

SBM HOLDINGS LTD

INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

SBM HOLDINGS LTD
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FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

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Management Discussion and Analysis (continued)

Financial Review (continued)

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.

Details on impairment of financial assets are provided in notes 6,7(b), 10 and 15.

Assets and Liabilities

Total assets have increased from MUR 260.5 billion as at December 2019 to MUR 279.8 billion as at September 2020, mainly on account of increase in investment securities, loans and advances as well as cash balances.

Investment in securities amounted to MUR 105.8 billion at 30 September 2020 compared to MUR 94.3 billion at December 2019 representing an increase of MUR 11.5 billion. Investment securities accounted for 37.8% of total assets at 30 September 2020 (December 2019: 42.0%)

Gross loans and advances to non bank customers stood at MUR 133.8 billion as at September 2020 compared to MUR 121.7 billion as at December 2019, representing an increase of MUR 12.1 billion (9.9%).

Deposits from non-bank customers have increased to reach MUR 211.0 billion as at September 2020 as compared to MUR 199.4 billion as at December 2019. The growth in liabilities is also noted in terms of other borrowed funds which grew by MUR 4.5 billion to arrive at MUR 20.2 billion as at September 2020.

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 30 September 20 as compared to the statutory requirement of 14.5% including provision for Domestically Systemic Important Banks (D-SIBs) and Capital Conservation Buffer.

	Unaudited Quarter ended September 2020	Unaudited Quarter ended 30 September 2019	Audited Year ended 31 December 2019
	MUR million	MUR million	MUR million
Capital Base			
Tier 1	21,132	22,184	19,915
Tier 2	10,076	9,973	10,241
	31,209	32,157	30,156
Risk Weighted Assets			
On balance sheet	123,952	110,199	116,812
Off balance sheet	10,379	7,141	8,211
Operational Risk	10,525	9,684	10,525
Market Risk	715	1,236	1,142
	145,571	128,260	136,690
Capital Adequacy Ratio (%)	21.4	25.1	22.1
Tier 1 Capital Adequacy Ratio (%)	14.5	17.3	14.6

The Capital Adequacy Ratio has decreased from 22.1% at December 2019 to 21.4% at 30 September 2020.

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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 2020.

Financial Review

Group key financial highlights

<u>Key Financial indicators</u>	Unaudited Nine months ended 30 September 2020	Restated Unaudited Nine months ended 30 September 2019	Restated Audited Year ended 31 December 2019
Statement of Profit or Loss (MUR million)			
Net interest income	5,146	4,806	6,485
Operating income	8,002	6,878	9,431
Profit before credit loss expense	3,618	2,279	3,437
Credit loss expense on financial assets and memorandum items	2,726	526	2,996
Profit from continuing operations	830	1,482	33
Statement of Financial position (MUR million)			
Total assets	279,840	240,652	260,476
Total gross loans and advances to non bank customers	133,769	119,296	121,733
Deposits from non-bank customers	210,975	171,507	199,397
Tier 1 capital	21,132	22,184	19,915
Total regulatory capital	31,209	32,157	30,156
Risk weighted assets	145,571	128,260	136,690
Shareholders' equity	25,546	26,328	24,518
Share information			
Market price per share (MUR)	3.3	5.7	6.4
Earnings per share (Cents)	32.2	57.4	0.6
Efficiency Ratio (%)			
Cost to income	54.8	66.9	63.8
Performance Ratios (%)			
Capital adequacy ratio	21.4	25.1	22.1
Tier 1 capital adequacy ratio	14.5	17.3	14.6
Return on average shareholders' equity	4.4	7.8	0.1
Return on average assets	0.4	0.8	0.0
Return on average risk-weighted assets	0.8	3.1	0.0
Asset Quality Ratios (%)			
Gross impaired advances to gross advances	13.3	12.2	11.7
Net impaired advances to net advances	4.7	5.4	4.0
Provision coverage ratio	68.7	59.4	69.1
Liquidity Ratio (%)			
Credit to deposit ratio	64.1	65.9	61.1

Management Discussion and Analysis (continued)

Financial Review (continued)

Revenue

Net interest income for the period under review increased by MUR 340.3 million as compared to same period last year. The main increases are on account of gross loans and advances and investment securities.

Interest income has increased from MUR 7.9 billion to MUR 8.1 billion for the period under review. Gross Loans and advances from non bank customers have increased by MUR 14.5 billion from september 2019 to september 2020 which has resulted into an increase in interest income on loans and advances by MUR 179 million. Investment securities have also gone up from MUR 85.3 billion as at September 2019 to reach MUR 105.8 billion as at September 2020, resulting into an increase in interest income of MUR 281.6 million.

Interest expense decreased by MUR 84.0 million driven by a fall in interest rates although deposits from non-bank customers grew by MUR 39.5 billion from September 2019 to September 2020.

Non-interest income has increased by MUR 784.2 million as compared to same period last year. This includes an exchange loss of MUR 443.3 million made on the USD 140 million subordinated debts held in the books of SBM Holdings Ltd. The main increases were on account of net gain on sale of securities amounting to MUR 1,162.9 million and on net fee and commission income of MUR 17.4 million.

The Group has made a profit before credit loss expense of MUR 3.6 billion for this period as compared to MUR 2.3 billion for same period last year.

Profit after tax for the nine month stood at MUR 825.2 million.

Cost Control

Non-interest expense of the Group for the nine months ended 30 September 2020 stood at MUR 4,384.4 million.

	Unaudited Nine months ended 30 September 2020	Restated Unaudited Nine months ended 30 September 2019	Restated Audited Year ended 31 December 2019
	MUR million	MUR million	MUR million
Personnel expenses	2,159.9	2,049.6	2,869.4
Depreciation of property and equipment	337.7	341.6	473.2
Amortisation of intangible assets	421.5	469.5	616.9
Other expenses	1,336.8	1,516.3	1,863.7
Bank levy	128.5	221.6	171.4
Non-interest expense	4,384.4	4,598.6	5,994.6

Total non-interest expense has decreased by 4.7% as compared to same period last year. Depreciation of property and equipment and amortisation of intangible assets has decreased by MUR 51.8 million for the nine months ended september 2020 as compared to the same period last year. Other expenses have also been reduced. However the overall decrease has been mitigated by rise in personnel expense by MUR 110.3 million due to annual increase in salary.

Credit Exposure

The Group regularly reviews the diversification of its credit portfolio and factors affecting its operating 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 a single or a group of related clients. While being an important element in the management of risk exposure, the capital strength is a factor that quite often influences the appetite.

The Group strives to achieve a right balance between growth, liquidity and profitability through a well-diversified portfolio spread across different sectors of the economy and in line with the industry best practices. The breakdown of the loan book is provided in note 7(a).

Management Discussion and Analysis (Continued)

Financial Review (continued)

Capital Structure (continued)

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.

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.

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 29.5 billion representing only 139.3% of its Tier 1 capital, well within the 800% allowed under the BOM guideline on credit concentration risk.

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 370.8 million as at 30 September 2020.

On and off balance sheet exposures to related parties after set off amounted to MUR 6,136.7 million representing 4.2% of aggregate on and off balance sheet exposures and 29.0% of Tier 1 Capital, well within the limit of 60% as per the BOM Guideline on related party transactions.

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

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:

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.

Management Discussion and Analysis (continued)

Risk Management Policies and Controls (continued)

Market risk (continued)

Interest rate risk (continued)

The Group actively manages its interest rate exposures with the objective of enhancing net interest income within established risk tolerances limits. Interest rate risk arising from the 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.

Equity risk

This is the risk of loss due to changes in the prices, volatility of 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.

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").

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.

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.

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 good corporate governance practices.

Compliance

The Group is committed to the highest standards of business integrity, transparency and professionalism in its activities. The purpose of the 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.

