

SBM Holdings Ltd

SBM Holdings Ltd

Management Discussion and Analysis

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PART A

CORPORATE GOVERNANCE REPORT

Corporate Governance Report for Financial Year 2025

SBM Holdings Ltd

Progressing with our Governance initiatives in 2025

Dear Shareholders,

On behalf of the Board of Directors (the Board) of SBM Holdings Ltd (SBMH, the Group or the Company), we are pleased to present our Corporate Governance Report (the Report) for the year ended 31 December 2025. This Report outlines the governance framework, policies and oversight mechanisms underpinning the Group's commitment to accountability, effective risk management, ethical conduct and the long-term interests of all stakeholders — the fundamental pillars upon which robust corporate governance across the SBM Group is built.

The Board was reconstituted in April 2025. Subsequently, several Directors departed and new ones were appointed. By the close of financial year (FY) 2025, the Board had achieved a sound degree of operational stability and stronger strategic alignment. Board meetings protocols were revised and rationalised yielding greater efficiency and more focused, outcome-oriented deliberations. Decisions were guided by careful consideration of the interests of all stakeholders, reinforcing the Board's enduring commitment to accountability, transparency and ethical conduct, all in the service of responsible and sustainable value creation across the Group.

Leveraging the Directors' broad experience, diverse skill sets, specialised expertise and complementary perspectives and insights, the Board delivered effective oversight, made well-informed strategic decisions and offered valuable guidance to the Management to steer the Group through a demanding operating environment towards sustaining operational and financial resilience.

A central priority for the Board is the deliberate phased transition away from a fragmented, siloed management of its subsidiaries towards a cohesive Group strategy designed to unlock synergies and accelerate new cross-border business opportunities. Reflecting this intent, the composition of subsidiary boards now includes a fair representation of Group Executives and Non-Executive Directors to foster greater strategic alignment and shared a sense of purpose across the Group.

The Board remains deeply committed to setting the right tone at the top, recognizing that a robust ethical culture is fundamental to rebuilding trust, protecting the Group's reputation and underpinning its long-term success. Prioritising probity and integrity across all its entities, the Board is committed to cultivating a corporate culture that authentically embodies the core values of the Group.

The Board reaffirms its commitment to meeting the expectations of its diverse stakeholders. Through continuous engagement with shareholders, proactive dialogue with employees, rigorous risk management, compliance with evolving regulatory requirements and the embedding of sustainable business practices, the Board strives to give balanced and informed consideration to the interests of all stakeholders into its decision-making processes. Looking ahead, the Board will continue to place transparency, accountability, and ethical conduct at the heart of the Group's pursuit of sustainable growth in keeping with the principles of responsible governance.

In closing, the Board wishes to express its sincere appreciation to all the Directors who served the Group during their respective tenures in FY 2025, for their commitment, valuable contributions and dedication. The SBMH Board also wishes to thank the Senior Management Team and all employees of the Group for their hard work, diligence and unwavering support throughout the year.

Last but not least, the Board further acknowledges the continued confidence of our shareholders, whose loyal engagement remains a cornerstone of the Group's stability and purpose. We look forward to welcoming shareholders at the 2026 Annual Meeting.

Signed on behalf of the Board of Directors by



Mr Mahendra Vikramdass Punchoo
Chairman



Mr Pramod Kumar Bissessur
Chairman
Corporate Governance and Conduct Review Committee

Introduction

SBM HOLDINGS LTD	<ul style="list-style-type: none">• Public company listed on the Official Market of the Stock Exchange of Mauritius (SEM) since 03 October 2014• Parent company of the SBM Group overseeing domestic and international banking operations, non-banking financial and non-financial business• Regulated and supervised by the Bank of Mauritius (BoM)• Reporting Issuer as defined in the Securities Act 2005• Public Interest Entity under the Financial Reporting Act 2004 (FRA 2004) and the National Code of Corporate Governance for Mauritius (2016) (the Code)
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Corporate Governance Compliance: The National Code of Corporate Governance for Mauritius (2016) and Mauritius Companies Act 2001

The Board remains committed to upholding the highest standards of corporate governance in line with the Code.

For FY 2025, the Board considers that the Company has consistently adhered to, insofar as practical, with the principles outlined in the Code and, where appropriate, has implemented the recommended best practices as specified in the Code. The Board also acknowledges a deviation in relation to gender representation in its composition as defined in the Mauritius Companies Act 2001 (the Act). As of 31 December 2025, the Board comprised nine directors, of whom two were women. The Board is in the process of actively looking for a third female candidate to reflect its commitment to fully adhere, at the earliest, to the Act. Advancing the diversity gender balance agenda in its future appointments remains a priority.

Governance Philosophy and Practices

At SBMH, the Board has consistently prioritised the adoption of sound governance practices, ensuring that the decision-making processes remain transparent, accountable, fair and aligned with the long-term interests of all stakeholders. By embedding these principles across the Group's operations, the Board seeks to foster sustainable growth, strengthen stakeholder confidence, reinforce the Company's core values and culture and safeguard the enduring success of the Group.

By aligning its processes with the various principles of the Code, the Board ensures that governance is not merely a compliance exercise, but a strategic driver of long-term value creation, resilience, and sustainable growth.

To ensure that the governance framework is firmly anchored in the Company, the Board regularly reviews policies, procedures and internal controls, while promoting awareness and adherence throughout the Group. The Board remains committed to advancing the Group's vision and mission, ensuring that its governance philosophy is constantly upheld across the Group.

Corporate Governance Scorecard for Mauritius

To align with the global movement towards enhanced transparency, accountability and sound governance, SBMH participated in the first and second Corporate Governance Scorecard Assessment (the Scorecard) organised by the National Committee on Corporate Governance (NCCG) in 2021 and 2023 respectively. These assessments evaluated SBMH's corporate governance practices across three key

areas: (i) Board Effectiveness; (ii) Audit Oversight & Effectiveness; and (iii) Relations with Stakeholders, Shareholders, Sustainability & Inclusiveness. During the FY 2024, SBMH agreed to participate in the third assessment exercise and is currently awaiting further communication from the NCCG in this regard.

Diversity, Equity and Inclusion Charter

SBMH remains a signatory of the NCCG's Diversity, Equity and Inclusion (DEI) Charter, reflecting our continued dedication to fostering a diverse, equitable, and inclusive environment. During the year under review, we have further aligned our actions with the SBM Group's Sustainability Agenda Pillars and prioritised Sustainable Development Goals (SDGs), thereby reinforcing our aspiration to promote meaningful social impact. We have maintained engagement with the Mauritius-based entities of the SBM Group, aiming to create a workplace where every stakeholder feels valued, respected and empowered. The DEI Charter encourages representation from people of different backgrounds, experiences and perspectives, including at Board level. SBMH remains transparent and accountable for its DEI journey by committing to report on its annual progress to the NCCG. Looking ahead, we will continue to monitor and await further communication from the NCCG to guide the next steps.

