

SBM HOLDINGS LTD

INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 31 MARCH 2022

SBM HOLDINGS LTD
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FOR THE QUARTER ENDED 31 MARCH 2022

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The management of SBM Holdings Ltd ("the Company") and of its subsidiaries ("the Group") are pleased to present their Management Discussion and Analysis for the three months ended 31 March 2022.

Financial review

Group key financial highlights

	Unaudited Quarter ended 31 March 2022	Unaudited Quarter ended 31 March 2021	Audited Year ended 31 December 2021
<u>Key Financial indicators</u>			
Statement of profit or loss (MUR million)			
Net interest income	1,986	1,720	7,541
Operating income	2,957	2,874	11,795
Profit before credit loss expense	1,070	1,076	4,653
Credit loss expense on financial assets and memorandum items	241	547	2,475
Profit from continuing operations	715	416	1,737
Profit attributable to equity holder of the parent	715	418	1,739
Statement of financial position (MUR million)			
Total assets	381,896	297,770	357,668
Total gross loans and advances to non bank customers	150,327	137,440	145,086
Deposits from non-bank customers	323,057	234,702	298,581
Tier 1 capital	22,333	20,947	21,907
Total regulatory capital	32,301	29,633	32,730
Risk weighted assets	158,975	151,978	153,043
Shareholders' equity	26,756	25,324	26,378
Share information			
Market price per share (MUR)	4.95	3.50	4.27
Earnings per share (Cents)	27.7	16.1	67.3
Efficiency ratio (%)			
Cost to income	63.8	62.6	60.6
Performance ratios (%)			
Capital adequacy ratio	20.3	19.5	21.4
Tier 1 capital adequacy ratio	14.0	13.8	14.3
Return on average shareholders' equity	10.9	6.5	6.7
Return on average assets	0.8	0.5	0.5
Return on average risk-weighted assets	1.9	1.1	1.1
Asset quality ratios (%)			
Gross impaired advances to gross advances	11.3	12.4	11.4
Net impaired advances to net advances	3.3	4.2	3.3
Provision coverage ratio	73.6	69.4	74.3
Liquidity ratio (%)			
Credit to deposit ratio	46.5	58.6	48.6

Financial review (continued)

Revenue

From March 2021 to March 2022 net interest income has increased by MUR 266.1 million .

An increase of MUR 374.9 million in interest income as compared to same period last year. Interest income on loan and advances to non bank customers have increased by MUR 230.5 million resulting from a rise in gross loans and advances by MUR 12.9 billion from 31 March 2021 to 31 March 2022. Interest income on investment securities has increased by MUR 148.5 million, Investment securities witnessed an increase of MUR 30.1 billion as at 31 March 2022 as compared to 31 March 2021.

Interest expense has increased by MUR 108.8 million. Interest expense on deposits from non-bank customers has increased by MUR 221.3 million with a deposit increase of MUR 88.4 billion to reach MUR 323.1 billion as at 31 March 2022. Interest expense on other borrowed funds and on trading liabilities have gone down by MUR 22.8 million and MUR 104.9 million respectively due to lower borrowing and trading liabilities during this quarter.

Non interest income for the quarter ended 31 March 2022 amounted to MUR 970.9 million. Net fee and commission income has increased by MUR 110.3 million on account of retail and corporate banking customer fees, card income and credit activities.

The Group profit after tax amounted to MUR 714.5 million for the period under review (March 2021:MUR 417.8 million)

Non-interest expense

	Unaudited Quarter ended 31 March 2022 MUR million	Unaudited Quarter ended 31 March 2021 MUR million	Audited Year ended 31 December 2021 MUR million
Personnel expenses	937.5	798.8	3,389.4
Depreciation of property and equipment	70.1	71.0	288.0
Depreciation of right-of-use assets	54.6	51.0	212.4
Amortisation of intangible assets	123.7	201.2	489.0
Other expenses	700.7	676.0	2,763.2
Non-interest expense	1,886.6	1,798.0	7,142.0

Non interest expense for the period under review stood at MUR 1,886.6 million as compared to MUR 1,798.0 million for same period last year, an increase of MUR 88.6 million (4.9%). This was mainly due to increase in personnel expense of MUR 138.7 million on account of building human capabilities across various jurisdictions and salary revision. Other expenses has also gone up by MUR 24.6 million which is due mainly to exchange loss. However, amortisation of intangible assets has gone down by MUR 77.5 million.

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

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).

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.

Impaired advances as at 31 March 2022 stood at MUR 17.0 billion, lower than 31 March 2021 at MUR 17.0 billion (31 December 2021: MUR 16.6 billion). Credit loss expense for the quarter ended 31 March 2022 amounted to MUR 241.4 million as compared to MUR 546.6 million for the same period last year on account of rigorous monitoring being done at the level of the banking entities.

Further details on impairment of financial assets are provided in notes 6,7(b), 8,10 and 15.

Assets and liabilities

Total assets increased by MUR 24.2 billion to reach MUR 381.9 billion as at 31 March 2022 mainly in investment securities and cash and cash equivalents

Deposits from non bank customers stood at MUR 323.1 billion as at 31 March 2022 as compared to MUR 298.6 billion as at 31 December 2021. This represents an increase of 8.2% (MUR 24.5 billion)

The increase in deposits have been deployed in earning assets. Investment securities has increased by MUR 5.2 billion to reach MUR 158.7 billion as at 31 March 2022. Cash and cash equivalents stood at MUR 61.6 billion as at 31 March 2022 as compared to MUR 47.6 billion as at 31 December 2021.

Net loans and advances to non-bank customers has increased by MUR 5.1 billion to reach MUR 135.4 billion as at 31 March 2022 (December 2021: MUR 130.4 billion)

Capital structure

The Group has followed the Guidelines of the Bank of Mauritius and has implemented the Standardised Approach to the Measurement of Credit 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 20.3% at 31 March 2022 as compared to the statutory requirement of 13.875% including provision for Domestically Systemic Important Banks (D-SIBs) and Capital Conservation Buffer.

