

SBM HOLDINGS LTD

INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 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 six months ended 30 June 2022.

Financial review

Group key financial highlights

	Unaudited Six months ended 30 June 2022	Unaudited Six months ended 30 June 2021	Audited Year ended 31 December 2021
<u>Key Financial indicators</u>			
Statement of profit or loss (MUR million)			
Net interest income	4,137	3,535	7,541
Operating income	6,281	5,734	11,795
Profit before credit loss expense	2,392	2,100	4,653
Credit loss expense on financial assets and memorandum items	733	1,162	2,475
Profit from continuing operations	1,453	761	1,737
Profit attributable to equity holder of the parent	1,453	763	1,739
Statement of financial position (MUR million)			
Total assets	362,253	324,675	357,668
Total gross loans and advances to non bank customers	160,769	138,045	145,086
Deposits from non-bank customers	298,314	263,936	298,581
Tier 1 capital	21,707	20,760	21,907
Total regulatory capital	32,573	31,572	32,730
Risk weighted assets	168,750	152,806	153,043
Shareholders' equity	26,221	25,136	26,378
Share information			
Market price per share (MUR)	4.8	4.5	4.3
Earnings per share (Cents)	56.3	29.5	67.3
Efficiency ratio (%)			
Cost to income	61.9	63.4	60.6
Performance ratios (%)			
Capital adequacy ratio	19.3	20.7	21.4
Tier 1 capital adequacy ratio	12.9	13.6	14.3
Return on average shareholders' equity	11.1	6.1	6.7
Return on average assets	0.8	0.5	0.5
Return on average risk-weighted assets	1.8	1.0	1.1
Asset quality ratios (%)			
Gross impaired advances to gross advances	10.7	12.8	11.4
Net impaired advances to net advances	3.1	4.3	3.3
Provision coverage ratio	73.6	70.0	74.3
Liquidity ratio (%)			
Credit to deposit ratio	53.9	52.3	48.6

Financial review (continued)

Revenue

From June 2021 to June 2022 net interest income has increased by MUR 602 million, which is mainly due to an increase in interest income as compared to same period last year. Interest income on loan and advances to non bank customers have increased by MUR 584.1 million resulting from a rise in gross loans and advances by MUR 22.7 billion from 30 June 2021 to 30 June 2022 coupled with an increase on prime lending rate during the period. Interest income on investment securities has also increased by MUR 243.7 million driven by higher investment and yields in securities, Investment securities witnessed an increase of MUR 19.2 billion as at 30 June 2022 as compared to 30 June 2021.

Interest expense has increased by MUR 338.1 million. Interest expense on deposits from non-bank customers has increased by MUR 462.9 million with a deposit increase of MUR 34.4 billion to reach MUR 298.3 billion as at 30 June 2022. Interest expense on subordinate debts witnessed an increase of MUR 21.4 million due to the full interest impact of the private placement in June 2021. Other borrowed funds has increased by MUR 9 million due to higher borrowing during the period. However the increase was mitigated by a fall in Interest expense on Derivatives held for risk management by MUR 162.7 million .

Net fee and commission income has increased by MUR 347.1 million on account of retail and corporate banking customer fees, card income and credit activities. Net trading income was on the rise by an amount of MUR 144.5 million. These increases were however offset by lower gain on derecognition of financial assets measured at fair value through other comprehensive income by MUR 514 million and higher losses from financial assets at fair value through profit or loss by MUR 59.1 million altogether these resulted to a decline in non interest income by MUR 55.9 million.

The Group profit after tax amounted to MUR 1,452.8 million for the period under review (June 2021:MUR 762.9 million)

Non-interest expense

	Unaudited	Unaudited	Audited
	Six months ended	Six months ended	Year ended
	30 June 2022	30 June 2021	31 December 2021
	MUR million	MUR million	MUR million
Personnel expenses	1,819.9	1,596.0	3,389.4
Depreciation of property and equipment	139.3	143.7	288.0
Depreciation of right-of-use assets	117.5	103.7	212.4
Amortisation of intangible assets	246.0	402.0	489.0
Other expenses	1,566.2	1,388.7	2,763.2
Non-interest expense	3,888.9	3,634.1	7,142.0

Non interest expense for the period under review stood at MUR 3,888.9 million as compared to MUR 3,634.1 million for same period last year, an increase of MUR 254.8 million (7.01%). This was mainly due to increase in personnel expense of MUR 224.0 million on account of building human capabilities across various jurisdictions and salary revision. Other expenses has also gone up by MUR 177.6 million which is due mainly on higher deposit insurance charges, business development and professional fees. However, amortisation of intangible assets has gone down by MUR 156.0 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 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).

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 30 June 2022 stood at MUR 17.2 billion, lower than 30 June 2021 at MUR 17.7 billion (31 December 2021: MUR 16.6 billion). Credit loss expense for the period ended 30 June 2022 amounted to MUR 733.0 million as compared to MUR 1,162.1 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 4.6 billion to reach MUR 362.3 billion as at 30 June 2022 mainly in gross loans and advances and investment securities.

Deposits from non bank customers stood at MUR 298.3 billion as at 30 June 2022 as compared to MUR 298.6 billion as at 31 December 2021. This represents a decrease of 0.09% (MUR 267.3 million)

Investment securities has increased by MUR 8.7 billion to reach MUR 162.1 billion as at 30 June 2022. Cash and cash equivalents stood at MUR 26.7 billion as at 30 June 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 15.0 billion to reach MUR 145.4 billion as at 30 June 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 19.3% at 30 June 2022 as compared to the statutory requirement of 14.5% including provision for Domestically Systemic Important Banks (D-SIBs) and Capital Conservation Buffer.