Our key focus areas for the Financial Year 2025

The following indicators are used throughout the Report to identify our impacted Stakeholders, Capitals and Material matters.

Stakeholders

- Shareholders, debt holders, and investor community
- Customers
- Employees
- Societies and communities
- Suppliers and strategic partners
- Governments and regulators

Capitals

- Financial
- Manufactured
- Intellectual
- Human
- Social and relationship
- Natural

Material Matters

- Economic performance
- Regulatory compliance
- Customer experience
- Employee wellbeing
- Diversity, equity and inclusion
- Climate consciousness
- Social inclusion

The following table illustrates the Board’s key focus areas and their alignment with the Group’s stakeholders, capitals and material matters, in line with the principles of Integrated Reporting.

■ Stakeholders impacted	■ Capitals impacted	■ Material matters
Uphold robust and effective governance across the Group, ensuring sufficient oversight and control over its subsidiaries		
STAKEHOLDERS	Shareholders, debt holders and investor community · Customers · Employees · Societies and communities · Suppliers and strategic partners · Governments and regulators	
CAPITALS	Financial · Manufactured · Intellectual · Human · Social and relationship · Natural	
MATERIAL MATTERS	Economic performance · Regulatory compliance · Diversity, equity and inclusion	
Drive the Group's vision, mission and strategic objectives to ensure sustained shareholder value over the long-term		
STAKEHOLDERS	Shareholders, debt holders and investor community · Customers · Employees · Societies and communities · Suppliers and strategic partners · Governments and regulators	
CAPITALS	Financial · Manufactured · Intellectual · Human · Social and relationship · Natural	
MATERIAL MATTERS	Customer experience · Employee wellbeing · Economic performance · Diversity, equity and inclusion · Climate consciousness · Social inclusion	
Foster effective stakeholder engagement		
STAKEHOLDERS	Shareholders, debt holders and investor community · Customers · Employees · Societies and communities · Suppliers and strategic partners · Governments and regulators	
CAPITALS	Financial · Intellectual · Human · Social and relationship	
MATERIAL MATTERS	Customer experience · Employee wellbeing · Diversity, equity and inclusion · Social inclusion	
Maintain robust internal controls, risk management and compliance with in-country laws and regulations		
STAKEHOLDERS	Shareholders, debt holders and investor community · Customers · Employees · Societies and communities · Suppliers and strategic partners · Governments and regulators	
CAPITALS	Intellectual · Human · Social and relationship · Financial	
MATERIAL MATTERS	Regulatory compliance	
Enhance the Group's financial performance, optimise capital efficiency and implement effective cost management		
STAKEHOLDERS	Shareholders, debt holders and investor community · Customers · Employees · Societies and communities · Suppliers and strategic partners · Governments and regulators	
CAPITALS	Financial · Intellectual · Human · Social and relationship	
MATERIAL MATTERS	Economic performance · Regulatory compliance · Customer experience	
Encourage diversity, equity and inclusion across the Group		
STAKEHOLDERS	Shareholders, debt holders and investor community · Employees · Societies and communities · Governments and regulators	
CAPITALS	Financial · Intellectual · Human · Social and relationship	
MATERIAL MATTERS	Employee wellbeing · Diversity, equity and inclusion · Social Inclusion · Regulatory compliance	

Promote sustainability initiatives across the Group

STAKEHOLDERS	Shareholders, debt holders and investor community · Customers · Employees · Societies and communities · Suppliers and strategic partners · Governments and regulators
CAPITALS	Human · Social and relationship · Natural · Financial · Manufactured · Intellectual
MATERIAL MATTERS	Employee wellbeing · Diversity, equity and inclusion · Climate consciousness · Social inclusion

Enhance policies and ensure strict compliance with governance standards

STAKEHOLDERS	Shareholders, debt holders and investor community · Customers · Employees · Suppliers and strategic partners · Governments and regulators
CAPITALS	Manufactured · Intellectual · Human · Social and relationship
MATERIAL MATTERS	Regulatory compliance · Employee wellbeing · Diversity, equity and inclusion

Promote talent management and succession planning

STAKEHOLDERS	Shareholders, debt holders and investor community · Employees · Governments and regulators
CAPITALS	Intellectual · Human
MATERIAL MATTERS	Regulatory compliance · Diversity, equity and inclusion

Ensure a safe working environment in view of climate change

STAKEHOLDERS	Employees · Customers · Societies and communities · Suppliers and strategic partners
CAPITALS	Financial · Manufactured · Intellectual
MATERIAL MATTERS	Employee wellbeing · Climate consciousness

Principle 1: Governance Structure

STAKEHOLDERS	Shareholders, debt holders and investor community · Customers · Employees · Societies and communities · Suppliers and strategic partners · Governments and regulators
CAPITALS	Financial · Manufactured · Intellectual · Human · Social and relationship · Natural
MATERIAL MATTERS	Economic performance · Regulatory compliance · Customer experience · Employee wellbeing · Climate consciousness · Diversity, equity and inclusion · Social inclusion

Accountability Statement

SBMH operates under the leadership of a committed and competent Board which holds the ultimate responsibility for setting the strategic direction, ensuring effective governance and promoting sustainable performance across the Group. The Board oversees SBMH's business performance & affairs and is entrusted with the responsibility to lead, control and provide guidance to the Management Team to uphold long-term sustainable success, maintain high standards of governance and protect the Group's reputation.

With the support of proficient Board Committees and an experienced Management Team, the Board ensures that the Group operates within a robust governance framework, underpinned by clear delegation of authority, explicit responsibilities and rigorous control & oversight over the operations and performance of its subsidiaries.

The Board diligently ensures that the Group conducts its operations in strict compliance with all the applicable laws & regulations and fully adheres to the guidelines and requirements set forth by the relevant regulatory authorities in each jurisdiction where it operates.

