

SBM HOLDINGS LTD

INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 31 MARCH 2020

SBM HOLDINGS LTD
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FOR THE QUARTER ENDED 31 MARCH 2020

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FOR THE QUARTER ENDED 31 MARCH 2020

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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 three months ended 31 March 2020.

1.1 Financial Review

1.1.1 Group key financial highlights

Key Financial indicators	Unaudited Quarter ended 31 March 2020	Unaudited Quarter ended 31 March 2019	Audited Year ended 31 December 2019
Statements of Profit or Loss (MUR million)			
Net interest income	1,712	1,500	6,487
Operating income	2,431	2,106	9,443
Profit before credit loss expense	985	765	3,419
Credit loss expense on financial assets	785	(101)	2,996
Profit attributable to equity holders of the parent	180	601	15
Statements of Financial position (MUR million)			
Total assets	273,455	226,756	260,476
Total gross loans and advances to non bank customers	128,961	111,808	121,733
Deposits from non-bank customers	198,675	167,479	199,397
Tier 1 capital	20,240	20,651	19,915
Total regulatory capital	30,768	30,515	30,156
Risk weighted assets	143,721	122,505	136,690
Shareholders' equity	24,836	25,007	24,518
Share information			
Market price per share (Cents)	468.0	596.0	644.0
Earnings per share (Cents)	7.0	23.3	0.6
Efficiency Ratio (%)			
Cost to income	59.5	63.7	63.8
Performance Ratios (%)			
Capital adequacy ratio	21.4	24.9	22.1
Tier 1 capital adequacy ratio	14.1	16.9	14.6
Return on average shareholders' equity	2.9	9.8	0.1
Return on average assets	0.3	1.1	0.0
Return on average risk-weighted assets	0.5	2.0	0.0
Asset Quality Ratios (%)			
Gross impaired advances to gross advances	13.4	13.5	11.7
Net impaired advances to net advances	5.4	6.1	4.0
Provision coverage ratio	64.0	59.0	69.1
Liquidity Ratio (%)			
Credit to deposit ratio	64.9	66.8	61.1

1 Management Discussion and Analysis (continued)

1.1 Financial Review (continued)

1.1.2 Revenue

Net interest income for the period under review increased by MUR 211.5 million as compared to same period last year. The main increases are on account of loans and advances and investment securities.

Interest income has increased from MUR 2.5 billion to MUR 2.8 billion for this quarter under review. Gross Loans and advances from non bank customers have increased by MUR 17.2 billion which has resulted to an increase in interest income on loans and advances by MUR 210 million. Investment Securities has also gone up from MUR 77.3 billion as at March 2019 to reach MUR 93.5 billion as at March 2020, resulting to an increase in interest income of MUR 186.3 million.

Interest expense has only increased by MUR 96.4 million even though deposits has increased from MUR 167.5 billion as at March 2019 to reach MUR 198.7 billion as at March 2020.

Non-interest income has increased by MUR 114.1 million as compared to same period last year. This includes an exchange loss of MUR 364.0 million made on the USD 140 million subordinated debts held in the books of SBM Holdings Ltd. Excluding this unrealised loss on exchange, non interest income has however gone up by MUR 478.0 million or 78.9% as compared to same period last year. The main increases were on net gain on sale of securities amounting to MUR 311.5 million and on net fee and commission income of MUR 119.5 million.

The Group has made a profit before credit loss expense of MUR 985.0 million for this quarter as compared to MUR 764.8 million for same period last year.

Profit after tax for the quarter stood at MUR 180.1 million

1.1.3 Cost Control

Non-interest expense of the Group for the three months ended 31 March 2020 were MUR 1,446.5 million.

	Unaudited Quarter ended 31 March 2020	Unaudited Quarter ended 31 March 2019	Audited Year ended 31 December 2019
	MUR million	MUR million	MUR million
Personnel expenses	697.7	666.0	2,883.9
Depreciation of property and equipment	90.9	98.5	476.8
Amortisation of intangible assets	139.1	182.2	617.8
Other expenses	476.0	394.4	1,874.0
Bank levy	42.8	-	171.4
Non-interest expense	1,446.5	1,341.1	6,023.9

Overall non-interest expense has increased by 7.9% as compared to same period last year. Personnel expenses have gone up from MUR 666.0 million for quarter March 2019 to MUR 697.7 million for the current reporting quarter. The increase of MUR 31.7 million or 4.8% relates mainly to normal annual increase in salaries and headcounts.

Special levy imposed on banks amounting to MUR 42.8 million is now reclassified under non-interest expenses as from second quarter of 2019, formerly same was accounted under tax expenses.

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 19.

1 Management Discussion and Analysis (continued)

1.1 Financial Review (continued)

1.1.5 Credit Quality

IFRS 9 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 9.4.3.2, 9.6 and 9.13.

1.1.6 Assets and Liabilities

Total assets has increased from MUR 260.5 billion as at December 2019 to MUR 273.5 billion as at March 2020, mainly on account of increase in loans and advances as well as cash balances.

Gross loans and advances to non bank customers stood at MUR 129.0 billion as at March 2020 compared to MUR 121.7 billion as at December 2019, representing an increase of MUR 7.3 billion (5.9%). Cash and cash equivalents also rose by MUR 7.5 billion for the reporting quarter on account of excess cash balance held currently due to high liquidity in the market.

Deposits has however decreased to stand at MUR 198.7 billion as at March 2020 as compared to MUR 199.4 billion as at December 2019. Increase in liabilities are mainly noted on other borrowed funds increasing by MUR 13.3 billion to arrive at MUR 29.0 billion as at March 2020.

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 shows the components of Tier 1 and Tier 2 Capital for the Group and the resulting capital adequacy ratios which stood at 21.4% at 31 March 2020 as compared to the statutory requirement of 14.1% including provision for Domestically Systemic Important Banks (D-SIBs) and Capital Conservation Buffer.