	Unaudited Six months ended	Unaudited Six months ended	Audited Year ended
	30 June 2022	30 June 2021	31 December 2021
	MUR million	MUR million	MUR million
Capital Base			
Tier 1	21,707	20,760	21,907
Tier 2	10,866	10,812	10,823
	32,573	31,572	32,730
Risk Weighted Assets			
On balance sheet	140,334	129,310	126,672
Off balance sheet	14,111	10,948	12,162
Operational Risk	13,480	11,566	13,480
Market Risk	825	982	730
	168,750	152,806	153,043
Capital Adequacy Ratio (%)	19.3	20.7	21.4
Tier 1 Capital Adequacy Ratio (%)	12.9	13.6	14.3

The capital Adequacy Ratio stood 19.3% as at 30 June 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 Banking 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 114.1% 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 37.4% 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 SIX MONTHS ENDED 30 JUNE 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:

	Appointment date	Independent/ Non independent
(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 on Special Examination

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

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 **11 August 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 30 June 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 six months 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

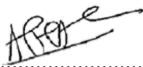
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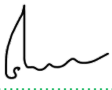
SBM HOLDINGS LTD
INTERIM UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022

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	Notes	The Group			The Company		
		Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
		30 June 2022	30 June 2021	31 December 2021	30 June 2022	30 June 2021	31 December 2021
		MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
ASSETS							
Cash and cash equivalents	5	26,690,697	32,753,097	47,636,821	1,548,790	42,426	90,055
Mandatory balances with central banks		14,266,572	12,306,063	13,645,545	-	-	-
Loans to and placements with banks	6	1,297,973	1,941,829	837,970	-	-	-
Derivative financial instruments		1,134,768	795,804	784,250	-	-	-
Loans and advances to non-bank customers	7	145,439,858	123,248,096	130,393,807	-	-	-
Investment securities	8	162,147,996	142,985,705	153,426,747	5,997,289	6,912,317	6,559,193
Investment in subsidiaries		-	-	-	30,300,696	29,344,202	29,800,721
Property and equipment		3,621,858	3,291,539	3,585,755	1,131	1,710	1,110
Right of use assets		729,310	780,528	728,417	-	-	-
Intangible assets		1,789,509	1,961,087	1,963,123	472	746	609
Deferred tax assets		1,384,536	943,741	1,087,074	-	-	-
Other assets		3,749,868	3,667,355	3,578,472	96,467	113,300	150,966
Total assets		362,252,945	324,674,844	357,667,981	37,944,845	36,414,701	36,602,654
LIABILITIES							
Deposits from banks		4,313,233	1,726,566	2,770,002	-	-	-
Deposits from non-bank customers	9	298,313,608	263,935,693	298,580,858	-	-	-
Other borrowed funds		12,537,736	12,649,671	9,512,912	-	-	-
Derivative financial instruments		756,373	879,211	759,896	-	-	-
Lease liabilities		746,663	774,775	740,902	-	-	-
Current tax liabilities		368,686	150,930	314,671	2,070	-	4,140
Pension liability		404,983	744,206	410,183	3,024	6,768	5,143
Other liabilities		8,549,731	8,853,731	8,322,917	47,087	135,839	163,001
Subordinated debts		10,040,771	9,823,959	9,877,346	10,040,771	9,823,959	9,877,346
Total liabilities		336,031,784	299,538,742	331,289,687	10,092,952	9,966,566	10,049,630
SHAREHOLDERS' EQUITY							
Stated capital		32,500,204	32,500,204	32,500,204	32,500,204	32,500,204	32,500,204
Retained earnings		3,663,653	1,516,699	2,807,788	1,272,171	235,904	(26,698)
Other reserves		(5,067,665)	(4,005,770)	(4,054,667)	(1,045,451)	(1,412,942)	(1,045,451)
		31,096,192	30,011,133	31,253,325	32,726,924	31,323,166	31,428,055
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		26,221,161	25,136,102	26,378,294	27,851,893	26,448,135	26,553,024
Total equity and liabilities		362,252,945	324,674,844	357,667,981	37,944,845	36,414,701	36,602,654
Memorandum items	10	49,758,095	38,255,085	44,523,675			

Approved by the Board of Directors and authorised for issue on **11 August 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 SIX MONTHS ENDED 30 JUNE 2022

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	Notes	The Group					The Company				
		Unaudited Quarter ended 30 June 2022	Unaudited Quarter ended 30 June 2021	Unaudited Six months ended 30 June 2022	Unaudited Six months ended 30 June 2021	Audited Year ended 31 December 2021	Unaudited Quarter ended 30 June 2022	Unaudited Quarter ended 30 June 2021	Unaudited Six months ended 30 June 2022	Unaudited Six months ended 30 June 2021	Audited Year ended 31 December 2021
		MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Continuing operations											
Interest income using the effective interest method		3,408,747	2,825,142	6,520,958	5,500,449	11,722,105	532	13,039	3,292	25,669	70,976
Other interest income		23,294	41,715	42,656	123,094	135,483	-	-	-	-	-
Interest expense using the effective interest method		(1,239,054)	(952,024)	(2,335,006)	(1,834,228)	(3,921,301)	(117,866)	(108,068)	(234,253)	(213,321)	(445,205)
Other interest expense		(41,947)	(99,726)	(91,772)	(254,477)	(395,716)	-	(12,294)	-	(30,575)	(30,575)
Net interest income / (expense)	11	2,151,040	1,815,107	4,136,836	3,534,838	7,540,571	(117,333)	(107,323)	(230,961)	(218,227)	(404,804)
Fee and commission income		630,752	389,322	1,167,340	813,673	1,763,384	-	-	-	-	-
Fee and commission expense		(25,625)	(20,928)	(46,630)	(40,037)	(79,610)	-	-	-	(1)	-
Net fee and commission income / (expense)	12	605,127	368,394	1,120,710	773,636	1,683,774	-	-	-	(1)	-
Net trading income	13	616,283	470,424	1,064,474	919,933	1,491,013	-	-	-	-	-
Net (loss)/gain from financial assets at fair value through profit or loss	14	(74,098)	(29,343)	(104,106)	(45,036)	207,999	(4,828)	46,307	(7,990)	40,379	124,103
Net (loss)/gain on derecognition of financial assets measured at amortised cost		(6,217)	(281,905)	11,382	6,324	5,890	(3,444)	-	11,382	772	5,890
Net gain on derecognition of financial assets measured at fair value through other comprehensive income		21,885	528,174	41,540	555,515	720,847	-	-	-	-	-
Other operating income/(loss)		9,747	(10,846)	9,673	(10,846)	145,056	2,214,162	490,704	2,221,123	505,704	628,274
Non-interest income		1,172,728	1,044,898	2,143,673	2,199,526	4,254,579	2,205,889	537,011	2,224,515	546,854	758,267
Operating income / (loss)		3,323,768	2,860,005	6,280,510	5,734,365	11,795,150	2,088,555	429,688	1,993,554	328,627	353,463
Personnel expenses		(882,420)	(797,209)	(1,819,937)	(1,595,984)	(3,389,361)	(10,433)	(23,294)	(28,669)	(39,833)	(107,496)
Depreciation of property and equipment		(69,246)	(72,673)	(139,326)	(143,655)	(288,042)	(64)	(242)	(127)	(485)	(969)
Depreciation of right-of-use assets		(62,843)	(52,770)	(117,483)	(103,735)	(212,381)	-	-	-	-	-
Amortisation of intangible assets		(122,309)	(200,769)	(245,975)	(401,985)	(488,986)	(69)	(69)	(137)	(137)	(274)
Other expenses		(865,563)	(712,675)	(1,566,225)	(1,388,758)	(2,763,180)	(79,338)	(167,394)	(147,130)	(323,742)	(413,866)
Impairment of investment in subsidiaries		-	-	-	-	-	-	-	-	-	(130,000)
Non-interest expense		(2,002,381)	(1,836,096)	(3,888,947)	(3,634,117)	(7,141,950)	(89,903)	(190,999)	(176,063)	(364,197)	(652,605)
Profit/(loss) before credit loss expense		1,321,386	1,023,909	2,391,563	2,100,248	4,653,200	1,998,652	238,689	1,817,491	(35,570)	(299,142)
Credit loss expense on financial assets and memorandum items	15	(491,627)	(615,508)	(732,999)	(1,162,069)	(2,474,893)	12	-	12	-	764
Profit/(loss) before income tax		829,759	408,401	1,658,565	938,178	2,178,307	1,998,664	238,689	1,817,503	(35,570)	(298,378)
Tax expense	16	(91,495)	(63,337)	(205,793)	(177,206)	(441,319)	565	-	(2,204)	-	(4,140)
Profit/(loss) for the period/year from continuing operations		738,264	345,064	1,452,771	760,972	1,736,988	1,999,229	238,689	1,815,299	(35,570)	(302,518)
Discontinued operations											
Profit for the period/year from discontinued operations	21	-	-	-	1,881	1,881	-	-	-	-	-
Profit/(loss) for the period/year attributable to equity holders of the parent		738,264	345,064	1,452,771	762,853	1,738,869	1,999,229	238,689	1,815,299	(35,570)	(302,518)
Earnings per share:											
From continuing operations											
Basic (Cents)		28.6	13.4	56.3	29.5	67.3					
Diluted (Cents)		28.6	13.4	56.3	29.5	67.3					
From continuing operations and discontinued operations											
Basic (Cents)		28.6	13.4	56.3	29.5	67.4					
Diluted (Cents)		28.6	13.4	56.3	29.5	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 SIX MONTHS ENDED 30 JUNE 2022