	Unaudited Quarter ended 31 March 2022	Unaudited Quarter ended 31 March 2021	Audited Year ended 31 December 2021
	MUR million	MUR million	MUR million
Capital Base			
Tier 1	22,333	20,947	21,907
Tier 2	9,968	8,686	10,823
	32,301	29,633	32,730
Risk Weighted Assets			
On balance sheet	129,683	128,334	126,672
Off balance sheet	14,906	11,380	12,162
Operational Risk	13,480	11,566	14,094
Market Risk	906	698	115
	158,975	151,978	153,043
Capital Adequacy Ratio (%)	20.3	19.5	21.4
Tier 1 Capital Adequacy Ratio (%)	14.0	13.8	14.3

The capital Adequacy Ratio stood 20.3% as at 31 March 2022 compared to 21.4% as at 31 December 2021

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 exposure, 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 24.8 billion representing only 110.9% of its Tier 1 capital, well within the 800% allowed under the Bank Of Mauritius (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.

On and off balance sheet exposures to related parties after set off amounted to MUR 8,114.0 million representing 5.1% of aggregate on and off balance sheet exposures and 36.3% 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.

Financial review (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 by the individual entities and are reported to the senior management and to the assets and liabilities committee("ALCO"). Movement of major currencies, trends and forecasts are analysed in ALCO. Furthermore, the matching of Assets and Liabilities is closely monitored through gap analysis.

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.

SBM HOLDINGS LTD
STATEMENT OF CORPORATE GOVERNANCE PRACTICES
FOR THE QUARTER ENDED 31 MARCH 2022

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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 Mauritius 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 the Company to the 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) Ms. Shakilla Bibi Jhungeer	13 Mar 20	Independent
(4) Mr Ramprakash Maunthrooa	15 Dec 21	Non-Independent
(5) Mr. Roodesh Muttylall	30 Jun 15	Non-Independent
(6) Ms. Sharon Ramdenee	14 Dec 18	Independent
(7) Mr Visvanaden Soondram	11 Mar 20	Non-Independent
(8) Dr. 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
- Committee of Special Examination

Membership of the committees is reviewed on an on-going basis and is approved by the SBM Holdings Ltd Board.

SBM HOLDINGS LTD
STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
FOR THE QUARTER ENDED 31 MARCH 2022

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The Group's interim unaudited condensed financial statements have been prepared by management, which is responsible for their integrity, consistency, objectivity and reliability. IAS 34 Interim Financial Reporting, as well as the requirements of the Banking Act 2004, the Mauritius 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 **12 May 2022** and signed on its behalf by:



Abdul Sattar Adam Ali Mamode Hajee Abdoula
Chairman



Dr. Subhas THECKA
Chairman, Audit Committee

Report on review of 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 consolidated and separate statements of financial position of **SBM Holdings Ltd ("the Company")** and of its subsidiaries ("**the Group**") as at 31 March 2022, and the related consolidated and separate statements of profit or loss and statements of other comprehensive income, consolidated and separate statements of changes in equity, consolidated and separate statements of cash flows for the quarter then ended and other explanatory notes. The Board of directors and management are 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 these 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.



Deloitte

Chartered Accountants


12 May 2022


SBM HOLDINGS LTD
 INTERIM UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION
 AS AT 31 MARCH 2022

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Notes	The Group			The Company			
	Unaudited 31 March 2022	Unaudited 31 March 2021	Audited 31 December 2021	Unaudited 31 March 2022	Unaudited 31 March 2021	Audited 31 December 2021	
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	
ASSETS							
	5	61,620,222	20,280,270	47,636,821	61,899	777,207	90,055
		13,608,368	11,342,494	13,645,545	-	-	-
	6	841,438	3,150,637	837,970	-	-	-
		963,056	673,818	784,250	-	-	-
	7	135,482,467	123,485,965	130,393,807	-	-	-
	8	158,676,447	128,572,501	153,426,747	6,056,414	6,520,995	6,559,193
		-	-	-	30,300,721	29,523,743	29,800,721
		3,602,558	3,182,674	3,585,755	1,047	1,952	1,110
		676,657	788,739	728,417	-	-	-
		1,897,372	2,116,349	1,963,123	540	814	609
		1,168,744	773,703	1,087,074	-	-	-
		3,398,354	3,403,143	3,578,472	164,379	70,204	150,966
		381,895,683	297,770,293	357,667,981	36,585,000	36,894,915	36,602,654
LIABILITIES							
		3,527,340	1,402,251	2,770,002	-	-	-
	9	323,056,872	234,702,338	298,580,858	-	-	-
		7,873,891	14,239,149	9,512,912	-	-	-
		718,801	1,496,212	759,896	-	61,378	-
		688,297	777,989	740,902	-	-	-
		440,671	323,865	314,671	5,027	-	4,140
		410,641	743,913	410,183	3,189	6,842	5,143
		8,390,449	8,360,435	8,322,917	174,892	217,247	163,001
		10,032,872	10,400,001	9,877,346	10,032,872	10,400,001	9,877,346
		355,139,834	272,446,153	331,289,687	10,215,980	10,685,468	10,049,630
SHAREHOLDERS' EQUITY							
		32,500,204	32,500,204	32,500,204	32,500,204	32,500,204	32,500,204
		3,479,856	1,316,557	2,807,788	(210,702)	(2,784)	(26,698)
		(4,349,180)	(3,617,590)	(4,054,667)	(1,045,451)	(1,412,942)	(1,045,451)
		31,630,880	30,199,171	31,253,325	31,244,051	31,084,478	31,428,055
		(4,875,031)	(4,875,031)	(4,875,031)	(4,875,031)	(4,875,031)	(4,875,031)
		26,755,849	25,324,140	26,378,294	26,369,020	26,209,447	26,553,024
		381,895,683	297,770,293	357,667,981	36,585,000	36,894,915	36,602,654
	10	51,531,754	35,216,347	44,523,675			

Approved by the Board of Directors and authorised for issue on 12 May 2022.


