Dec 2009 MRs' 000	Quarter ended 31-Dec 2008 MRs' 000	Period ended 31-Dec 2009 MRs' 000	Period ended 31-Dec 2008 MRs' 000	Year ended 30-Jun 2009 MRs' 000
Profit for the period	603,776	714,428	1,106,525	1,257,159	2,025,338	582,356	674,191	1,040,219	1,077,859	1,761,721
Other comprehensive income :										
Exchange differences on translation of foreign operations	(471)	295,445	(140,865)	286,673	326,609	16,904	78,251	(28,820)	31,839	56,863
Increase / (decrease) in value of available-for-sale investments	17,659	44,689	10,445	(48,637)	288,453	18,701	40,197	195,615	64,823	429,313
Share of other comprehensive income of associates	-	-	3,545	(12,878)	(12,878)	-	-	-	-	-
Other comprehensive income for the period	17,188	340,134	(126,875)	225,158	602,184	35,605	118,448	166,795	96,662	486,176
Total comprehensive income attributable to equity holders of the parent	620,964	1,054,562	979,650	1,482,317	2,627,522	617,961	792,639	1,207,014	1,174,521	2,247,897

STATEMENT OF CHANGES IN EQUITY

	Share Capital	Treasury Shares	Reserve arising on Share Buy Back	Statutory Reserve	Revenue Reserve	Investment Fluctuation Reserve	Net Unrealised Investment Fair Value Reserve	Net Property Revaluation Reserve	Net Translation Reserve	Net Other Reserve	Total Equity
GROUP	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000
At July 01, 2008	303,740	(2,333,286)	236,071	488,633	8,941,255	35,122	2,385,444	1,037,217	(203,503)	82,816	10,973,509
Total comprehensive income for the period	-	-	-	-	1,257,159	-	(48,637)	-	286,673	(12,878)	1,482,317
Transfer to retained earnings	-	-	-	-	12,268	-	-	(12,268)	-	-	-
Dividend	-	-	-	-	(658,357)	-	-	-	-	-	(658,357)
At December 31, 2008	303,740	(2,333,286)	236,071	488,633	9,552,325	35,122	2,336,807	1,024,949	83,170	69,938	11,797,469
At July 01, 2008	303,740	(2,333,286)	236,071	488,633	8,941,255	35,122	2,385,444	1,037,217	(203,503)	82,816	10,973,509
Total comprehensive income for the year	-	-	-	-	2,025,338	-	288,453	-	326,609	(12,878)	2,627,522
Transfer to retained earnings	-	-	-	-	26,280	-	-	(26,280)	-	-	-
Transfer to statutory reserve	-	-	-	15,552	(15,552)	-	-	-	-	-	-
Dividend	-	-	-	-	(658,357)	-	-	-	-	-	(658,357)
At June 30, 2009	303,740	(2,333,286)	236,071	504,185	10,318,964	35,122	2,673,897	1,010,937	123,106	69,938	12,942,674
At July 01, 2009	303,740	(2,333,286)	236,071	504,185	10,318,964	35,122	2,673,897	1,010,937	123,106	69,938	12,942,674
Total comprehensive income for the period	-	-	-	-	1,106,525	-	10,445	-	(140,865)	3,545	979,650
Transfer to retained earnings	-	-	-	(21,786)	34,054	-	-	(12,268)	-	-	-
Transfer to statutory reserve	-	-	-	3,138	(3,138)	-	-	-	-	-	-
Dividend	-	-	-	-	(709,993)	-	-	-	-	-	(709,993)
At December 31, 2009	303,740	(2,333,286)	236,071	485,537	10,746,412	35,122	2,684,342	998,669	(17,759)	73,483	13,212,331

STATEMENT OF CHANGES IN EQUITY (CONT'D)