12

	The Group					The Company				
	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	Quarter ended 30 June 2022	Quarter ended 30 June 2021	Six months ended 30 June 2022	Six months ended 30 June 2021	Year ended 31 December 2021	Quarter ended 30 June 2022	Quarter ended 30 June 2021	Six months ended 30 June 2022	Six months ended 30 June 2021	Year ended 31 December 2021
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Profit/(loss) for the period/year attributable to equity holders of the parent	738,264	345,064	1,452,771	762,853	1,738,869	1,999,229	238,689	1,815,299	(35,570)	(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	-	404	-	404	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)	-	-	-	-	-
	-	404	833	404	720,117	-	-	(72)	-	371,828
<i>Items that may be reclassified subsequently to profit or loss:</i>										
Exchange differences on translation of foreign operations	183,213	369,931	194,160	578,475	518,515	-	-	-	-	-
Reclassification of translation reserve to profit or loss on deconsolidation of subsidiary	-	(44,423)	-	(44,423)	(44,423)	-	-	-	-	-
Investment securities measured at FVTOCI										
Movement in fair value during the period/year	(904,153)	(588,790)	(1,191,375)	(832,453)	(1,036,779)	-	-	-	(9)	-
Relassification of losses included in profit or loss on derecognition	(21,885)	(267,286)	(41,540)	(555,515)	(720,847)	-	-	-	-	-
Credit (loss)/allowance relating to debt instruments held at FVTOCI	(13,769)	(2,940)	(55,624)	30,433	6,514	-	-	-	-	-
	(756,594)	(533,508)	(1,094,379)	(823,483)	(1,277,020)	-	-	-	(9)	-
Total other comprehensive (loss) / income	(756,594)	(533,104)	(1,093,547)	(823,079)	(556,903)	-	-	(72)	(9)	371,828
Total comprehensive (loss)/income attributable to equity holders of the parent	(18,330)	(188,040)	359,225	(60,226)	1,181,966	1,999,229	238,689	1,815,227	(35,579)	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 SIX MONTHS ENDED 30 JUNE 2022

13

	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
The Group							
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 period	-	-	-	762,853	-	-	762,853
Other comprehensive loss for the period	-	-	-	-	-	(823,079)	(823,079)
Total comprehensive income/(loss) for the period	-	-	-	762,853	-	(823,079)	(60,226)
Revaluation surplus realised on depreciation	-	-	-	25,797	(25,797)	-	-
Transfer from retained earnings to statutory reserve	-	-	106,477	(106,477)	-	-	-
Transfer from statutory reserve to other reserve	-	-	(18,808)	-	-	18,808	-
Transfer from retained earnings to other reserve	-	-	-	(59,050)	-	59,050	-
At 30 June 2021	<u>32,500,204</u>	<u>(4,875,031)</u>	<u>693,783</u>	<u>1,623,178</u>	<u>307,353</u>	<u>(5,094,574)</u>	<u>25,136,102</u>
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 /(loss) 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	<u>32,500,204</u>	<u>(4,875,031)</u>	<u>802,086</u>	<u>2,807,788</u>	<u>280,886</u>	<u>(5,137,639)</u>	<u>26,378,294</u>
At 01 January 2022	<u>32,500,204</u>	<u>(4,875,031)</u>	<u>802,086</u>	<u>2,807,788</u>	<u>280,886</u>	<u>(5,137,639)</u>	<u>26,378,294</u>
Profit for the period	-	-	-	1,452,771	-	-	1,452,771
Other comprehensive income/(loss) for the period	-	-	-	833	-	(1,094,379)	(1,093,547)
Total comprehensive income/(loss) for the period	-	-	-	1,453,604	-	(1,094,379)	359,225
Revaluation surplus realised on depreciation	-	-	-	25,794	(25,794)	-	-
Transfer from retained earnings to statutory reserve	-	-	74,152	(74,152)	-	-	-
Transfer from retained earnings to general reserve	-	-	-	(33,022)	-	33,022	-
Dividend	-	-	-	(516,358)	-	-	(516,358)
At 30 June 2022	<u>32,500,204</u>	<u>(4,875,031)</u>	<u>876,238</u>	<u>3,663,653</u>	<u>255,092</u>	<u>(6,198,996)</u>	<u>26,221,161</u>