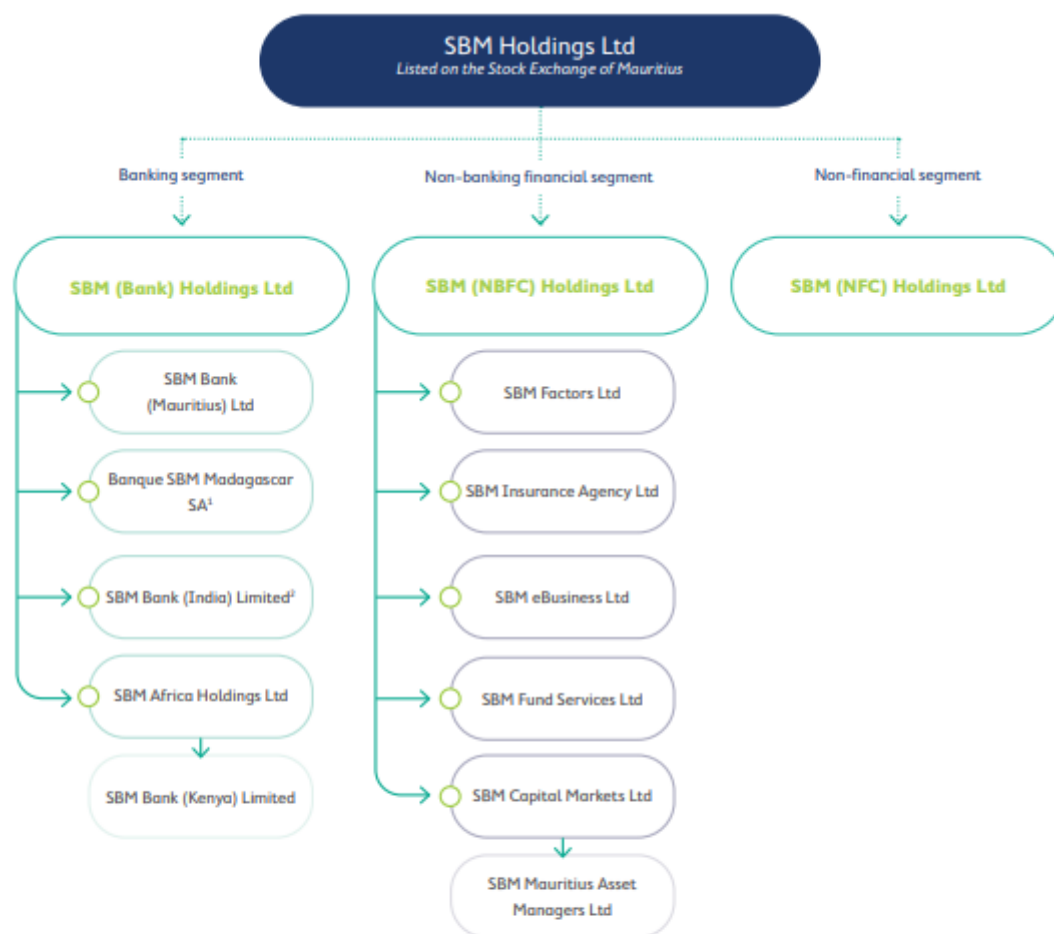
Our Corporate Governance Structure

Effective leadership combined with sound corporate governance cultivates an environment of integrity, promotes sustainable performance, establishes transparent rules and controls, encourages strong leadership and secures enduring value for all stakeholders. The Board remains committed to maintaining high standards of corporate governance across the Group. Its primary objective is to consistently promote fairness, openness, trust and transparency in its engagement with stakeholders, while striving for long-term sustainable success, despite operating in an evolving and challenging business environment. Guided by a strong sense of values and commitments, the Board firmly believes that adherence to robust corporate governance principles will position the Group as an industry leader.

The main governance practices at SBMH are depicted as follows:

- Accountability and oversight
- Disclosure and transparency
- Effective Board reporting
- Governance policies and regulatory compliance
- Responsible and effective leadership
- Robust risk management and sound internal controls
- Effective stakeholder management
- Strategy and performance oversight
- Strong values and ethical conduct
- Sustainable corporate behaviour
- Strict adherence to legal and ethical standards

Group Structure



Notes:

1. Banque SBM Madagascar SA

- SBM (Bank) Holdings Ltd - 99.99%
- SBM Capital Markets Ltd, SBM Fund Services Ltd & SBM Mauritius Asset Managers Ltd hold 1 share each (total of 0.01%)

2. SBM Bank (India) Limited

- SBM (Bank) Holdings Ltd - 99.99%
- SBM Overseas One Ltd, SBM Overseas Two Ltd, SBM Overseas Three Ltd, SBM Overseas Four Ltd, SBM Overseas Five Ltd & SBM Overseas Six Ltd hold 1 share each (total of 0.01%)

SBM 3S Ltd

- SBM Holdings Ltd - 100%

SBM Africa Equity Fund Ltd

- SBM Holdings Ltd - 100% (Class B participating redeemable shares)

In process of winding up:

- SBM Bank Representative Office, Yangon Myanmar
- SBM Maharaja Fund

SBMH Governance Structure and Leadership

SHAREHOLDERS

Shareholders exercise their rights through votings at the Annual Meetings and influence major decisions that impact SBMH's directions, thereby ensuring that SBMH operates in their best interests.

CHAIRMAN

As the highest-ranking official on the Board, the Chairman is responsible for leading the Board and focusing on strategic matters, overseeing the Group's business and setting high governance standards.

BOARD OF DIRECTORS

The Group is led by an effective and committed Board, which is responsible for its long-term success. The Board is committed to entrenching the highest standard of governance across the Group and provides unbiased insight, objective perspectives and maintains a democratic approach while executing the Company's strategy to ascertain that the interests of all its stakeholders are safeguarded.

BOARD COMMITTEES

The Board is supported by the activities of its Board Committees, which ensure that specific matters receive the right level of attention and consideration. The Terms of Reference of each Committee which are documented and agreed by the Board, are available on the SBM Group's website.



Strategy Committee

Reviews and recommends to the Board the Group Strategic plan and monitors the implementation of strategic initiatives at Group and entity levels.



Risk Management Committee

Assists the Board in risk oversight, evaluates and mitigates strategic, financial and non-financial risks, reviews risk appetite and establishes sound risk management framework.



Audit Committee

Assists the Board in overseeing SBMH's financial reporting and audit functions, including the audit reviews performed by internal and external auditors.



Corporate Governance and Conduct Review Committee

Assists the Board in discharging its duties relating to governance matters.



Nomination & Remuneration Committee

Assists the Board in overseeing the establishment of appropriate human resource strategies and formulates qualification criteria for the Directors of SBMH.



Business Review Committee

Oversees and monitors the overall performance of the Group and its Subsidiaries from a financial, risk and strategy perspective.



Group Transformation and Technology Committee

Previously known as the Projects Assessment Committee, the Group Transformation and Technology Committee oversees the implementation of Group related projects and ensures that goals and objectives of those projects are achieved within the prescribed time frame and budget.



Sustainability Committee

The Sustainability Committee has been newly established, effective since 01st December 2025. The Committee is mandated to develop and articulate a robust sustainability strategy, overseeing the implementation of initiatives across countries, establishing appropriate organisational structures and resources, and managing sustainability-related risks and opportunities, particularly those related to climate change and the green economy.



Group AML/CFT Committee

The Group AML/CFT Committee has been newly established, effective since 01st December 2025. In line with governance requirements, formal Terms of Reference are under development to support the effective establishment of the Committee and to define its mandate and authority.

GROUP CHIEF EXECUTIVE OFFICER/DEPUTY GROUP CHIEF EXECUTIVE OFFICER

As the highest executive positions within the Group, the Group CEO and the Deputy Group CEO are jointly responsible for day-to-day running of the Group's operations in line with approved business plans/budget and oversees the operations of its subsidiaries.