Statement of Corporate Governance Practices

Company law requires the Board 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 the above requirements in preparing the financial statements have been respected and that these interim unaudited condensed financial statement have been prepared in accordance with IAS 34 Interim Financial Reporting.

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>Resignation 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	27 Jul 20	Non-Independent
(4) Ms. Shakilla Bibi Jhungeer	13 Mar 20	-	Independent
(5) Mr Varun Krishn Munoosingh	13 Aug 20	-	Non-Independent
(6) Mr. Roodesh Muttylall	30 Jun 15	-	Independent
(7) Mr. Sarwansingh Purmessur	13 Mar 20	27 Jul 20	Non-Independent
(8) Ms. Sharon Ramdenee	14 Dec 18	-	Independent
(9) Mr. Patrice Georges Maxime Robert	29 Apr 20	27 Jul 20	Independent
(10) Mr Visvanaden Soondram	11 Mar 20	-	Non-Independent
(11) 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 and is approved by the SBMH Board.

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 **13 November 2020** and signed on its behalf by:



Sattar HAJEE ABDOULA
Chairman



Subhas THECKA
Director

**Review Report on the Interim Unaudited Condensed Financial Statements
to the Board of Directors of SBM Holdings Ltd**

Introduction

We have reviewed the accompanying interim unaudited condensed financial statements set out on pages 10 to 32 which comprise the interim unaudited condensed statement of financial position of **SBM Holdings Ltd** (“the Company”) and of its subsidiaries (“the Group”) as at 30 September 2020, and the related interim unaudited condensed statement of profit or loss and statement of other comprehensive income for the quarter and nine months then ended, interim unaudited condensed statement of changes in equity, interim unaudited condensed statement of cash flows and other explanatory notes. The Board of directors and management are responsible for the preparation and presentation of these unaudited condensed interim financial statements in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on these unaudited condensed interim 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 30 September 2019 and as of 31 December 2019 and for the three months ended 30 September 2019, nine months ended 30 September 2019 and year ended 31 December 2019 were respectively reviewed and audited by another auditor who issued an unqualified conclusion and opinion.



Deloitte

Chartered Accountants

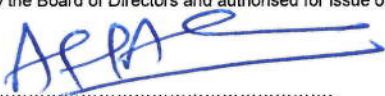
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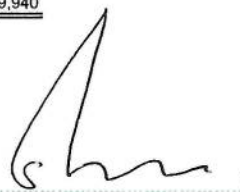
SBM HOLDINGS LTD
INTERIM UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

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Notes	The Group			The Company			
	Unaudited 30 September 2020	Unaudited 30 September 2019	Audited 31 December 2019	Unaudited 30 September 2020	Unaudited 30 September 2019	Audited 31 December 2019	
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	
ASSETS							
Cash and cash equivalents	5	20,255,219	11,648,377	18,181,126	428,097	94,450	178,632
Mandatory balances with central bank		10,827,606	9,847,889	10,680,287	-	-	-
Loans to and placements with banks	6	6,335,356	5,824,449	9,240,131	-	-	-
Derivative financial instruments		729,956	1,490,662	874,269	-	-	-
Loans and advances to non-bank customers	7	118,701,634	109,469,663	109,396,640	-	-	-
Investment securities	8	105,786,953	85,257,505	94,276,665	1,687,699	1,692,332	1,670,478
Equity investments		5,205,575	6,082,198	6,014,270	3,636,307	4,227,683	4,227,683
Investment in subsidiaries		-	-	-	29,472,239	29,899,893	29,899,918
Investment in associate		1,546,549	1,475,435	1,479,048	1,272,977	1,272,977	1,272,977
Property and equipment and right of use assets		4,194,957	3,846,093	4,088,213	2,437	4,324	3,865
Goodwill and other intangible assets		2,405,985	2,865,715	2,729,474	952	36	1,157
Deferred tax assets		530,032	112,317	355,992	-	-	-
Other assets		3,118,686	2,731,938	3,159,878	201,209	261,477	231,515
Assets classified as held for sale	21	201,399	-	-	-	-	-
Total assets		279,839,907	240,652,241	260,475,993	36,701,917	37,453,172	37,486,225
LIABILITIES							
Deposits from banks		1,262,750	1,296,727	907,521	-	-	-
Deposits from non-bank customers	9	210,974,603	171,507,322	199,397,188	-	-	-
Other borrowed funds		20,207,751	24,391,841	15,670,968	-	-	-
Derivative financial instruments		1,063,278	1,526,421	881,176	23,965	-	-
Current tax liabilities		59,605	503,702	536,283	-	513	-
Deferred tax liabilities		-	71,161	-	-	-	-
Other liabilities		10,323,625	5,179,575	8,583,364	114,540	110,751	115,977
Pension liability		96,926	40,510	241,628	1,040	-	1,363
Subordinated debts		10,301,380	9,807,125	9,739,981	10,301,380	9,807,125	9,739,981
Liabilities directly associated with assets classified as held for sale	21	4,048	-	-	-	-	-
Total liabilities		254,293,966	214,324,384	235,958,109	10,440,925	9,918,389	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		1,468,494	3,011,646	1,107,260	49,047	731,441	825,549
Other reserves		(3,547,726)	(4,308,962)	(4,214,549)	(1,413,228)	(821,831)	(821,818)
		30,420,972	31,202,888	29,392,915	31,136,023	32,409,814	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		25,545,941	26,327,857	24,517,884	26,260,992	27,534,783	27,628,904
Total equity and liabilities		279,839,907	240,652,241	260,475,993	36,701,917	37,453,172	37,486,225
Contingent liabilities	10	32,622,120	41,308,828	24,629,940			

Approved by the Board of Directors and authorised for issue on 13 November 2020.


Sattar HAJEE ABDOLA
 Chairman


Subhas THECKA
 Director

The notes on page 16 to 32 form an integral part of these financial statements.

SBM HOLDINGS LTD
INTERIM UNAUDITED CONDENSED STATEMENTS OF PROFIT OR LOSS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