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 SIX MONTHS ENDED 30 JUNE 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 period	-	-	(35,570)	-	(35,570)
Other comprehensive loss for the period	-	-	-	(9)	(9)
Total comprehensive loss for the period	-	-	(35,570)	(9)	(35,579)
At 30 June 2021	<u>32,500,204</u>	<u>(4,875,031)</u>	<u>235,904</u>	<u>(1,412,942)</u>	<u>26,448,135</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	<u>32,500,204</u>	<u>(4,875,031)</u>	<u>(26,698)</u>	<u>(1,045,451)</u>	<u>26,553,024</u>
Profit for the period	-	-	1,815,299	-	1,815,299
Other comprehensive loss for the period	-	-	(72)	-	(72)
Total comprehensive income for the period	-	-	1,815,227	-	1,815,227
Dividend	-	-	(516,358)	-	(516,358)
At 30 June 2022	<u>32,500,204</u>	<u>(4,875,031)</u>	<u>1,272,171</u>	<u>(1,045,451)</u>	<u>27,851,893</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 SIX MONTHS ENDED 30 JUNE 2022

15

	The Group			The Company		
	Unaudited Six months ended 30 June 2022	Unaudited Six months ended 30 June 2021	Audited Year ended 31 December 2021	Unaudited Six months ended 30 June 2022	Unaudited Six months ended 30 June 2021	Audited Year ended 31 December 2021
Note	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Net cash generated (used in)/from operating activities	(23,113,520)	14,587,195	33,070,280	2,475,217	219,165	493,877
Net cash from/(used in) financing activities	2,414,834	(3,118,288)	(6,343,388)	(500,123)	(660,754)	(575,899)
Net cash (used in)/generated from investing activities	(244,435)	(293,656)	(661,708)	(516,358)	179,542	(132,396)
Net change in cash and cash equivalents	(20,943,121)	11,175,251	26,065,184	1,458,735	(262,047)	(214,418)
Expected credit loss allowance on cash and cash equivalents	(3,003)	601	(5,608)	-	-	-
Cash and cash equivalents at beginning of period/year	47,636,821	21,577,245	21,577,245	90,055	304,473	304,473
Cash and cash equivalents at period/year end	26,690,697	32,753,097	47,636,821	1,548,790	42,426	90,055

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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
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

(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 six months ended 30 June 2022 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 six months ended 30 June 2022 are consistent with those followed in the preparation of the Group's annual audited financial statements for the year ended 31 December 2021, except for the adoption of new standards and interpretations effective as from 01 January 2022. The nature and the effect of these changes have been assessed and these are not considered to be material for any adjustment or disclosure.

(b) Comparative figures

Where necessary, the figures for the period ended 30 June 2022 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 30 June 2022 MUR' 000	Unaudited 30 June 2021 MUR' 000	Audited 31 December 2021 MUR' 000	Unaudited 30 June 2022 MUR' 000	Unaudited 30 June 2021 MUR' 000	Audited 31 December 2021 MUR' 000
Cash in hand	1,754,486	1,605,531	2,200,298	-	-	-
Foreign currency notes and coins	726,788	1,170,650	1,070,999	-	-	-
Unrestricted balances with central banks	16,585,553	21,524,253	36,611,395	-	-	-
Loans and placements with banks	4,591,231	3,189,237	3,291,517	-	-	-
Balances with banks	3,042,921	5,264,496	4,469,891	1,548,790	42,426	90,055
	26,700,979	32,754,167	47,644,100	1,548,790	42,426	90,055
Less expected credit loss allowance	(10,282)	(1,070)	(7,279)	-	-	-
	26,690,697	32,753,097	47,636,821	1,548,790	42,426	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 30 June 2022 MUR' 000	Unaudited 30 June 2021 MUR' 000	Audited 31 December 2021 MUR' 000
Loans to and placements with banks			
- In Mauritius	457,525	-	-
- Outside Mauritius	842,164	1,962,579	843,079
	1,299,689	1,962,579	843,079
Less expected credit loss allowance	(1,716)	(20,750)	(5,109)
	1,297,973	1,941,829	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 30 June 2022	Unaudited 30 June 2021	Audited 31 December 2021
Internal rating grade	Stage 1 MUR' 000	Stage 1 MUR' 000	Stage 1 MUR' 000
Performing			
High grade	-	-	189,701
Standard grade	1,145,316	1,629,313	653,378
Sub-standard grade	154,373	333,266	-
	1,299,689	1,962,579	843,079
Less expected credit loss allowance	(1,716)	(20,750)	(5,109)
Total	1,297,973	1,941,829	837,970

7 Loans and advances to non-bank customers

	The Group		
	Unaudited 30 June 2022	Unaudited 30 June 2021	Audited 31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Retail customers	47,368,872	42,220,831	45,490,284
- Credit cards	489,380	475,304	492,464
- Mortgages	34,188,699	28,417,442	30,632,959
- Other retail loans	12,690,793	13,328,085	14,364,861
Corporate customers	53,086,574	47,470,520	48,202,633
Government	23,278	7,554	9,713
Entities outside Mauritius (including offshore / Global Business Licence Holders)	60,290,502	48,346,142	51,383,170
Gross Loans and advances	160,769,226	138,045,047	145,085,800
Less expected credit loss allowance	(15,329,368)	(14,796,951)	(14,691,993)
Net loans and advances	145,439,858	123,248,096	130,393,807

(a) Gross advances by sectors

	The Group		
	Unaudited 30 June 2022	Unaudited 30 June 2021	Audited 31 December 2021
	MUR' 000	MUR' 000	MUR' 000
Agriculture and fishing	3,860,922	3,147,036	2,844,733
Manufacturing	14,241,039	11,486,535	13,066,783
of which EPZ	1,237,014	1,905,560	1,421,007
Tourism	14,317,544	15,951,218	15,711,976
Transport	3,296,841	4,140,177	3,493,859
Construction	15,733,651	13,309,600	14,941,089
Financial and business services	11,851,797	9,121,895	9,072,836
Traders	14,632,981	15,939,056	13,082,193
Personal	56,247,191	45,530,725	50,293,090
of which credit cards	4,155,849	1,431,922	3,013,197
Professional	539,380	277,668	279,551
Global Business Licence holders	4,165,985	4,819,821	9,754,671
Others	21,881,895	14,321,315	12,545,019
Total	160,769,226	138,045,046	145,085,800