	Unaudited 31 March 2020 MUR million	Unaudited 31 March 2019 MUR million	Audited 31 December 2019 MUR million
Capital Base			
Tier 1	20,240	20,651	19,915
Tier 2	10,528	9,864	10,241
	30,768	30,515	30,156
Risk Weighted Assets			
On balance sheet	123,311	103,312	116,812
Off balance sheet	8,645	7,974	8,211
Operational Risk	10,525	9,684	10,525
Market Risk	1,240	1,535	1,142
	143,721	122,505	136,690
Capital Adequacy Ratio (%)	21.4	24.9	22.1
Tier 1 Capital Adequacy Ratio (%)	14.1	16.9	14.6

The Capital Adequacy Ratio has decreased from 22.1% in December 2019 to 21.4% in March 2020.

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 for risk weighted exposures, 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 26.5 billion representing only 131.1% 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 some of its related parties in the ordinary course of business which are at arm's length and are on terms similar to those offered to non-related parties.

Outstanding loans to executive officers of Group totalled MUR 227.3 million as at 31 March 2020.

On and off balance sheet exposures to related parties after set off amounted to MUR 2,472.6 million representing 1.9% of aggregate on and off balance sheet exposures and 12.2% 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 Group Asset and Liability Committee ("ALCO"). Movements of major currencies, trends and forecasts are analysed in ALCO. Furthermore, the matching of Group 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 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 the 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

Company law requires 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.
- these interim unaudited condensed financial statement have been prepared in accordance with IAS 34.

The Board confirms that the above requirements in preparing the financial statements have been respected.

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 2001 as applicable. They are also responsible for safeguarding the assets of the Group and the 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 Management. The Board of Directors is made up of Non executive Members which are as follows;

	<u>Appointment date</u>	<u>Independent/ Non independent</u>
(1) Mr. Abdul Sattar Adam Ali Mamode Hajee Abdoula - Chairman	11-Mar-20	Independent
(2) Mr Jean Paul Emmanuel Arouff	11-Mar-20	Non-Independent
(3) Mr. Andrew Bainbridge	12-Aug-19	Non-Independent
(4) Ms. Shakilla Bibi Jhungeer	13-Mar-20	Independent
(5) Mr. Roodesh Muttylall	30-Jun-15	Independent
(6) Mr. Sarwansingh Purmessur	13-Mar-20	Non-Independent
(7) Ms. Sharon Ramdenee	14-Dec-18	Independent
(8) Mr. Patrice Georges Maxime Robert	29-Apr-20	Independent
(9) Mr Visvanaden Soondram	11-Mar-20	Non-Independent
(10) Mr. Subhas Thecka	23-Jun-17	Independent

The Committees reporting to the Board are as follows:

- Audit Committee
- Corporate Governance & Conduct Review Committee
- Nomination & Remuneration Committee
- Risk Management Committee
- Strategy Committee

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

3. Statement of Management's Responsibility for Financial Reporting

The Group's interim unaudited condensed 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 Judgement 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.

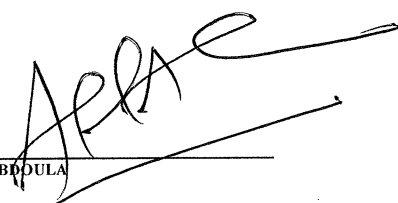
The Group's Board of Directors, acting in part through the Audit Committee, which consists of independent directors, oversees management's responsibility for financial reporting, internal controls, assessment and control of major risk areas and assessment of significant related party transactions.

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.

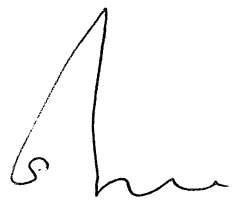
Pursuant to the provisions of the Banking Act 2004, the Bank of Mauritius makes such examination and inquiry into the operations and affairs of the Group as it deems necessary.

The Group's External Auditor, Deloitte, 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 **25 June 2020** and signed on its behalf by:



Sattar HAJEE ABDULLA
Chairman



Subhas THECKA
Chairman, Audit Committee

**Report on the Review of the Interim Unaudited Condensed Financial Statements
for the three months ended 31 March 2020 to the Board of Directors of
SBM Holdings Ltd**

Introduction

We have reviewed the accompanying interim unaudited condensed financial statements set out on pages 11 to 25 which comprise the interim unaudited consolidated and separate statements of financial position of **SBM Holdings Ltd (the "Company") and its subsidiaries (the "Group")** as at 31 March 2020 and the related interim unaudited consolidated and separate statements of profit or loss and other comprehensive income, interim unaudited consolidated and separate statements of changes in equity, interim unaudited consolidated and separate statement of cash flows for the three months then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim unaudited condensed financial statements in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this interim unaudited condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements ("ISRE") 2410: "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim unaudited condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

Other matter

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



Deloitte

Chartered Accountants


Date: 25 June 2020

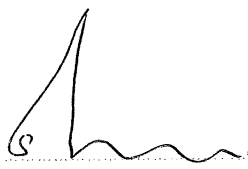
SBM HOLDINGS LTD
5. INTERIM UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2020