 Abdul Sattar Adam Ali Mamode Hajee Abdoula
 Chairman


 Dr. Subhas THECKA
 Chairman, Audit Committee

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

SBM HOLDINGS LTD
INTERIM UNAUDITED CONDENSED STATEMENTS OF PROFIT OR LOSS
FOR THE QUARTER ENDED 31 MARCH 2022

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Notes	The Group			The Company		
	Unaudited Quarter ended 31 March 2022	Unaudited Quarter ended 31 March 2021	Audited Year ended 31 December 2021	Unaudited Quarter ended 31 March 2022	Unaudited Quarter ended 31 March 2021	Audited Year ended 31 December 2021
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Continuing operations						
	3,112,212	2,675,307	11,722,105	2,760	12,630	70,976
Interest income using the effective interest method	19,362	81,379	135,483	-	-	-
Other interest income	(1,095,952)	(882,205)	(3,921,301)	(116,387)	(105,253)	(445,205)
Interest expense using the effective interest method	(49,824)	(154,751)	(395,716)	-	(18,281)	(30,575)
Other interest expense	1,985,798	1,719,730	7,540,571	(113,627)	(110,904)	(404,804)
Net interest income / (expense)						
	536,588	424,352	1,763,384	-	-	-
Fee and commission income	(21,006)	(19,109)	(79,610)	-	(1)	-
Fee and commission expense	515,582	405,243	1,683,774	-	(1)	-
Net fee and commission income / (expense)						
	448,191	449,509	1,491,013	-	-	-
Net trading income	(30,008)	(15,694)	207,999	(3,162)	(5,927)	124,103
Net (loss)/gain from financial assets at fair value through profit or loss	17,599	288,229	5,890	14,826	-	5,890
Net gain on derecognition of financial assets measured at amortised cost	19,655	27,341	720,847	-	772	-
Net gain on derecognition of financial assets measured at fair value through other comprehensive income	(74)	-	145,056	6,961	15,000	628,274
Other operating (loss)/ income	970,945	1,154,628	4,254,579	18,625	9,844	758,267
Non-interest income	2,958,743	2,874,358	11,795,150	(95,002)	(101,060)	353,463
Operating income / (loss)						
	(937,517)	(798,776)	(3,389,361)	(18,236)	(16,539)	(107,496)
Personnel expenses	(70,080)	(70,982)	(288,042)	(64)	(242)	(969)
Depreciation of property and equipment	(54,641)	(50,965)	(212,381)	-	-	-
Depreciation of right-of-use assets	(123,666)	(201,217)	(488,986)	(69)	(69)	(274)
Amortisation of intangible assets	(700,662)	(676,082)	(2,763,180)	(67,793)	(156,348)	(413,866)
Other expenses	-	-	-	-	-	(130,000)
Impairment of investment in subsidiaries	(1,886,566)	(1,798,022)	(7,141,950)	(86,162)	(173,198)	(652,605)
Non-interest expense	1,070,177	1,076,336	4,653,200	(181,164)	(274,258)	(299,142)
Profit/(loss) before credit loss expense						
	(241,372)	(546,561)	(2,474,893)	-	-	764
Credit loss expense on financial assets and memorandum items	828,805	529,775	2,178,307	(181,164)	(274,258)	(298,378)
Profit/(loss) before income tax						
	(114,298)	(113,869)	(441,319)	(2,768)	-	(4,140)
Tax expense	714,507	415,906	1,736,988	(183,932)	(274,258)	(302,518)
Profit/(loss) for the quarter/year from continuing operations						
	-	1,881	1,881	-	-	-
Profit for the quarter/year from discontinued operations	714,507	417,787	1,738,869	(183,932)	(274,258)	(302,518)
Profit/(loss) for the quarter/year attributable to equity holders of the parent						
Earnings per share:						
From continuing operations						
Basic (Cents)	27.7	16.1	67.3			
Diluted (Cents)	27.7	16.1	67.3			
From continuing operations and discontinued operations						
Basic (Cents)	27.7	16.2	67.4			
Diluted (Cents)	27.7	16.2	67.4			

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

SBM HOLDINGS LTD
INTERIM UNAUDITED CONDENSED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2022

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	The Group			The Company		
	Unaudited Quarter ended 31 March 2022 MUR' 000	Unaudited Quarter ended 31 March 2021 MUR' 000	Audited Year ended 31 December 2021 MUR' 000	Unaudited Quarter ended 31 March 2022 MUR' 000	Unaudited Quarter ended 31 March 2021 MUR' 000	Audited Year ended 31 December 2021 MUR' 000
Profit/(loss) for the quarter/year attributable to equity holders of the parent	714,507	417,787	1,738,869	(183,932)	(274,258)	(302,518)
Other comprehensive income :						
<i>Items that will not be reclassified subsequently to profit or loss:</i>						
Revaluation gains on equity instruments measured at FVTOCI	-	-	367,885	-	-	367,482
Remeasurement of defined benefit pension plan	628	-	377,899	(72)	-	4,346
Deferred tax on remeasurement of defined benefit pension plan	205	-	(25,667)	-	-	-
	833	-	720,117	(72)	-	371,828
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translation of foreign operations	10,947	208,544	518,515	-	-	-
Reclassification of translation reserve to profit or loss on deconsolidation of subsidiary	-	-	(44,423)	-	-	-
Investment securities measured at FVTOCI						
Movement in fair value during the quarter/year	(287,222)	(243,663)	(1,036,779)	-	(9)	-
Reclassification of losses included in profit or loss on derecognition	(19,655)	(288,229)	(720,847)	-	-	-
Credit (loss)/allowance relating to debt instruments held at FVTOCI	(41,855)	33,373	6,514	-	-	-
	(337,785)	(289,975)	(1,277,020)	-	(9)	-
Total other comprehensive (loss) / income	(336,952)	(289,975)	(556,903)	(72)	(9)	371,828
Total comprehensive income/(loss) attributable to equity holders of the parent	377,555	127,812	1,181,966	(184,004)	(274,267)	69,310

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

SBM HOLDINGS LTD
INTERIM UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2022