EXECUTIVE AND MANAGEMENT OFFICE

Internal Audit	Risk Management & Compliance	Business Development	Sustainability	Strategy Management
Communications	Human Resources	Finance & Capital Management	Transformation & Operations	

Effective 01 April 2026, the Strategy Committee and Business Review Committee will be merged into a unified committee entitled “Strategy and Business Review Committee” in order to strengthen governance effectiveness, align oversight of strategic direction with execution monitoring, promote coherence in decision making, reduce redundant discussions, streamline reporting lines and improve efficiency in board deliberations. The unified committee would provide a holistic platform for reviewing strategic initiatives, business performance and future priorities.

Similarly, the Group AML/CFT Committee will be reformed as a “Task force” to provide greater flexibility and enable focus engagement during periods of heightened regulatory change, remediation programmes or supervisory findings. The Task force can be activated as required, reporting directly to the SBMH Board or the Risk Management Committee (RMC).

The Management Team of SBMH is organised into the Executive Office and the Management Office, with detailed profiles outlined in the *Group Governance and Leadership* section of this report.

Our corporate governance framework establishes distinct roles and responsibilities across the Company, facilitating robust oversight of our subsidiaries and reflecting the nature, scale and complexity of the various risks faced by the SBM Group. As such, each subsidiary is governed by its own Board and Board Committees (as applicable), structured in accordance with local laws and recognised governance standards. The Chief Executive Officers (CEOs) of the banking subsidiaries and non-banking subsidiary, namely SBM (NBFC) Holdings Ltd (SBM NBFC), report directly to their respective Board/Board Committees, while maintaining a dotted line reporting relationship with the Group CEO of SBMH for all operational matters to ensure alignment with the overall Group strategy.

Board Charter

The Board has adopted a Board Charter (the Charter) which articulates the distinct roles, responsibilities and authorities of individual Directors and the Board as a whole, in ensuring effective strategic leadership, management oversight and governance of the Company. The Charter needs to be read in conjunction with the Company’s Constitution.

In FY 2025, the Board undertook a review of the Charter to reflect updates in regulatory frameworks, and the proposed amendments were considered and approved by the Board through the Corporate Governance, Conduct Review & Sustainability Committee (renamed as “Corporate Governance & Conduct Review Committee” (CGCR), effective December 2025).



The Charter can be viewed on the SBM Group’s website.

Code of Ethics and Business Conduct

The Board has established a Code of Ethics and Business Conduct (the Ethics Code) to promote ethical conduct, integrity and sustainable long-term value creation. The Ethics Code delineates fundamental responsibilities to guide professional conduct, ensuring integrity, fairness, accountability and the expected standards of behaviour from all personnel across the Group.

The Ethics Code is applicable to all employees, both temporary and permanent, as well as to the Group’s strategic partners, including contractors, consultants and other collaborators. Our subsidiaries are also encouraged to adopt and maintain ethical standards consistent with the Ethics Code. In cases, where a subsidiary operates under alternative regulatory framework, it is recommended that the entity adheres to the prevailing best practices in corporate governance relevant to their respective jurisdiction.

The Board is fully committed to upholding the provision of the Ethics Code and regularly monitors and assesses compliance. The Ethics Code is reviewed periodically to ensure continued alignment with evolving governance standards, regulatory obligations, societal standards and the Group's strategic objectives and values.

In addition, the SBM Group adheres to an Equal Opportunity Policy (EOP), in line with the Equal Opportunities Act 2008, aiming to advance fair employment practices, prevent discrimination and ensure recruitment, training, selection and employment decisions are based on merit and capability.



The Ethics Code and EOP are available on the SBM Group's website.

The Role and Responsibilities of the Board of Directors

The Board provides strategic leadership and exercises ultimate authority over the Company's operations, whose Members are elected by the Shareholders at the Annual Meeting of the Company.

Collectively, the Board is responsible for determining the Group's strategic directions, fostering its long-term sustainable success and creating & preserving value for the benefit of all stakeholders. This involves balancing the interests of shareholders, employees, customers and the wider community, while making a positive contribution to the society within which it operates. The Board performs its duties in strict accordance with the Company's Constitution and Charter, alongside all relevant in-country laws and regulations applicable across the jurisdictions in which the Group operates.

In fulfilling its mandate, the Board actively engages with the Management Team to ensure that the Group achieves its strategic, operational and financial objectives. It continuously monitors and evaluates the Company's financial and non-financial performance, risk management and overall governance framework to ensure alignment with the Code and other pertinent regulatory requirements.

The key roles and responsibilities of the Board are depicted as follows:

- Establishes the Group's strategic direction in alignment with long-term goals and shareholder value creation
- Provides leadership, oversight and control of the Company
- Offers strategic guidance and ensure effective monitoring of the Management Team
- Strengthens governance frameworks
- Ensures adherence to legal and regulatory requirements
- Oversees risk management, internal controls and compliance frameworks
- Reviews and supervises succession planning for Directors and Management Team as per established policy
- Monitors financial performance and enforces fiscal accountability
- Exercises oversight over the operations of its subsidiaries to ensure alignment with the Group's strategic goals

Key governance positions

The Chairman, the Group Chief Executive Officer (Group CEO) and the Deputy Group Chief Executive Officer (Deputy Group CEO) collectively lead the Group, by supporting its organisational vision and upholding the highest standards of integrity, ethical conduct and accountability. They foster a collaborative culture where the Board and the Management Team work together for the long-term

benefit of the Company and its stakeholders. In accordance with good governance practices, the roles of the Chairman, Group CEO and Deputy Group CEO are clearly defined and segregated with distinct responsibilities and accountabilities assigned by the Board. This structure ensures a balanced distribution of authority, mitigates against excessive concentration of power and supports robust oversight, effective strategy implementation and ongoing operational stability across the Group.

- **Chairman of the Board of SBMH**

Mr Mahendra Vikramdass Punchoo (Mr Mahendra V. Punchoo) was appointed as Chairman of the Board of SBMH on 15 September 2025. In this capacity, he holds overarching responsibility for the leadership of the Board, ensuring it fulfils its principal duties/responsibilities, including: (a) setting and executing the Company's strategic direction; (b) overseeing the Group's business activities; (c) promoting robust standards of corporate governance, and (d) assuring the efficient functioning of the Board Committees. Additionally, the Chairman ensures continuity at the Board level through sound decision-making and facilitates effective communication among Directors.

In line with Section 21 of the Constitution of SBMH, which requires that the Chairman be an independent director and pursuant to the Charter, Mr Punchoo qualifies as an Independent Director. He has no relationship with the Company or its subsidiaries that could compromise his independence.

- **Group Chief Executive Officer**

Mr Raoul Claude Nicolas Gufflet (Raoul Gufflet) serves as the Group CEO of SBMH since 28 November 2022 and according to Section 14.1 of the Constitution of SBMH, he is an *ex-officio* member of the Board.

In his capacity as the Group CEO, Mr Gufflet is entrusted with the responsibility of overseeing the day-to-day management of the Company as well as formulating, implementing and overseeing the Group's strategic objectives, to ensure operational efforts are effectively aligned with its overarching goals.