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AS AT 31 MARCH 2020		The Group			The Company		
	Notes	Unaudited 31 March 2020	Unaudited 31 March 2019	Audited 31 December 2019	Unaudited 31 March 2020	Unaudited 31 March 2019	Audited 31 December 2019
		MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
ASSETS							
Cash and cash equivalents	9.4.1	25,682,429	11,506,296	18,181,126	148,197	67,709	178,632
Mandatory balances with central banks		10,378,934	9,878,692	10,680,287	-	-	-
Loans to and placements with banks	9.4.2	9,224,376	8,729,143	9,240,131	-	-	-
Derivative financial instruments		1,667,553	1,047,488	874,269	-	-	-
Loans and advances to non-bank customers	9.4.3	115,740,198	101,699,553	109,396,640	-	-	-
Investment securities		93,454,955	77,321,882	94,276,665	1,757,235	2,783,284	1,670,478
Equity investments		5,241,652	5,902,019	6,014,270	4,227,683	4,227,683	4,227,683
Investment in subsidiaries		-	-	-	29,779,918	28,730,768	29,899,918
Investment in associate		1,480,040	1,348,565	1,479,048	1,272,977	1,272,977	1,272,977
Property and equipment		4,034,275	4,156,601	4,088,213	3,322	5,243	3,865
Goodwill and other intangible assets		2,658,538	3,129,452	2,729,474	1,089	47	1,157
Deferred tax assets		447,580	91,795	355,992	-	-	-
Other assets		3,444,703	1,944,796	3,159,878	211,906	170,701	231,515
Total assets		273,455,233	226,756,282	260,475,993	37,402,327	37,258,412	37,486,225
LIABILITIES							
Deposits from banks		877,528	679,607	907,521	-	-	-
Deposits from non-bank customers	9.5	198,675,274	167,479,396	199,397,188	-	-	-
Other borrowed funds		29,013,715	17,170,108	15,670,968	-	-	-
Derivative financial instruments		1,584,387	1,015,067	881,176	-	-	-
Current tax liabilities		652,011	795,315	536,283	-	8,772	-
Deferred tax liabilities		-	146,965	-	-	-	-
Other liabilities		7,572,801	4,886,729	8,824,992	132,129	223,862	117,340
Subordinated debts		10,243,325	9,576,594	9,739,981	10,243,325	9,576,594	9,739,981
Total liabilities		248,619,041	201,749,781	235,958,109	10,375,454	9,809,228	9,857,321
SHAREHOLDERS' EQUITY							
Stated capital		32,500,204	32,500,204	32,500,204	32,500,204	32,500,204	32,500,204
Retained earnings		1,048,222	2,751,220	1,107,260	223,514	646,016	825,549
Other reserves		(3,837,203)	(5,369,892)	(4,214,549)	(821,814)	(822,005)	(821,818)
		29,711,223	29,881,532	29,392,915	31,901,904	32,324,215	32,503,935
Less: Treasury shares		(4,875,031)	(4,875,031)	(4,875,031)	(4,875,031)	(4,875,031)	(4,875,031)
Total equity attributable to equity holders of the parent		24,836,192	25,006,501	24,517,884	27,026,873	27,449,184	27,628,904
Total equity and liabilities		273,455,233	226,756,282	260,475,993	37,402,327	37,258,412	37,486,225
Contingent liabilities	9.6	25,154,899	21,047,060	24,629,940	-	-	-

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


Sattar HAJEE ABDOLLA
Chairman


Subhas THECKA
Chairman, Audit Committee

The notes on page 17 to 25 form an integral part of these financial statements.

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

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	Notes	The Group			The Company		
		Unaudited Quarter ended	Unaudited Quarter ended	Audited Year ended	Unaudited Quarter ended	Unaudited Quarter ended	Audited Year ended
		31 March 2020	31 March 2019	31 December 2019	31 March 2020	31 March 2019	31 December 2019
		MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Interest income		2,809,337	2,501,424	10,644,090	6,020	24,845	68,079
Interest expense		(1,097,513)	(1,001,070)	(4,156,726)	(118,235)	(118,875)	(476,589)
Net interest income / (expense)	9.7	1,711,824	1,500,354	6,487,364	(112,215)	(94,030)	(408,510)
Fee and commission income		471,294	346,604	1,616,807	-	-	-
Fee and commission expense		(12,981)	(7,795)	(43,508)	(141)	(39)	(150)
Net fee and commission income / (expense)	9.8	458,313	338,809	1,573,299	(141)	(39)	(150)
(Loss) / profit arising from dealing in foreign currencies		(209,141)	109,329	381,611	(363,936)	(68,457)	(289,253)
Net gain on sale of securities	9.10	417,808	106,273	665,904	(17)	(220)	6,767
Dividend income		1,500	-	223,076	35,000	-	1,570,456
Net gain/(loss) from financial instruments	9.9	51,112	50,231	107,592	(9,765)	15,422	17,879
Other operating income		-	879	4,493	-	-	-
Non-interest income / (expense)		719,592	605,521	2,955,975	(338,859)	(53,294)	1,305,699
Operating income / (expense)		2,431,416	2,105,875	9,443,339	(451,074)	(147,324)	897,189
Personnel expenses		(697,673)	(666,036)	(2,883,912)	(16,272)	(22,296)	(82,994)
Depreciation of property and equipment		(90,899)	(98,507)	(476,839)	(543)	(531)	(2,142)
Amortisation of intangible assets		(139,083)	(182,196)	(617,833)	(69)	(2)	(208)
Other expenses		(475,962)	(394,385)	(1,873,960)	(9,887)	(12,659)	(49,096)
Impairment of investment in subsidiaries		-	-	-	(124,000)	-	-
Bank levy		(42,843)	-	(171,368)	-	-	-
Non-interest expense		(1,446,460)	(1,341,124)	(6,023,912)	(150,771)	(35,488)	(134,440)
Profit/(loss) before credit loss expense		984,956	764,751	3,419,427	(601,845)	(182,812)	762,749
Credit loss (expense) / income on financial assets	9.13	(784,779)	101,294	(2,996,142)	(190)	484	1,085
Operating profit / (loss)		200,177	866,045	423,285	(602,035)	(182,328)	763,834
Share of profit of associate		4,357	23,557	139,237	-	-	-
Profit / (loss) before income tax		204,534	889,602	562,522	(602,035)	(182,328)	763,834
Tax expense	9.11	(24,406)	(288,990)	(547,487)	-	(8,270)	(357)
Profit / (loss) for the quarter / year attributable to equity holders of the parent		180,128	600,612	15,035	(602,035)	(190,598)	763,477
Earnings per share:							
Basic (Cents)		7.0	23.3	0.6			
Diluted (Cents)		7.0	23.3	0.6			

The notes on page 17 to 25 form an integral part of these financial statements.

