

**SBM HOLDINGS LTD**

**INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019**

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**1 Management Discussion and Analysis**

The management of SBM Holdings Ltd (the “Group”) is pleased to present their Management Discussion and Analysis, in accordance with the Bank of Mauritius Guideline on Public Disclosure of Information for the nine months ended 30 September 2019.

**1.1 Financial Review**

**1.1.1 Group key financial highlights**

<b>Key Financial indicators</b>	<b>Unaudited Nine months ended 30 September 2019</b>	<b>Unaudited Nine months ended 30 September 2018</b>	<b>Audited Year ended 31 December 2018</b>
<b>Statements of Profit or Loss (MUR million)</b>			
Net interest income	<b>4,808</b>	4,156	5,845
Operating income	<b>6,885</b>	7,475	9,778
Profit before credit loss expense	<b>2,276</b>	3,847	5,081
Credit loss expense on financial assets	<b>527</b>	2,038	3,559
Profit attributable to equity holders of the parent	<b>1,478</b>	1,415	1,246
<b>Statements of Financial position (MUR million)</b>			
Total assets	<b>240,652</b>	227,261	226,374
Total gross loans and advances to non bank customers	<b>119,296</b>	115,440	112,426
Deposits from non-bank customers	<b>171,507</b>	163,882	169,384
Tier 1 capital	<b>22,184</b>	20,193	19,717
Total regulatory capital	<b>32,157</b>	30,678	30,058
Risk weighted assets	<b>128,260</b>	127,515	122,052
Shareholders' equity	<b>26,328</b>	24,852	24,177
<b>Share information</b>			
Market price per share (MUR)	<b>5.7</b>	6.5	6.0
Earnings per share (Cents)	<b>57.3</b>	54.8	48.3
<b>Efficiency Ratio (%)</b>			
Cost to income	<b>66.9</b>	48.5	48.0
<b>Performance Ratios (%)</b>			
Capital adequacy ratio	<b>25.1</b>	24.1	24.6
Tier 1 capital adequacy ratio	<b>17.3</b>	15.8	16.2
Return on average shareholders' equity	<b>7.8</b>	7.6	5.0
Return on average assets	<b>0.8</b>	0.9	0.6
Return on average risk-weighted assets	<b>1.6</b>	1.5	0.6
<b>Asset Quality Ratios (%)</b>			
Gross impaired advances to gross advances	<b>12.2</b>	7.7	13.6
Net impaired advances to net advances	<b>5.4</b>	3.0	6.4
Provision coverage ratio	<b>59.4</b>	63.6	57.6
<b>Liquidity Ratio (%)</b>			
Credit to deposit ratio	<b>69.6</b>	70.4	66.4

**1 Management Discussion and Analysis (continued)**

**1.1 Financial Review (continued)**

**1.1.2 Revenue**

Interest income increased by 27.8% from MUR 6.2 billion for the nine month ended 30 September 2018 to reach MUR 7.9 billion in 2019. This increase of MUR 1.7 billion is mainly attributable to an increase in interest income from investment securities by MUR 1.5 billion following higher placement in investment securities to the tune of MUR 85.3 billion as at 30 September 2019, representing an increase of MUR 20.5 billion compared to last year.

Interest expense for the period under review increased by MUR 1.1 billion following higher interest expense on deposits mainly on the Chase Bank (Kenya) Limited (In Receivership) (CBLR) acquisition and full impact of subordinated debts interest expense issued on 28 June 2018.

Non-interest income excluding the one off bargain purchase of MUR 1.3 billion in 2018 following the CBLR acquisition for the prior period, has increased by MUR 20 million. Fee and commission income and dividend income has increased by MUR 358 million offset by a decrease in net trading income and exchange income by MUR 339 million.

The Group has made a profit after tax of MUR 1.5 billion for the nine months ended 30 September 2019 as opposed to MUR 1.4 billion for the period ended September 2018.

**1.1.3 Cost Control**

Non-interest expense of the Group for the nine months ended 30 September 2019 were MUR 4,609 million.

	<b>Unaudited</b>	Unaudited	Audited
	<b>Nine months ended</b>	Nine months ended	Year ended
	<b>30 September 2019</b>	30 September 2018	31 December 2018
	<b>MUR million</b>	MUR million	MUR million
Personnel expenses	<b>2,058</b>	1,515	2,026
Depreciation of property and equipment	<b>342</b>	134	205
Amortisation of intangible assets	<b>469</b>	439	622
Other expenses	<b>1,740</b>	1,539	1,844
<b>Non-interest expense</b>	<b>4,609</b>	3,627	4,697

Some expenses have been reclassified between the classes of non-interest expense based on their nature. The comparative figures have also changed to reflect the classification, except for bank levy. Bank levy amounting to MUR 221.6 million accounted as from this year under other expenses as compared to previous period where bank levy was under income tax expense which is due to a change in the tax laws.

Personnel expenses increased by MUR 542 million or 36% on account of annual increase in salaries and pensions costs coupled with an increase in headcount in 2019 and full impact of CBLR in the current period under review following the completion of the acquisition of CBLR on 18 August 2018, with an additional 700 staffs.

The increase in depreciation and amortisation of MUR 238 million on the costs of the new systems taken over following the acquisition of CBLR on 18 August 2018.

The increase in other expenses is mainly related to cyber attack provision of MUR 204 million which is a mandatory requirement for blocked amounts still to be recovered. The management is expecting to recover part of these blocked funds in the last quarter of 2019.

**1.1.4 Credit Exposure**

The Group regularly reviews the diversification of its credit portfolio and factors affecting the economic environment. As far as possible, the Group refrains from having concentrations of risk associated with large exposures, representing credit risk concentration through large advances to single or group of related clients. While being an important element in the management of risk exposure, the capital strength is a factor that quite often limits the appetite.

The Group's strategy is to achieve a right balance between growth, liquidity and profitability through a well-diversified portfolio spread over different sectors of the economy and is in line with the industry practice. The classification is provided in notes 9.4.3.1 on page 21.

**1 Management Discussion and Analysis (continued)**

**1.1 Financial Review (continued)**

**1.1.5 Credit Quality**

IFRS 9 replaces IAS 39 and addresses classification, measurement and derecognition of financial assets and liabilities, the impairment of financial assets measured at amortised cost or fair value through other comprehensive income and general hedge accounting.

The impairment of financial assets is provided in notes 9.4.2.2, 9.4.3.2, 9.6 and 9.12.

**1.1.6 Assets and Liabilities**

Total assets of the Group witnessed an increase of MUR 14 billion or 6.3% as at 30 September 2019 and stood at MUR 241 billion compared to MUR 226 billion as at 31 December 2018. This is mainly on account of increase in investment securities from MUR 71 billion as at 31 December 2018 compared to MUR 85 billion as at 30 September 2019.

Loans and advances accounted for 45.5% of total assets as at 30 September 2019 (31 December 2018: 45.1%), while investment in securities and equity investments amounted to MUR 91 billion or 38% of total assets as at 30 September 2019. Cash and cash equivalents including nostro balances with banks abroad totalled MUR 12 billion at the reporting date.

Total liabilities increased by MUR 12 billion or 6.0% mainly on account of increase in other borrowed funds to the tune of MUR 10 billion and deposits from non bank customers by MUR 2 billion .

**1.1.7 Capital Structure**

The Group has followed the Guidelines of the Bank of Mauritius and has implemented the Standardised Approach to the measurement of credit, market and operational risk.

The Group maintains its capital structure within prudential and supervisory limits and ensures it has adequate capacity for future development and growth.

The table below show the components of Tier 1 and Tier 2 Capital for the Group and the resulting capital adequacy ratios which stood at 25.1% at 30 September 2019 as compared to the statutory requirement of 13.4% including provision for Domestically Systemic Important Banks (D-SIBs) and Capital Conservation Buffer.

	<b>Unaudited</b>	Unaudited	Audited
	<b>30 September 2019</b>	30 September	31 December
	<b>MUR million</b>	2018	2018
		MUR million	MUR million
<b>Capital Base</b>			
Tier 1	<b>22,184</b>	20,193	19,717
Tier 2	<b>9,973</b>	10,485	10,341
	<b>32,157</b>	<b>30,678</b>	<b>30,058</b>
<b>Risk Weighted Assets</b>			
On balance sheet	<b>110,199</b>	108,017	103,305
Off balance sheet	<b>7,141</b>	9,186	8,084
Operational Risk	<b>9,684</b>	8,072	9,684
Market Risk	<b>1,236</b>	2,240	979
	<b>128,260</b>	<b>127,515</b>	<b>122,052</b>
<b>Capital Adequacy Ratio (%)</b>	<b>25.1</b>	24.1	24.6
<b>Tier 1 Capital Adequacy Ratio (%)</b>	<b>17.3</b>	15.8	16.2

The Capital Adequacy Ratio has increased from 24.6% in December 2018 to 25.1% in September 2019.

**1 Management Discussion and Analysis (Continued)**

**1.1 Financial Review (Continued)**

**1.1.7 Capital Structure (Continued)**

**1.1.7.1 Credit Risk**

The Group applies the Guidelines issued by the Bank of Mauritius on Standardised approach to Credit Risk for its evaluation of the Capital requirements for Credit Risk. The regulatory credit risk capital requirement is determined by applying the appropriate risk weights provided in the guidelines to the credit based on its rating assigned by External Credit Assessment Institutions, particularly for sovereign, Central banks of other countries as well as other banking institutions, to each credit exposure.

**1.2 Risk Management Policies and Controls**

The Group has a comprehensive risk management framework to identify, measure, monitor, evaluate and manage the risks assumed in conducting its activities.

The Group has adopted the Basel III recommendations and is compliant with the Bank of Mauritius guidelines.