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Notes	The Group					The Company					
	Unaudited Quarter ended 30 September 2020	Restated Unaudited Quarter ended 30 September 2019	Unaudited Nine months ended 30 September 2020	Restated Unaudited Nine months ended 30 September 2019	Restated Audited Year ended 31 December 2019	Unaudited Quarter ended 30 September 2020	Unaudited Quarter ended 30 September 2019	Unaudited Nine months ended 30 September 2020	Unaudited Nine months ended 30 September 2019	Audited Year ended 31 December 2019	
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	
	Interest income	2,605,363	2,723,463	8,112,687	7,856,400	10,640,865	(3,623)	14,746	5,317	59,853	68,079
	Interest expense	(820,765)	(1,090,664)	(2,966,546)	(3,050,510)	(4,155,476)	(101,411)	(119,232)	(338,343)	(357,965)	(476,589)
11	Net interest income / (expense)	1,784,598	1,632,799	5,146,141	4,805,890	6,485,389	(105,034)	(104,486)	(333,026)	(298,112)	(408,510)
	Fee and commission income	290,436	384,174	1,150,783	1,124,792	1,607,281	-	-	-	-	-
	Fee and commission expense	(14,545)	(14,595)	(40,636)	(32,020)	(43,508)	(127)	(25)	(13)	(99)	(150)
12	Net fee and commission income / (expense)	275,891	369,579	1,110,147	1,092,772	1,563,773	(127)	(25)	(13)	(99)	(150)
	Profit/(loss) arising from dealing in foreign currencies	209,015	27,797	29,374	287,736	381,175	15,495	(130,987)	(445,513)	(270,794)	(289,253)
13	Net gain on sale of securities	406,271	126,940	1,526,110	363,164	665,904	40	6,125	1,548	6,805	6,767
	Dividend income	34,103	175,339	110,430	220,652	223,076	100,685	600,732	175,685	1,045,732	1,570,456
14	Net (loss)/gain from financial instruments	(2,936)	49,125	36,754	104,106	107,592	(12,742)	(905)	7,117	22,200	17,879
	Other operating income	43,832	2,470	43,063	3,271	4,493	-	-	-	-	-
	Non-interest income / (expense)	966,176	751,250	2,855,878	2,071,701	2,946,013	103,351	474,940	(261,176)	803,844	1,305,699
	Operating income / (expense)	2,750,774	2,384,049	8,002,019	6,877,591	9,431,402	(1,683)	370,454	(594,202)	505,732	897,189
	Personnel expenses	(737,678)	(712,279)	(2,159,901)	(2,049,569)	(2,869,406)	(6,461)	(17,113)	(38,338)	(62,537)	(82,994)
	Depreciation of property and equipment and right-of-use assets	(131,617)	(115,234)	(337,720)	(341,575)	(473,181)	(343)	(536)	(1,429)	(1,600)	(2,142)
	Amortisation of intangible assets	(140,926)	(143,089)	(421,540)	(469,531)	(616,923)	(69)	(2)	(206)	(7)	(208)
	Other expenses	(447,178)	(643,588)	(1,336,756)	(1,516,316)	(1,863,716)	(7,570)	(14,848)	(18,192)	(30,610)	(49,096)
	Impairment of investment in subsidiaries	-	-	-	-	-	-	-	(124,000)	-	-
	Bank levy	(42,841)	(82,707)	(128,526)	(221,640)	(171,368)	-	-	-	-	-
	Non-interest expense	(1,500,240)	(1,696,897)	(4,384,443)	(4,598,631)	(5,994,594)	(14,443)	(32,499)	(182,165)	(94,754)	(134,440)
	Profit/(loss) before credit loss expense	1,250,534	687,152	3,617,576	2,278,960	3,436,808	(16,126)	337,955	(776,367)	410,978	762,749
	Credit loss (expense) / income on financial assets and memorandum items	(992,185)	(375,529)	(2,725,623)	(526,083)	(2,995,558)	55	583	(135)	1,077	1,085
15	Operating profit / (loss)	258,348	311,623	891,953	1,752,877	441,250	(16,071)	338,538	(776,502)	412,055	763,834
	Share of profit of associate	39,111	29,371	94,532	95,856	139,237	-	-	-	-	-
	Profit/(loss) before income tax	297,459	340,994	986,485	1,848,733	580,487	(16,071)	338,538	(776,502)	412,055	763,834
16	Tax expense	(104,477)	(77,970)	(155,997)	(367,077)	(547,487)	-	(513)	-	(870)	(357)
	Profit/(loss) for the quarter/period/year from continuing operations	192,983	263,024	830,488	1,481,656	33,000	(16,071)	338,025	(776,502)	411,185	763,477
	Discontinued operations										
21	Loss after tax for the quarter/period/year	(42,719)	(2,559)	(5,286)	(3,507)	(17,965)	-	-	-	-	-
	Profit/(loss) for the quarter/period/year attributable to equity holders of the parent	150,264	260,465	825,202	1,478,149	15,035	(16,071)	338,025	(776,502)	411,185	763,477
	Earnings per share:										
	Basic (Cents)	7.5	10.2	32.2	57.3	0.6					
	Diluted (Cents)	7.5	10.2	32.2	57.4	0.6					

The notes on page 16 to 32 form an integral part of these financial statements.

SBM HOLDINGS LTD
INTERIM UNAUDITED CONDENSED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

12

	The Group					The Company				
	Unaudited Quarter ended 30 September 2020 MUR' 000	Restated Unaudited Quarter ended 30 September 2019 MUR' 000	Unaudited Nine months ended 30 September 2020 MUR' 000	Restated Unaudited Nine months ended 30 September 2019 MUR' 000	Restated Audited Year ended 31 December 2019 MUR' 000	Unaudited Quarter ended 30 September 2020 MUR' 000	Unaudited Quarter ended 30 September 2019 MUR' 000	Unaudited Nine months ended 30 September 2020 MUR' 000	Unaudited Nine months ended 30 September 2019 MUR' 000	Audited Year ended 31 December 2019 MUR' 000
Profit/(loss) for the quarter/period/year from continuing operations	150,264	260,465	825,202	1,478,149	15,035	(16,071)	338,025	(776,502)	411,185	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	5,241	1,178	(20,245)	(31,105)	(31,105)	-	-	-	-	-
Share of other comprehensive (loss) / income of associate	(3,002)	(2,937)	(19,691)	75,423	76,112	-	-	-	-	-
Net gain on equity instruments designated at FVTOCI	-	-	-	45,277	45,277	-	-	-	-	-
	2,239	(1,759)	(39,936)	89,595	256,357	-	-	-	-	-
<i>Items that may be reclassified subsequently to profit or loss:</i>										
Exchange differences on translation of foreign operations	952	53,908	196,539	309,893	327,378	-	-	-	-	-
Exchange differences resulting from share of associate	(188)	3,609	12,903	27,103	25,496	-	-	-	-	-
Investment securities measured at FVTOCI										
Movement in fair value during the quarter/period/year	(816,368)	(51,493)	1,164,573	696,378	395,221	-	-	(591,410)	(9,158)	(9,145)
Fair value re-cycled on disposal	(368,182)	-	(1,127,626)	-	231,379	-	-	-	-	-
Movement in credit loss expense relating to debt instruments held at FVTOCI	31,876	2,758	(3,598)	(9,026)	(6,356)	-	-	-	-	-
Net income on derecognition of financial instruments at fair value through other comprehensive income	-	128,172	-	204,207	-	-	-	-	-	-
	(1,151,910)	136,954	242,791	1,228,555	973,118	-	-	(591,410)	(9,158)	(9,145)
Total other comprehensive income / (loss)	(1,149,671)	135,195	202,855	1,318,150	1,229,475	-	-	(591,410)	(9,158)	(9,145)
Total comprehensive income / (loss) attributable to equity holders of the parent	(999,407)	395,660	1,028,057	2,796,299	1,244,510	(16,071)	338,025	(1,367,912)	402,027	754,332

The notes on page 16 to 32 form an integral part of these financial statements.

SBM HOLDINGS LTD
INTERIM UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

13

	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
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
The Group											
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	-	-	-	-	(31,105)	75,423	-	27,103	-	-	71,421
Other comprehensive income for the period	-	-	-	-	-	945,862	-	309,893	-	-	1,255,755
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 16)	-	-	-	-	(645,448)	-	-	-	-	-	(645,448)
At 30 September 2019	<u>32,500,204</u>	<u>(4,875,031)</u>	<u>687,074</u>	<u>-</u>	<u>3,011,646</u>	<u>98,342</u>	<u>34,450</u>	<u>251,512</u>	<u>-</u>	<u>(5,380,340)</u>	<u>26,327,857</u>
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 16)	-	-	-	-	(903,632)	-	-	-	-	-	(903,632)
At 31 December 2019	<u>32,500,204</u>	<u>(4,875,031)</u>	<u>687,074</u>	<u>-</u>	<u>1,107,260</u>	<u>(172,284)</u>	<u>383,615</u>	<u>267,386</u>	<u>-</u>	<u>(5,380,340)</u>	<u>24,517,884</u>
At 01 January 2020	<u>32,500,204</u>	<u>(4,875,031)</u>	<u>687,074</u>	<u>-</u>	<u>1,107,260</u>	<u>(172,284)</u>	<u>383,615</u>	<u>267,386</u>	<u>-</u>	<u>(5,380,340)</u>	<u>24,517,884</u>
Profit for the period	-	-	-	-	825,202	-	-	-	-	-	825,202
Credit loss expense relating to debts instruments held at FVTOCI	-	-	-	-	-	(3,598)	-	-	-	-	(3,598)
Share of OCI of associate	-	-	-	-	(20,245)	(19,691)	-	12,903	-	-	(27,033)
Other comprehensive income for the period	-	-	-	-	-	36,947	-	196,539	-	-	233,486
Total comprehensive income for the period	-	-	-	-	804,957	13,658	-	209,442	-	-	1,028,056
Reclassification from translation reserve to revaluation reserve	-	-	-	-	-	-	2,019	(2,019)	-	-	-
Transfer from revaluation reserve to retained earnings	-	-	-	-	38,466	-	(38,466)	-	-	-	-
Transfer from retained earnings to statutory reserve	-	-	2,531	-	(2,531)	-	-	-	-	-	-
Transfer from revaluation reserve to statutory reserve	-	-	4,177	-	-	(4,177)	-	-	-	-	-
Transfer from revaluation reserve to general reserve	-	-	-	3,416	-	(3,416)	-	-	-	-	-
Transfer from retained earnings to general reserve	-	-	-	472,064	(472,064)	-	-	-	-	-	-
Transfer from revaluation reserve to retained earnings	-	-	-	-	(7,594)	7,594	-	-	-	-	-
At 30 September 2020	<u>32,500,204</u>	<u>(4,875,031)</u>	<u>693,782</u>	<u>475,480</u>	<u>1,468,494</u>	<u>(158,625)</u>	<u>347,168</u>	<u>474,809</u>	<u>-</u>	<u>(5,380,340)</u>	<u>25,545,941</u>