13

The Group	Stated capital MUR' 000	Treasury shares MUR' 000	Statutory reserve MUR' 000	Retained earnings MUR' 000	Net property revaluation reserve MUR' 000	Other reserves* MUR' 000	Total equity MUR' 000
At 01 January 2021	32,500,204	(4,875,031)	693,783	893,576	333,149	(4,349,353)	25,196,328
Profit for the quarter	-	-	-	417,787	-	-	417,787
Other comprehensive loss for the quarter	-	-	-	-	-	(289,975)	(289,975)
Total comprehensive income/(loss) for the quarter	-	-	-	417,787	-	(289,975)	127,812
Revaluation surplus realised on depreciation	-	-	-	12,866	(12,866)	-	-
Transfer from retained earnings to other reserve	-	-	-	(7,672)	-	7,672	-
At 31 March 2021	32,500,204	(4,875,031)	693,783	1,316,557	320,283	(4,631,656)	25,324,140
At 01 January 2021	32,500,204	(4,875,031)	693,783	893,576	333,149	(4,349,353)	25,196,328
Profit for the year	-	-	-	1,738,869	-	-	1,738,869
Other comprehensive income/(loss) for the year	-	-	-	352,232	-	(909,135)	(556,903)
Total comprehensive income for the year	-	-	-	2,091,101	-	(909,135)	1,181,966
Reclassification between reserves	-	-	-	38	(303)	265	-
Transfer from retained earnings to statutory reserve	-	-	108,303	(108,303)	-	-	-
Revaluation surplus realised on depreciation	-	-	-	51,960	(51,960)	-	-
Transfer from retained earnings to other reserve	-	-	-	(120,584)	-	120,584	-
At 31 December 2021	32,500,204	(4,875,031)	802,086	2,807,788	280,886	(5,137,639)	26,378,294
At 01 January 2022	32,500,204	(4,875,031)	802,086	2,807,788	280,886	(5,137,639)	26,378,294
Profit for the quarter	-	-	-	714,507	-	-	714,507
Other comprehensive income/(loss) for the quarter	-	-	-	833	-	(337,785)	(336,952)
Total comprehensive income/(loss) for the quarter	-	-	-	715,340	-	(337,785)	377,555
Revaluation surplus realised on depreciation	-	-	-	11,927	(11,927)	-	-
Transfer from retained earnings to general reserve	-	-	-	(55,199)	-	55,199	-
At 31 March 2022	32,500,204	(4,875,031)	802,086	3,479,856	268,959	(5,420,225)	26,755,849

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

*Other reserves include fair value reserve, net translation reserve, general reserve, earnings reserve and restructure reserve. (Note 22)

SBM HOLDINGS LTD
INTERIM UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE QUARTER ENDED 31 MARCH 2022

14

	Stated capital	Treasury shares	Retained earnings	Net unrealised investment fair value reserve	Total equity
<u>The Company</u>	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
At 01 January 2021	32,500,204	(4,875,031)	271,474	(1,412,933)	26,483,714
Loss for the quarter	-	-	(274,258)	-	(274,258)
Other comprehensive loss for the quarter	-	-	-	(9)	(9)
Total comprehensive loss for the quarter	-	-	(274,258)	(9)	(274,267)
At 31 March 2021	<u>32,500,204</u>	<u>(4,875,031)</u>	<u>(2,784)</u>	<u>(1,412,942)</u>	<u>26,209,447</u>
At 01 January 2021	32,500,204	(4,875,031)	271,474	(1,412,933)	26,483,714
Loss for the year	-	-	(302,518)	-	(302,518)
Other comprehensive income for the year	-	-	4,346	367,482	371,828
Total comprehensive (loss)/ income for the year	-	-	(298,172)	367,482	69,310
At 31 December 2021	<u>32,500,204</u>	<u>(4,875,031)</u>	<u>(26,698)</u>	<u>(1,045,451)</u>	<u>26,553,024</u>
At 01 January 2022	32,500,204	(4,875,031)	(26,698)	(1,045,451)	26,553,024
Loss for the quarter	-	-	(183,932)	-	(183,932)
Other comprehensive loss for the quarter	-	-	(72)	-	(72)
Total comprehensive loss for the quarter	-	-	(184,004)	-	(184,004)
At 31 March 2022	<u>32,500,204</u>	<u>(4,875,031)</u>	<u>(210,702)</u>	<u>(1,045,451)</u>	<u>26,369,020</u>

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

SBM HOLDINGS LTD
INTERIM UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2022

15

	The Group			The Company		
	Unaudited Quarter ended	Unaudited Quarter ended	Audited Year ended	Unaudited Quarter ended	Unaudited Quarter ended	Audited Year ended
	31 March 2022	31 March 2021	31 December 2021	31 March 2022	31 March 2021	31 December 2021
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Net cash generated from / (used in) operating activities	16,474,992	(401,614)	33,070,280	1,132,598	472,734	493,877
Net cash used in financing activities	(2,345,768)	(828,595)	(6,343,388)	(500,000)	-	(575,899)
Net cash used in investing activities	(144,745)	(67,208)	(661,708)	(660,754)	-	(132,396)
Net change in cash and cash equivalents	13,984,479	(1,297,417)	26,065,184	(28,156)	472,734	(214,418)
Expected credit loss allowance on cash and cash equivalents	(1,078)	442	(5,608)	-	-	-
Cash and cash equivalents at beginning of quarter/year	47,636,821	21,577,245	21,577,245	90,055	304,473	304,473
Cash and cash equivalents at quarter/year end	61,620,222	20,280,270	47,636,821	61,899	777,207	90,055

Note

5

The notes on page 16 to 32 form an integral part of these interim unaudited 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 Group's and 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 and the Company have 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 their operations and effective for accounting periods beginning on 01 January 2022.

(a) *New and revised IFRSs and IFRICs that are effective for the financial period*

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for the current and prior periods but may affect the accounting treatment for future transactions or arrangements.

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.
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous
IAS 39	Financial Instruments: Recognition and Measurement Amendments regarding replacement issues in the context of the IBOR reform
IFRS 7	Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform
IFRS 9	Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform
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).
IFRS 16	Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19 - related rent concession is a lease modification
IFRS 16	Leases - Amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification.

(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 1	Presentation of Financial Statements - Amendments regarding the disclosure of accounting policies (effective 01 January 2023)
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimates (effective 01 January 2023)

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 financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2021, which have been prepared under International Financial Reporting Standards (IFRSs).

(a) Basis of preparation

These interim unaudited condensed financial statements for the quarter ended 31 March 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting. The accounting policies adopted in the preparation of these interim unaudited condensed financial statements for the period ended 31 March 2022 are consistent with those followed in the preparation of the Group's and the Company audited financial statements for the year ended 31 December 2021, except for the application of new standards and interpretations effective as from 1 January 2022.

(b) Comparative figures

Where necessary, the figures for the period ended 31 March 2021 are restated or reclassified to conform with changes in presentation or in accounting policies applied in the audited financial statements for the year ended 31 December 2021.

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 these 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 2021.