The Group Risk Management team is responsible for the design and application of risk management framework, and is independent of business units.

The framework is integrated within the Group strategy and business planning processes. The effectiveness of this framework is enhanced by strong risk governance, which includes active participation of the Board of Directors, senior executives and business line management in the risk management process.

**1.2.1 Credit Risk Concentration**

The Group has complied with the Bank of Mauritius requirements on credit concentration limit and remains within the regulatory limits. Total outstanding credit facilities, net of deposits where there is a right of set off, including guarantees, acceptances, and other similar commitments extended by the Banking Group to any one customer or group of closely-related customers for amounts aggregating more than 10% of its tier 1 capital amounted to MUR 19,339 million representing only 87% of its tier 1 capital, well within the 800% allowed under the BOM guideline on credit concentration risk.

**1 Management Discussion and Analysis (continued)**

**1.2 Risk Management Policies and Controls (continued)**

**1.2.2 Related Party Transactions**

The Group provides regular banking services to its related parties in the ordinary course of business. These services are on terms similar to those offered to non-related parties.

Outstanding loans to executive officers of SBM totalled MUR 209 million as at 30 September 2019.

On and off balance sheet exposures to related parties after set off amounted to MUR 8,333 million representing 7.1% of aggregate on and off balance sheet exposures and 37.6% of Tier 1 Capital, well within the limit of 60% as per guideline on related party transactions.

There is no related party exposure which is non-performing as at the reporting date.

**1.2.3 Market risk**

Market risk is the risk of loss resulting from adverse movement in market rates or prices such as interest rates, foreign exchange rates and equity prices. The Group's market risks are monitored by the Market Risk Team and reported to the Market Risk Forum and Board Risk Committee on a regular basis.

A description of each market risk category is provided below:

**1.2.4 Interest rate risk**

The Group's interest rate risk arises mostly from mismatches in the repricing of its assets and liabilities. The Group uses an interest rate gap analysis to measure and monitor the interest rate risk. Prudential limits for currency wise gaps, expressed as a percentage of assets, have been set for specific time buckets and earnings at risk is calculated based on different shock scenarios across major currencies.

The Group actively manages its interest rate exposures with the objective of enhancing net interest income within established risk tolerances. Interest rate risk arising from Group's funding and investment activities is managed in accordance with established procedures which are designed to control the risk to income and economic value of shareholders' equity. The impact of the effect of a specified shift in interest rates on the Group's annual net income and the economic value are periodically assessed.

**1.2.5 Equity risk**

This is the risk of loss due to changes in the prices, volatility individual equity instruments and equity indices.

Market risk is monitored consistently and reported to the senior management on a daily basis and to SBM's Asset and Liability Committee ("ALCO"). Movements of major currencies, trends and forecasts are analysed in ALCO. Furthermore, the matching of SBM's Assets and Liabilities is closely monitored through gap analysis between assets and liabilities.

**1 Management Discussion and Analysis (continued)**

**1.2 Risk Management Policies and Controls (continued)**

**1.2.6 Foreign Exchange risk**

Foreign exchange risk is defined as the risk arising from movement in exchange rate from one currency to another. The Group mitigates this risk by exercising stringent control over its foreign currency exposure by setting prudential limits. The overall exposure to foreign exchange is reported by the Chief Risk Officer to the Group Risk Management Committee ("RMC").

**1.2.7 Liquidity risk**

Liquidity risk is the risk of potential earnings volatility arising from being unable to fund assets at reasonable rates over required maturities. The Group ensures that sufficient liquidity is maintained to fund its day-to-day operations, meet deposit withdrawals and loan disbursements. Liquidity risk is managed by setting prudential limits on maturity mismatches, liquid assets ratios, concentration of deposits by type and by entity. Liquidity gap analysis is used to measure and monitor the mismatches by time buckets and currency under realistic and stress scenarios.

RMC provides senior management oversight of liquidity risk and meets on a monthly basis to review Group's liquidity profile or more frequently if required.

**1.2.8 Operational risk**

Operational risk is the risk of loss, whether direct or indirect, to which the Group is exposed due to external events, human error, or the inadequacy or failure of processes, systems or controls. According to the Basel Committee, it is defined as: "the risk of loss resulting from inadequate or failed internal processes, people, systems or external events." Operational risk, in some form, exists in each of the Group's business and support activities, can result in financial loss, regulatory sanctions and damage to Group reputation.

The Group has developed policies, standards and assessment methodologies to ensure that operational risk is appropriately identified, managed and controlled.

**1.2.9 Internal audit**

The internal audit team directly reports to the Audit Committee. It performs an independent appraisal of the Group's compliance with internal control systems, accounting practices, information systems, providing assurance regarding the Group corporate governance, control systems and risk management processes. This function operates as per corporate governance practices.

**1.2.10 Compliance**

The Group is committed to the highest standards of business integrity, transparency and professionalism in its activities. The purpose of compliance function is to ensure that all business transactions and activities comply with appropriate laws, regulations, policies, guidelines and ethical standards.

The compliance function operates as per good corporate governance practices. This unit is fully operational and attends regularly all the Compliance Committees organised by the Bank of Mauritius. During the period under review, the Group has complied with all regulatory requirements, policies, guidelines and ethical standards.



## **2. Statement of Corporate Governance Practices**

The Board is required to prepare financial statements for each financial period/ year which indicates fairly the financial position, financial performance, changes in equity and cash flows of the Group and the Company. In preparing those financial statements, the Board shall:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Board confirms that these interim condensed financial statement have been prepared in accordance with IAS 34.

The directors of the Group are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Banking Act 2004 and the Companies Act as applicable. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors delegates the day to day running of the Group and Company to various forums and committees. The Board of Directors is made up of the following Members;

	<u>Appointment date</u>
(1) Mr. Kee Chong Li <b>Kwong Wing, G.O.S.K. Chairman</b>	14-Apr-15
(2) Mr Azim Fakhruddin <b>Currimjee</b>	28-Jun-16
(3) Mr. Medha <b>Gunpath</b>	04-Feb-15
(4) Mr. Maxime <b>Hardy</b>	30-Jun-15
(5) Mr. Vidianand <b>Lutchmeeparsad</b>	30-Jun-15
(6) Mr. Ramprakash <b>Maunthrooa</b>	30-Jun-15
(7) Mr. Roodesh <b>Muttylall</b>	30-Jun-15
(8) Ms. Sharon <b>Ramdene</b>	14-Dec-18
(9) Mr. Subhas <b>Thecka</b>	23-Jun-17
(10) Mr.Andrew Philip <b>Bainbridge</b> * <sup>2</sup>	12-Aug-19

The Committees reporting to the Board are as follows:

- Audit Committee
- Corporate Governance & Conduct Review Committee
- IT Committee\*<sup>1</sup>
- Nomination & Remuneration Committee
- Risk Management Committee
- Strategy Committee

With the exception of the IT Committee, all committee nominations are made by the Board of SBM Holdings Ltd.

\*<sup>1</sup> Includes members of the Board of SBM (Bank) Mauritius Ltd.

\*<sup>2</sup> Mr.Andrew Philip Bainbridge resigned as an executive director on 09 Aug 2019 and was appointed as a non executive director on 12 Aug 2019.

Membership of the committees is reviewed on an on-going basis.

**3. Statement of Management's Responsibility for Financial Reporting**

The Group's financial statements have been prepared by management, which is responsible for their integrity, consistency, objectivity and reliability. International Financial Reporting Standards, as well as the requirements of the Banking Act 2004, the Companies Act 2001 and other applicable laws and regulations have been applied and management has exercised its judgment and made best estimates as deemed necessary.

The Group has designed and maintained its accounting systems, related internal controls and stringent procedures, to provide reasonable assurance that financial records are complete and accurate and that assets are safeguarded against loss from unauthorised use or disposal. These processes include careful selection and training of qualified staff, the implementation of organisational and governance structures providing a well defined division of responsibilities, authorisation levels and accountability for performance, and the communication of the Group policies, procedures manuals and guidelines throughout the Group.

The Group's Board of Directors, acting in part through the Audit Committee, which comprises of independent directors, oversees management's responsibility for financial reporting, internal controls, assessment and control of major risk areas.


The Group's Internal Auditor, who has full and free access to the Audit Committee, conducts a well designed programme of internal audits in coordination with the Group's external auditor. In addition, the Group's compliance function maintains policies, procedures and programmes directed at ensuring compliance with regulatory requirements.

Pursuant to the provisions of the Banking Act 2004, the Bank of Mauritius makes such examination and inquiry into the operations and affairs of the Group as it deems necessary.

The Group's External Auditor, Ernst & Young, has full and free access to the Board of Directors and its committees to discuss the audit and matters arising therefrom, such as their observations on the fairness of financial reporting and the adequacy of internal controls.