The notes on page 16 to 32 form an integral part of these financial statements.

SBM HOLDINGS LTD
INTERIM UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

14

	<u>Stated</u> <u>capital</u>	<u>Treasury</u> <u>shares</u>	<u>Retained</u> <u>earnings</u>	<u>Net</u> <u>unrealised</u> <u>investment</u> <u>fair value</u> <u>reserve</u>	<u>Total</u> <u>equity</u>
<u>The Company</u>	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
At 01 January 2019	32,500,204	(4,875,031)	965,704	(812,673)	27,778,204
Profit for the period	-	-	411,185	-	411,185
Other comprehensive loss for the period	-	-	-	(9,158)	(9,158)
Total comprehensive income/(loss) for the period	-	-	411,185	(9,158)	402,027
Dividend (Note16)	-	-	(645,448)	-	(645,448)
At 30 September 2019	<u>32,500,204</u>	<u>(4,875,031)</u>	<u>731,441</u>	<u>(821,831)</u>	<u>27,534,783</u>
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 / (loss) for the year	-	-	763,477	(9,145)	754,332
Dividend (Note16)	-	-	(903,632)	-	(903,632)
At 31 December 2019	<u>32,500,204</u>	<u>(4,875,031)</u>	<u>825,549</u>	<u>(821,818)</u>	<u>27,628,904</u>
At 01 January 2020	32,500,204	(4,875,031)	825,549	(821,818)	27,628,904
Loss for the period	-	-	(776,502)	-	(776,502)
Other comprehensive loss for the period	-	-	-	(591,410)	(591,410)
Total comprehensive loss for the period	-	-	(776,502)	(591,410)	(1,367,912)
At 30 September 2020	<u>32,500,204</u>	<u>(4,875,031)</u>	<u>49,047</u>	<u>(1,413,228)</u>	<u>26,260,992</u>

The notes on page 16 to 32 form an integral part of these financial statements.

SBM HOLDINGS LTD
INTERIM UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

15

	The Group			The Company		
	Unaudited Nine months ended 30 September 2020 MUR'000	Unaudited Nine months ended 30 September 2019 MUR'000	Audited Year ended 31 December 2019 MUR'000	Unaudited Nine months ended 30 September 2020 MUR'000	Unaudited Nine months ended 30 September 2019 MUR'000	Audited Year ended 31 December 2019 MUR'000
Net cash (used in)/generated from operating activities	(1,946,767)	(12,145,112)	2,560,472	(499,727)	2,288,993	2,754,941
Net cash generated from/(used in) financing activities	4,536,783	9,618,757	73,684	-	(541,756)	(903,632)
Net cash (used in)/from investing activities	(545,297)	(1,141,787)	(488,656)	303,679	(1,414,883)	(1,416,314)
Net change in cash and cash equivalents	2,044,719	(3,668,142)	2,145,500	(196,048)	332,354	434,995
Net foreign exchange difference	29,374	(336,996)	382,111	445,513	(270,794)	(289,253)
Cash and cash equivalents at beginning of period/year	18,181,126	15,653,515	15,653,515	178,632	32,890	32,890
Cash and cash equivalents at period/year end	20,255,219	11,648,377	18,181,126	428,097	94,450	178,632

Note

5

The notes on page 16 to 32 form an integral part of these financial statements.

1 General information

SBM Holdings Ltd (the "Company") is a public company incorporated on 18 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. The interim unaudited condensed financial statements are presented in Mauritian Rupee, which is the Company's functional and presentation currency. All values are rounded to the nearest thousand (MUR'000), except where otherwise indicated.

2 Application of new and revised International Financial Reporting Standards (IFRSs)

In the current period, 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.

(a) 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 period beginning on 01 January 2020, are not relevant to the Group.

(b) New and revised IFRSs and IFRICs in issue but not yet effective

IAS 1	Presentation of Financial Statements - Amendments regarding classification of liabilities (effective 1 January 2023)
IAS 16	Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (effective 01 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)
IAS 39	Financial Instruments – Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021)
IFRS 3	Business Combinations - Amendments updating a reference to the Conceptual Framework (effective 1 January 2022)
IFRS 7	Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021)
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 9	Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021)
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)
IFRS 16	Leases - Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021)

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.

3 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.

(a) Basis of preparation

These interim unaudited condensed financial statements for the nine months ended 30 September 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 nine months ended 30 September 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 2020. The nature and the effect of these changes are disclosed above in 2(a).

3 Accounting policies (Continued)

(b) Taxation

Income tax on the profit or loss for the period comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of prior year. An additional charge is applicable in respect of Corporate Social Responsibility and Special Levy on Banks.

Deferred tax is provided in full for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

The principal temporary differences arise from depreciation of property and equipment, provision for impairment on loans and advances, gains/(losses) on revaluation of foreign currency forward contracts, provisions for pension and other post- retirement benefits, tax losses carried forward and revaluation surplus. The rates enacted or substantively enacted at the reporting date are used to determine deferred income tax.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(c) Expenses

Cost incurred unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

4 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.

5 Cash and cash equivalents

	The Group			The Company		
	Unaudited 30 September 2020	Unaudited 30 September 2019	Audited 31 December 2019	Unaudited 30 September 2020	Unaudited 30 September 2019	Audited 31 December 2019
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Cash in hand	1,511,989	2,034,357	2,884,293	-	-	-
Foreign currency notes and coins	1,155,885	194,516	33,579	-	-	-
Unrestricted balances with central banks	9,929,374	731,378	4,480,589	-	-	-
Loans and placements with banks	3,904,707	3,092,853	2,215,105	-	-	-
Balances with banks	3,773,306	5,599,120	8,572,409	428,097	94,450	178,632
	20,275,261	11,652,224	18,185,975	428,097	94,450	178,632
Less expected credit loss allowance	(20,042)	(3,847)	(4,849)	-	-	-
	20,255,219	11,648,377	18,181,126	428,097	94,450	178,632

6 Loans to and placements with banks

	The Group			The Company		
	Unaudited 30 September 2020	Unaudited 30 September 2019	Audited 31 December 2019	Unaudited 30 September 2020	Unaudited 30 September 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	1,123,426	3,202,067	3,257,096	-	-	-
- Outside Mauritius	5,234,248	2,649,225	6,008,516	-	-	-
	6,357,674	5,851,292	9,265,612	-	-	-
Less expected credit loss allowance	(22,318)	(26,843)	(25,481)	-	-	-
	6,335,356	5,824,449	9,240,131	-	-	-