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

(b) Credit quality and risk exposure

The Group Unaudited				
30 June 2022				
Internal rating grade	Stage 1 Individual MUR' 000	Stage 2 Individual MUR' 000	Stage 3 MUR' 000	Total MUR' 000
Performing				
High grade	48,204,749	1,378,957	-	49,583,706
Standard grade	53,451,922	5,145,234	-	58,597,156
Sub-standard grade	9,314,989	24,505,672	-	33,820,661
Past due but not impaired	-	1,590,537	-	1,590,537
Non-performing				
Individually impaired	-	-	17,177,166	17,177,166
Total	110,971,660	32,620,400	17,177,166	160,769,226
Less expected credit loss allowance	(709,192)	(1,981,761)	(12,638,415)	(15,329,368)
Net loans and advances	110,262,468	30,638,639	4,538,751	145,439,858

The Group Unaudited				
30 June 2021				
Internal rating grade	Stage 1 Individual MUR' 000	Stage 2 Individual MUR' 000	Stage 3 MUR' 000	Total MUR' 000
Performing				
High grade	44,693,912	1,289,947	-	45,983,859
Standard grade	45,336,373	6,436,075	-	51,772,448
Sub-standard grade	7,752,338	13,655,778	-	21,408,116
Past due but not impaired	-	1,136,049	-	1,136,049
Non-performing				
Individually impaired	-	-	17,744,575	17,744,575
Total	97,782,623	22,517,849	17,744,575	138,045,047
Less expected credit loss allowance	(949,639)	(1,426,559)	(12,420,753)	(14,796,951)
Net loans and advances	96,832,984	21,091,290	5,323,822	123,248,096

The Group Audited				
31 December 2021				
Internal rating grade	Stage 1 Individual MUR' 000	Stage 2 Individual MUR' 000	Stage 3 MUR' 000	Total 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 30 June 2022 MUR' 000	Unaudited 30 June 2021 MUR' 000	Audited 31 December 2021 MUR' 000	Unaudited 30 June 2022 MUR' 000	Unaudited 30 June 2021 MUR' 000	Audited 31 December 2021 MUR' 000
Measured at:						
Debts securities at amortised cost	74,587,486	64,942,617	61,253,709	-	1,379,520	587,215
Debt securities at fair value through other comprehensive income	73,229,591	66,675,522	76,348,809	9,477	9,557	8,981
Debt securities at fair value through profit or loss	7,155,989	4,711,328	8,795,454	313,873	265,379	289,049
Equity securities designated at FVTOCI	5,554,528	5,137,383	5,416,262	4,004,337	3,636,307	4,004,362
Equity shares measured at FVTPL	1,669,600	1,622,332	1,669,600	1,669,600	1,622,332	1,669,600
	162,197,194	143,089,182	153,483,834	5,997,287	6,913,095	6,559,207
Less expected credit loss allowance	(49,198)	(103,477)	(57,087)	2	(778)	(14)
	162,147,996	142,985,705	153,426,747	5,997,289	6,912,317	6,559,193

9 Deposits from non-bank customers

	The Group		
	Unaudited 30 June 2022 MUR'000	Unaudited 30 June 2021 MUR'000	Audited 31 December 2021 MUR'000
Retail	127,882,006	114,289,391	120,756,142
Corporate	151,290,240	130,405,134	158,733,393
Government	19,141,362	19,241,168	19,091,323
	298,313,608	263,935,693	298,580,858

10 Memorandum Items

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

	The Group		
	Unaudited 30 June 2022 MUR'000	Unaudited 30 June 2021 MUR'000	Audited 31 December 2021 MUR'000
Acceptances on account of customers	1,861,446	664,196	1,878,468
Guarantees on account of customers	16,285,932	12,659,862	13,377,544
Letters of credit and other obligations on account of customers	2,689,276	2,230,655	3,196,187
Undrawn credit facilities	22,373,956	17,624,928	21,042,819
Other contingent items	3,886,546	2,938,726	2,706,038
	47,097,156	36,118,367	42,201,056

Others

	The Group		
	Unaudited 30 June 2022 MUR'000	Unaudited 30 June 2021 MUR'000	Audited 31 December 2021 MUR'000
Inward bills held for collection	360,942	343,989	319,258
Outward bills sent for collection	2,299,997	1,792,729	2,003,361
	2,660,939	2,136,718	2,322,619
Total	49,758,095	38,255,085	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 30 June 2022			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Performing				
High grade	25,588,573	6,016	-	25,594,589
Standard grade	16,635,855	102,244	-	16,738,099
Sub-standard grade	3,977,234	3,191,165	-	7,168,399
Non-performing	-	1,403	296	1,698
Individually impaired	-	-	255,311	255,311
Total	46,201,662	3,300,828	255,607	49,758,095
Less: expected credit losses classified under other liabilities	(107,641)	(74,960)	(155,574)	(338,175)
	46,094,021	3,225,868	100,033	49,419,920

Internal rating grade	Unaudited 30 June 2021			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Performing				
High grade	18,303,955	2,172	-	18,306,127
Standard grade	13,746,960	794,007	-	14,540,967
Sub-standard grade	3,620,432	1,607,919	1,624	5,229,975
Non-performing	-	-	178,016	178,016
Individually impaired	-	-	-	-
Total	35,671,347	2,404,098	179,640	38,255,085
Less: expected credit losses classified under other liabilities	(128,117)	(106,004)	(153,243)	(387,364)
	35,543,230	2,298,094	26,397	37,867,721

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	-	-	160,734	160,734
Individually impaired	-	-	-	-
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

Subsequent event – contingent liability

In August 2018, SBM Bank (Kenya) Limited (SBMBK) acquired certain selected assets and assumed certain liabilities of Chase Bank (Kenya) Limited (in Receivership). In 2019, a financial institution claimed that they had deposited funds of amount USD7.5m in Chase Bank (Kenya) Limited (in Receivership). These were not part of the assumed certain liabilities taken over by SBMBK. They filed a case in the High Court claiming the aforementioned funds. The case was referred by the Court to arbitration and was ruled in favour of SBMBK in April 2021. The financial institution then appealed to the High Court which delivered judgment in their favour in July 2022.

SBMBK has since obtained a stay of execution in respect of the judgment and is in the process of filing an appeal. No provision in relation to this claim has been recognised in these financial statements as the Directors have been advised by the lawyers that the probability of a liability arising is remote.