Approved by the Board on **12 November 2019** and signed on its behalf by:

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

  
**Subhas THECKA**  
Chairman, Audit Committee

**REVIEW REPORT TO THE BOARD OF DIRECTORS OF  
SBM HOLDINGS LTD**

We have reviewed the accompanying interim condensed statements of financial position of SBM Holdings Ltd (the "Company") and its subsidiaries (the "Group") as of 30 September 2019, and the related interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine months 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 condensed financial information in accordance with IAS 34 interim Financial Reporting. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

**Scope of Review**

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of the 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 Group and the Company as at 30 September 2019, and of their financial performance and their cash flows for the nine months 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 NOV 2019**  
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## SBM HOLDINGS LTD

## 5. INTERIM UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2019

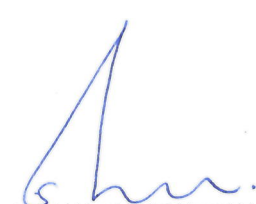
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		The Group			The Company		
	Notes	Unaudited 30 September 2019	Unaudited 30 September 2018	Audited 31 December 2018	Unaudited 30 September 2019	Unaudited 30 September 2018	Audited 31 December 2018
		MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
<b>ASSETS</b>							
Cash and cash equivalents	9.4.1	11,648,377	19,270,813	15,653,515	94,450	994,724	32,890
Mandatory balances with central banks		9,847,889	9,942,328	9,977,260	-	-	-
Loans to and placements with banks	9.4.2	5,824,449	9,745,029	11,090,361	-	-	-
Derivative financial instruments		1,490,662	1,234,178	764,077	-	-	-
Loans and advances to non-bank customers	9.4.3	109,469,663	107,170,056	102,108,174	-	-	-
Investment securities		85,257,505	64,753,610	71,594,287	1,692,332	3,270,497	3,105,326
Equity investments		6,082,198	5,826,989	5,752,870	4,227,683	4,227,683	4,227,683
Investment in subsidiaries		-	-	-	29,899,893	27,358,517	28,485,152
Investment in associate		1,475,435	1,354,841	1,308,157	1,272,977	1,272,977	1,272,977
Property and equipment		3,846,093	3,231,797	3,153,914	4,324	6,448	5,780
Goodwill and other intangible assets		2,865,715	3,402,162	3,226,412	36	-	44
Deferred tax assets		112,317	86,317	89,440	-	-	-
Other assets		2,731,938	1,243,368	1,655,659	261,477	165,914	153,309
<b>Total assets</b>		<b>240,652,241</b>	<b>227,261,488</b>	<b>226,374,126</b>	<b>37,453,172</b>	<b>37,296,760</b>	<b>37,283,161</b>
<b>LIABILITIES</b>							
Deposits from banks		1,296,727	650,796	716,702	-	-	-
Deposits from non-bank customers	9.5	171,507,322	163,881,780	169,384,480	-	-	-
Other borrowed funds		24,391,841	17,987,604	14,522,085	-	-	-
Derivative financial instruments		1,526,421	970,624	799,441	-	-	-
Current tax liabilities		503,702	287,324	495,964	513	503	503
Deferred tax liabilities		71,161	216,719	159,477	-	-	-
Other liabilities		5,220,085	8,918,913	6,706,294	110,751	25,788	91,777
Subordinated debts		9,807,125	9,495,680	9,412,677	9,807,125	9,495,680	9,412,677
<b>Total liabilities</b>		<b>214,324,384</b>	<b>202,409,440</b>	<b>202,197,120</b>	<b>9,918,389</b>	<b>9,521,971</b>	<b>9,504,957</b>
<b>SHAREHOLDERS' EQUITY</b>							
Stated capital		32,500,204	32,500,204	32,500,204	32,500,204	32,500,204	32,500,204
Retained earnings		3,011,646	2,850,840	2,270,280	731,441	1,016,446	965,704
Other reserves		(4,308,962)	(5,623,965)	(5,718,447)	(821,831)	(866,830)	(812,673)
		31,202,888	29,727,079	29,052,037	32,409,814	32,649,820	32,653,235
Less: Treasury shares		(4,875,031)	(4,875,031)	(4,875,031)	(4,875,031)	(4,875,031)	(4,875,031)
<b>Total equity attributable to equity holders of the parent</b>		<b>26,327,857</b>	<b>24,852,048</b>	<b>24,177,006</b>	<b>27,534,783</b>	<b>27,774,789</b>	<b>27,778,204</b>
<b>Total equity and liabilities</b>		<b>240,652,241</b>	<b>227,261,488</b>	<b>226,374,126</b>	<b>37,453,172</b>	<b>37,296,760</b>	<b>37,283,161</b>
Contingent liabilities	9.6	41,308,828	23,604,878	20,454,774			

Approved by the Board of Directors and authorised for issue on 12 November 2019.



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



Subhas THECKA  
Chairman, Audit Committee

The notes on pages 17 to 29 form an integral part of these interim unaudited condensed financial statements.

Notes	The Group					The Company				
	Unaudited	Unaudited	Unaudited	Unaudited	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 2019	30 September 2018	30 September 2019	30 September 2018	31 December 2018	30 September 2019	30 September 2018	30 September 2019	30 September 2018	31 December 2018
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Interest income	2,724,663	2,214,595	7,858,182	6,150,656	8,816,856	14,746	27,133	59,853	48,390	77,913
Interest expense	(1,090,673)	(828,008)	(3,050,519)	(1,994,387)	(2,971,513)	(119,232)	(116,327)	(357,965)	(191,467)	(309,019)
<b>Net interest income / (expense)</b>	<b>1,633,990</b>	<b>1,386,587</b>	<b>4,807,663</b>	<b>4,156,269</b>	<b>5,845,343</b>	<b>(104,486)</b>	<b>(89,194)</b>	<b>(298,112)</b>	<b>(143,077)</b>	<b>(231,106)</b>
Fee and commission income	386,803	280,013	1,130,872	924,618	1,307,329	-	-	-	-	-
Fee and commission expense	(14,595)	(7,660)	(32,020)	(22,908)	(30,919)	(25)	(107)	(99)	(151)	(199)
<b>Net fee and commission income / (expense)</b>	<b>372,208</b>	<b>272,353</b>	<b>1,098,852</b>	<b>901,710</b>	<b>1,276,410</b>	<b>(25)</b>	<b>(107)</b>	<b>(99)</b>	<b>(151)</b>	<b>(199)</b>
Profit / (loss) arising from dealing in foreign currencies	27,797	207,352	287,736	527,960	758,677	(130,987)	20,460	(270,794)	(38,052)	(29,695)
Net gain on sale of securities	126,940	46,154	363,164	111,173	204,458	6,125	10	6,805	28,435	27,614
Dividend income	175,339	59,424	220,652	59,483	110,051	600,732	82,750	1,045,732	780,250	1,233,068
Net gain from financial instruments	49,125	230,553	104,106	456,967	509,849	(905)	-	22,200	-	-
Other operating income	2,470	1,260,964	3,271	1,261,389	1,073,651	-	-	-	-	-
<b>Non-interest income</b>	<b>753,879</b>	<b>2,076,800</b>	<b>2,077,781</b>	<b>3,318,682</b>	<b>3,933,096</b>	<b>474,940</b>	<b>103,113</b>	<b>803,844</b>	<b>770,482</b>	<b>1,230,788</b>
<b>Operating income</b>	<b>2,387,869</b>	<b>3,463,387</b>	<b>6,885,444</b>	<b>7,474,951</b>	<b>9,778,439</b>	<b>370,454</b>	<b>13,919</b>	<b>505,732</b>	<b>627,405</b>	<b>999,682</b>
Personnel expenses	(716,892)	(558,289)	(2,057,612)	(1,515,183)	(2,026,085)	(17,113)	(32,477)	(62,537)	(74,355)	(104,253)
Depreciation of property and equipment	(115,234)	(50,960)	(341,575)	(134,300)	(205,246)	(536)	(528)	(1,600)	(1,409)	(1,946)
Amortisation of intangible assets	(143,089)	(163,465)	(469,531)	(439,237)	(621,951)	(2)	-	(7)	-	(6)
Other expenses	(728,050)	(930,152)	(1,740,525)	(1,538,762)	(1,844,271)	(14,848)	(7,636)	(30,610)	(121,655)	(253,729)
<b>Non-interest expense</b>	<b>(1,703,265)</b>	<b>(1,702,866)</b>	<b>(4,609,243)</b>	<b>(3,627,482)</b>	<b>(4,697,553)</b>	<b>(32,499)</b>	<b>(40,641)</b>	<b>(94,754)</b>	<b>(197,419)</b>	<b>(359,934)</b>
<b>Profit before credit loss expense</b>	<b>684,604</b>	<b>1,760,521</b>	<b>2,276,201</b>	<b>3,847,469</b>	<b>5,080,886</b>	<b>337,955</b>	<b>(26,722)</b>	<b>410,978</b>	<b>429,986</b>	<b>639,748</b>
Credit loss expense on financial assets	(375,543)	(369,016)	(526,831)	(2,037,744)	(3,559,350)	583	-	1,077	-	(1,646)
<b>Operating profit / (loss)</b>	<b>309,061</b>	<b>1,391,505</b>	<b>1,749,370</b>	<b>1,809,725</b>	<b>1,521,536</b>	<b>338,538</b>	<b>(26,722)</b>	<b>412,055</b>	<b>429,986</b>	<b>638,102</b>
Share of profit of associate	29,370	22,909	95,856	76,330	100,240	-	-	-	-	-
<b>Profit / (loss) before income tax</b>	<b>338,431</b>	<b>1,414,414</b>	<b>1,845,226</b>	<b>1,886,055</b>	<b>1,621,776</b>	<b>338,538</b>	<b>(26,722)</b>	<b>412,055</b>	<b>429,986</b>	<b>638,102</b>
Tax expense	(77,971)	(155,863)	(367,077)	(471,473)	(375,982)	(513)	-	(870)	(10,188)	(10,867)
<b>Profit / (loss) for the quarter / period / year attributable to equity holders of the parent</b>	<b>260,460</b>	<b>1,258,551</b>	<b>1,478,149</b>	<b>1,414,582</b>	<b>1,245,794</b>	<b>338,025</b>	<b>(26,722)</b>	<b>411,185</b>	<b>419,798</b>	<b>627,235</b>
Earnings per share (cents)	10.1	48.7	57.3	54.8	48.3					