5 Cash and cash equivalents

	The Group			The Company		
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
	31 March 2022	31 March 2021	31 December 2021	31 March 2022	31 March 2021	31 December 2021
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Cash in hand	1,715,091	1,406,924	2,200,298	-	-	-
Foreign currency notes and coins	726,788	985,531	1,070,999	-	-	-
Unrestricted balances with central banks	50,239,532	10,797,402	36,611,395	-	-	-
Loans and placements with banks	6,074,424	1,650,351	3,291,517	-	-	-
Balances with banks	2,872,744	5,441,291	4,469,891	61,899	777,207	90,055
	61,628,579	20,281,499	47,644,100	61,899	777,207	90,055
Less expected credit loss allowance	(8,357)	(1,229)	(7,279)	-	-	-
	61,620,222	20,280,270	47,636,821	61,899	777,207	90,055

The balances were classified under stage 1 and 12-month ECL was calculated thereon.

6 Loans to and placements with banks

	The Group		
	Unaudited	Unaudited	Audited
	31 March 2022	31 March 2021	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Loans to and placements with banks			
- In Mauritius	-	308,706	-
- Outside Mauritius	843,041	2,862,325	843,079
	843,041	3,171,031	843,079
Less expected credit loss allowance	(1,602)	(20,394)	(5,109)
	841,439	3,150,637	837,970

6 Loans to and placements with banks (continued)

Loans to and placements with banks is based on the Group's internal credit and stage classification:

	The Group		
	Unaudited	Unaudited	Audited
	31 March 2022	31 March 2021	31 December 2021
	Stage 1	Stage 1	Stage 1
	MUR' 000	MUR' 000	MUR' 000
Internal rating grade			
Performing			
High grade	174,855	-	189,701
Standard grade	668,186	2,842,677	653,378
Sub-standard grade	-	328,354	-
	843,041	3,171,031	843,079
Less expected credit loss allowance	(1,602)	(20,394)	(5,109)
Total	841,439	3,150,637	837,970

7 Loans and advances to non-bank customers

	The Group		
	Unaudited	Unaudited	Audited
	31 March 2022	31 March 2021	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Retail customers	45,571,376	41,537,976	45,490,284
- Credit cards	483,283	455,855	492,464
- Mortgages	32,008,080	27,873,335	30,632,959
- Other retail loans	13,080,013	13,208,786	14,364,861
Corporate customers	48,639,516	47,150,283	48,202,633
Government	6,728	17,984	9,713
Entities outside Mauritius (including offshore / Global Business Licence Holders)	56,109,097	48,734,021	51,383,170
Gross Loans and advances	150,326,717	137,440,264	145,085,800
Less expected credit loss allowance	(14,874,250)	(13,954,299)	(14,691,993)
Net loans and advances	135,452,467	123,485,965	130,393,807

(a) Gross advances by sectors

	The Group		
	Unaudited	Unaudited	Audited
	31 March 2022	31 March 2021	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Agriculture and fishing	2,702,364	4,729,176	2,844,733
Manufacturing	12,984,084	11,564,251	13,066,783
of which EPZ	1,299,385	1,900,149	1,421,007
Tourism	14,883,867	16,128,917	15,711,976
Transport	3,433,205	4,028,822	3,493,859
Construction	15,407,513	12,583,697	14,941,089
Financial and business services	12,150,022	10,249,569	9,072,836
Traders	12,501,056	15,098,844	13,082,193
Personal	52,836,063	44,323,789	50,293,090
of which credit cards	3,502,746	1,239,848	3,013,197
Professional	220,699	220,185	279,551
Global Business Licence holders	8,789,242	4,599,940	9,754,671
Others	14,418,602	13,913,074	12,545,019
	150,326,717	137,440,264	145,085,800

7 Loans and advances to non-bank customers (continued)

(b) Credit quality and risk exposure

The Group Unaudited				
31 March 2022				
Internal rating grade	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Performing				
High grade	42,697,496	1,155,755	-	43,853,251
Standard grade	48,365,738	6,689,942	-	55,055,680
Sub-standard grade	7,054,811	23,342,557	-	30,397,368
Past due but not impaired	-	4,070,056	-	4,070,056
Non-performing				
Individually impaired	-	-	16,950,362	16,950,362
Total	98,118,045	35,258,310	16,950,362	150,326,717
Less expected credit loss allowance	(743,118)	(1,650,745)	(12,480,387)	(14,874,250)
Net loans and advances	97,374,927	33,607,565	4,469,975	135,452,467

The Group Unaudited				
31 March 2021				
Internal rating grade	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Performing				
High grade	43,870,753	578,010	-	44,448,763
Standard grade	43,101,554	10,069,730	-	53,171,284
Sub-standard grade	9,468,155	10,343,065	-	19,811,220
Past due but not impaired	-	2,996,747	-	2,996,747
Non-performing				
Individually impaired	-	-	17,012,250	17,012,250
Total	96,440,462	23,987,552	17,012,250	137,440,264
Less expected credit loss allowance	(950,011)	(1,201,145)	(11,803,142)	(13,954,299)
Net loans and advances	95,490,451	22,786,407	5,209,108	123,485,965

The Group Audited				
31 December 2021				
Internal rating grade	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Performing				
High grade	51,102,560	964,551	-	52,067,111
Standard grade	42,153,534	7,770,281	-	49,923,815
Sub-standard grade	6,471,531	15,605,720	-	22,077,251
Past due but not impaired	-	4,421,051	-	4,421,051
Non-performing				
Individually impaired	-	-	16,596,572	16,596,572
Total	99,727,625	28,761,603	16,596,572	145,085,800
Less expected credit loss allowance	(828,807)	(1,538,711)	(12,324,475)	(14,691,993)
Net loans and advances	98,898,818	27,222,892	4,272,097	130,393,807

8 Investment securities

	The Group			The Company		
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
	31 March 2022	31 March 2021	31 December 2021	31 March 2022	31 March 2021	31 December 2021
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Measured at:						
Debts securities at amortised cost	65,344,811	53,409,710	61,253,709	63,788	1,023,136	587,215
Debt securities at fair value through other comprehensive income	77,546,373	61,931,509	76,348,809	9,080	8,976	8,981
Debt securities at fair value through profit or loss	8,585,134	6,514,529	8,795,454	309,595	230,994	289,049
Equity securities designated at FVTOCI	5,567,229	5,194,485	5,416,262	4,004,337	3,636,254	4,004,362
Equity shares measured at FVTPL	1,669,600	1,622,331	1,669,600	1,669,600	1,622,331	1,669,600
	158,713,147	128,672,564	153,483,834	6,056,400	6,521,691	6,559,207
Less expected credit loss allowance	(36,700)	(100,063)	(57,087)	14	(696)	(14)
	158,676,447	128,572,501	153,426,747	6,056,414	6,520,995	6,559,193