SBM HOLDINGS LTD
NOTES TO AND FORMING PART OF THE INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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11 Net interest income/(expense)

	The Group					The Company				
	Unaudited Quarter ended 30 June 2022	Unaudited Quarter ended 30 June 2021	Unaudited Six months ended 30 June 2022	Unaudited Six months ended 30 June 2021	Audited Year ended 31 December 2021	Unaudited Quarter ended 30 June 2022	Unaudited Quarter ended 30 June 2021	Unaudited Six months ended 30 June 2022	Unaudited Six months ended 30 June 2021	Audited Year ended 31 December 2021
	MUR'000	MUR'000	MUR' 000	MUR' 000	MUR' 000	MUR'000	MUR'000	MUR' 000	MUR' 000	MUR' 000
Interest Income using the effective interest method										
Cash and cash equivalents	66,595	19,874	107,496	43,483	107,187	-	-	-	-	-
Loans to and placements with banks	10,933	11,319	30,697	25,927	124,105	-	-	-	-	-
Loans and advances to non bank customers	2,133,199	1,779,517	4,082,333	3,498,139	7,318,631	-	-	-	-	-
Investment securities at amortised cost	902,846	814,937	1,765,465	1,535,702	3,317,068	433	12,945	3,093	25,484	70,976
Investment securities at FVTOCI	295,174	199,495	534,967	397,198	855,114	100	94	199	185	-
	3,408,747	2,825,142	6,520,958	5,500,449	11,722,105	532	13,039	3,292	25,669	70,976
Other interest income										
Investment securities at FVTPL	414	(6,866)	(345)	(14,290)	(19,676)	-	-	-	-	-
Derivatives held for risk management	22,880	48,581	43,001	137,384	155,159	-	-	-	-	-
	23,294	41,715	42,656	123,094	135,483	-	-	-	-	-
Total interest income	3,432,041	2,866,857	6,563,614	5,623,543	11,857,588	532	13,039	3,292	25,669	70,976
Interest expense										
Deposits from non-bank customers	(935,057)	(693,535)	(1,776,390)	(1,313,526)	(2,914,145)	-	-	-	-	-
Other borrowed funds	(168,823)	(137,171)	(287,790)	(278,750)	(497,524)	-	(479)	-	(479)	-
Subordinated debts	(117,866)	(107,589)	(234,253)	(212,842)	(444,726)	(117,866)	(107,589)	(234,253)	(212,842)	(445,205)
Interest expense on lease liabilities	(17,308)	(13,729)	(36,573)	(29,110)	(64,906)	-	-	-	-	-
Total interest expense	(1,239,054)	(952,024)	(2,335,006)	(1,834,228)	(3,921,301)	(117,866)	(108,068)	(234,253)	(213,321)	(445,205)
Other interest expense										
Derivatives held for risk management	(41,947)	(99,726)	(91,772)	(254,477)	(395,716)	-	(12,294)	-	(30,575)	(30,575)
Total interest expense	(1,281,002)	(1,051,751)	(2,426,778)	(2,088,705)	(4,317,017)	(117,866)	(120,362)	(234,253)	(243,896)	(475,780)
Net interest income/(expense)	2,151,040	1,815,107	4,136,836	3,534,838	7,540,571	(117,333)	(107,323)	(230,961)	(218,227)	(404,804)

SBM HOLDINGS LTD
NOTES TO AND FORMING PART OF THE INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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12 Net fee and commission income / (expense)

	The Group					The Company				
	Unaudited Quarter ended 30 June 2022	Unaudited Quarter ended 30 June 2021	Unaudited Six months ended 30 June 2022	Unaudited Six months ended 30 June 2021	Audited Year ended 31 December 2021	Unaudited Quarter ended 30 June 2022	Unaudited Quarter ended 30 June 2021	Unaudited Six months ended 30 June 2022	Unaudited Six months ended 30 June 2021	Audited Year ended 31 December 2021
	MUR'000	MUR'000	MUR' 000	MUR' 000	MUR' 000	MUR'000	MUR'000	MUR' 000	MUR' 000	MUR' 000
Fee and commission income										
Retail banking customer fees	98,967	84,120	210,661	172,242	408,224	-	-	-	-	-
Corporate banking customer fees	183,884	128,817	319,635	304,137	611,354	-	-	-	-	-
Brokerage income	107,156	20,814	181,723	49,039	75,511	-	-	-	-	-
Assets management fees	13,839	11,589	21,566	21,802	59,347	-	-	-	-	-
Card income	174,747	100,030	341,404	186,766	370,937	-	-	-	-	-
Other	52,159	43,952	92,351	79,687	238,011	-	-	-	-	-
Total fee and commission income	630,752	389,322	1,167,340	813,673	1,763,384	-	-	-	-	-
Fee and commission expense										
Interbank transaction fees	(14,199)	(11,542)	(22,463)	(22,956)	(41,695)	-	-	-	-	-
Brokerage			-	-	-	-	-	-	-	-
Other	(11,425)	(9,386)	(24,167)	(17,081)	(37,915)	-	-	-	(1)	-
Total fee and commission expense	(25,625)	(20,928)	(46,630)	(40,037)	(79,610)	-	-	-	(1)	-
Net fee and commission income	605,127	368,394	1,120,710	773,636	1,683,774	-	-	-	(1)	-

13 Net trading income

	The Group					The Company				
	Unaudited Quarter ended 30 June 2022	Unaudited Quarter ended 30 June 2021	Unaudited Six months ended 30 June 2022	Unaudited Six months ended 30 June 2021	Audited Year ended 31 December 2021	Unaudited Quarter ended 30 June 2022	Unaudited Quarter ended 30 June 2021	Unaudited Six months ended 30 June 2022	Unaudited Six months ended 30 June 2021	Audited Year ended 31 December 2021
	MUR'000	MUR'000	MUR' 000	MUR' 000	MUR' 000	MUR'000	MUR'000	MUR' 000	MUR' 000	MUR' 000
Profit arising from dealing in foreign currencies	492,067	392,858	869,709	710,831	1,344,118	-	-	-	-	-
Debt securities	46,597	22,882	11,550	12,327	83,840	-	-	-	-	-
Derivatives financial instruments	77,620	54,684	183,216	196,775	63,055	-	-	-	-	-
	616,283	470,424	1,064,474	919,933	1,491,013	-	-	-	-	-

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

The Group					The Company				
Unaudited Quarter ended 30 June 2022	Unaudited Quarter ended 30 June 2021	Unaudited Six months ended 30 June 2022	Unaudited Six months ended 30 June 2021	Audited Year ended 31 December 2021	Unaudited Quarter ended 30 June 2022	Unaudited Quarter ended 30 June 2021	Unaudited Six months ended 30 June 2022	Unaudited Six months ended 30 June 2021	Audited Year ended 31 December 2021
MUR'000	MUR'000	MUR' 000	MUR' 000	MUR' 000	MUR'000	MUR'000	MUR' 000	MUR' 000	MUR' 000
(45,528)	1,855	(37,730)	(1,360)	163,246	(4,828)	10,799	(7,990)	4,872	88,596
(28,570)	(31,198)	(66,377)	(43,676)	44,753	-	35,508	-	35,507	35,507
(74,098)	(29,343)	(104,106)	(45,036)	207,999	(4,828)	46,307	(7,990)	40,379	124,103