	The Group					The Company				
	Unaudited	Unaudited	Unaudited	Unaudited	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 2019	30 September 2018	30 September 2019	30 September 2018	31 December 2018	30 September 2019	30 September 2018	30 September 2019	30 September 2018	31 December 2018
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
<b>Profit / (loss) for the quarter / period / year attributable to equity holders of the parent</b>	<b>260,460</b>	1,258,551	<b>1,478,149</b>	1,414,582	1,245,794	<b>338,025</b>	(26,722)	<b>411,185</b>	419,798	627,235
<b>Other comprehensive income :</b>										
<i>Items that will not be reclassified subsequently to profit or loss:</i>										
Reversal in net property revaluation reserve	-	-	-	-	(17,689)	-	-	-	-	-
Share of associate-remeasurement of defined benefit pension plan	<b>1,178</b>	-	<b>(31,105)</b>	-	-	-	-	-	-	-
Share of other comprehensive income of associate	<b>(2,937)</b>	(29,530)	<b>75,423</b>	(25,642)	(96,235)	-	-	-	-	-
Remeasurement of defined benefit pension plan (net of deferred tax)	-	-	-	-	(27,802)	-	-	-	-	-
Net gain / (loss) on equity instruments designated at FVTOCI	-	-	<b>45,277</b>	-	(77,085)	-	-	-	-	(77,085)
Release of translation reserve on write off of goodwill	-	(7,046)	-	(7,046)	-	-	-	-	-	-
	<b>(1,759)</b>	(36,576)	<b>89,595</b>	(32,688)	(218,811)	-	-	-	-	(77,085)
<i>Items that may be reclassified subsequently to profit or loss:</i>										
Exchange differences on translation of foreign operations	<b>53,908</b>	(154,154)	<b>309,893</b>	(199,220)	(176,373)	-	-	-	-	-
Exchange differences resulting from share of associate	<b>3,609</b>	-	<b>27,103</b>	-	-	-	-	-	-	-
<b>Investment securities measured at FVTOCI</b>										
Fair value re-cycled on disposal	-	-	-	-	1,491	-	-	-	-	-
Equity instrument at FVTOCI-Net movement in fair value	-	(309,668)	-	(373,480)	-	-	-	-	(65,243)	-
Net movement in fair value during the quarter / period / year	<b>(51,493)</b>	290,066	<b>696,378</b>	(120,899)	(505,354)	-	(18,527)	-	(65,999)	-
Movement in credit loss expense relating to debt instruments held at FVTOCI	<b>2,758</b>	-	<b>(9,026)</b>	-	24,686	-	-	-	-	-
Net income / (loss) on derecognition of financial instruments at fair value through other comprehensive income	<b>128,172</b>	(26,010)	<b>204,207</b>	-	-	-	-	<b>(9,158)</b>	-	-
	<b>136,954</b>	(199,766)	<b>1,228,555</b>	(693,599)	(655,550)	-	(18,527)	<b>(9,158)</b>	(131,242)	-
Total other comprehensive income / (loss)	<b>135,195</b>	(236,342)	<b>1,318,150</b>	(726,287)	(874,361)	-	(18,527)	<b>(9,158)</b>	(131,242)	(77,085)
<b>Total comprehensive income / (loss) attributable to equity holders of the parent</b>	<b>395,655</b>	1,022,209	<b>2,796,299</b>	688,295	371,433	<b>338,025</b>	(45,249)	<b>402,027</b>	288,556	550,150

**7. INTERIM UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019**

The Group	Stated capital MUR' 000	Treasury shares MUR' 000	Statutory reserve MUR' 000	Retained earnings MUR' 000	Fair value reserve on financial instruments recognised in OCI MUR' 000	Net property revaluation reserve MUR' 000	Net translation reserve MUR' 000	Net other reserve MUR' 000	Restructure reserve MUR' 000	Total equity MUR' 000
At 01 January 2018	32,500,204	(4,875,031)	593,966	2,410,007	(315,863)	120,416	109,847	1,566	(5,380,340)	25,164,772
Impact of adopting IFRS 9	-	-	-	(355,566)	-	-	-	-	-	(355,566)
Restated opening balance under IFRS 9	32,500,204	(4,875,031)	593,966	2,054,441	(315,863)	120,416	109,847	1,566	(5,380,340)	24,809,206
Profit for the period	-	-	-	1,414,582	-	-	-	-	-	1,414,582
Other comprehensive loss for the period	-	-	-	-	(494,379)	-	(206,266)	(25,642)	-	(726,287)
Total comprehensive income / (loss) for the period	-	-	-	1,414,582	(494,379)	-	(206,266)	(25,642)	-	688,295
Transfer to retained earnings	-	-	2,888	27,270	-	(30,158)	-	-	-	-
Dividend (Note 9.12)	-	-	-	(645,453)	-	-	-	-	-	(645,453)
<b>At 30 September 2018</b>	<b>32,500,204</b>	<b>(4,875,031)</b>	<b>596,854</b>	<b>2,850,840</b>	<b>(810,242)</b>	<b>90,258</b>	<b>(96,419)</b>	<b>(24,076)</b>	<b>(5,380,340)</b>	<b>24,852,048</b>
At 01 January 2018	32,500,204	(4,875,031)	593,966	2,410,007	(315,863)	120,416	109,847	1,566	(5,380,340)	25,164,772
Impact of adopting IFRS 9	-	-	-	(490,560)	34,993	-	-	-	-	(455,567)
Restated opening balance under IFRS 9	32,500,204	(4,875,031)	593,966	1,919,447	(280,870)	120,416	109,847	1,566	(5,380,340)	24,709,205
Profit for the year	-	-	-	1,245,794	-	-	-	-	-	1,245,794
Credit loss expense relating to debts instruments held at FVTOCI	-	-	-	-	24,686	-	-	-	-	24,686
Other comprehensive loss for the year	-	-	-	(27,802)	(580,948)	(17,689)	(176,373)	(96,235)	-	(899,047)
Total comprehensive income / (loss) for the year	-	-	-	1,217,992	(556,262)	(17,689)	(176,373)	(96,235)	-	371,433
Transfer to statutory reserve	-	-	3,108	(3,108)	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	39,581	-	(39,581)	-	-	-	-
Dividend (Note 9.12)	-	-	-	(903,632)	-	-	-	-	-	(903,632)
<b>At 31 December 2018</b>	<b>32,500,204</b>	<b>(4,875,031)</b>	<b>597,074</b>	<b>2,270,280</b>	<b>(837,132)</b>	<b>63,146</b>	<b>(66,526)</b>	<b>(94,669)</b>	<b>(5,380,340)</b>	<b>24,177,006</b>
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	-	-	-	-	75,423	-	27,103	-	-	102,526
Other comprehensive (loss) / income for the period	-	-	-	(31,105)	945,862	-	309,893	-	-	1,224,650
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 (Note 9.12)	-	-	-	(645,448)	-	-	-	-	-	(645,448)
<b>At 30 September 2019</b>	<b>32,500,204</b>	<b>(4,875,031)</b>	<b>687,074</b>	<b>3,011,646</b>	<b>98,342</b>	<b>34,450</b>	<b>251,512</b>	<b>-</b>	<b>(5,380,340)</b>	<b>26,327,857</b>

The notes on pages 17 to 29 form an integral part of these interim unaudited condensed financial statements.

**SBM HOLDINGS LTD**
**7. INTERIM UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019**
**15**

<b>The Company</b>	<b>Stated capital MUR' 000</b>	<b>Treasury shares MUR' 000</b>	<b>Retained earnings MUR' 000</b>	<b>Net unrealised investment fair value reserve MUR' 000</b>	<b>Total equity MUR' 000</b>
At 01 January 2018	32,500,204	(4,875,031)	1,242,101	(735,588)	28,131,686
Profit for the period	-	-	419,798	-	419,798
Other comprehensive loss for the period	-	-	-	(131,242)	(131,242)
Total comprehensive income / ( loss) for the period	-	-	419,798	(131,242)	288,556
Dividend (Note 9.12)	-	-	(645,453)	-	(645,453)
<b>At 30 September 2018</b>	<b>32,500,204</b>	<b>(4,875,031)</b>	<b>1,016,446</b>	<b>(866,830)</b>	<b>27,774,789</b>
At 01 January 2018	32,500,204	(4,875,031)	1,242,101	(735,588)	28,131,686
Profit for the year	-	-	627,235	-	627,235
Other comprehensive loss for the year	-	-	-	(77,085)	(77,085)
Total comprehensive income / (loss) for the year	-	-	627,235	(77,085)	550,150
Dividend (Note 9.12)	-	-	(903,632)	-	(903,632)
<b>At 31 December 2018</b>	<b>32,500,204</b>	<b>(4,875,031)</b>	<b>965,704</b>	<b>(812,673)</b>	<b>27,778,204</b>
At 01 January 2019	<b>32,500,204</b>	<b>(4,875,031)</b>	<b>965,704</b>	<b>(812,673)</b>	<b>27,778,204</b>
Profit for the period	-	-	<b>411,185</b>	-	<b>411,185</b>
Other comprehensive loss for the period	-	-	-	<b>(9,158)</b>	<b>(9,158)</b>
Total comprehensive income / (loss) for the period	-	-	<b>411,185</b>	<b>(9,158)</b>	<b>402,027</b>
Dividend (Note 9.12)	-	-	<b>(645,448)</b>	-	<b>(645,448)</b>
<b>At 30 September 2019</b>	<b>32,500,204</b>	<b>(4,875,031)</b>	<b>731,441</b>	<b>(821,831)</b>	<b>27,534,783</b>