9 Deposits from non-bank customers

	The Group		
	Unaudited	Unaudited	Audited
	31 March 2022	31 March 2021	31 December 2021
	MUR'000	MUR'000	MUR'000
Retail	124,749,993	109,304,128	120,756,142
Corporate	180,541,221	111,054,449	158,733,393
Government	17,765,658	14,343,761	19,091,323
	323,056,872	234,702,338	298,580,858

10 Memorandum Items

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

	The Group		
	Unaudited	Unaudited	Audited
	31 March 2022	31 March 2021	31 December 2021
	MUR'000	MUR'000	MUR'000
Acceptances on account of customers	2,804,660	494,033	1,878,468
Guarantees on account of customers	15,544,364	13,052,433	13,377,544
Letters of credit and other obligations on account of customers	2,376,914	2,296,209	3,196,187
Undrawn credit facilities	22,501,582	14,777,224	21,042,819
Other contingent items	5,589,633	2,747,050	2,706,038
	48,817,153	33,366,949	42,201,056

Others

	The Group		
	Unaudited	Unaudited	Audited
	31 March 2022	31 March 2021	31 December 2021
	MUR'000	MUR'000	MUR'000
Inward bills held for collection	498,730	377,466	319,258
Outward bills sent for collection	2,215,870	1,471,932	2,003,361
	2,714,600	1,849,398	2,322,619
Total	51,531,754	35,216,347	44,523,675

10 Memorandum Items (continued)

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

Internal rating grade	Unaudited 31 March 2022			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Performing				
High grade	25,928,940	128,149	-	26,057,089
Standard grade	15,836,813	938,103	-	16,774,916
Sub-standard grade	4,412,581	4,106,184	-	8,518,765
Non-performing				
Individually impaired	-	-	180,984	180,984
Total	46,178,334	5,172,436	180,984	51,531,754
Less: expected credit losses classified under other liabilities	(140,336)	(74,960)	(155,574)	(370,870)
	46,037,998	5,097,476	25,410	51,160,884

Internal rating grade	Unaudited 31 March 2021			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Performing				
High grade	16,127,488	22,428	-	16,149,916
Standard grade	12,453,822	558,509	-	13,012,331
Sub-standard grade	4,217,057	1,651,234	-	5,868,291
Non-performing				
Individually impaired	-	-	185,809	185,809
Total	32,798,367	2,232,171	185,809	35,216,347
Less: expected credit losses classified under other liabilities	(128,117)	(106,004)	(153,243)	(387,364)
	32,670,250	2,126,167	32,566	34,828,983

Internal rating grade	Audited 31 December 2021			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Performing				
High grade	21,213,380	1,255	-	21,214,635
Standard grade	14,276,587	707,855	-	14,984,442
Sub-standard grade	6,731,991	1,431,873	-	8,163,864
Past due but not impaired	-	-	-	-
Non-performing				
Individually impaired	-	-	160,734	160,734
Total	42,221,958	2,140,983	160,734	44,523,675
Less: expected credit losses classified under other liabilities	(109,161)	(57,916)	(162,420)	(329,497)
	42,112,797	2,083,067	(1,686)	44,194,178

SBM HOLDINGS LTD
 NOTES TO AND FORMING PART OF THE INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS
 FOR THE QUARTER ENDED 31 MARCH 2022

11 Net interest income/(expense)

	The Group			The Company		
	Unaudited Quarter ended 31 March 2022	Unaudited Quarter ended 31 March 2021	Audited Year ended 31 December 2021	Unaudited Quarter ended 31 March 2022	Unaudited Quarter ended 31 March 2021	Audited Year ended 31 December 2021
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Interest income using the effective interest method						
Cash and cash equivalents	40,902	23,609	107,187	-	-	-
Loans to and placements with banks	19,764	14,608	124,105	-	-	-
Loans and advances to non bank customers	1,949,135	1,718,622	7,318,631	-	-	-
Investment securities at amortised cost	862,619	720,765	3,317,068	2,661	12,539	70,976
Investment securities at FVTOCI	239,792	197,703	855,114	99	91	-
	3,112,212	2,675,307	11,722,105	2,760	12,630	70,976
Other interest income						
Investment securities at FVTPL	(759)	(7,425)	(19,676)	-	-	-
Derivatives held for risk management	20,121	88,804	155,159	-	-	-
	19,362	81,379	135,483	-	-	-
Total interest income	3,131,574	2,756,686	11,857,588	2,760	12,630	70,976
Interest expense						
Deposits from non-bank customers	(841,333)	(619,991)	(2,914,145)	-	-	-
Other borrowed funds	(118,967)	(141,578)	(497,524)	-	-	-
Subordinated debts	(116,387)	(105,253)	(444,726)	(116,387)	(105,253)	(445,205)
Interest expense on lease liabilities	(19,265)	(15,383)	(64,906)	-	-	-
	(1,095,952)	(882,205)	(3,921,301)	(116,387)	(105,253)	(445,205)
Total interest expense						
Other interest expense	(49,824)	(154,751)	(395,716)	-	(18,281)	(30,575)
Derivatives held for risk management	(1,145,776)	(1,036,956)	(4,317,017)	(116,387)	(123,534)	(475,780)
Total interest expense	(1,195,599)	(1,191,707)	(4,712,732)	(116,387)	(141,815)	(506,355)
Net interest income/(expense)	1,985,798	1,719,730	7,540,571	(113,627)	(110,904)	(404,804)

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12 Net fee and commission income / (expense)

	The Group			The Company		
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
	Quarter ended 31 March 2022	Quarter ended 31 March 2021	Year ended 31 December 2021	Quarter ended 31 March 2022	Quarter ended 31 March 2021	Year ended 31 December 2021
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Fee and commission income						
Retail banking customer fees	111,694	88,122	408,224	-	-	-
Corporate banking customer fees	135,751	175,320	611,354	-	-	-
Brokerage income	74,567	28,226	75,511	-	-	-
Assets management fees	7,727	10,213	59,347	-	-	-
Card income	166,657	86,735	370,937	-	-	-
Other	40,192	35,736	238,011	-	-	-
Total fee and commission income	536,588	424,352	1,763,384	-	-	-
Fee and commission expense						
Interbank transaction fees	(8,264)	(11,414)	(41,695)	-	-	-
Brokerage	-	-	-	-	-	-
Other	(12,742)	(7,695)	(37,915)	-	(1)	-
Total fee and commission expense	(21,006)	(19,109)	(79,610)	-	(1)	-
Net fee and commission income	515,582	405,243	1,683,774	-	(1)	-