	Share Capital	Treasury Shares	Statutory Reserve	Revenue Reserve	Investment Fluctuation Reserve	Net Unrealised Investment Fair Value Reserve	Net Property Revaluation Reserve	Net Translation Reserve	Total Equity
	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000	MRs' 000
<u>BANK</u>									
At July 01, 2008	303,740	(2,333,286)	439,141	6,640,520	35,122	2,583,985	1,037,217	48,507	8,754,946
Total comprehensive income for the period	-	-	-	1,077,859	-	64,823	-	31,839	1,174,521
Transfer to retained earnings	-	-	-	12,268	-	-	(12,268)	-	-
Dividend	-	-	-	(658,357)	-	-	-	-	(658,357)
At December 31, 2008	<u>303,740</u>	<u>(2,333,286)</u>	<u>439,141</u>	<u>7,072,290</u>	<u>35,122</u>	<u>2,648,808</u>	<u>1,024,949</u>	<u>80,346</u>	<u>9,271,110</u>
At July 01, 2008	303,740	(2,333,286)	439,141	6,640,520	35,122	2,583,985	1,037,217	48,507	8,754,946
Total comprehensive income for the year	-	-	-	1,761,721	-	429,313	-	56,863	2,247,897
Transfer to retained earnings	-	-	-	26,280	-	-	(26,280)	-	-
Transfer to statutory reserve	-	-	9,702	(9,702)	-	-	-	-	-
Dividend	-	-	-	(658,357)	-	-	-	-	(658,357)
At June 30, 2009	<u>303,740</u>	<u>(2,333,286)</u>	<u>448,843</u>	<u>7,760,462</u>	<u>35,122</u>	<u>3,013,298</u>	<u>1,010,937</u>	<u>105,370</u>	<u>10,344,486</u>
At July 01, 2009	303,740	(2,333,286)	448,843	7,760,462	35,122	3,013,298	1,010,937	105,370	10,344,486
Total comprehensive income for the period	-	-	-	1,040,219	-	195,615	-	(28,820)	1,207,014
Amalgamation with subsidiary	-	-	-	206,967	-	(206,967)	-	-	-
Transfer to retained earnings	-	-	-	12,268	-	-	(12,268)	-	-
Dividend	-	-	-	(709,993)	-	-	-	-	(709,993)
At December 31, 2009	<u>303,740</u>	<u>(2,333,286)</u>	<u>448,843</u>	<u>8,309,923</u>	<u>35,122</u>	<u>3,001,946</u>	<u>998,669</u>	<u>76,550</u>	<u>10,841,507</u>

ABRIDGED STATEMENTS OF CASH FLOWS

	-----GROUP-----			-----BANK-----		
	31-Dec 2009 MRs' 000	31-Dec 2008 MRs' 000	30-Jun 2009 MRs' 000	31-Dec 2009 MRs' 000	31-Dec 2008 MRs' 000	30-Jun 2009 MRs' 000
Net cash (used in) / provided by operating activities	(2,215,712)	2,767,398	4,043,815	(2,311,497)	2,656,842	5,300,369
Net cash (used in) / from financing activities	(767,068)	(120,305)	32,342	(839,130)	(115,638)	(34,726)
Net cash used in investing activities	174,028	(1,041,423)	(3,846,466)	428,891	(813,053)	(3,877,389)
Net change in cash and cash equivalents	(2,808,752)	1,605,670	229,691	(2,721,736)	1,728,151	1,388,254
Cash and cash equivalents at beginning of period	11,764,439	8,122,014	11,534,748	11,481,860	6,705,492	10,093,606
Cash and cash equivalents at end of period	8,955,687	9,727,684	11,764,439	8,760,124	8,433,643	11,481,860

Copies of the interim report are available to the public free of charge at the registered office of the Company, State Bank Tower, 1 Queen Elizabeth II Avenue, Place D'Armes, Port Louis and can be viewed on our website: www.sbmonline.com.

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 Bank.

By Order of the Board

C Appadoo
Company Secretary

February 11, 2010

The Communiqué is issued pursuant to Listing Rule 12.20 and Securities Act 2005.

The Board of Directors of State Bank of Mauritius Ltd accepts full responsibility for the accuracy of the information contained in this Communiqué.

The financial information, including the report on review of interim financial information, has been extracted from the abridged unaudited interim financial report for the period ended December 31, 2009.