**SBM HOLDINGS LTD**
**8. INTERIM UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019**
**16**

	<b>The Group</b>			<b>The Company</b>		
	<b>Unaudited Nine months ended</b>	Unaudited Nine months ended	Audited Year ended	<b>Unaudited Nine months ended</b>	Unaudited Nine months ended	Audited Year ended
	<b>30 September 2019</b>	30 September 2018	31 December 2018	<b>30 September 2019</b>	30 September 2018	31 December 2018
	<b>MUR'000</b>	MUR'000	MUR'000	<b>MUR'000</b>	MUR'000	MUR'000
Net cash (used in) / generated from operating activities	<b>(12,145,112)</b>	(6,099,246)	(3,844,388)	<b>2,018,199</b>	(2,276,670)	(984,142)
Net cash generated from / (used in) financing activities	<b>9,618,757</b>	9,450,162	3,542,808	<b>(541,756)</b>	5,148,761	4,768,453
Net cash used in investing activities	<b>(1,141,787)</b>	(411,641)	(181,006)	<b>(1,414,883)</b>	(1,950,590)	(3,824,644)
<b>Net change in cash and cash equivalents</b>	<b>(3,668,142)</b>	2,939,275	(482,586)	<b>61,560</b>	921,501	(40,333)
Net foreign exchange difference	<b>(336,996)</b>	-	(195,437)	<b>-</b>	-	-
Cash and cash equivalents at beginning of period / year	<b>15,653,515</b>	16,331,538	16,331,538	<b>32,890</b>	73,223	73,223
<b>Cash and cash equivalents at period / year end (Note 9.4.1)</b>	<b>11,648,377</b>	19,270,813	15,653,515	<b>94,450</b>	994,724	32,890

**9 Notes to the Financial Statements**

**9.1 General information**

SBM Holdings Ltd (the “Company”) is a public company incorporated on 10 November 2010 and domiciled in Mauritius. The Company is listed on the Stock Exchange of Mauritius as from 03 October 2014 pursuant to the Group restructuring approved by the Bank of Mauritius. The address of its registered office is SBM Tower, 1 Queen Elizabeth II Avenue, Port Louis, Mauritius.

The Group operates in the financial services sector, principally commercial banking.

**9.2 Accounting policies**

These interim unaudited condensed financial statements do not include all the information and disclosures contained in the annual audited financial statements, and should be read in conjunction with the Group’s annual audited financial statements as at 31 December 2018.

**9.2.1 Basis of preparation**

This interim unaudited condensed financial statements for the nine months ended 30 September 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting. The accounting policies adopted in the preparation of the interim unaudited condensed financial statements for the nine months ended 30 September 2019 are consistent with those followed in the preparation of the Group’s audited financial statements for the year ended 31 December 2018, except for the adoption of new standards and interpretations effective as from 01 January 2019. The nature and the effect of these changes are disclosed below in 9.3.1

**9.3 Application of new and revised International Financial Reporting Standards (IFRS)**

**9.3.1 New standards, interpretations and amendments applied by the Group**

In the current period, the Group has applied all the revised Standards and Interpretations issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB that are relevant to its operations and effective for accounting periods beginning on 01 January 2019.

The nature and the effect of these changes are disclosed below.

<b>New standards, interpretation and amendments</b>	<b>Effective date</b>
IFRS 16 Leases	01-January-19
IFRIC 23 Uncertainty over Income Tax Treatments	01-January-19
IAS 19 Plan Amendment, Curtailment or Settlement	01-January-19
Prepayments features with negative compensation (Amendments to IFRS 9)	01-January-19
Annual Improvements 2015-2017 cycle	01-January-19

Where the adoption of the standard or interpretation or improvement is deemed to have an impact on the financial statements or performance of the Group, its impact is described below:

**9 Notes to the financial statements (Continued)**

**9.3 Application of new and revised International Financial Reporting Standards (IFRS) (Continued)**

**9.3.1 New standards, interpretations and amendments applied by the Group (Continued)**

**IFRS 16 Leases**

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the prospective method of adoption with the date of initial application of 1 January 2019. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption IFRS 16 is as follows:

Impact on the statement of financial position as at 01 January 2019 would be an increase in both assets and liabilities as follows:

	<b>MUR'000</b>
Minimum lease payments under Operating leases as of 31 December 2018	881,731
Effect from discounting at the incremental borrowing rate as of 1 January 2019	(182,370)
Liabilities recognized based on the initial application of IFRS 16 as of 1 January 2019	699,361
Right of use recognised based on the initial application of IFRS 16 as of 1 January 2019	699,361

As at 30 September 2019, the impact of IFRS 16 on the statement of financial position and statement of profit or loss was as follows:

	<b>Statement of Financial Position (MUR' 000)</b>	<b>Statement of Profit or Loss (MUR' 000)</b>
Property and equipment – Right of use	667,077	-
Lease liabilities	687,053	-
Interest on lease liabilities relating to "rights of use" assets (Accounted under interest expense)	-	(34,825)
Amortisation of "right of use" assets (Accounted under depreciation of property and equipment)	-	(143,798)
Lease payments in respect of "rights of use" assets (Accounted in other expenses)	-	151,393

The weighted-average incremental borrowing rate for lease liabilities initially recognized as of January 1, 2019, for the Group was 5.5% to 11.25 % p.a respectively.

**Leases – Company as a lessee**

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet.

Applying IFRS 16, for all leases led to:

- Recognition of the right-of-use assets and lease liabilities in the statement of financial position
- Recognition of depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss; and
- Apportionment of total rental paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

**9 Notes to the financial statements (Continued)**

**9.3 Application of new and revised International Financial Reporting Standards (IFRS) (Continued)**

**9.3.1 New standards, interpretations and amendments applied by the Group (Continued)**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at the present value of the lease payments to be made over the lease term. It is remeasured when there is a change in future lease payments arising from a change in an index or rate. Group also changes its assessment if it decides to exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'Interest bearing loans and borrowings' in the statement of financial position.

**IFRIC Interpretation 23 Uncertainty over Income Tax Treatment**

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- How an entity considers changes in facts and circumstances.

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed.

This Interpretation had no impact on its financial statements of the Group during the period.

**Amendments to IAS 19: Plan Amendment, Curtailment or Settlement**

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

These amendments had no impact on the financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

**Amendments to IFRS 9: Prepayment Features with Negative Compensation**

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the financial statements of the Group during the period.

**9 Notes to the Financial Statements (Continued)**

<b>9.4.1 Cash and cash equivalents</b>	<b>The Group</b>			<b>The Company</b>		
	<b>Unaudited 30 September 2019</b>	<b>Unaudited 30 September 2018</b>	<b>Audited 31 December 2018</b>	<b>Unaudited 30 September 2019</b>	<b>Unaudited 30 September 2018</b>	<b>Audited 31 December 2018</b>
	<b>MUR'000</b>	<b>MUR'000</b>	<b>MUR'000</b>	<b>MUR'000</b>	<b>MUR'000</b>	<b>MUR'000</b>
Cash in hand	2,034,357	1,953,789	3,211,813	-	-	-
Foreign currency notes and coins	194,516	259,356	293,161	-	-	-
	731,378	851,566	1,830,100	-	-	-
Unrestricted balances with central banks	3,092,853	8,164,102	3,563,925	-	-	-
Loans and placements with banks	5,599,120	8,042,000	6,797,814	94,450	994,724	32,890
Balances with banks	11,652,224	19,270,813	15,696,813	94,450	994,724	32,890
Less expected credit loss allowance	(3,847)	-	(43,298)	-	-	-
	<b>11,648,377</b>	<b>19,270,813</b>	<b>15,653,515</b>	<b>94,450</b>	<b>994,724</b>	<b>32,890</b>

<b>9.4.2 Loans to and placements with banks</b>	<b>The Group</b>			<b>The Company</b>		
	<b>Unaudited 30 September 2019</b>	<b>Unaudited 30 September 2018</b>	<b>Audited 31 December 2018</b>	<b>Unaudited 30 September 2019</b>	<b>Unaudited 30 September 2018</b>	<b>Audited 31 December 2018</b>
	<b>MUR'000</b>	<b>MUR'000</b>	<b>MUR'000</b>	<b>MUR'000</b>	<b>MUR'000</b>	<b>MUR'000</b>
Loans to and placements with banks						
- In Mauritius	3,202,067	4,844,319	5,588,012	-	-	-
- Outside Mauritius	2,649,225	4,948,641	5,539,316	-	-	-
	5,851,292	9,792,960	11,127,328	-	-	-
Less expected credit loss allowance	(26,843)	(47,931)	(36,967)	-	-	-
	<b>5,824,449</b>	<b>9,745,029</b>	<b>11,090,361</b>	<b>-</b>	<b>-</b>	<b>-</b>

**9.4.2.1 Gross carrying amount for loans to and placements with banks based on the Group's internal credit and stage classification**

	<b>Unaudited 30 September 2019</b>				<b>Unaudited 30 September 2018</b>	<b>Audited 31 December 2018</b>
	<b>Stage 1 MUR' 000</b>	<b>Stage 2 MUR' 000</b>	<b>Stage 3 MUR' 000</b>	<b>Total MUR' 000</b>	<b>Total MUR' 000</b>	<b>Total MUR' 000</b>
<b>Internal rating grade</b>						
<b>Performing</b>						
High grade	566,707	-	-	566,707	41,179	797,769
Standard grade	4,089,856	-	-	4,089,856	6,482,171	8,618,008
Sub-standard grade	1,194,729	-	-	1,194,729	3,269,610	1,711,551
Past due but not impaired	-	-	-	-	-	-
<b>Non-performing</b>						
Individually impaired	-	-	-	-	-	-
<b>Total</b>	<b>5,851,292</b>	<b>-</b>	<b>-</b>	<b>5,851,292</b>	<b>9,792,960</b>	<b>11,127,328</b>

**9.4.2.2 An analysis of changes in the gross carrying amount and the corresponding ECL allowances by staging is as follows:**