13 Net trading income

	The Group			The Company		
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
	Quarter ended 31 March 2022	Quarter ended 31 March 2021	Year ended 31 December 2020	Quarter ended 31 March 2022	Quarter ended 31 March 2021	Year ended 31 December 2021
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Profit arising from dealing in foreign currencies	377,642	317,973	1,344,118	-	-	-
Debt securities	(35,047)	(10,556)	83,840	-	-	-
Derivatives financial instruments	105,596	142,092	63,055	-	-	-
	448,191	449,509	1,491,013	-	-	-

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14 Net gain/(loss) from financial assets at fair value through profit or loss

	The Group			The Company		
	Unaudited Quarter ended 31 March 2022	Unaudited Quarter ended 31 March 2021	Audited Year ended 31 December 2021	Unaudited Quarter ended 31 March 2022	Unaudited Quarter ended 31 March 2021	Audited Year ended 31 December 2021
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Financial assets mandatorily measured at FVTPL	7,799	(3,214)	163,246	(3,162)	(4,797)	88,596
Derivatives held for risk management purposes	(37,807)	(12,480)	44,753	-	(1,130)	35,507
	<u>(30,008)</u>	<u>(15,694)</u>	<u>207,999</u>	<u>(3,162)</u>	<u>(5,927)</u>	<u>124,103</u>

15 Credit loss expense on financial assets and memorandum items

The Group				
Unaudited Quarter 31 March 2022				
	Stage 1	Stage 2	Stage 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Loans and advances to non bank customers	(46,172)	126,663	241,758	322,249
Loans and placements with banks	(2,431)	-	-	(2,431)
Debt instruments measured at amortised cost	(22,601)	(39,949)	-	(62,550)
Other receivables	-	-	-	-
Loan commitments	20,616	1,409	-	22,025
Off balance sheet items (Guarantees, Letters of credit, Acceptances)	3,067	34,748	20,944	58,769
Total credit loss under IFRS 9	(47,521)	122,871	262,702	338,052
Write off				40
Recoveries				(96,720)
Total credit loss				241,372

The Group				
Unaudited Quarter 31 March 2021				
	Stage 1	Stage 2	Stage 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Loans and advances to non bank customers	(8,519)	147,869	401,162	540,512
Loans and placements with banks	(432)	-	-	(432)
Debt instruments measured at amortised cost	(24,385)	22,875	26,504	24,994
Loan commitments	26,805	-	-	26,805
Off balance sheet items (Guarantees, Letters of credit, Acceptances)	(6,158)	(5,366)	2,405	(9,119)
Total credit loss under IFRS 9	(12,689)	165,378	430,071	582,760
Write off				63,973
Recoveries				(100,172)
Total credit loss/(income)				546,561

The Group				
Audited Year ended 31 December 2021				
	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Loans and advances to non bank customers	(161,280)	498,418	2,506,602	2,843,740
Loans and placements with banks	(9,695)	-	-	(9,695)
Debt instruments measured at amortised cost	(96,740)	23,552	-	(73,188)
Loan commitments	17,885	-	-	17,885
Other receivables	7,022	-	-	7,022
Off balance sheet items (Guarantees, Letters of credit, Acceptances)	(17,370)	(53,649)	11,560	(59,459)
Total credit loss under IFRS 9	(260,178)	468,321	2,518,162	2,726,305
Write off				163,082
Recoveries				(414,494)
Total credit loss				2,474,893

The Company			
Unaudited Quarter ended 31 March 2022	Unaudited Quarter ended 31 March 2021	Audited Year ended 31 December 2021	
Stage 1	Stage 1	Stage 1	
MUR' 000	MUR' 000	MUR' 000	
Debt instruments measured at amortised cost	-	-	764
Total credit loss	-	-	764

16 Taxation

(a) Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

As from 01 January 2020, a new tax regime is applicable for the banking sector in Mauritius. Mauritian banks are being taxed at 5% on the first MUR 1.5 billion of their chargeable income, at 15% of the chargeable income between MUR 1.5 billion and the base year income, and at 5% on the remainder, subject to meeting prescribed conditions.

The applicable tax rate for Company is 15% (2020: 15% and 2019: 15%) India is 43.26% (2020:43.26% and 2019: 43.26%), whereas that of Madagascar is 20% (2020: 20% and 2019: 20%) and Kenya is 30% (2020: 30% and 2019: 30%).

(b) Deferred tax asset is calculated at the rate of 7% for Segment A and 5% for Segment B.

(c) SBM Bank (Mauritius) Ltd is liable to pay a special levy as per the VAT Act enacted under the Finance Act 2018. Special levy is calculated as a percentage of the Bank's leviable income from residents excluding Global Business Licence holders. Special Levy is accounted as an income tax expense as at the reporting dates.

	The Group		The Company	
	Unaudited Quarter ended 31 March 2022 MUR' 000	Unaudited Quarter ended 31 March 2021 MUR' 000	Unaudited Quarter ended 31 March 2022 MUR' 000	Audited Year ended 31 December 2021 MUR' 000
Income tax				
Income tax expense	119,099	9,207	2,768	4,140
Movement in deferred tax	(69,998)	41,871	-	-
Corporate social responsibility contribution	18,594	19,948	-	-
Bank levy	46,603	42,843	-	-
	114,298	113,869	2,768	4,140

17 Dividend

A dividend of MUR 516 million (20 Cents per share) has been proposed subject to regulatory approval payable on 15 June 2022.