Financial assets mandatorily measured
at FVTPL
Derivatives held for risk management
purposes

15 Credit loss expense on financial assets and memorandum items

The Group					
Unaudited Quarter ended 30 June 2022	Unaudited Six months 30 June 2022				
Total	Stage 1	Stage 2	Stage 3	Total	
MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	
Loans and advances to non bank customers	559,761	(27,224)	435,758	473,476	882,010
Loans and placements with banks	2,044	(387)	-	-	(387)
Debt instruments measured at amortised cost	(1,489)	(53,843)	(10,196)	-	(64,039)
Other receivables	(6,000)	(6,000)	-	-	(6,000)
Loan commitments	(22,149)	(1,652)	1,482	46	(124)
Off balance sheet items (Guarantees, Letters of credit, Acceptances)	33,001	(6,861)	873	97,748	91,760
Total credit loss under IFRS 9	565,167	(95,967)	427,917	571,270	903,220
Write off	-	-	-	-	40
Recoveries	(73,541)	-	-	-	(170,261)
Total credit loss	491,627				732,999

The Group					
Unaudited Quarter ended 30 June 21	Unaudited Six months 30 June 2021				
Total	Stage 1	Stage 2	Stage 3	Total	
MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	
Loans and advances to non bank customers	772,117	(23,712)	369,411	966,930	1,312,629
Loans and placements with banks	178	(253)	-	-	(253)
Debt instruments measured at amortised cost	(28,971)	(41,704)	37,727	-	(3,977)
Other receivables	5,546	5,546	-	-	5,546
Loan commitments	(14,575)	11,007	1,224	-	12,231
Off balance sheet items (Guarantees, Letters of credit, Acceptances)	(19,855)	342	(27,495)	(1,822)	(28,975)
Total credit loss under IFRS 9	714,440	(48,774)	380,867	965,108	1,297,201
Write off	-	-	-	-	63,973
Recoveries	(98,932)	-	-	-	(199,105)
Total credit loss/(income)	615,508				1,162,069

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 30 June 2022	Unaudited Quarter ended 30 June 2021	Unaudited Six months ended 30 June 2022	Unaudited Six months ended 30 June 2021	Audited Year ended 31 December 2021
Stage 1	Stage 1	Stage 1	Stage 1	Stage 1
MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Debt instruments measured at amortised cost	12	-	12	-
Total credit loss	12	-	12	-

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% (2021: 15%) India is 43.26% (2021:43.26%), whereas that of Madagascar is 20% (2021: 20%) and Kenya is 30% (2021: 30%).

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

(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 30 June 2022	Unaudited Quarter ended 30 June 2021	Unaudited Six months ended 30 June 2022	Unaudited Six months ended 30 June 2021	Audited Year ended 31 December 2021	Unaudited Quarter ended 30 June 2022	Unaudited Quarter ended 30 June 2021	Unaudited Six months ended 30 June 2022	Unaudited Six months ended 30 June 2021	Audited Year ended 31 December 2021
	MUR'000	MUR'000	MUR' 000	MUR' 000	MUR' 000	MUR'000	MUR'000	MUR' 000	MUR' 000	MUR' 000
Income tax										
Income tax expense	247,902	152,164	367,000	161,372	471,754	565	-	2,204	-	4,140
Movement in deferred tax	(223,744)	(149,490)	(293,741)	(107,619)	(291,506)	-	-	-	-	-
Corporate social responsibility contribution	20,733	17,821	39,327	37,770	74,655	-	-	-	-	-
Bank levy	46,604	42,842	93,207	85,683	186,416	-	-	-	-	-
	91,495	63,337	205,793	177,206	441,319	565	-	2,204	-	4,140

17 Dividend

A dividend of MUR 516 million (20 Cents per share) has been paid on 15 June 2022.

18 Segment information

	The Group Unaudited 30 June 2022				
	Banking MUR' 000	Non-bank financial institutions MUR' 000	Non financial institutions MUR' 000	Intersegment adjustments MUR' 000	Group Total MUR' 000
Revenue from external customers	8,577,882	232,297	(56,261)	-	8,753,918
Revenue from other segments of the entity	2,160,000	107,978	2,290,000	(4,557,978)	-
Total gross revenue	10,737,882	340,275	2,233,739	(4,557,978)	8,753,918
Net interest income	4,375,627	(7,830)	(230,961)	-	4,136,836
Operating income	8,484,283	324,522	1,999,486	(4,527,781)	6,280,510
Profit after tax	3,895,241	190,566	1,816,702	(4,449,738)	1,452,771
Segment assets	383,350,838	3,618,338	38,116,695	(62,832,926)	362,252,945
Segment liabilities	328,272,232	1,326,170	10,094,179	(3,660,798)	336,031,784
The Group Unaudited 30 June 2021					
	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	7,708,315	44,789	110,002	-	7,863,106
Revenue from other segments of the entity	400,000	175,005	469,500	(1,044,505)	-
Total gross revenue	8,108,315	219,794	579,502	(1,044,505)	7,863,106
Net interest income	3,731,339	22,229	(218,730)	-	3,534,838
Operating income	6,195,389	211,948	335,606	(1,008,578)	5,734,365
Profit after tax	1,625,411	92,989	(39,937)	(915,610)	762,853
Segment assets	343,287,985	3,527,840	36,582,885	(58,723,866)	324,674,844
Segment liabilities	289,704,984	1,508,481	9,968,220	(1,642,943)	299,538,742
The Group Audited 31 December 2021					
	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	15,516,860	339,317	335,600	-	16,191,777
Revenue from other segments of the entity	461,251	235,293	510,000	(1,206,544)	-
Total gross revenue	15,978,111	574,610	845,600	(1,206,544)	16,191,777
Net interest income	7,899,994	45,382	(404,805)	-	7,540,571
Operating income	12,030,202	540,424	369,818	(1,145,294)	11,795,150
Profit after tax	2,650,288	276,086	(177,012)	(1,012,375)	1,736,988
Segment assets	377,405,175	3,543,422	36,769,435	(60,050,051)	357,667,981
Segment liabilities	321,628,534	1,504,311	10,052,113	(1,895,271)	331,289,687