- **Deputy Group Chief Executive Officer**

With an objective of creating an integrated, efficient and customer-centric business model for the SBM Group, the Board acknowledged that technology architecture had to evolve way beyond its traditional back-office function to take centre stage. To achieve this, the SBMH Board recreated the position of a Deputy Group CEO, having banking and technological experiences and to provide support to the Group CEO.

Further to the approval received from the SBMH Board, Mr Mooneesing Janna Naikeny (Vimal) (Mr Mooneesing J. Naikeny) joined SBMH as the Deputy Group CEO on 03 November 2025. In this capacity, he works closely with the Group CEO and the Management Team to strengthen the Group's operations, enhances service delivery and upholds the Company's commitment to high standards of governance, integrity and performance. Mr J. Naikeny also serves as an Executive Director on the SBMH Board since 11 November 2025.

Both the Group CEO and the Deputy Group CEO serve as Non-Executive Directors on the Boards of various subsidiaries of the SBM Group and are supported by the broader Management Team of SBMH to ensure effective operational execution and the achievement of strategic priorities.

The key governance positions identified and approved by the Board of SBMH through its CGCR Committee are depicted as follows:

Chairman

- **Provides leadership and governance oversight:** Guides the Board to ensure its effectiveness in strategy planning, management supervision, performance monitoring and compliance with the Company's Constitution, Charter, the principles of the Code and the laws & regulations as applicable to the Company
- **Presides over Board and Shareholder meetings:** Chairs all Board and Annual Meetings of the Shareholders, facilitating efficient proceedings, prompt decision-making and reflecting consensus reached in the best interests of the Group
- **Manages Board agendas and meetings:** Determines the schedules and agenda of Board Meetings in consultation with the Company Secretary and the Group CEO & the Deputy Group CEO (referred to as the Executive Directors), with prime focus on key strategic, operational, financial, governance and accountability related matters. Also, holds meetings with the Non-Executive Directors in the absence of executives on a regular basis
- **Ensures Directors are well-informed and empowered:** Delivers accurate, timely and clear information to promote a culture of openness to support effective decision-making, constructive debate and robust challenge
- **Oversees Board composition, succession and diversity:** Ensures that the Board and its Committees comprise the right balance of skills, attributes, diversity and experience appropriate to the Company's existing and planned business operations as well as per the regulatory requirements
- **Leads Director induction, training and development:** In liaison with the Company Secretary, the Executive Directors and the relevant Board Committees, ensure new Directors are comprehensively inducted and that ongoing development needs of Directors are met
- **Monitors performance of the Board and Committees:** Ensures regular evaluation of the Board, its Board Committees and individual Directors and acts on the results to improve effectiveness
- **Promotes effectiveness engagement with stakeholders:** Ensures transparent and constructive communication between the Board, shareholders and other key stakeholders
- **Collaborates with Management:** Establishes a close relationship of trust with the Executive Directors, providing support and advice, while respecting executive responsibilities, as conferred by the Board

Directors

- **Strategic oversight:** Determine the Group's strategic objectives and policies, oversee its execution and provide constructive guidance and critical evaluation to support the Management Team in both the formulation and implementation of initiatives
- **Advance success and drive value creation:** Collaborate to ensure the Group's long-term prosperity by making decisions that serve the best interests of the Company and its stakeholders, with a consistent focus on fostering sustainable value creation
- **Active participation and independent judgement:** Attend all Board and Board Committees meetings, proactively engage in decision-making and contribute their independent judgement, expertise, and experience to strengthen the effectiveness of governance
- **Performance and risk oversight:** Monitor the performance of the Management Team in meeting the established objectives, ensure effective internal controls are in place and uphold a comprehensive risk management and compliance framework
- **Governance and fiduciary duties:** Exercise reasonable care, skills and diligence in fulfilling their fiduciary duties and act within the powers granted by the Constitution/Charter of the Company and applicable laws
- **Decision making and conflict management:** Ensure all decisions are made judiciously, avoiding any situation of conflicts and consistently prioritising the organisation's interest over personal or professional advantage

- **Ethics, accountability and compliance:** Promote high ethical standards and a culture of integrity, maintain confidentiality and ensure compliance for timely disclosure to stakeholders
- **Stakeholder engagement:** Uphold transparent and open communication with stakeholders, including shareholders, regulators and employees, ensuring their legitimate interests are considered
- **Succession and leadership development:** Oversee succession planning for key executive roles and support leadership development across the Group to ensure continuity and organisational resilience
- **Culture and ESG oversight:** Overseeing organisational culture, environmental practices and social responsibility

Group Chief Executive Officer

- **Executive leadership and operational oversight:** Provides day-to-day leadership and management of the Group in accordance with Board approved strategy, business plans, budget and long-term objectives overseeing subsidiaries operations
- **Execution of Board decisions and policies:** Ensures the affairs of the Group align with Board practices and procedures, ensuring their effective and timely implementation to maintain the company's legal and business ethics
- **Strategy execution and performance management:** Develops and implements the Group's long-term strategy and oversees the ongoing financial and non-financial performance of the Group
- **Board reporting and information flow:** Ensures the Board and its Committees receive accurate, timely and clear information on the Group's performance, key business matters and any forthcoming, complex or sensitive issues, enabling them to discharge their fiduciaries duties effectively
- **Management leadership and organisational culture:** Responsible for recruiting, leading and developing the Group's Management Team and subsidiary CEOs, setting the appropriate tone at the top and fostering a positive, ethical and high-performance working environment
- **Compliance, integrity and corporate governance:** Ensures compliance across the Group with all applicable regulatory frameworks and promotes the highest standards of corporate governance, integrity and probity and promote a positive, constructive and ethical work climate
- **Risk management and internal control frameworks:** Establishes and maintains, in consultation with the Group Chief Risk & Compliance Officer (Group CRCO), a sound and effective internal control, risk management and compliance framework across the Group

Deputy Group Chief Executive Officer

- **Strategy co-ownership and execution leadership:** Co-develops the Group's strategic agenda alongside the Group CEO, ensuring alignment and synergy across subsidiaries and jurisdictions. Drives disciplined execution of strategic initiatives across business, operations and technology, translating strategic priorities into tangible outcomes by reinforcing execution rigour across the Group
- **Technology, innovation and digital transformation leadership:** Plays a key role in shaping and advancing the Group's technology and digital agenda, positioning technology as a core enabler of business growth, operational efficiency and broader transformation. Oversees platform modernisation, data architecture, cybersecurity and the adoption of emerging technologies to strengthen operational resilience and enhance customer experience
- **Risk, compliance and operational resilience:** Works closely with the Group CEO and the Group CRCO to support proactive and robust risk management and compliance frameworks across the Group, including strengthened oversight of technology risk, cyber risk and operational resilience, reinforcing risk discipline across subsidiaries
- **Governance, performance and information integrity:** Supports strong governance practices by ensuring transparent and timely reporting to the Board and its Committees. Promotes performance management frameworks aligned with Group strategic priorities and standards, strengthening integrity

- **Operational coordination and execution across the Group:** Provides enhanced oversight of critical Group-wide programmes and supports subsidiaries in delivering strategic priorities. Strengthens coordination and synergy across entities, reinforcing the Group’s operating model
- **People, culture and transformation leadership:** Supports the development of a high-performance, agile and accountable culture across the Group while strengthening leadership capability and organisational readiness
- **Strategic stakeholder engagement:** Represents the Group, alongside the Group CEO where necessary, in engagements with regulators, strategic partners and key stakeholders, supporting strategic initiatives and the Group’s positioning as a progressive financial institution

*More information on the above key governance roles is available in the Charter on the SBM website.