	The Group			The Company		
	Unaudited Quarter ended 31 March 2020	Unaudited Quarter ended 31 March 2019	Audited Year ended 31 December 2019	Unaudited Quarter ended 31 March 2020	Unaudited Quarter ended 31 March 2019	Audited Year ended 31 December 2019
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Profit / (loss) for the quarter / year attributable to equity holders of the parent	180,128	600,612	15,035	(602,035)	(190,598)	763,477
Other comprehensive income :						
<i>Items that will not be reclassified subsequently to profit or loss:</i>						
Increase in revaluation of property	-	-	255,148	-	-	-
Deferred tax on revaluation of property	-	-	(9,950)	-	-	-
Impact of change in deferred tax rate on revaluation of property	-	-	118,392	-	-	-
Remeasurement of defined benefit pension plan	-	-	(203,865)	-	-	-
Deferred tax on remeasurement of defined benefit pension plan	-	-	14,271	-	-	-
Impact of change in deferred tax rate on defined benefit pension plan	-	-	(7,923)	-	-	-
Share of associate-remeasurement of defined benefit pension plan	-	45,277	(31,105)	-	-	-
Share of other comprehensive (loss) / income of associate	(13,252)	15,124	76,112	-	-	-
Net gain/(loss) on equity instruments designated at FVTOCI	-	133,061	45,277	-	-	-
	(13,252)	193,462	256,357	-	-	-
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translation of foreign operations	212,671	213,261	327,378	-	-	-
Exchange differences resulting from share of associate	9,885	1,739	25,496	-	-	-
Investment securities measured at FVTOCI						
Movement in fair value during the quarter / year	(346,108)	(20,715)	395,221	4	(9,332)	(9,145)
Fair value re-cycled on disposal	290,333	(9,332)	231,379	-	-	-
Movement in credit loss expense relating to debt instruments held at FVTOCI	(15,349)	(20,442)	(6,356)	-	-	-
	151,432	164,511	973,118	4	(9,332)	(9,145)
Total other comprehensive income / (loss)	138,180	357,973	1,229,475	4	(9,332)	(9,145)
Total comprehensive income / (loss) attributable to equity holders of the parent	318,308	958,585	1,244,510	(602,031)	(199,930)	754,332

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**7. INTERIM UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2020**
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	Stated capital	Treasury shares	Statutory reserve	General reserve	Retained earnings	Fair value reserve on financial instruments recognised in OCI	Net property revaluation reserve	Net translation reserve	Net other reserve	Restructure reserve	Total equity
The Group	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
At 01 January 2019	32,500,204	(4,875,031)	597,074	-	2,270,280	(837,132)	63,146	(66,526)	(94,669)	(5,380,340)	24,177,006
Profit for the quarter	-	-	-	-	600,612	-	-	-	-	-	600,612
Credit loss expense relating to debts instruments held at FVOCI	-	-	-	-	-	(20,442)	-	-	-	-	(20,442)
Share of OCI of associate	-	-	-	-	-	15,124	-	1,739	-	-	16,863
Other comprehensive income for the quarter	-	-	-	-	-	148,291	-	213,261	-	-	361,552
Total comprehensive income for the quarter	-	-	-	-	600,612	142,973	-	215,000	-	-	958,585
Reclassification of associate to their respective reserve	-	-	-	-	-	(78,351)	-	(16,318)	94,669	-	-
Transfer to retained earnings	-	-	-	-	9,418	-	(9,418)	-	-	-	-
Dividend (Note 9.12)	-	-	-	-	(129,090)	-	-	-	-	-	(129,090)
At 31 March 2019	32,500,204	(4,875,031)	597,074	-	2,751,220	(772,510)	53,728	132,156	-	(5,380,340)	25,006,501
At 01 January 2019	32,500,204	(4,875,031)	597,074	-	2,270,280	(837,132)	63,146	(66,526)	(94,669)	(5,380,340)	24,177,006
Profit for the year	-	-	-	-	15,035	-	-	-	-	-	15,035
Credit loss expense relating to debts instruments held at FVTOCI	-	-	-	-	-	(6,356)	-	-	-	-	(6,356)
Share of OCI of associate	-	-	-	-	-	76,112	-	25,496	-	-	101,608
Other comprehensive (loss)/income for the year	-	-	-	-	(228,622)	671,877	363,590	327,378	-	-	1,134,223
Total comprehensive income for the year	-	-	-	-	(213,587)	741,633	363,590	352,874	-	-	1,244,510
Reclassification of associate to their respective reserve	-	-	-	-	-	(76,785)	-	(17,884)	94,669	-	-
Transfer to statutory reserve	-	-	90,000	-	(90,000)	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	44,199	-	(43,121)	(1,078)	-	-	-
Dividend (Note 9.12)	-	-	-	-	(903,632)	-	-	-	-	-	(903,632)
At 31 December 2019	32,500,204	(4,875,031)	687,074	-	1,107,260	(172,284)	383,615	267,386	-	(5,380,340)	24,517,884
At 01 January 2020	32,500,204	(4,875,031)	687,074	-	1,107,260	(172,284)	383,615	267,386	-	(5,380,340)	24,517,884
Profit for the quarter	-	-	-	-	180,128	-	-	-	-	-	180,128
Credit loss expense relating to debts instruments held at FVTOCI	-	-	-	-	-	(15,349)	-	-	-	-	(15,349)
Share of OCI of associate	-	-	-	-	-	(13,252)	-	9,885	-	-	(3,367)
Other comprehensive (loss) / income for the quarter	-	-	-	-	-	(55,775)	-	212,671	-	-	156,896
Total comprehensive income / (loss) for the quarter	-	-	-	-	180,128	(84,376)	-	222,556	-	-	318,308
Transfer to retained earnings	-	-	-	-	11,927	-	(11,927)	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-
Transfer to general reserve	-	-	-	251,093	(251,093)	-	-	-	-	-	-
At 31 March 2020	32,500,204	(4,875,031)	687,074	251,093	1,048,222	(256,660)	371,688	489,942	-	(5,380,340)	24,836,192

The notes on page 17 to 25 form an integral part of these financial statements.