	<b>Unaudited 30 September 2019</b>				<b>Unaudited 30 September 2018</b>	<b>Audited 31 December 2018</b>
	<b>Stage 1 MUR' 000</b>	<b>Stage 2 MUR' 000</b>	<b>Stage 3 MUR' 000</b>	<b>Total MUR' 000</b>	<b>Total MUR' 000</b>	<b>Total MUR' 000</b>
<b>Gross carrying amount as at 1 January 2019</b>	11,127,328	-	-	11,127,328	8,897,399	8,897,399
New assets originated or purchased	3,055,534	-	-	3,055,534	5,169,788	5,350,478
Assets derecognised or repaid (excluding write offs)	(8,475,858)	-	-	(8,475,858)	(4,259,931)	(3,119,041)
Exchange adjustment	144,288	-	-	144,288	(14,296)	(1,508)
	<b>5,851,292</b>	<b>-</b>	<b>-</b>	<b>5,851,292</b>	<b>9,792,960</b>	<b>11,127,328</b>

	<b>Unaudited 30 September 2019</b>				<b>Unaudited 30 September 2018</b>	<b>Audited 31 December 2018</b>
	<b>Stage 1 MUR' 000</b>	<b>Stage 2 MUR' 000</b>	<b>Stage 3 MUR' 000</b>	<b>Total MUR' 000</b>	<b>Total MUR' 000</b>	<b>Total MUR' 000</b>
<b>ECL allowance as at 1 January 2019</b>	36,966	-	-	36,966	16,091	16,091
New assets originated or purchased	20,282	-	-	20,282	37,836	54,984
Assets derecognised or repaid (excluding write offs)	(30,405)	-	-	(30,405)	(5,996)	(34,108)
Exchange adjustment	26,843	-	-	26,843	47,931	36,967

9 Notes to the Financial Statements (Continued)

9.4.3 Loans and advances to non-bank customers

	The Group			The Company		
	Unaudited 30 September 2019 MUR'000	Unaudited 30 September 2018 MUR'000	Audited 31 December 2018 MUR'000	Unaudited 30 September 2019 MUR'000	Unaudited 30 September 2018 MUR'000	Audited 31 December 2018 MUR'000
Government	8,700	2,490,909	9,315	-	-	-
Retail customers	38,158,881	34,999,998	32,121,254	-	-	-
Credit cards	633,329	567,616	606,448	-	-	-
Mortgages	24,491,008	21,838,341	22,478,894	-	-	-
Other retail loans	13,034,544	12,594,041	9,035,912	-	-	-
Corporate customers	48,120,564	40,789,424	44,638,968	-	-	-
Entities outside Mauritius (including offshore / Global Business Licence Holders)	33,007,911	37,159,290	35,656,506	-	-	-
Gross Loans and advances	119,296,056	115,439,621	112,426,043	-	-	-
Less expected credit loss allowance	(9,826,393)	(8,269,565)	(10,317,869)	-	-	-
Net Loans and advances	109,469,663	107,170,056	102,108,174	-	-	-

9.4.3.1 Gross Advances by sectors

	The Group			The Company		
	Unaudited 30 September 2019 MUR'000	Unaudited 30 September 2018 MUR'000	Audited 31 December 2018 MUR'000	Unaudited 30 September 2019 MUR'000	Unaudited 30 September 2018 MUR'000	Audited 31 December 2018 MUR'000
Agriculture and fishing	3,997,734	6,173,051	5,792,922	-	-	-
Manufacturing	8,768,806	5,603,490	5,908,387	-	-	-
of which EPZ	1,381,940	1,094,925	1,185,948	-	-	-
Tourism	11,941,231	11,148,307	10,984,654	-	-	-
Transport	3,665,899	4,168,205	4,480,491	-	-	-
Construction	9,623,878	8,125,761	8,042,894	-	-	-
Financial and business services	12,367,077	13,591,361	12,714,623	-	-	-
Traders	15,232,076	18,389,765	17,183,936	-	-	-
Personal	37,907,524	34,786,863	34,785,152	-	-	-
of which credit cards	667,687	567,616	616,509	-	-	-
Professional	178,481	249,586	229,479	-	-	-
Global Business Licence holders	6,681,068	3,573,828	4,115,179	-	-	-
Others	8,932,282	9,629,404	8,188,326	-	-	-
	119,296,056	115,439,621	112,426,043	-	-	-

9 NOTES TO THE INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS (CONTINUED)

9.4.3.2 Gross carrying amount

	Unaudited				Unaudited	Audited
	30 September 2019				30 September 2018	31 December 2018
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
<b>Internal rating grade</b>						
<b>Performing</b>						
High grade	36,790,387	931,715	238,738	37,960,840	41,657,104	34,546,337
Standard grade	34,444,579	5,588,373	45,873	40,078,825	35,733,213	30,511,019
Sub-standard grade	7,302,438	13,992,811	295,408	21,590,657	25,852,037	26,690,004
Past due but not impaired	-	3,141,032	73,704	3,214,736	3,583,233	2,877,132
<b>Non-performing</b>						
Individually impaired	-	-	16,450,998	16,450,998	8,614,034	17,801,551
<b>Total</b>	<b>78,537,404</b>	<b>23,653,931</b>	<b>17,104,721</b>	<b>119,296,056</b>	<b>115,439,621</b>	<b>112,426,043</b>

	Unaudited				Unaudited	Audited
	30 September 2019				30 September 2018	31 December 2018
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR' 000	MUR' 000
<b>Gross carrying amount</b>						
As at 1 January	61,266,857	32,926,111	18,233,075	112,426,043	107,197,840	107,197,840
New assets originated or purchased	24,889,087	4,406,422	1,185,408	30,480,917	37,002,207	41,598,053
Assets derecognised or repaid (excluding write offs)	(14,112,549)	(6,462,511)	(2,529,686)	(23,104,746)	(27,317,938)	(33,706,247)
Transfers to Stage 1	12,163,286	(11,975,591)	(187,695)	-	-	-
Transfers to Stage 2	(5,678,485)	5,715,622	(37,137)	-	-	-
Transfers to Stage 3	(648,301)	(678,506)	1,326,807	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	396,519	(319,711)	223,031	299,839	-	-
Amounts written off	-	-	(1,357,761)	(1,357,761)	(872,608)	-
Foreign exchange adjustments	260,990	42,095	248,679	551,764	(569,880)	(2,663,603)
<b>Total</b>	<b>78,537,404</b>	<b>23,653,931</b>	<b>17,104,721</b>	<b>119,296,056</b>	<b>115,439,621</b>	<b>112,426,043</b>

	Unaudited				Unaudited	Audited
	30 September 2019				30 September 2018	31 December 2018
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR' 000	MUR' 000
<b>ECL allowance</b>						
As at 1 January	605,879	1,175,955	8,536,035	10,317,869	4,069,002	4,069,002
New assets originated or purchased	270,344	261,099	1,431,996	1,963,439	4,797,744	6,677,379
Assets derecognised or repaid (excluding write offs)	(323,815)	(251,091)	(267,400)	(842,306)	(151,695)	(674,883)
Transfers to Stage 1	275,781	(272,056)	(3,725)	-	-	-
Transfers to Stage 2	(52,039)	52,911	(872)	-	-	-
Transfers to Stage 3	(265,164)	(117,870)	383,034	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	131,223	(52,484)	134,626	213,365	69,294	171,616
Changes to models and inputs used for ECL calculations	-	-	-	-	-	74,755
Recoveries	-	-	(674,934)	(674,934)	-	-
Amounts written off	-	-	(1,357,760)	(1,357,760)	(454,611)	-
Foreign exchange adjustments	8,279	11,666	186,775	206,720	(60,169)	-
<b>Total</b>	<b>650,488</b>	<b>808,130</b>	<b>8,367,775</b>	<b>9,826,393</b>	<b>8,269,565</b>	<b>10,317,869</b>

**9 Notes to the Financial Statements (Continued)**

**9.5 Deposits from non-bank customers**

	<b>Unaudited 30 September 2019</b>	<b>The Group Unaudited 30 September 2018</b>	<b>Audited 31 December 2018</b>	<b>Unaudited 30 September 2019</b>	<b>The Company Unaudited 30 September 2018</b>	<b>Audited 31 December 2018</b>
	<b>MUR'000</b>	<b>MUR'000</b>	<b>MUR'000</b>	<b>MUR'000</b>	<b>MUR'000</b>	<b>MUR'000</b>
Retail	90,313,961	86,241,444	83,932,934	-	-	-
Corporate	71,903,437	63,662,400	72,200,290	-	-	-
Government	9,289,924	13,977,936	13,251,256	-	-	-
	<b>171,507,322</b>	<b>163,881,780</b>	<b>169,384,480</b>	<b>-</b>	<b>-</b>	<b>-</b>

**9.6 Contingent liabilities**

**Acceptance, guarantees, letter of credit, endorsements and other obligations on account of customers**

	<b>Unaudited 30 September 2019</b>	<b>The Group Unaudited 30 September 2018</b>	<b>Audited 31 December 2018</b>	<b>Unaudited 30 September 2019</b>	<b>The Company Unaudited 30 September 2018</b>	<b>Audited 31 December 2018</b>
	<b>MUR'000</b>	<b>MUR'000</b>	<b>MUR'000</b>	<b>MUR'000</b>	<b>MUR'000</b>	<b>MUR'000</b>
Acceptances on account of	392,391	749,102	435,096	-	-	-
Guarantees on account of	8,148,599	9,183,604	8,285,833	-	-	-
customers						
Letters of credit and other	3,608,157	1,287,645	861,137	-	-	-
obligations on account of	27,811,501	10,174,300	9,071,296	-	-	-
Undrawn credit facilities	39,960,648	21,394,651	18,653,362	-	-	-

**Others**

	<b>Unaudited 30 September 2019</b>	<b>The Group Unaudited 30 September 2018</b>	<b>Audited 31 December 2018</b>	<b>Unaudited 30 September 2019</b>	<b>The Company Unaudited 30 September 2018</b>	<b>Audited 31 December 2018</b>
	<b>MUR'000</b>	<b>MUR'000</b>	<b>MUR'000</b>	<b>MUR'000</b>	<b>MUR'000</b>	<b>MUR'000</b>
Inward bills held for collection	207,272	250,868	303,789	-	-	-
Outward bills sent for	1,140,908	1,959,359	1,497,623	-	-	-
collection	1,348,180	2,210,227	1,801,412	-	-	-
<b>Total</b>	<b>41,308,828</b>	<b>23,604,878</b>	<b>20,454,774</b>			



**9 Notes to the Financial Statements (Continued)**

**9.6 Contingent liabilities (Continued)**

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification.