6 Loans to and placements with banks (Continued)

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

	Unaudited				Unaudited	Audited
	30 September 2020				30 September 2019	31 December 2019
Internal rating grade	Stage 1	Stage 2	Stage 3	Total	Total (Stage 1)	Total (Stage 1)
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Performing						
High grade	-	-	-	-	566,707	2,003,522
Standard grade	4,843,816	-	-	4,843,816	4,089,856	5,242,219
Sub-standard grade	1,513,858	-	-	1,513,858	1,194,729	2,019,871
Past due but not impaired	-	-	-	-	-	-
Non-performing						
Individually impaired	-	-	-	-	-	-
	6,357,674	-	-	6,357,674	5,851,292	9,265,612
Less expected credit loss allowance				(22,318)	(26,843)	(25,481)
Total				6,335,356	5,824,449	9,240,131

7 Loans and advances to non-bank customers

	The Group			The Company		
	Unaudited 30 September 2020	Unaudited 30 September 2019	Audited 31 December 2019	Unaudited 30 September 2020	Unaudited 30 September 2019	Audited 31 December 2019
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Government	8,020	8,700	8,515	-	-	-
Retail customers	41,814,936	38,158,881	39,586,963	-	-	-
- Credit cards	486,192	633,329	584,532	-	-	-
- Mortgages	26,940,418	24,491,008	25,507,821	-	-	-
- Other retail loans	14,388,326	13,034,544	13,494,610	-	-	-
Corporate customers	46,107,515	48,120,564	46,543,416	-	-	-
Entities outside Mauritius (including offshore / Global Business Licence Holders)	45,838,556	33,007,911	35,594,084	-	-	-
Gross Loans and advances	133,769,027	119,296,056	121,732,978	-	-	-
Less expected credit loss allowance	(15,067,393)	(9,826,393)	(12,336,338)	-	-	-
Net Loans and advances	118,701,634	109,469,663	109,396,640	-	-	-

(a) Gross advances by sectors

	The Group			The Company		
	Unaudited 30 September 2020	Unaudited 30 September 2019	Audited 31 December 2019	Unaudited 30 September 2020	Unaudited 30 September 2019	Audited 31 December 2019
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Agriculture and fishing	4,997,173	3,997,734	4,166,340	-	-	-
Manufacturing	10,294,176	8,768,806	8,088,393	-	-	-
of which EPZ	1,946,034	1,381,940	1,811,884	-	-	-
Tourism	14,714,579	11,941,231	12,064,542	-	-	-
Transport	3,827,427	3,665,899	3,755,615	-	-	-
Construction	11,332,273	9,623,878	9,939,747	-	-	-
Financial and business services	9,727,666	12,367,077	9,854,807	-	-	-
Traders	15,483,239	15,232,076	15,350,812	-	-	-
Personal	42,976,626	37,907,524	39,864,948	-	-	-
of which credit cards	691,263	667,687	584,575	-	-	-
Professional	171,739	178,481	179,854	-	-	-
Global Business Licence holders	8,513,005	6,681,068	10,108,784	-	-	-
Others	11,731,124	8,932,282	8,359,136	-	-	-
	133,769,027	119,296,056	121,732,978	-	-	-

7 Loans and advances to non-bank customers (Cont'd)

(b) **Credit quality and risk exposure**

Unaudited				
30 September 2020				
Internal rating grade	Stage 1 Individual MUR' 000	Stage 2 Individual MUR' 000	Stage 3 MUR' 000	Total MUR' 000
Performing				
High grade	41,167,705	1,206,934	-	42,374,639
Standard grade	49,692,681	2,554,397	-	52,247,078
Sub-standard grade	11,768,213	8,869,359	-	20,637,572
Past due but not impaired	-	715,546	-	715,546
Non-performing				
Individually impaired	-	-	17,794,191	17,794,191
Total	102,628,599	13,346,236	17,794,191	133,769,026
Less expected credit loss allowance				(15,067,393)
Net loans and advances				118,701,633

Unaudited				
30 September 2019				
Internal rating grade	Stage 1 Individual MUR' 000	Stage 2 Individual MUR' 000	Stage 3 MUR' 000	Total MUR' 000
Performing				
High grade	36,790,387	931,715	238,738	37,960,840
Standard grade	34,444,579	5,588,373	45,873	40,078,825
Sub-standard grade	7,302,438	13,992,811	295,408	21,590,657
Past due but not impaired	-	3,141,032	73,704	3,214,736
Non-performing				
Individually impaired	-	-	16,450,998	16,450,998
Total	78,537,404	23,653,931	17,104,721	119,296,056
Less expected credit loss allowance				(9,826,393)
Net loans and advances				109,469,663

Audited				
31 December 2019				
Internal rating grade	Stage 1 Individual MUR' 000	Stage 2 Individual MUR' 000	Stage 3 MUR' 000	Total MUR' 000
Performing				
High grade	38,369,120	858,047	239,536	39,466,703
Standard grade	34,933,187	5,950,770	293,978	41,177,935
Sub-standard grade	8,934,272	9,076,157	-	18,010,429
Past due but not impaired	-	7,064,523	-	7,064,523
Non-performing				
Individually impaired	-	167,848	15,845,540	16,013,388
Total	82,236,579	23,117,345	16,379,054	121,732,978
Less expected credit loss allowance				(12,336,338)
Net loans and advances				109,396,640

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8 Investment securities

	The Group			The Company		
	Unaudited 30 September 2020	Unaudited 30 September 2019	Audited 31 December 2019	Unaudited 30 September 2020	Unaudited 30 September 2019	Audited 31 December 2019
Measured at:	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Amortised cost	45,808,323	29,122,381	27,760,701	1,024,411	1,063,886	1,072,340
Fair value through other comprehensive income	52,146,982	44,386,389	54,687,282	8,396	-	-
Fair value through profit or loss	7,995,945	11,824,273	11,995,117	655,588	629,015	598,699
	105,951,250	85,333,043	94,443,100	1,688,395	1,692,901	1,671,039
Less expected credit loss allowance	(164,297)	(75,538)	(166,435)	(696)	(569)	(561)
	105,786,953	85,257,505	94,276,665	1,687,699	1,692,332	1,670,478

Note: All investment securities are classified under Stage 1 in the ECL model.

9 Deposits from non-bank customers

	The Group			The Company		
	Unaudited 30 September 2020	Unaudited 30 September 2019	Audited 31 December 2019	Unaudited 30 September 2020	Unaudited 30 September 2019	Audited 31 December 2019
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Retail	101,880,053	90,313,961	93,578,219	-	-	-
Corporate	94,284,610	71,903,437	86,186,795	-	-	-
Government	14,809,940	9,289,924	19,632,174	-	-	-
	210,974,603	171,507,322	199,397,188	-	-	-

10 Contingent liabilities

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

	The Group			The Company		
	Unaudited 30 September 2020	Unaudited 30 September 2019	Audited 31 December 2019	Unaudited 30 September 2020	Unaudited 30 September 2019	Audited 31 December 2019
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Acceptances on account of customers	757,534	392,391	792,774	-	-	-
Guarantees on account of	11,009,552	8,148,599	8,037,776	-	-	-
Letters of credit and other obligations on account of	4,374,442	3,608,157	760,345	-	-	-
Undrawn credit facilities	14,001,360	27,811,501	13,675,505	-	-	-
Other contingent items	956,483	-	185,584	-	-	-
	31,099,371	39,960,648	23,451,984	-	-	-