SBM HOLDINGS LTD
7. INTERIM UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE QUARTER ENDED 31 MARCH 2020
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The Company	Stated capital MUR' 000	Treasury shares MUR' 000	Retained earnings MUR' 000	Net unrealised investment fair value reserve MUR' 000	Total equity MUR' 000
At 01 January 2019	32,500,204	(4,875,031)	965,704	(812,673)	27,778,204
Loss for the quarter	-	-	(190,598)	-	(190,598)
Other comprehensive loss for the quarter	-	-	-	(9,332)	(9,332)
Total comprehensive loss for the quarter	-	-	(190,598)	(9,332)	(199,930)
Dividend (Note 9.12)	-	-	(129,090)	-	(129,090)
At 31 March 2019	32,500,204	(4,875,031)	646,016	(822,005)	27,449,184
At 01 January 2019	32,500,204	(4,875,031)	965,704	(812,673)	27,778,204
Profit for the year	-	-	763,477	-	763,477
Other comprehensive loss for the year	-	-	-	(9,145)	(9,145)
Total comprehensive income for the year	-	-	763,477	(9,145)	754,332
Dividend (Note 9.12)	-	-	(903,632)	-	(903,632)
At 31 December 2019	32,500,204	(4,875,031)	825,549	(821,818)	27,628,904
At 01 January 2020	32,500,204	(4,875,031)	825,549	(821,818)	27,628,904
Loss for the quarter	-	-	(602,035)	-	(602,035)
Other comprehensive income for the quarter	-	-	-	4	4
Total comprehensive loss for the quarter	-	-	(602,035)	4	(602,031)
At 31 March 2020	32,500,204	(4,875,031)	223,514	(821,814)	27,026,873

The notes on page 17 to 25 form an integral part of these financial statements.

SBM HOLDINGS LTD
8. INTERIM UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2020

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	The Group			The Company		
	Unaudited Quarter ended 31 March 2020	Unaudited Quarter ended 31 March 2019	Audited Year ended 31 December 2019	Unaudited Quarter ended 31 March 2020	Unaudited Quarter ended 31 March 2019	Audited Year ended 31 December 2019
Net cash (used in) / generated from operating activities	MUR'000 (5,531,513)	MUR'000 (6,698,751)	MUR'000 2,560,472	MUR'000 (26,435)	MUR'000 196,928	MUR'000 2,465,688
Net cash generated from / (used in) financing activities	13,342,746	2,731,531	73,684	-	83,507	(903,632)
Net cash used in investing activities	(105,107)	(179,999)	(488,656)	(4,000)	(245,616)	(1,416,314)
Net change in cash and cash equivalents	7,706,126	(4,147,219)	2,145,500	(30,435)	34,819	145,742
Net foreign exchange difference	(204,823)	-	382,111	-	-	-
Cash and cash equivalents at beginning of quarter / year	18,181,126	15,653,515	15,653,515	178,632	32,890	32,890
Cash and cash equivalents at quarter / year end (Note 9.4.1)	25,682,429	11,506,296	18,181,126	148,197	67,709	178,632

The notes on page 17 to 25 form an integral part of these financial statements.

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 2019.

9.2.1 Basis of preparation

This interim unaudited condensed financial statements for the quarter ended 31 March 2020 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 three months ended 31 March 2020 are consistent with those followed in the preparation of the Group’s audited financial statements for the year ended 31 December 2019, 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)

In the current quarter, the Group has applied all of the new and 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 2020.

9.3.1 New and revised IFRSs and IFRICs

The following standards have been adopted by the Group for the first time for the financial year beginning on 01 January 2020 and have no material effect on the Group:

IAS 1	Presentation of Financial Statements - Amendments regarding the definition of material
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of material
IFRS 3	Business Combinations - Amendments to clarify the definition of a business
IFRS 7	Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform
IFRS 9	Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform

Other standards, amendments and interpretations, which are effective for the quarter beginning on 01 January 2020, are not relevant to the Group.

9.3.2 New and revised IFRSs and IFRICs in issue but not yet effective

IAS 1	IAS 1 Presentation of Financial Statements - Amendments regarding classification of liabilities (effective 1 January 2022)
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous (effective 1 January 2022)
IFRS 3	Business Combinations - Amendments updating a reference to the Conceptual Framework (effective 1 January 2022)
IFRS 9	Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the ‘10 per cent’ test for derecognition of financial liabilities) (effective 1 January 2022)
IFRS 16	Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification (effective 1 June 2020)

The directors anticipate that these amendments will be adopted in the financial statements for the annual periods beginning on the respective dates as indicated above. The directors have not yet had an opportunity to consider the potential impact of the adoption of these amendments.

9.3.3 Significant accounting judgements and estimates

The preparation of interim unaudited condensed financial statements requires the directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim unaudited condensed financial statements, the significant judgements made by the directors in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2019.

9 Notes to the Financial Statements (Continued)

9.4.1 Cash and cash equivalents	The Group			The Company		
	Unaudited 31 March 2020	Unaudited 31 March 2019	Audited 31 December 2019	Unaudited 31 March 2020	Unaudited 31 March 2019	Audited 31 December 2019
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Cash in hand	1,652,588	2,619,355	2,884,293	-	-	-
Foreign currency notes and coins	971,385	168,956	33,579	-	-	-
Unrestricted balances with central banks	11,415,955	861,571	4,480,589	-	-	-
Loans and placements with banks	5,337,486	4,189,758	2,215,105	-	-	-
Balances with banks	6,307,826	3,667,366	8,572,409	148,197	67,709	178,632
	25,685,240	11,507,006	18,185,975	148,197	67,709	178,632
Less expected credit loss allowance	(2,811)	(710)	(4,849)	-	-	-
	25,682,429	11,506,296	18,181,126	148,197	67,709	178,632

9.4.2 Loans to and placements with banks	The Group			The Company		
	Unaudited 31 March 2020	Unaudited 31 March 2019	Audited 31 December 2019	Unaudited 31 March 2020	Unaudited 31 March 2019	Audited 31 December 2019
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Loans to and placements with banks						
- In Mauritius	2,775,064	2,693,432	3,257,096	-	-	-
- Outside Mauritius	6,484,743	6,078,005	6,008,516	-	-	-
	9,259,807	8,771,437	9,265,612	-	-	-
Less expected credit loss allowance	(35,431)	(42,294)	(25,481)	-	-	-
	9,224,376	8,729,143	9,240,131	-	-	-