	Unaudited				Unaudited	Audited
	30 September 2019				30 September	31 December
	Stage 1	Stage 2	Stage 3	Total	2018	2018
	Individual	Individual			Total	Total
Internal rating grade	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
<b>Performing</b>						
High grade	26,717,606	33,380	-	26,750,986	5,756,815	4,808,242
Standard grade	6,499,534	889,610	-	7,389,144	14,369,733	12,188,955
Sub-standard grade	5,893,054	1,274,639	-	7,167,693	3,478,330	3,454,079
<b>Non-performing</b>						
Individually impaired	-	-	1,005	1,005	-	3,498
<b>Total</b>	<b>39,110,194</b>	<b>2,197,629</b>	<b>1,005</b>	<b>41,308,828</b>	<b>23,604,878</b>	<b>20,454,774</b>

An analysis of changes in the outstanding exposures and the corresponding ECL allowances is, as follows:

	Unaudited				Unaudited	Audited
	30 September 2019				30 September	31 December
	Stage 1	Stage 2	Stage 3	Total	2018	2018
	Individual	Individual			Total	Total
Outstanding exposure	MUR'000	MUR'000	MUR'000	MUR'000	MUR' 000	MUR' 000
<b>As at 1 January</b>	<b>14,933,183</b>	<b>5,518,093</b>	<b>3,498</b>	<b>20,454,774</b>	<b>26,856,831</b>	<b>26,856,831</b>
New exposures	28,096,804	906,791	-	29,003,595	10,142,835	12,400,094
Exposure derecognised or matured/lapsed (excluding write offs)	(6,549,990)	(1,722,612)	(2,533)	(8,275,135)	(13,347,018)	(18,802,151)
Transfers to Stage 1	2,593,927	(2,593,927)	-	-	-	-
Transfers to Stage 2	(88,701)	88,821	(120)	-	-	-
Transfers to Stage 3	(160)	-	160	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	(50,585)	-
Foreign exchange adjustments	125,131	463	-	125,594	2,815	-
<b>As at 30 September/December</b>	<b>39,110,194</b>	<b>2,197,629</b>	<b>1,005</b>	<b>41,308,828</b>	<b>23,604,878</b>	<b>20,454,774</b>

	Unaudited				Unaudited	Audited
	30 September 2019				30 September	31 December
	Stage 1	Stage 2	Stage 3	Total	2018	2018
	Individual	Individual			Total	Total
ECL allowance	MUR'000	MUR'000	MUR'000	MUR'000	MUR' 000	MUR' 000
<b>As at 1 January</b>	<b>161,446</b>	<b>13,664</b>	<b>4,590</b>	<b>179,700</b>	<b>172,863</b>	<b>172,863</b>
New exposures	191,816	11,036	-	202,852	79,094	63,149
Exposures derecognised or matured (excluding write offs)	(56,862)	(17,411)	(1,209)	(75,482)	(131,483)	(56,312)
Transfers to Stage 1	31,404	(26,643)	(4,761)	-	-	-
Transfers to Stage 2	(196)	196	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	(46,363)	41,393	4,970	-	-	-
Foreign exchange adjustments	8,756	(1,741)	(191)	6,824	-	-
<b>As at 30 September/December</b>	<b>290,001</b>	<b>20,494</b>	<b>3,399</b>	<b>313,894</b>	<b>120,474</b>	<b>179,700</b>

9 Notes to the financial statements (Continued)

9.7 Net interest income /(expense)

	The Group					The Company				
	Unaudited Quarter ended 30 September 2019 MUR'000	Unaudited Quarter ended 30 September 2018 MUR'000	Unaudited Nine months ended 30 September 2019 MUR'000	Unaudited Nine months ended 30 September 2018 MUR'000	Audited Year ended 31 December 2018 MUR'000	Unaudited Quarter ended 30 September 2019 MUR'000	Unaudited Quarter ended 30 September 2018 MUR'000	Unaudited Nine months ended 30 September 2019 MUR'000	Unaudited Nine months ended 30 September 2018 MUR'000	Audited Year ended 31 December 2018 MUR'000
<b>Interest income on financial instruments at amortised cost</b>										
Cash and cash equivalents	85,539	72,439	198,915	183,367	272,443	-	-	-	-	-
Loans to and placements with banks	51,650	67,750	183,906	138,398	206,188	-	-	-	-	-
Loans and advances to non bank customers	1,641,932	1,635,664	4,773,863	4,705,296	6,457,991	-	-	-	-	-
Investment securities	639,006	314,820	1,841,543	544,810	1,114,845	14,746	27,133	59,853	48,390	77,913
	2,418,127	2,090,672	6,998,227	5,571,872	8,051,467	14,746	27,133	59,853	48,390	77,913
<b>Interest income on financial instruments at fair value</b>										
Investment securities	308,988	188,230	881,551	719,165	943,885	-	-	-	-	-
Derivative financial instruments	(19,583)	(65,135)	(59,401)	(142,056)	(181,641)	-	-	-	-	-
Other	17,131	827	37,805	1,674	3,145	-	-	-	-	-
	306,536	123,923	859,955	578,784	765,389	-	-	-	-	-
<b>Total interest income</b>	2,724,663	2,214,595	7,858,182	6,150,656	8,816,856	14,746	27,133	59,853	48,390	77,913
<b>Interest expense</b>										
Deposits from non-bank customers	(766,831)	(563,580)	(2,172,806)	(1,497,130)	(2,179,998)	-	-	-	-	-
Other borrowed funds	(204,610)	(148,100)	(519,748)	(305,790)	(482,496)	-	-	-	-	-
Subordinated debts	(119,232)	(116,328)	(357,965)	(191,467)	(309,019)	(119,232)	(116,327)	(357,965)	(191,467)	(309,019)
<b>Total interest expense</b>	(1,090,673)	(828,008)	(3,050,519)	(1,994,387)	(2,971,513)	(119,232)	(116,327)	(357,965)	(191,467)	(309,019)
<b>Net interest income / (expense)</b>	1,633,990	1,386,587	4,807,663	4,156,269	5,845,343	(104,486)	(89,194)	(298,112)	(143,077)	(231,106)

9.8 Net fee and commission income

	The Group					The Company				
	Unaudited Quarter ended 30 September 2019 MUR'000	Unaudited Quarter ended 30 September 2018 MUR'000	Unaudited Nine months ended 30 September 2019 MUR'000	Unaudited Nine months ended 30 September 2018 MUR'000	Audited Year ended 31 December 2018 MUR'000	Unaudited Quarter ended 30 September 2019 MUR'000	Unaudited Quarter ended 30 September 2018 MUR'000	Unaudited Nine months ended 30 September 2019 MUR'000	Unaudited Nine months ended 30 September 2018 MUR'000	Audited Year ended 31 December 2018 MUR'000
<b>Fee and commission income</b>										
Retail banking customer fees	65,263	146,261	268,531	332,214	267,980	-	-	-	-	-
Corporate banking customer fees	117,645	8,032	351,952	236,634	484,534	-	-	-	-	-
Brokerage income	16,288	6,490	36,745	32,998	42,920	-	-	-	-	-
Assets Management fees	32,700	12,000	74,539	34,696	64,772	-	-	-	-	-
Card income	112,055	81,131	295,182	248,695	353,534	-	-	-	-	-
Other	42,852	26,098	103,923	39,380	93,590	-	-	-	-	-
<b>Total fee and commission income</b>	386,803	280,013	1,130,872	924,618	1,307,330	-	-	-	-	-
<b>Fee and commission expense</b>										
Interbank transaction fees	(8,933)	(4,999)	(17,580)	(12,576)	(17,002)	-	-	-	-	-
Subordinated liabilities	-	(91)	-	(432)	(1,139)	-	-	-	-	-
Other	(5,662)	(2,570)	(14,440)	(9,900)	(12,778)	(25)	(107)	(99)	(151)	(199)
<b>Total fee and commission expense</b>	(14,595)	(7,660)	(32,020)	(22,908)	(30,920)	(25)	(107)	(99)	(151)	(199)
<b>Net fee and commission income</b>	372,208	272,353	1,098,852	901,710	1,276,410	(25)	(107)	(99)	(151)	(199)