Others

	The Group			The Company		
	Unaudited 30 September 2020	Unaudited 30 September 2019	Audited 31 December 2019	Unaudited 30 September 2020	Unaudited 30 September 2019	Audited 31 December 2019
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Inward bills held for collection	200,418	207,272	195,680	-	-	-
Outward bills sent for collection	1,322,331	1,140,908	982,276	-	-	-
	1,522,749	1,348,180	1,177,956	-	-	-
Total	32,622,120	41,308,828	24,629,940			

10 Contingent liabilities

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

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			
	30 September 2020			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Internal rating grade				
Performing				
High grade	20,183,325	188,307	-	20,371,632
Standard grade	4,628,496	49,106	-	4,677,602
Sub-standard grade	5,906,066	1,665,455	-	7,571,521
Non-performing				
Individually impaired	-	-	1,365	1,365
Total	30,717,887	1,902,868	1,365	32,622,119

	Unaudited			
	30 September 2019			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Internal rating grade				
Performing				
High grade	26,717,606	33,380	-	26,750,986
Standard grade	6,499,534	889,610	-	7,389,144
Sub-standard grade	5,893,054	1,274,639	-	7,167,693
Non-performing				
Individually impaired	-	-	1,005	1,005
Total	39,110,194	2,197,629	1,005	41,308,828

	Audited			
	31 December 2019			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Internal rating grade				
Performing				
High grade	10,172,295	73,281	-	10,245,576
Standard grade	4,891,646	1,196,573	-	6,088,219
Sub-standard grade	7,306,494	988,646	-	8,295,140
Past due but not impaired	-	-	-	-
Non-performing				
Individually impaired	-	-	1,005	1,005
Total	22,370,435	2,258,500	1,005	24,629,940

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11 Net interest income/(expense)

	The Group					The Company				
	Unaudited Quarter ended 30 September 2020 MUR'000	Restated Unaudited Quarter ended 30 September 2019 MUR'000	Unaudited Nine months ended 30 September 2020 MUR' 000	Restated Unaudited Nine months ended 30 September 2019 MUR' 000	Restated Audited Year ended 31 December 2019 MUR' 000	Unaudited Quarter ended 30 September 2020 MUR'000	Unaudited Quarter ended 30 September 2019 MUR'000	Unaudited Nine months ended 30 September 2020 MUR' 000	Unaudited Nine months ended 30 September 2019 MUR' 000	Audited Year ended 31 December 2019 MUR' 000
Interest income on financial instruments at amortised cost										
Cash and cash equivalents	28,375	85,113	100,332	198,376	264,649	-	-	-	-	-
Loans to and placements with banks	26,135	50,876	113,920	182,663	229,843	-	-	-	-	-
Loans and advances to non bank customers	1,628,180	1,641,932	4,952,958	4,773,863	6,461,861	-	-	-	-	-
Investment securities	701,333	639,004	2,174,173	1,841,543	2,529,391	12,616	17,719	39,175	65,340	77,863
	2,384,023	2,416,925	7,341,383	6,996,445	9,485,744	12,616	17,719	39,175	65,340	77,863
Interest income on financial instruments at fair value										
Investment securities	225,734	312,213	840,440	891,460	1,221,882	-	-	-	-	-
Derivative financial instruments	(4,394)	(5,675)	(69,136)	(31,505)	(66,761)	(16,239)	(2,973)	(33,858)	(5,487)	(9,784)
Other	-	-	-	-	-	-	-	-	-	-
	221,340	306,538	771,304	859,955	1,155,121	(16,239)	(2,973)	(33,858)	(5,487)	(9,784)
Total interest income	2,605,363	2,723,463	8,112,687	7,856,400	10,640,865	(3,623)	14,746	5,317	59,853	68,079
Interest expense										
Deposits from banks	-	-	-	-	-	-	-	-	-	-
Deposits from non-bank customers	(478,598)	(766,822)	(1,944,454)	(2,172,797)	(2,971,139)	-	-	-	-	-
Other borrowed funds	(240,756)	(204,610)	(683,750)	(519,748)	(707,748)	-	-	-	-	-
Subordinated debts	(101,411)	(119,232)	(338,342)	(357,965)	(476,589)	(101,411)	(119,232)	(338,343)	(357,965)	(476,589)
	(820,765)	(1,090,664)	(2,966,546)	(3,050,510)	(4,155,476)	(101,411)	(119,232)	(338,343)	(357,965)	(476,589)
Net interest income/(expense)	1,784,598	1,632,799	5,146,141	4,805,890	6,485,389	(105,034)	(104,486)	(333,026)	(298,112)	(408,510)

12 Net fee and commission income

	The Group					The Company				
	Unaudited Quarter ended 30 September 2020 MUR'000	Restated Unaudited Quarter ended 30 September 2019 MUR'000	Unaudited Nine months ended 30 September 2020 MUR' 000	Restated Unaudited Nine months ended 30 September 2019 MUR' 000	Restated Audited Year ended 31 December 2019 MUR' 000	Unaudited Quarter ended 30 September 2020 MUR'000	Unaudited Quarter ended 30 September 2019 MUR'000	Unaudited Nine months ended 30 September 2020 MUR' 000	Unaudited Nine months ended 30 September 2019 MUR' 000	Audited Year ended 31 December 2019 MUR' 000
Fee and commission income										
Retail banking customer fees	100,790	65,263	269,057	268,531	406,573	-	-	-	-	-
Corporate banking customer fees	105,097	117,645	360,703	351,952	556,093	-	-	-	-	-
Brokerage income	14,467	16,288	50,180	36,745	44,272	-	-	-	-	-
Assets Management fees	11,447	32,700	50,967	74,539	42,956	-	-	-	-	-
Card income	94,426	112,055	268,646	295,182	411,385	-	-	-	-	-
Other	(35,791)	40,223	151,230	97,843	146,002	-	-	-	-	-
Total fee and commission income	290,436	384,174	1,150,783	1,124,792	1,607,281	-	-	-	-	-
Fee and commission expense										
Interbank transaction fees	(14,526)	(8,933)	(26,871)	(17,580)	(18,719)	-	-	-	-	-
Subordinated liabilities			-	-	(2,344)	-	(25)	-	-	-
Other	(19)	(5,662)	(13,765)	(14,440)	(22,445)	(127)	(25)	(13)	(99)	(150)
Total fee and commission expense	(14,545)	(14,595)	(40,636)	(32,020)	(43,508)	(127)	(25)	(13)	(99)	(150)
Net fee and commission income	275,892	369,579	1,110,147	1,092,772	1,563,773	(127)	(25)	(13)	(99)	(150)

13 Net gain on sale of securities

	The Group					The Company				
	Unaudited Quarter ended 30 September 2020 MUR'000	Restated Unaudited Quarter ended 30 September 2019 MUR'000	Unaudited Nine months ended 30 September 2020 MUR' 000	Restated Unaudited Nine months ended 30 September 2019 MUR' 000	Restated Audited Year ended 31 December 2019 MUR' 000	Unaudited Quarter ended 30 September 2020 MUR'000	Unaudited Quarter ended 30 September 2019 MUR'000	Unaudited Nine months ended 30 September 2020 MUR' 000	Unaudited Nine months ended 30 September 2019 MUR' 000	Audited Year ended 31 December 2019 MUR' 000
Net (loss) /gain on derecognition of financial assets measured at fair value through other comprehensive income	321,954	3,589	1,127,626	5,366	231,379	-	-	-	410	371
Net gain on derecognition of financial assets measured at amortised cost	81,634	14,214	145,328	26,337	27,110	40	6,125	1,565	6,395	6,396
Net gain on derecognition of financial assets at fair value through profit or loss	2,683	109,137	253,156	331,461	407,415	-	-	(17)	-	-
	406,271	126,940	1,526,110	363,164	665,904	40	6,125	1,548	6,805	6,767

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14 Net gain from financial instruments