19 Fair value of 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 Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
31 March 2022				
Derivative financial assets	-	963,056	-	963,056
Investment securities mandatorily measured at FVTPL				
Debt securities	8,014,989	-	570,145	8,585,134
Equity securities	-	1,669,600	-	1,669,600
Investments at FVTOCI (debt and equity instruments)				
Debt securities	70,402,877	5,437,122	1,706,374	77,546,373
Equity securities	88,935	719,473	4,758,821	5,567,229
Total assets	78,506,801	8,789,251	7,035,340	94,331,392
Derivative financial liabilities	-	718,801	-	718,801
Total liabilities	-	718,801	-	718,801

31 March 2021

	Unaudited			Total
	Level 1	Level 2	Level 3	
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Derivative financial assets	-	673,818	-	673,818
Investment securities mandatorily measured at FVTPL				
Debt securities	5,719,284	-	795,245	6,514,529
Equity securities	-	1,622,331	-	1,622,331
Investments at FVTOCI (debt and equity instruments)				
Debt securities	61,806,977	-	124,533	61,931,509
Equity securities	69,737	702,475	4,422,273	5,194,485
Total assets	67,595,998	2,998,624	5,342,051	75,936,671
Derivative financial liabilities	-	1,496,212	-	1,496,212
Total liabilities	-	1,496,212	-	1,496,212

19 Fair value of financial assets And financial liabilities (continued)

	Audited			
	Level 1 MUR' 000	Level 2 MUR' 000	Level 3 MUR' 000	Total MUR' 000
31 December 2021				
Derivative financial assets	-	784,250	-	784,250
Investment securities mandatorily measured at FVTPL				
Debt securities	8,229,271	-	566,183	8,795,454
Equity securities	-	1,669,600	-	1,669,600
Investments at FVTOCI (debt and equity instruments)				
Debt securities	69,304,669	5,449,990	1,594,150	76,348,809
Equity securities	82,693	628,394	4,705,174	5,416,261
Total assets	77,616,633	8,532,234	6,865,507	93,014,375
Derivative financial liabilities	-	759,896	-	759,896
Total liabilities	-	759,896	-	759,896

There was no transfer between levels during the period

The Company

	Unaudited			
	Level 1 MUR' 000	Level 2 MUR' 000	Level 3 MUR' 000	Total MUR' 000
31 March 2022				
Investment securities mandatorily measured at FVTPL				
Debt securities	309,595	-	-	309,595
Equity securities	-	1,669,600	-	1,669,600
Investments at FVTOCI (debt and equity instruments)				
Debt securities	9,080	-	-	9,080
Equity securities	-	-	4,004,337	4,004,337
Total assets	318,675	1,669,600	4,004,337	5,992,612
Derivative financial liabilities	-	-	-	-
Total liabilities	-	-	-	-

	Unaudited			
	Level 1 MUR' 000	Level 2 MUR' 000	Level 3 MUR' 000	Total MUR' 000
31 March 2021				
Investment securities mandatorily measured at FVTPL				
Debt securities	230,994	-	-	230,994
Equity securities	-	1,622,331	-	1,622,331
Investments at FVTOCI (debt and equity instruments)				
Debt securities	8,976	-	-	8,976
Equity securities	-	-	3,636,254	3,636,254
Total assets	239,970	1,622,331	3,636,254	5,498,555
Derivative financial liabilities	-	61,378	-	61,378
Total liabilities	-	61,378	-	61,378

	Audited			
	Level 1 MUR' 000	Level 2 MUR' 000	Level 3 MUR' 000	Total MUR' 000
31 December 2021				
Investment securities mandatorily measured at FVTPL				
Debt securities	289,049	-	-	289,049
Equity securities	-	1,669,600	-	1,669,600
Investments at FVTOCI (debt and equity instruments)				
Debt securities	8,981	-	-	8,981
Equity securities	-	-	4,004,362	4,004,362
Total assets	298,030	1,669,600	4,004,362	5,971,992
Derivative financial liabilities	-	-	-	-
Total liabilities	-	-	-	-

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 and it has submitted its banking license to the Central Bank of Seychelles on 18 December 2020. The winding up of SBMBS was concluded on 24 May 2021. The results of the foreign subsidiary for the three months ended 31 March 2022 are presented below:

	Unaudited Quarter ended	Unaudited Quarter ended	Audited Year ended
	31 March 2022	31 March 2021	31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Interest income using the effective interest method	-	24	24
Interest expense using the effective interest method	-	-	-
Net interest income	-	24	24
Fee and commission income	-	-	-
Fee and commission expense	-	-	-
Net fee and commission income	-	-	-
Other income	-		
Net trading income	-	1,857	1,857
	-	1,857	1,857
Non- interest income	-	1,857	1,857
Operating income	-	1,881	1,881
Personnel expenses	-	-	-
Depreciation of property and equipment	-	-	-
Depreciation of right-of-use assets	-	-	-
Amortisation of intangible assets	-	-	-
Other expenses	-	-	-
Non- interest expense	-	-	-
Profit before credit loss expense	-	1,881	1,881
Credit loss gain on financial assets and memorandum items	-	-	-
Profit before income tax	-	1,881	1,881
Tax credit/(charge)	-	-	-
Profit for the period/year from discontinued operations	-	1,881	1,881

22 Other reserves

	Fair value reserve on financial instruments recognised in OCI					
	MUR' 000	Net translation reserve MUR' 000	General reserve MUR' 000	Earnings reserve MUR' 000	Restructure reserve MUR' 000	Total MUR' 000
The Group						
At 01 January 2021	60,157	380,458	590,372	2,935,807	(8,316,147)	(4,349,353)
Total comprehensive (loss)/ income for the period	(498,519)	208,544	-	-	-	(289,975)
Transfer from retained earnings to general reserve	-	-	7,672	-	-	7,672
At 31 March 2021	(438,362)	589,002	598,044	2,935,807	(8,316,147)	(4,631,656)
At 01 January 2021	60,157	380,458	590,372	2,935,807	(8,316,147)	(4,349,353)
Total comprehensive (loss)/ income for the year	(1,383,227)	474,092	-	-	-	(909,135)
Reclassification of reserves	-	265	-	-	-	265
Transfer from retained earnings to general reserve	-	-	120,584	-	-	120,584
At 31 December 2021	(1,323,070)	854,815	710,956	2,935,807	(8,316,147)	(5,137,639)
At 01 January 2022	(1,323,070)	854,815	710,956	2,935,807	(8,316,147)	(5,137,639)
Total comprehensive (loss)/ income for the period	(348,732)	10,947	-	-	-	(337,785)
Transfer from retained earnings to general reserve	-	-	55,199	-	-	55,199
31 March 2022	(1,671,802)	865,762	766,155	2,935,807	(8,316,147)	(5,420,225)