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

	Unaudited				Unaudited	Audited
	31 March 2020				31 March 2019	31 December 2019
	Stage 1	Stage 2	Stage 3	Total	Total	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Internal rating grade						
Performing						
High grade	399,738	-	-	399,738	391,623	2,003,522
Standard grade	6,697,648	-	-	6,697,648	4,224,208	5,242,219
Sub-standard grade	2,162,421	-	-	2,162,421	4,155,606	2,019,871
Past due but not impaired	-	-	-	-	-	-
Non-performing						
Individually impaired	-	-	-	-	-	-
Total	9,259,807	-	-	9,259,807	8,771,437	9,265,612

9 Notes to the Financial Statements (Continued)

9.4.3 Loans and advances to non-bank customers

	The Group			The Company		
	Unaudited 31 March 2020	Unaudited 31 March 2019	Audited 31 December 2019	Unaudited 31 March 2020	Unaudited 31 March 2019	Audited 31 December 2019
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Government	19,022	9,940	8,515	-	-	-
Retail customers	40,752,564	35,750,564	39,586,963	-	-	-
Credit cards	529,669	622,476	584,532	-	-	-
Mortgages	26,068,065	23,060,485	25,507,821	-	-	-
Other retail loans	14,154,830	12,067,603	13,494,610	-	-	-
Corporate customers	47,092,594	44,127,427	46,543,416	-	-	-
Entities outside Mauritius (including offshore / Global Business Licence Holders)	41,097,041	31,920,319	35,594,084	-	-	-
Gross Loans and advances	128,961,221	111,808,250	121,732,978	-	-	-
Less expected credit loss allowance	(13,221,023)	(10,108,697)	(12,336,338)	-	-	-
Net Loans and advances	115,740,198	101,699,553	109,396,640	-	-	-

9.4.3.1 Gross Advances by sectors

	The Group			The Company		
	Unaudited 31 March 2020	Unaudited 31 March 2019	Audited 31 December 2019	Unaudited 31 March 2020	Unaudited 31 March 2019	Audited 31 December 2019
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Agriculture and fishing	4,446,723	6,305,090	4,166,340	-	-	-
Manufacturing	8,978,354	5,567,654	8,088,393	-	-	-
of which EPZ	1,682,568	1,214,206	1,811,884	-	-	-
Tourism	12,918,800	10,888,323	12,064,542	-	-	-
Transport	3,864,639	3,661,120	3,755,615	-	-	-
Construction	10,206,575	8,145,798	9,939,747	-	-	-
Financial and business services	13,122,082	12,207,257	9,854,807	-	-	-
Traders	14,394,502	17,766,240	15,350,812	-	-	-
Personal	41,157,717	35,487,942	39,864,948	-	-	-
of which credit cards	562,862	651,901	584,575	-	-	-
Professional	185,594	421,398	179,854	-	-	-
Global Business Licence holders	10,829,747	5,700,872	10,108,784	-	-	-
Others	8,856,488	5,656,556	8,359,136	-	-	-
	128,961,221	111,808,250	121,732,978	-	-	-

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9 Notes to the Financial Statements (Continued)

9.4.3 Loans and advances to non-bank customers (Continued)

9.4.3.2 Gross carrying amount

	Unaudited				Unaudited	Audited
	31 March 2020				31 March	31 December
					2019	2019
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Total	Total
Internal rating grade	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Performing						
High grade	41,865,900	2,649,875	-	44,515,775	34,884,778	39,466,703
Standard grade	39,283,372	7,760,624	-	47,043,996	38,107,727	41,177,935
Sub-standard grade	5,150,239	5,823,709	-	10,973,948	19,029,924	18,010,429
Past due but not impaired	12,378	9,121,468	-	9,133,846	2,200,822	7,064,523
Non-performing						
Individually impaired	-	-	17,293,656	17,293,656	17,584,999	16,013,388
Total	86,311,889	25,355,676	17,293,656	128,961,221	111,808,250	121,732,978

9.5 Deposits from non-bank customers

	The Group			The Company		
	Unaudited 31 March 2020	Unaudited 31 March 2019	Audited 31 December 2019	Unaudited 31 March 2020	Unaudited 31 March 2019	Audited 31 December 2019
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Retail	96,393,832	86,674,875	93,578,219	-	-	-
Corporate	84,565,430	69,173,747	86,186,795	-	-	-
Government	17,716,012	11,630,774	19,632,174	-	-	-
	198,675,274	167,479,396	199,397,188	-	-	-

9.6 Contingent liabilities

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

	The Group			The Company		
	Unaudited 31 March 2020	Unaudited 31 March 2019	Audited 31 December 2019	Unaudited 31 March 2020	Unaudited 31 March 2019	Audited 31 December 2019
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Acceptances on account of customers	867,411	197,458	792,774	-	-	-
Guarantees on account of customers	9,345,616	7,247,462	8,037,776	-	-	-
Letters of credit and other obligations on account of customers	1,190,596	956,466	760,345	-	-	-
Undrawn credit facilities	12,234,589	10,912,568	13,675,505	-	-	-
Other contingent items	130,363	-	185,584	-	-	-
	23,768,575	19,313,954	23,451,984	-	-	-

Others

	The Group			The Company		
	Unaudited 31 March 2020	Unaudited 31 March 2019	Audited 31 December 2019	Unaudited 31 March 2020	Unaudited 31 March 2019	Audited 31 December 2019
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Inward bills held for collection	152,691	145,612	195,680	-	-	-
Outward bills sent for collection	1,233,633	1,587,493	982,276	-	-	-
	1,386,324	1,733,105	1,177,956	-	-	-
Total	25,154,899	21,047,060	24,629,940			

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
	31 March 2020				31 March	31 December
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	2019	2019
Internal rating grade	MUR' 000	MUR' 000	MUR' 000	MUR' 000	Total	Total
Performing						
High grade	15,085,964	168,314	-	15,254,278	4,336,933	10,245,576
Standard grade	3,178,986	1,059,577	-	4,238,563	12,348,231	6,088,219
Sub-standard grade	4,549,407	1,111,646	-	5,661,053	4,359,940	8,295,140
Non-performing						
Individually impaired	-	-	1,005	1,005	1,956	1,005
Total	22,814,357	2,339,537	1,005	25,154,899	21,047,060	24,629,940