	The Group					The Company				
	Unaudited Quarter ended 30 September 2020	Restated Unaudited Quarter ended 30 September 2019	Unaudited Nine months ended 30 September 2020	Restated Unaudited Nine months ended 30 September 2019	Restated Audited Year ended 31 December 2019	Unaudited Quarter ended 30 September 2020	Unaudited Quarter ended 30 September 2019	Unaudited Nine months ended 30 September 2020	Unaudited Nine months ended 30 September 2019	Audited Year ended 31 December 2019
	MUR'000	MUR'000	MUR' 000	MUR' 000	MUR' 000	MUR'000	MUR'000	MUR' 000	MUR' 000	MUR' 000
Net gain from trading instruments	5,934	(9,295)	146,004	27,370	103,454	-	-	-	-	-
Investment securities at fair value through profit or loss	(8,870)	53,932	(109,245)	99,011	26,402	(12,742)	(905)	7,117	22,200	17,879
Other	-	4,488	(5)	(22,275)	(22,264)	-	-	-	-	-
	(2,936)	49,125	36,754	104,106	107,592	(12,742)	(905)	7,117	22,200	17,879

15 Credit loss expense on financial assets

	The Group				The Group			
	Unaudited Nine months ended 30 September 2020				Restated Unaudited Nine months ended 30 September 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Loans and advances to non bank customers	576,950	(419,278)	2,798,265	2,955,937	63,133	(194,751)	1,424,890	1,293,272
Loans and placements with banks	12,574	-	-	12,574	(50,442)	-	-	(50,442)
Debt instruments measured at amortised cost	(9,450)	-	-	(9,450)	2,057	-	-	2,057
Other receivables	-	-	1,802	1,802	-	-	-	-
Loan commitments	(55,217)	-	-	(55,217)	5,120	-	-	5,120
Off balance sheet items (Guarantees, Letters of credit, Acceptances)	20,449	5,391	(2,220)	23,620	4,797	(32,798)	(1,209)	(29,210)
Total credit loss under IFRS 9	545,306	(413,887)	2,797,847	2,929,266	24,665	(227,549)	1,423,681	1,220,797
Write off	-	-	-	235,469	-	-	-	3,576
Recoveries	-	-	-	(439,112)	-	-	-	(698,290)
Total credit loss/(income)	545,306	(413,887)	2,797,847	2,725,623	24,665	(227,549)	1,423,681	526,083

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15 Credit loss expense on financial assets

Credit loss expense on financial assets

	The Group			
	Restated			
	Audited			
	Nine months ended 31 December 2019			
	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Loans and advances to non bank customers	83,706	775,643	3,115,498	3,974,847
Loans and placements with banks	(50,625)	-	-	(50,625)
Debt instruments measured at amortised cost	28,126	-	-	28,126
Loan commitments	284	-	-	284
Other receivables	42,834	-	-	42,834
Off balance sheet items (Guarantees, Letters of credit, Acceptances)	(78,972)	(37,840)	(994)	(117,806)
Total credit loss under IFRS 9	25,353	737,803	3,114,504	3,877,660
Write off	-	-	-	-
Recoveries	-	-	-	(882,102)
Total credit loss	25,353	737,803	3,114,504	2,995,558

Debt instruments measured at amortised cost
Total credit loss under IFRS 9

The Company				Nine months ended 30 September 2019	Year ended 31 December 2019
Nine months ended ended 30 September 2020					
Stage 1	Stage 2	Stage 3	Total	Total (Stage 1)	Total (stage 1)
MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
(135)	-	-	(135)	1,077	1,085
(135)	-	-	(135)	1,077	1,085

18 Segment Information

	The Group Unaudited 30 September 2020				
	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	11,132,170	280,093	(403,060)	-	11,009,203
Revenue from other segments of the entity	-	84,236	195,000	(279,236)	-
Total gross revenue	11,132,170	364,329	(208,060)	(279,236)	11,009,203
Net interest income	5,403,130	53,364	(310,353)	-	5,146,141
Operating income	8,465,065	369,789	(546,415)	(286,420)	8,002,019
Profit after tax	1,307,785	242,565	(757,627)	32,480	825,202
Segment assets	298,907,895	3,663,489	36,953,714	(59,685,191)	279,839,907
Segment liabilities	244,783,410	1,182,623	10,445,317	(2,117,384)	254,293,966
	The Group Unaudited 30 September 2019				
	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	9,782,638	207,068	(29,584)	-	9,960,122
Revenue from other segments of the entity	867,000	95,234	897,000	(1,859,234)	-
Total gross revenue (Restated)	10,649,638	302,302	867,416	(1,859,234)	9,960,122
Net interest income (Restated)	5,083,046	20,956	(298,112)	-	4,805,890
Operating income (Restated)	7,919,026	286,474	509,352	(1,837,261)	6,877,591
Profit after tax (Restated)	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
Segment liabilities	204,922,147	1,076,886	9,919,077	(1,593,726)	214,324,384
	The Group Audited 31 December 2019				
	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	13,387,110	283,575	(40,299)	-	13,630,386
Revenue from other segments of the entity	1,327,875	144,737	1,417,849	(2,890,461)	-
Total gross revenue (Restated)	14,714,985	428,311	1,377,550	(2,890,461)	13,630,386
Net interest income (Restated)	6,833,127	60,772	(408,510)	-	6,485,389
Operating income (Restated)	10,988,658	403,928	900,811	(2,861,995)	9,431,402
Profit after tax (Restated)	315,685	218,851	763,493	(1,282,994)	15,035
Segment assets	278,248,225	4,159,936	38,137,214	(60,069,382)	260,475,993
Segment liabilities	226,416,715	1,590,353	9,858,199	(1,907,158)	235,958,109

19 Financial Assets And Financial Liabilities

The Group	Unaudited		Unaudited		Audited	
	30 September 2020		30 September 2019		31 December 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Financial assets						
Cash and cash equivalents	20,255,219	20,255,219	11,648,377	11,648,377	18,181,126	18,181,126
Mandatory balances with Central banks	10,827,606	10,827,606	9,847,889	9,847,889	10,680,287	10,680,287
Loans to and placements with banks	6,335,356	6,335,356	5,824,449	5,824,449	9,240,131	9,240,131
Derivative financial instruments	729,956	729,956	1,490,662	1,490,662	874,269	874,269
Loans and advances to non-bank customers	118,701,634	118,523,800	109,469,663	120,123,818	109,396,640	109,151,966
Investment securities	105,786,953	107,187,067	85,257,505	86,276,360	94,276,665	94,922,762
Equity investments	5,205,575	5,205,575	6,082,198	6,082,198	6,014,270	6,014,270
Other assets	2,494,416	2,494,416	2,377,571	2,377,571	2,750,495	2,750,495
Assets classified as held for sale	194,374	194,374	-	-	-	-
	270,531,089	271,753,369	231,998,314	243,671,324	251,413,883	251,815,306
Financial liabilities						
Deposits from banks	1,262,750	1,262,750	1,296,727	1,296,727	907,521	907,521
Deposits from non-bank customers	210,974,603	211,004,585	171,507,322	171,742,407	199,397,188	199,396,303
Other borrowed funds	20,207,751	20,207,751	24,391,841	24,391,841	15,670,968	15,670,968
Derivative financial instruments	1,063,278	1,063,278	1,526,421	1,526,421	881,176	881,176
Other liabilities	9,766,265	9,766,265	3,330,456	3,330,456	7,350,644	7,350,644
Subordinated debts	10,301,380	10,301,380	9,807,125	9,807,125	9,739,981	9,739,981
Liabilities directly associated with assets classified as held for sale	3,896	3,896	-	-	-	-
	253,579,923	253,609,905	211,859,892	212,094,977	233,947,478	233,946,593
The Company						
	Unaudited		Unaudited		Audited	
	30 September 2020		30 September 2019		31 December 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Financial assets						
Cash and cash equivalents	428,097	428,097	94,450	94,450	178,632	178,632
Investment securities	1,687,699	2,293,926	1,692,332	1,778,382	1,670,478	2,070,619
Equity investments	3,636,307	3,636,307	4,227,683	4,227,683	4,227,683	4,227,683
Other assets	200,843	200,843	261,477	261,477	231,000	231,000
	5,952,946	6,559,173	6,275,942	6,361,992	6,307,793	6,707,934
Financial liabilities						
Derivative financial instruments	23,965	23,965	-	-	-	-
Other liabilities	114,540	114,540	110,751	110,751	114,880	114,880
Subordinated debts	10,301,380	10,301,380	9,807,125	9,807,125	9,739,981	9,739,981
	10,439,885	10,439,885	9,917,876	9,917,876	9,854,861	9,854,861

- For loans and advances to non-bank customers, all the fixed loans and advances maturing after one year has been fair valued based on the current prevailing lending rate and are classified as level 2 assets.