9 Notes to the financial statements (Continued)

9.9 Net gain from financial instruments

	The Group					The Company				
	Unaudited Quarter ended 30 September 2019 MUR'000	Unaudited Quarter ended 30 September 2018 MUR'000	Unaudited Nine months ended 30 September 2019 MUR'000	Unaudited Nine months ended 30 September 2018 MUR'000	Audited Year ended 31 December 2018 MUR'000	Unaudited Quarter ended 30 September 2019 MUR'000	Unaudited Quarter ended 30 September 2018 MUR'000	Unaudited Nine months ended 30 September 2019 MUR'000	Unaudited Nine months ended 30 September 2018 MUR'000	Audited Year ended 31 December 2018 MUR'000
Net gain from trading instruments	(9,295)	11,904	27,370	300,505	337,734	-	-	-	-	-
Investment securities at fair value through profit or loss	53,932	136,982	99,011	41,314	54,921	(905)	-	22,200	-	-
Other	4,488	81,667	(22,275)	115,148	117,194	-	-	-	-	-
	<b>49,125</b>	<b>230,553</b>	<b>104,106</b>	<b>456,967</b>	<b>509,849</b>	<b>(905)</b>	<b>-</b>	<b>22,200</b>	<b>-</b>	<b>-</b>

9.10 Net gain on sale of securities

	The Group					The Company				
	Unaudited Quarter ended 30 September 2019 MUR'000	Unaudited Quarter ended 30 September 2018 MUR'000	Unaudited Nine months ended 30 September 2019 MUR'000	Unaudited Nine months ended 30 September 2018 MUR'000	Audited Year ended 31 December 2018 MUR'000	Unaudited Quarter ended 30 September 2019 MUR'000	Unaudited Quarter ended 30 September 2018 MUR'000	Unaudited Nine months ended 30 September 2019 MUR'000	Unaudited Nine months ended 30 September 2018 MUR'000	Audited Year ended 31 December 2018 MUR'000
Net (loss) / gain on derecognition of financial assets measured at fair value through other comprehensive income	3,589	(7)	5,366	1,477	4,321	-	(7)	410	(7)	(794)
Net gain on derecognition of financial assets measured at amortised cost	14,214	17	26,337	33,170	33,179	6,125	17	6,395	28,442	28,408
Net gain on derecognition of financial assets at fair value through profit or loss	109,137	46,144	331,461	76,526	166,958	-	-	-	-	-
	<b>126,940</b>	<b>46,154</b>	<b>363,164</b>	<b>111,173</b>	<b>204,458</b>	<b>6,125</b>	<b>10</b>	<b>6,805</b>	<b>28,435</b>	<b>27,614</b>

9 Notes to the Financial Statements (Continued)

9.11 Taxation

	The Group					The Company				
	Unaudited Quarter ended 30 September 2019 MUR'000	Unaudited Quarter ended 30 September 2018 MUR'000	Unaudited Nine months ended 30 September 2019 MUR'000	Unaudited Nine months ended 30 September 2018 MUR'000	Audited Year ended 31 December 2018 MUR'000	Unaudited Quarter ended 30 September 2019 MUR'000	Unaudited Quarter ended 30 September 2018 MUR'000	Unaudited Nine months ended 30 September 2019 MUR'000	Unaudited Nine months ended 30 September 2018 MUR'000	Audited Year ended 31 December 2018 MUR'000
Income tax										
Income tax expense	121,076	116,570	437,407	407,012	186,133	513	-	10	10,188	10,251
Movement in deferred tax	(55,619)	32,703	(107,594)	45,813	153,822	-	-	-	-	(64)
Corporate social responsibility contribution	10,624	5,685	32,732	17,226	24,362	-	-	860	-	680
Withholding tax	1,890	905	4,532	1,422	11,665	-	-	-	-	-
	<b>77,971</b>	<b>155,863</b>	<b>367,077</b>	<b>471,473</b>	<b>375,982</b>	<b>513</b>	<b>-</b>	<b>870</b>	<b>10,188</b>	<b>10,867</b>

9.12 Dividend

	The Group					The Company				
	Unaudited Quarter ended 30 September 2019 MUR'000	Unaudited Quarter ended 30 September 2018 MUR'000	Unaudited Nine months ended 30 September 2019 MUR'000	Unaudited Nine months ended 30 September 2018 MUR'000	Audited Year ended 31 December 2018 MUR' 000	Unaudited Quarter ended 30 September 2019 MUR'000	Unaudited Quarter ended 30 September 2018 MUR'000	Unaudited Nine months ended 30 September 2019 MUR'000	Unaudited Nine months ended 30 September 2018 MUR'000	Audited Year ended 31 December 2018 MUR' 000
Dividend declared during the period / year	258,179	129,095	645,448	645,453	903,632	258,179	129,095	645,448	645,453	903,632
Less: dividend paid	(258,179)	(129,095)	(645,448)	(645,453)	(903,632)	(258,179)	(129,095)	(645,448)	(645,453)	(903,632)
Dividend payable	-	-	-	-	-	-	-	-	-	-

9.13 Credit loss expense on financial assets

	Unaudited Nine months ended 30 September 2019				Unaudited Nine months ended 30 September 2018	Audited Year ended 31 December 2018
	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000	Total MUR'000	Total MUR'000
Loans and advances to non bank customers	63,133	(194,751)	1,424,890	1,293,271	2,054,972	3,711,750
Loans and placements with banks	(49,694)	-	-	(49,694)	15,641	47,975
Debt instruments measured at amortised cost	2,057	-	-	2,057	26,750	46,010
Loan commitments	5,120	-	-	5,120	(25,930)	(19,832)
Off balance sheet items (Guarantees, Letters of credit, Acceptances)	4,798	(32,798)	(1,209)	(29,209)	(22,409)	(22,146)
<b>Total credit loss under IFRS 9</b>	<b>25,413</b>	<b>(227,549)</b>	<b>1,423,681</b>	<b>1,221,545</b>	<b>2,049,023</b>	<b>3,763,757</b>
Write off	-	-	-	3,576	-	-
Recoveries	-	-	-	(698,290)	(11,280)	(204,407)
<b>Total credit loss</b>	<b>25,413</b>	<b>(227,549)</b>	<b>1,423,681</b>	<b>526,831</b>	<b>2,037,744</b>	<b>3,559,350</b>

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**9 Notes to the Financial Statements (Continued)**

**9.14 Segment Information**

Segment Information	The Group				
	Banking MUR' 000	Non-bank financial institutions MUR' 000	Non financial institutions MUR' 000	Intersegment adjustments MUR' 000	Group Total MUR' 000
Revenue from external customers	8,834,651	233,995	867,317	-	9,935,963
Revenue from other segments of the entity	1,792,766	33,234	-	(1,826,000)	-
Total gross revenue	10,627,417	267,229	867,317	(1,826,000)	9,935,963
Operating income	7,926,881	286,474	509,352	(1,837,263)	6,885,444
Profit after tax	2,665,026	163,248	412,182	(1,762,307)	1,478,149
Segment assets	260,038,131	3,002,990	38,129,796	(60,518,676)	240,652,241

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**9 Notes to the Financial Statements (Continued)**

**9.15 Financial Assets And Financial Liabilities**

<b><u>The Group</u></b>	<b>Unaudited</b>		<b>Audited</b>	
	<b>30 September 2019</b>		<b>31 December 18</b>	
	<b>Carrying</b>	<b>Fair Value</b>	<b>Carrying</b>	<b>Fair Value</b>
	<b>Value</b>	<b>Value</b>	<b>Value</b>	<b>Value</b>
	<b>MUR'000</b>	<b>MUR'000</b>	<b>MUR'000</b>	<b>MUR'000</b>
<b>Financial assets</b>				
Cash and cash equivalents	11,648,377	11,648,377	15,653,515	15,653,515
Mandatory balances with Central banks	9,847,889	9,847,889	9,977,260	9,977,260
Loans to and placements with banks	5,824,449	5,824,449	11,090,361	11,090,361
Derivative financial instruments	1,490,662	1,490,662	764,077	764,077
Loans and advances to non-bank customers	109,469,663	120,123,818	102,108,174	102,636,234
Investment securities	85,257,505	86,276,360	71,594,287	75,496,262
Equity investments	6,082,198	6,082,198	5,752,870	5,752,870
Other assets	2,377,571	2,377,571	1,432,707	1,432,707
	<b>231,998,314</b>	<b>243,671,324</b>	<b>218,373,251</b>	<b>222,803,286</b>
<b>Financial liabilities</b>				
Deposits from banks	1,296,727	1,296,727	716,702	716,702
Deposits from non-bank customers	171,507,322	171,742,407	169,384,480	169,505,655
Other borrowed funds	24,391,841	24,391,841	14,522,085	14,522,085
Derivative financial instruments	1,526,421	1,526,421	799,441	799,441
Other liabilities	3,330,456	3,330,456	3,397,898	3,397,898
Subordinated debts	9,807,125	9,807,125	9,412,677	9,412,677
	<b>211,859,892</b>	<b>212,094,977</b>	<b>198,233,283</b>	<b>198,354,458</b>
<b><u>The Company</u></b>	<b>Unaudited</b>		<b>Audited</b>	
	<b>30 September 2019</b>		<b>31 December 18</b>	
	<b>Carrying</b>	<b>Fair Value</b>	<b>Carrying</b>	<b>Fair Value</b>
	<b>Value</b>	<b>Value</b>	<b>Value</b>	<b>Value</b>
	<b>MUR'000</b>	<b>MUR'000</b>	<b>MUR'000</b>	<b>MUR'000</b>
<b>Financial assets</b>				
Cash and cash equivalents	94,450	94,450	32,890	32,890
Investment securities	1,692,332	1,778,382	3,105,326	3,327,032
Equity investments	4,227,683	4,227,683	4,227,683	4,227,683
Other assets	261,477	261,477	153,309	153,309
	<b>6,275,942</b>	<b>6,361,992</b>	<b>7,519,208</b>	<b>7,740,914</b>
<b>Financial liabilities</b>				
Other liabilities	110,751	110,751	91,777	91,777
Subordinated debts	9,807,125	9,807,125	9,412,677	9,412,677
	<b>9,917,876</b>	<b>9,917,876</b>	<b>9,504,454</b>	<b>9,504,454</b>