9.7 Net interest income / (expense)

	The Group			The Company		
	Unaudited Quarter ended 31 March 2020	Unaudited Quarter ended 31 March 2019	Audited Year ended 31 December 2019	Unaudited Quarter ended 31 March 2020	Unaudited Quarter ended 31 March 2019	Audited Year ended 31 December 2019
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Interest income on financial instruments at amortised cost						
Cash and cash equivalents	39,526	63,719	265,370	-	-	-
Loans to and placements with banks	40,580	73,113	231,923	-	-	-
Loans and advances to non bank customers	1,750,852	1,541,157	6,461,861	-	-	-
Investment securities	697,974	564,804	2,529,390	6,020	24,845	77,863
	2,528,932	2,242,793	9,488,544	6,020	24,845	77,863
Interest income on financial instruments at fair value						
Investment securities	329,912	276,734	1,222,307	-	-	-
Derivative financial instruments	(49,507)	(24,338)	(66,761)	-	-	(9,784)
Other	-	6,235	-	-	-	-
	280,405	258,631	1,155,546	-	-	(9,784)
Total interest income	2,809,337	2,501,424	10,644,090	6,020	24,845	68,079
Interest expense						
Deposits from non-bank customers	(807,787)	(675,492)	(2,971,919)	-	-	-
Other borrowed funds	(171,491)	(205,910)	(708,218)	-	-	-
Subordinated debts	(118,235)	(119,668)	(476,589)	(118,235)	(118,875)	(476,589)
Total interest expense	(1,097,513)	(1,001,070)	(4,156,726)	(118,235)	(118,875)	(476,589)
Net interest income / (expense)	1,711,824	1,500,354	6,487,364	(112,215)	(94,030)	(408,510)

9.8 Net fee and commission income

	The Group			The Company		
	Unaudited Quarter ended 31 March 2020	Unaudited Quarter ended 31 March 2019	Audited Year ended 31 December 2019	Unaudited Quarter ended 31 March 2020	Unaudited Quarter ended 31 March 2019	Audited Year ended 31 December 2019
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Fee and commission income						
Retail banking customer fees	93,286	96,084	406,573	-	-	-
Corporate banking customer fees	149,334	104,224	556,093	-	-	-
Brokerage income	-	-	44,272	-	-	-
Assets Management fees	31,787	6,010	42,956	-	-	-
Card income	101,703	87,687	411,385	-	-	-
Other	95,184	52,599	155,528	-	-	-
Total fee and commission income	471,294	346,604	1,616,807	-	-	-
Fee and commission expense						
Interbank transaction fees	(2,815)	(5,075)	(18,719)	-	-	-
Subordinated liabilities	-	-	(2,344)	-	-	-
Other	(10,166)	(2,720)	(22,445)	(141)	(39)	(150)
Total fee and commission expense	(12,981)	(7,795)	(43,508)	(141)	(39)	(150)
Net fee and commission income	458,313	338,809	1,573,299	(141)	(39)	(150)

9 Notes to the financial statements (Continued)

9.9 Net gain from financial instruments

	The Group			The Company		
	Unaudited Quarter ended 31 March 2020	Unaudited Quarter ended 31 March 2019	Audited Year ended 31 December 2019	Unaudited Quarter ended 31 March 2020	Unaudited Quarter ended 31 March 2019	Audited Year ended 31 December 2019
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Net gain from trading instruments	94,760	26,978	103,454	-	-	-
Investment securities at fair value through profit or loss	(43,643)	23,246	26,402	(9,765)	15,422	17,879
Other	(5)	7	(22,264)	-	-	-
	51,112	50,231	107,592	(9,765)	15,422	17,879

9.10 Net gain on sale of securities

	The Group			The Company		
	Unaudited Quarter ended 31 March 2020	Unaudited Quarter ended 31 March 2019	Audited Year ended 31 December 2019	Unaudited Quarter ended 31 March 2020	Unaudited Quarter ended 31 March 2019	Audited Year ended 31 December 2019
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Net (loss) /gain on derecognition of financial assets measured at fair value through other comprehensive income	290,333	2,428	231,379	-	(23)	371
Net gain on derecognition of financial assets measured at amortised cost	22,528	6,188	27,110	-	(197)	6,396
Net gain on derecognition of financial assets at fair value through profit or loss	104,947	97,657	407,415	(17)	-	-
	417,808	106,273	665,904	(17)	(220)	6,767

9 Notes to the Financial Statements (Continued)

9.11 Taxation

	The Group			The Company		
	Unaudited Quarter ended 31 March 2020 MUR' 000	Unaudited Quarter ended 31 March 2019 MUR' 000	Audited Year ended 31 December 2019 MUR' 000	Unaudited Quarter ended 31 March 2020 MUR' 000	Unaudited Quarter ended 31 March 2019 MUR' 000	Audited Year ended 31 December 2019 MUR' 000
Income tax						
Income tax expense	89,294	288,611	805,287	-	6,911	(503)
Movement in deferred tax	(85,387)	(12,334)	(301,792)	-	-	-
Corporate social responsibility contribution	17,973	11,327	43,597	-	1,359	860
Withholding tax	2,526	1,386	395	-	-	-
	24,406	288,990	547,487	-	8,270	357

9.12 Dividend Paid

	The Group			The Company		
	Unaudited Quarter ended 31 March 2020 MUR' 000	Unaudited Quarter ended 31 March 2019 MUR' 000	Audited Year ended 31 December 2019 MUR' 000	Unaudited Quarter ended 31 March 2020 MUR' 000	Unaudited Quarter ended 31 March 2019 MUR' 000	Audited Year ended 31 December 2019 MUR' 000
Dividend declared during the period / year	-	129,090	903,632	-	129,090	903,632
Less: dividend paid	-	(129,090)	(903,632)	-	(129,090)	(903,632)
Dividend payable	-	-	-	-	-	-