Executive Leadership

The SBM Group’s Management Team, comprises representatives of the Executive and Management Office of SBMH and the CEO of each operating entity, who effectively collaborate to achieve the strategy and objectives that contribute to the overall success of the Group. The profiles of the Management Team of the SBM Group are found under the Profile section.

Principle 2: The Structure of the Board and its Committees

STAKEHOLDERS	Shareholders, debt holders and investor community · Customers · Employees · Societies and communities · Suppliers and strategic partners · Governments and regulators
CAPITALS	Financial · Intellectual · Human · Social and relationship
MATERIAL MATTERS	Economic performance · Regulatory compliance · Customer experience · Employee wellbeing · Climate consciousness · Diversity, equity and inclusion

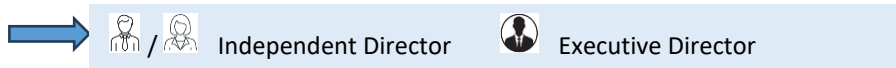
The Board, appointed by the shareholders, delivers strategic leadership and guidance to foster the Group’s long-term sustainable growth, while maintaining careful consideration to the interests of its stakeholders. The Directors participate actively in collective decision-making and assume their fiduciary responsibilities in accordance with the Company’s Constitution, Charter, relevant legal and regulatory requirements.

Board Structure, Composition and Size

SBMH acknowledges the critical role that board diversity plays in achieving organisational success. A genuinely diverse Board draws upon a wide range of perspectives, professional backgrounds, industry expertise, genders, knowledge bases, and skills—including financial acumen, diversity awareness, leadership capabilities, information technology proficiency, board service experience, governance and risk management. This breadth of attributes ensures that SBMH maintains its competitive edge.

Section 14.1 of the SBMH Constitution	Section 2.2 of the Charter
<i>“The number of Directors shall not be less than Seven (7) nor more than Eleven (11). Moreover, the Chief Executive of the Company shall be an ex officio member of the Board”</i>	<i>“The Board should be of a unitary structure and shall comprise of a mix of independent (at least 40%), non-executive and executive Directors”</i>

The SBMH Board is currently headed by a unitary board structure and comprises nine (9) Directors, split as per below table:



No	SBMH Board of Directors	Category	
1	Mr Mahendra V. Panchoo (Chairman)		
2	Mr Javed M. Aboobakar		
3	Mr Pramod K. Bissessur		
4	Mr Raoul Gufflet		
5	Mr Deobruthsingh Jaypaul		
6	Mr Aakash K. Kalachand		
7	Mr Mooneesing J. Naikeny		
8	Mrs Danisha Sornum		
9	Mrs Belinda Vacher		
	Total	22%	78%

During FY 2025, the representation of executive members was enhanced through the appointment of the Deputy Group CEO as the second Executive Director, ensuring SBMH’s full compliance with the Code. In consultation with the CGCR Committee, the Board is confident that it possesses the right balance of Executive Directors and Independent Directors, each of considerable calibre and drawn from a wide array of industry and professional backgrounds. Their diverse experience and expertise collectively provide valuable perspectives to advance stakeholders’ interests. The Board’s balanced composition is determined with the criteria prescribed in the Code, and commensurate with the sophistication, requirements and scale of the Company.

Maintaining an optimal proportion of Independent Directors on the Board ensures impartiality and constructive involvement in the decision-making process. The Board ensures that the assessment of a Director’s independence is conducted, in accordance with the applicable laws, legislations and local best practices. This process relies on the definition of an independent director, as outlined in the Charter, which the Board reviews and approves on a regular basis to reflect the evolving laws/best practices. The Charter prescribes as further “A Director is deemed to be independent where in general, he/she holds no relationship with the Company or any other subsidiaries such that his /her independence could be questioned”.

The Board affirms that it presently comprises a sufficient number of Directors who are independent from the Company and the majority shareholders. More so, all Directors were resident in Mauritius during the year under review and hold Mauritian nationality. The Board remains committed to maintaining a balanced composition that fosters openness, transparency and fairness. This balance strengthens the Board’s ability to draw on diverse perspectives, encourage meaningful participation, minimise the risk of groupthink and accordingly enables the Board and its Committees to take well-informed, independent and forward-looking decisions. The Board further reiterates its responsibility for leading and managing the Company, in line with its fiduciary duties, and ensuring full compliance with all applicable laws, regulations, and statutory requirements in every jurisdiction in which the Group operates.