19 Fair value of financial assets and financial liabilities

The Group

	Unaudited 30 June 2022		Unaudited 30 June 2021		Audited 31 December 2021	
	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	26,690,697	26,690,697	32,753,097	32,753,097	47,636,821	47,636,821
Mandatory balances with Central banks	14,266,572	14,266,572	12,306,063	12,306,063	13,645,545	13,645,545
Loans to and placements with banks	1,297,973	1,297,973	1,941,829	1,941,829	837,970	837,970
Derivative financial instruments	1,134,768	1,134,768	795,804	795,804	784,250	784,250
Loans and advances to non-bank customers	145,439,858	145,117,385	123,248,096	122,972,845	130,393,807	130,100,343
Investment securities	162,147,996	159,233,956	142,985,705	140,655,981	153,426,747	151,905,238
Other assets	2,892,567	2,892,567	2,946,756	2,946,756	2,878,828	2,878,828
	353,870,431	350,633,918	316,977,350	314,372,375	349,603,968	347,788,995
Financial liabilities						
Deposits from banks	4,313,233	4,313,233	1,726,566	1,726,566	2,770,002	2,770,002
Deposits from non-bank customers	298,313,608	298,313,608	263,935,693	263,958,036	298,580,858	298,596,843
Other borrowed funds	12,537,736	12,537,736	12,649,671	12,649,671	9,512,912	9,512,912
Derivative financial instruments	756,373	756,373	879,211	879,211	759,896	759,896
Lease liabilities	746,663	746,663	774,775	774,775	740,902	740,902
Other liabilities	2,145,904	2,145,904	8,451,639	8,451,639	7,738,986	7,738,986
Subordinated debts	10,040,771	10,040,771	9,823,959	9,823,959	9,877,346	9,877,346
	328,854,288	328,854,288	298,241,514	298,263,856	329,980,902	329,996,887

The Company

	Unaudited 30 June 2022		Unaudited 30 June 2021		Audited 31 December 2021	
	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	1,548,790	1,548,790	42,426	42,426	90,055	90,055
Investment securities	5,997,289	5,997,391	6,912,317	7,411,588	6,559,193	6,545,068
Other assets	565	565	113,303	113,303	150,966	150,966
	7,546,644	7,546,746	7,068,046	7,567,317	6,800,214	6,786,089
Financial liabilities						
Derivative financial instruments	-	-	-	-	-	-
Other liabilities	47,087	47,087	135,839	135,839	163,001	163,001
Subordinated debts	10,040,771	10,040,771	9,823,959	9,823,959	9,877,346	9,877,346
	10,087,858	10,087,858	9,959,798	9,959,798	10,040,347	10,040,347

- 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 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

30 June 2022

Derivative financial assets	-
Investment securities mandatorily measured at FVTPL	
Debt securities	6,588,672
Equity securities	-
Investments at FVTOCI (debt and equity instruments)	
Debt securities	66,717,633
Equity securities	87,550
Total assets	73,393,855

Derivative financial liabilities

Total liabilities

Unaudited			
Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
MUR' 000	MUR' 000	MUR' 000	MUR' 000
-	1,134,768	-	1,134,768
6,588,672	-	567,317	7,155,989
-	1,669,600	-	1,669,600
66,717,633	4,872,222	1,639,736	73,229,591
87,550	704,903	4,762,075	5,554,528
73,393,855	8,381,493	6,969,128	88,744,477
-	756,373	-	756,373
-	756,373	-	756,373

30 June 2021

Derivative financial assets	-
Investment securities mandatorily measured at FVTPL	
Debt securities	4,626,421
Equity securities	-
Investments at FVTOCI (debt and equity instruments)	
Debt securities	62,839,465
Equity securities	72,782
Total assets	67,538,668

Derivative financial liabilities

Total liabilities

Unaudited			
Level 1	Level 2	Level 3	Total
MUR' 000	MUR' 000	MUR' 000	MUR' 000
-	795,804	-	795,804
4,626,421	28,881	56,026	4,711,328
-	1,622,332	-	1,622,332
62,839,465	3,836,057	-	66,675,522
72,782	668,682	4,395,919	5,137,383
67,538,668	6,951,756	4,451,945	78,942,369
-	879,211	-	879,211
-	879,211	-	879,211

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

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

There was no transfer between levels during the period.

The Company

	Unaudited		
	Level 1	Level 2	Level 3
	MUR' 000	MUR' 000	MUR' 000
30 June 2022			
Investment securities mandatorily measured at FVTPL			
Debt securities	313,873	-	-
Equity securities	-	1,669,600	-
Investments at FVTOCI (debt and equity instruments)			
Debt securities	9,476	-	-
Equity securities	-	-	4,004,337
Total assets	323,349	1,669,600	4,004,337
Derivative financial liabilities	-	-	-
Total liabilities	-	-	-

	Unaudited		
	Level 1	Level 2	Level 3
	MUR' 000	MUR' 000	MUR' 000
30 June 2021			
Investment securities mandatorily measured at FVTPL			
Debt securities	265,379	-	-
Equity securities	-	1,622,332	-
Investments at FVTOCI (debt and equity instruments)			
Debt securities	9,557	-	-
Equity securities	-	-	3,636,307
Total assets	274,937	1,622,332	3,636,307
Derivative financial liabilities	-	-	-
Total liabilities	-	-	-

	Audited		
	Level 1	Level 2	Level 3
	MUR' 000	MUR' 000	MUR' 000
31 December 2021			
Investment securities mandatorily measured at FVTPL			
Debt securities	289,049	-	-
Equity securities	-	1,669,600	-
Investments at FVTOCI (debt and equity instruments)			
Debt securities	8,981	-	-
Equity securities	-	-	4,004,362
Total assets	298,030	1,669,600	4,004,362
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 six months ended 30 June 2022 are presented below:

	Unaudited Six months ended 30 June 2022	Unaudited Six months ended 30 June 2021	Audited Year ended 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

SBM HOLDINGS LTD
**NOTES TO AND FORMING PART OF THE INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**
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22 Other reserves

	Fair value reserve on financial instruments recognised in OCI	Net translation reserve	General reserve	Earnings reserve	Restructure reserve	Total
The Group	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
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	(1,357,131)	534,052	-	-	-	(823,079)
Transfer from statutory reserve to general reserve			18,808			18,808
Transfer from retained earnings to general reserve	-	-	59,050	-	-	59,050
At 30 June 2021	(1,296,974)	914,510	649,422	2,935,807	(8,316,147)	(5,094,574)
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	(1,288,539)	194,160	-	-	-	(1,094,379)
Transfer from retained earnings to general reserve	-	-	33,022	-	-	33,022
At 30 June 2022	(2,611,609)	1,048,975	743,978	2,935,807	(8,316,147)	(6,198,996)