- For investment securities, all the government bonds and BOM bonds have been fair valued based on the latest weighted yield rate and are classified as level 2 assets.

- For deposits from non-bank customers, all the term deposits maturing after one year have been fair valued based on the current prevailing savings rate and are classified as level 2 assets..

19 Financial assets and financial liabilities (Continued)

Fair value measurement hierarchy

The fair value of equity investments that are quoted on active markets are based on the quoted prices for these instruments. Valuation techniques used to estimate the fair value of unquoted equity investments include the dividend growth, discounted cash flows and net assets. Management has made certain assumptions for inputs in the models, such as risk free rate, risk premium, dividend growth rate, future cash flows, weighted average cost of capital, and earnings before interest depreciation and tax, which may be different from actual. Inputs are based on information available at the reporting date.

The determination of fair values, estimated by discounting future cash flows and by determining the relative interest rates, is subjective. The estimated fair value was calculated according to interest rates prevailing at the reporting date and does not consider interest rate fluctuations. Given other interest rate assumptions, fair value estimates may differ.

Fair value measurements of financial instruments can be grouped into level 1 to 3 based on the degree to which the fair value is observable, namely:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The table below analyses financial instruments measured at fair value at the end of the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised:

The Group

	Unaudited			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
30 September 2020				
Derivative financial assets	-	729,956	-	729,956
Debt securities mandatorily measured at FVTPL	7,995,945	-	-	7,995,945
Debt securities at FVTOCI	50,975,715	-	1,171,267	52,146,982
Total assets	58,971,660	729,956	1,171,267	60,872,883
Derivative financial liabilities	-	1,063,278	-	1,063,278
Total liabilities	-	1,063,278	-	1,063,278

	Unaudited			Total
	Level 1	Level 2	Level 3	
	MUR' 000	MUR' 000	MUR' 000	
30 September 2019				
Derivative financial assets	-	1,490,662	-	1,490,662
Debt securities mandatorily measured at FVTPL	11,594,376	-	229,897	11,824,273
Investments at FVTOCI (debt and equity instruments)	44,204,016	-	182,373	44,386,389
Total assets	55,798,392	1,490,662	412,270	57,701,324
Derivative financial liabilities	-	1,526,421	-	1,526,421
Total liabilities	-	1,526,421	-	1,526,421

19 Financial assets and financial liabilities (Continued)

	Audited			
	Level 1	Level 2	Level 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
<u>31 December 2019</u>				
Derivative financial assets	-	874,269	-	874,269
Debt securities mandatorily measured at FVTPL	11,445,809	-	549,308	11,995,117
Investments at FVTOCI (debt and equity instruments)	54,062,816	-	624,466	54,687,282
Total assets	65,508,624	874,269	1,173,774	67,556,667
Derivative financial liabilities	-	881,176	-	881,176
Total liabilities	-	881,176	-	881,176

There was no transfer between levels during the period

The Company

	Unaudited			
	Level 1	Level 2	Level 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
<u>30 September 2020</u>				
Debt securities mandatorily measured at FVTPL	-	-	655,588	655,588
Debt securities at FVTOCI	-	-	8,396	8,396
	<u>-</u>	<u>-</u>	<u>663,984</u>	<u>663,984</u>
<u>30 September 2019</u>				
Debt securities mandatorily measured at FVTPL	-	-	629,015	629,015
<u>31 December 2019</u>				
Debt securities mandatorily measured at FVTPL	-	-	598,699	598,699

20 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 September 2020, the increase in the overall credit risk has been factored into the Group's nine months 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.

21 Discontinued operations

The Board has approved the exit of SBM Bank (Seychelles) Ltd ("SBMBS") in the Seychelles. The approval from the Central Bank of Seychelles has been received on 30 July 2020. As at date, the process of winding up is in progress. At 30 September 2020, the results of SBMBS were reported as a one line item under "Discontinued Operations" in the Statement of Profit or Loss. The results of the foreign subsidiary for the period ended 30 September 2020 are presented below:

	Unaudited Quarter ended 30 September 2020	Unaudited Quarter ended 30 September 2019	Unaudited Nine months ended 30 September 2020	Unaudited Nine months ended 30 September 2019	Audited Year ended 31 December 2019
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Interest income	1,150	1,200	4,709	1,782	3,226
Interest expense	(11)	(8)	(288)	(8)	(1,250)
Net interest income	1,139	1,192	4,421	1,774	1,976
Fee and commission income	38	3	98	3	16
Fee and commission expense	-	-	(2)	-	-
Net fee and commission income	38	3	96	3	16
Other income					
Profit/(loss) arising from dealing in foreign currencies	707	(3)	36,578	3	436
	707	(3)	36,578	3	436
Non- interest income	745	-	36,674	6	452
Operating income	1,884	1,192	41,095	1,780	2,428
Personnel expenses	(1,375)	(2,317)	(5,172)	(2,957)	(6,633)
Depreciation of property, equipment and right-of-use assets	(405)	-	(3,624)	-	(3,658)
Amortisation of intangible assets	(630)	-	(1,686)	-	(911)
Other expenses	(6,067)	(1,585)	(6,552)	(1,582)	(8,607)
Non- interest expense	(8,477)	(3,902)	(17,034)	(4,539)	(19,809)
(Loss)/profit before credit loss expense	(6,593)	(2,710)	24,061	(2,759)	(17,381)
Credit loss (expense)/gain on financial assets and memorandum items	(220)	151	174	(748)	(584)
(Loss)/profit before income tax	(6,813)	(2,559)	24,235	(3,507)	(17,965)
Tax credit	-	-	6,385	-	-
(Loss)/profit for the quarter/period/year from discontinued operations	(6,813)	(2,559)	30,620	(3,507)	(17,965)
Loss on the measurement to net realisable value	(35,906)	-	(35,906)	-	-
Net loss from discontinued operations for the quarter/period/year	(42,719)	(2,559)	(5,286)	(3,507)	(17,965)

21 Discontinued operations (Continued)

The major classes of assets and liabilities of SBMBS comprising the operations classified as held for sale are as follows as at 30 September 2020:

	MUR' 000
Cash and cash equivalents	62,836
Mandatory balances with central banks	141
Loans to and placements with banks	65,313
Loans and advances to non-bank customers	1,704
Investment securities	64,379
Property and equipment	7,026
Total assets held for sale	201,399
Deposits from non-bank customers	1,078
Other liabilities	2,970
Total liabilities held for sale	4,048
Net assets of discontinued operations	197,351

The net cash flows incurred by SBMBS are as follows:

	Unaudited Nine months ended 30 September 2020	Unaudited Nine months ended 30 September 2019	Audited Year ended 31 December 2019
	MUR'000	MUR'000	MUR'000
Operating cash flows	38,793	(87,952)	(204,423)
Investing cash flows	4,574	(21,443)	(29,009)
	43,367	(109,395)	(233,432)