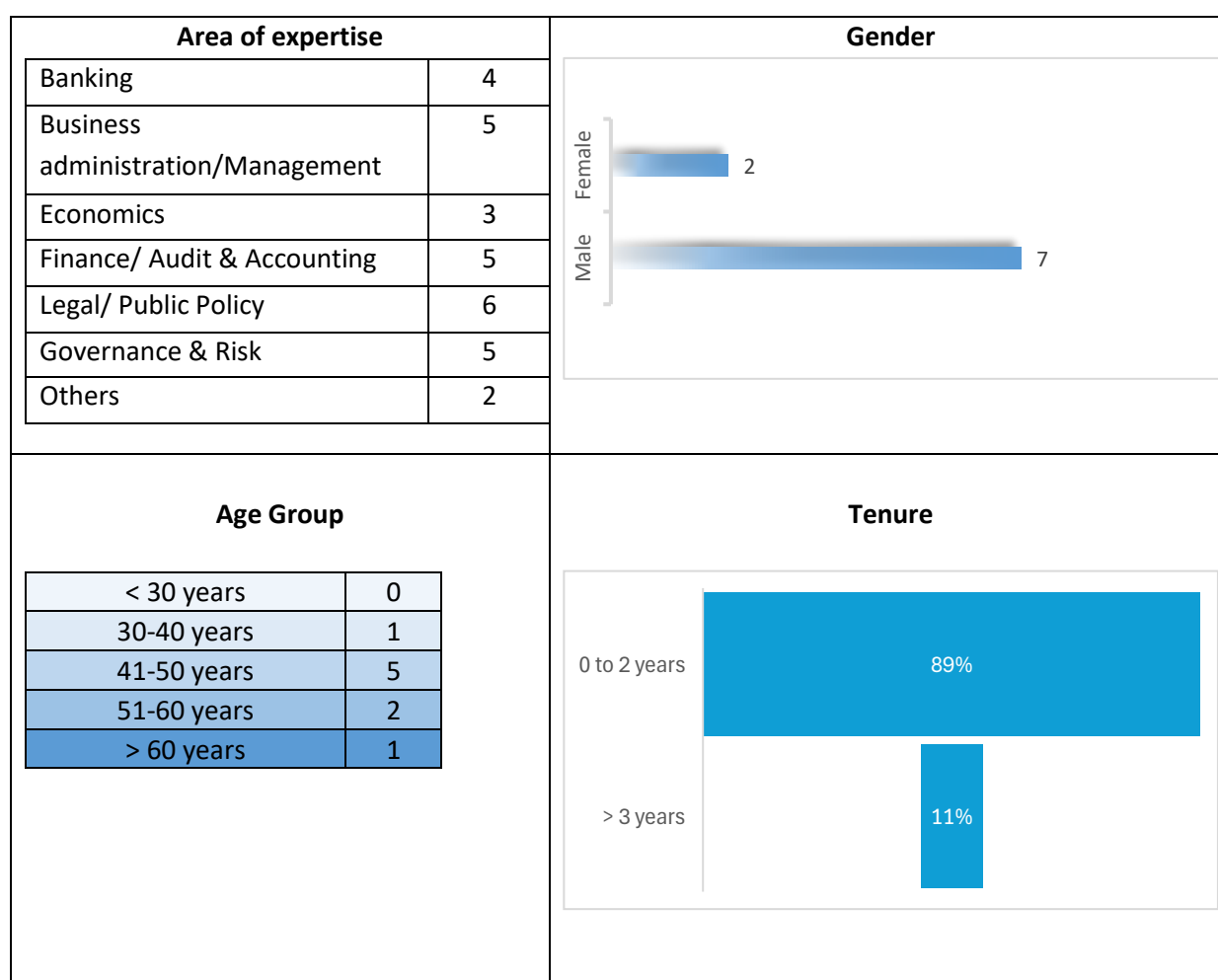
The *Group Governance and Leadership* section provides thorough details on the Directors’ skills, expertise and qualifications.

Board diversity

Recognising the growing significance of board diversity in the governance and compliance field, the Board, through its Nomination & Remuneration Committee (REMCO) and CGCR Committee, ensures that appointments at all levels, including the Board and Board Committees, are based on merit, prioritising essential skills, knowledge, competence and experience. The comprehensive nomination and appointment process for the Board and Board Committees is reported under Principle 3 of the Report, which is designed to ensure appropriate and effective membership for optimal operations.

In fulfilling its purpose of embedding strong corporate governance practices, the Board remains guided by the 'Group Board Rotation Policy', which facilitates the introduction of new talents, diverse experiences and skills. Female representation on the Board currently stands at 22%. Addressing this gender gap, remains a key priority for the Board of SBMH and the Board reaffirms its commitment to build an inclusive culture within the Group.

Board at a Glance



The Company Secretary

Within the intricate framework of corporate governance, the Company Secretary assumes a comprehensive role that encompasses legal compliance, governance protocols, record management and

operational effectiveness. By meticulously performing these duties, the Company Secretary safeguards transparency, integrity, and adherence to statutory requirements, thereby serving as an essential figure in effective corporate governance.

At SBMH, the Company Secretary ensures that the Company is managed ethically and adheres to the highest standards of corporate governance, professionalism and integrity. Serving as an essential communication conduit between the Board and the Management Team, the Company Secretary keeps stakeholders fully informed and engaged through transparent communication with the Board, shareholders, and regulators, ensuring stakeholder interests are consistently protected.

The appointment or removal of the Company Secretary is determined collectively by the Board, with continued accountability to the Board, through the Chairman. The responsibilities of the Company Secretary vary depending on the type, scale and complexity of the Company, but the common responsibilities are as hereunder:

Key roles and responsibilities of the Company Secretary

- **Corporate Governance:** Contributes significantly to strengthening and maintaining robust and consistent governance standards at both the Board level and across the Company
- **Compliance:** Responsible for the effective administration of the Company, with emphasis on adherence to internal policies, procedures, statutory obligations and regulatory requirements
- **Board Support:** Assists the Chairman, the Executive Directors and the Chairpersons of the Board Committees in (a) ensuring effective functioning of the Board and the Board Committees, (b) setting the agendas for meetings of the Board and the Board Committees and (c) ensuring transparent engagement between Senior Management Team and Non-Executive Directors
- **Guidance:** Informs the Directors of their fiduciary duties, responsibilities, and powers in line with the Constitution, Charter and all applicable laws and regulations
- **Meetings:** Arranges meetings of shareholders & Directors and ensures that minutes of proceedings of all these meetings are properly recorded in accordance with paragraph 8 of the Fifth Schedule and paragraph 6 of the Eighth Schedule of the Act respectively
- **Communication:** Facilitates precise, prompt, and transparent information exchange between the Board, its Committees, the Management Team, and Non-Executive Directors, thereby ensuring that the Board and its Committees possess the necessary resources and data to operate efficiently
- **Induction/Professional development:** Provides support to the Chairman and Executives in coordinating induction and professional development programs for Non-Executive Directors as necessary
- **Performance evaluation:** Assists the Chairman with the design and implementation of performance evaluations for the Board, Board Committees, and individual Directors
- **Record-Keeping:** Ensures that all statutory registers are properly maintained and certifies in the Annual Financial Statements of the Company that all returns, as required under the Act, have been filed with the Registrar of Companies (ROC)
- **Shareholders' communication:** Acts as the primary channel of communication between the SBMH and its shareholders as well as the regulatory bodies

** More information on the above key roles of the Company Secretary is available in the Charter, as uploaded on the SBM Group's website.*

Mrs Dayawantee (Poonam) Ramjug-Chumun possesses extensive expertise in the field of company secretariat, corporate governance, compliance, regulatory affairs and stakeholder management. Since March 2015, she has served as the Company Secretary for the SBMH Board and has acted as an adviser

on governance matters to the Board and Board Committees. A Fellow of the Chartered Governance Institute (UK) and an ACCA Affiliate, Mrs Ramjug-Chumun joined SBM Corporate Affairs in 2007 and previously held the position of Company Secretary for the SBM Non-Banking cluster and SBM Bank (Mauritius) Ltd (SBMBM). She has played a pivotal role in implementing numerous Group-wide corporate governance initiatives and in developing policies that adhere to best practice standards. Mrs Ramjug-Chumun attends all Board, Board Committee Meetings and Annual Meetings of SBMH and manages the Secretarial function for several SBM Group subsidiaries. As a governance professional, she provides valuable guidance to the SBMH Board regarding their statutory duties and responsibilities.