9.13 Credit loss expense on financial assets

	The Group Unaudited Quarter ended 31 March 2020				Unaudited Quarter ended 31 March 2019	Audited Year ended 31 December 2019
	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	14,580	(543,338)	1,386,399	857,641	278,922	3,974,849
Loans and placements with banks	9,002	-	-	9,002	(37,233)	(50,129)
Debt instruments measured at amortised cost	(14,872)	-	-	(14,872)	(18,428)	28,213
Other receivables	-	-	-	-	-	284
Loan commitments	(54,186)	-	-	(54,186)	(1,146)	42,834
Off balance sheet items (Guarantees, Letters of credit, Acceptances)	3,883	329	(2,572)	1,640	(14,408)	(117,807)
Total credit loss under IFRS 9	(41,593)	(543,009)	1,383,827	799,225	207,707	3,878,244
Write off				235,469	(70)	-
Recoveries				(249,915)	(308,931)	(882,102)
Total credit loss / (income)				784,779	(101,294)	2,996,142

	The Company Unaudited Quarter ended 31 March 2020				Unaudited Quarter ended 31 March 2019	Audited Year ended 31 December 2019
	Stage 1 MUR' 000	Stage 2 MUR' 000	Stage 3 MUR' 000	Total MUR' 000	Total MUR' 000	Total MUR' 000
Debt instruments measured at amortised cost	(190)	-	-	(190)	484	1,085
Total credit loss under IFRS 9	(190)	-	-	(190)	484	1,085

9 Notes to the Financial Statements (Continued)

9.14 Segment Information

The Group				
31 March 2020				
	Banking	Non-bank	Non	Group
	MUR' 000	financial	financial	Total
		institutions	institutions	MUR' 000
		MUR' 000	MUR' 000	
Revenue from external customers	3,835,320	84,949	(391,340)	-
Revenue from other segments of the entity	-	29,696	60,000	(89,696)
Total gross revenue	3,835,320	114,646	(331,340)	(89,696)
Operating income	2,856,382	106,970	(449,574)	(82,362)
Profit after tax	668,703	67,516	(477,294)	(78,797)
Segment assets	291,330,205	4,045,987	38,169,266	(60,090,225)
Segment assets	238,813,535	1,401,054	10,376,498	(1,972,046)

The Group				
31 December 2019				
	Banking	Non-bank	Non	Group
	MUR' 000	financial	financial	Total
		institutions	institutions	MUR' 000
		MUR' 000	MUR' 000	
Revenue from external customers	13,359,290	281,225	(40,449)	-
Revenue from other segments of the entity	1,327,875	144,743	1,417,849	(2,890,467)
Total gross revenue	14,687,165	425,968	1,377,400	(2,890,467)
Operating income	11,000,601	403,928	900,811	(2,862,001)
Profit after tax	315,686	218,851	763,493	(1,282,995)
Segment assets	278,248,224	4,159,936	38,137,215	(60,069,382)
Segment assets	226,416,712	1,590,353	9,858,199	(1,907,154)

9 Notes to the Financial Statements (Continued)

9.15 Financial Assets And Financial Liabilities

<u>The Group</u>	Unaudited 31 March 2020		Audited 31 December 2019	
	Carrying Value MUR'000	Fair Value MUR'000	Carrying Value MUR'000	Fair Value MUR'000
Financial assets				
Cash and cash equivalents	25,682,429	25,682,429	18,181,126	18,181,126
Mandatory balances with Central banks	10,378,934	10,378,934	10,680,287	10,680,287
Loans to and placements with banks	9,224,376	9,224,376	9,240,131	9,240,131
Derivative financial instruments	1,667,553	1,667,553	874,269	874,269
Loans and advances to non-bank customers	115,740,198	114,349,343	109,396,640	109,151,966
Investment securities	93,454,955	95,275,872	94,276,665	94,922,762
Equity investments	5,241,652	5,241,652	6,014,270	6,014,270
Other assets	3,023,713	3,023,713	2,750,495	2,750,495
	264,413,810	264,843,872	251,413,883	251,815,305
Financial liabilities				
Deposits from banks	877,528	877,528	907,521	907,521
Deposits from non-bank customers	198,675,274	198,674,340	199,397,188	199,396,303
Other borrowed funds	29,013,715	29,013,715	15,670,968	15,670,968
Derivative financial instruments	1,584,387	1,584,387	881,176	881,176
Other liabilities	5,129,482	5,129,482	7,350,644	7,350,644
Subordinated debts	10,243,325	10,243,325	9,739,981	9,739,981
	245,523,711	245,522,777	233,947,479	233,946,595
<u>The Company</u>				
	Unaudited 31 March 2020		Audited 31 December 2019	
	Carrying Value MUR'000	Fair Value MUR'000	Carrying Value MUR'000	Fair Value MUR'000
Financial assets				
Cash and cash equivalents	148,197	148,197	178,632	178,632
Investment securities	1,757,235	1,357,094	1,670,478	2,070,619
Equity investments	4,227,683	4,227,683	4,227,683	4,227,683
Other assets	211,384	211,384	231,000	231,000
	6,344,499	5,944,358	6,307,792	6,707,933
Financial liabilities				
Other liabilities	129,774	129,774	114,880	114,880
Subordinated debts	10,243,325	10,243,325	9,739,981	9,739,981
	10,373,099	10,373,099	9,854,861	9,854,861

9.16 COVID-19

COVID-19 has shaken the World since the beginning of this year. The economic impact of the virus on the Group in particular is difficult to ascertain at this stage. The Group has however proactively built up a significant liquidity cushion and undertaken a detailed review of its asset portfolio. The asset review has been based on three scenarios of increasing severity to assess the impact on profitability, liquidity, capital adequacy and asset quality. The results of the stress testing have been presented and agreed by the board.

As at March 2020, the increase in the overall credit risk has been factored into the Group's first quarter results which have resulted in an increase in the provisioning levels.

The environment remains very dynamic and any new information available is fed in our scenarios. The updated results are then reviewed by management and communicated to the board on a regular basis.