Board meetings

The Board recognizes that conducting effective board meetings is fundamental to achieving operational efficiency and fostering a cohesive, high performing team. Accordingly, during the year under review, the Board adopted the Meeting Governance and Conduct Policy (the MGC policy) that defines the procedures and expected standards of conduct throughout the meeting lifecycle to promote transparency, efficiency and accountability. A summary of the key provisions is set out below:

Board meeting process

Pre-Meeting Procedures

Corporate meeting calendar

In consultation with the Chairman and the Executives, the Company Secretary, establishes, at the commencement of each financial year, the calendar for the Board and Board Committees' meetings. The calendar, upon finalisation, is then shared with the Directors and Management Team to facilitate timely preparation and submission of meeting papers.

Setting of Agenda

The process of drafting the agenda is led by the Chairman, in consultation with the Executive Directors and the Company Secretary and taking into account the challenges and concerns faced by the Group. The agenda is designed to demarcate routine items – for noting purposes, and items which require appropriate discussions and specific approval by the Directors which is accordingly timed. The agenda is then circulated to the Directors via a secured software.

Circulation of Board Papers

The Board papers, having been drafted as per the requirements of the MGC policy, are collated and are aimed to be distributed to the Board one (1) week prior to the meeting, as far as possible.

The Directors are expected to rigorously prepare for, attend and participate actively in the Board and Board Committees meetings.

During the Meeting

Meeting Attendance

The Board meetings are attended by the Board Members, however, for matters requiring specific input from other parties, the Management/Officers of the Group, advisors and subject matter experts are invited to attend the meeting or part thereof, as deemed appropriate by the Chairman. The attendance of a Director is noted by the Company Secretary throughout the meeting, by virtue of an Attendance Register.

Meeting Conduct

Board meetings are held physically, however where physical attendance is not possible, hybrid meetings are conducted, by means of audio and/or video conferences in accordance with the Constitution of the Company. Besides, the proceedings of the Board meetings are audio-recorded in the entirety, for the purpose of minutes-taking, accountability and reference. During the year under review, Board meetings were conducted both physically and virtually without audio-recording. Board meetings shall be subject to audio-recordings as from FY 2026.

Directors, at all times, maintain a professional and respectful behaviour during the meeting and all proceedings are conducted with impartiality and fairness. In line with the Banking Act 2004, meeting proceedings are kept strictly confidential and cannot be disclosed outside the boardroom.

Post Meeting

The Minutes of proceedings are drafted by the Company Secretary as per the Company's usual style and format and are sent for review to the Chairman, the Directors including the Executive Directors, and the attendees wherever relevant, within fifteen (15) days from the date of the Meeting, in so far as practicable, prior to execution. Meanwhile, a summary of decision is drafted by the Company Secretary and shared with the Management/Directors on the next business day. In addition to the Attendance Register, the Company safeguards the signed Minutes of proceedings at the registered office address of the Company, in line with the provisions of the Act.

The necessary record-keeping and regulatory filings are also adhered to and relevant follow-ups on matters arising from previous meetings are done to ensure timely execution and provision of timely updates to the Board.

Meeting Frequency

In the ordinary course of business, Board meetings were conducted on a quarterly basis during FY 2025, however, ad-hoc meetings were also convened at shorter notice, where required. As from January 2026, Board meetings are being held on a monthly basis.

Ad-hoc Meeting called at shorter notice

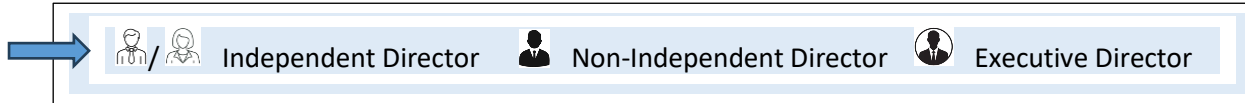
Where an ad-hoc or special Meeting is convened at shorter notice for the purpose of considering an urgent matter, the agenda, in so far as applicable, is limited to a single item of business being the matter of urgency in order to afford reasonable time to the Board or Members of the Board Committee to review the Meeting materials and dedicate their attention thereto.

Board Attendance








During FY 2025, the Board was reconstituted on several occasions, as a result of which, the attendance at Board meetings varied among Directors, with each Director eligible to attend meetings held only during their respective terms of office.

The following table sets out the attendance record of all Directors, including those who are no longer serving, together with their respective eligibility to attend the meeting. For the purpose of this section, eligibility has been determined by each Director's tenure at the time of the relevant meeting.

The Board met on 37 occasions during FY 2025.



Total Number of Board Meetings = 37				
Members	Independence	Board Member (since/until)	Eligible to Attend	Total Meetings Attended
Current Board Members				
Mr Mahendra V. Punchoo <i>(Chairman as from 15 Sept 2025)</i>		Sept 2025	13 / 37	13 / 13
Mr Javed M. Aboobakar		Oct 2025	8 / 37	7 / 8
Mr Pramod K. Bissessur		Apr 2025	32 / 37	29 / 32
Mr Raoul Gufflet (Group CEO)		Nov 2022	37 / 37	35 / 37
Mr Deobruthsingh Jaypaul		Apr 2025	32 / 37	28 / 32
Mr Aakash K. Kalachand		Apr 2025	32 / 37	28 / 32
Mr Mooneesing J. Naikeny (Deputy Group CEO)		Nov 2025	7 / 37	7 / 7
Mrs Danisha Sornum		Apr 2025	32 / 37	31 / 32
Mrs Belinda Vacher		Oct 2025	8 / 37	8 / 8
Former Board Members				
Mr Abdul Sattar Adam Ali Mamode Hajee Abdoula (Sattar Hajee Aboula) (Chairman as from 11 Mar 2020 till 11 Apr 2025)		Apr 2025	5 / 37	5 / 5

Mr Jean Paul E. Arouff		Apr 2025	5 / 37	5 / 5
Ms Feriel J. Aumeerally		Sep 2025	17 / 37	14 / 17
Ms Shakilla B. Jhungeer		Apr 2025	5 / 37	5 / 5
Mrs Mathilde S. L. Lagesse		Sep 2025	18 / 37	15 / 18
Ms Sharon Ramdenee		Jun 2025	15 / 37	5 / 15
Mr Rohit Ramnawaz <i>(Chairman as from 14 Apr 2025 to 16 Jul 2025)</i>		Jul 2025	12 / 37	12 / 12
Mr Visvanaden Soondram		Apr 2025	5 / 37	5 / 5
Dr Subhas Thecka		Apr 2025	5 / 37	5 / 5
Mr Anil K. Ujoodha		Nov 2025	20 / 37	11 / 20

In line with good governance practices, the meeting of the Independent Directors without the Executive Directors were conducted in closed session by the relevant Chairmen on a quarterly basis.

These sessions serve to exercise objective oversight, to exchange views, to seek clarifications on complex matters and align on key issues thereby ensuring that the subsequent Board and Board Committee proceedings remain focused, structured and conducive to informed decision-making.

On some occasions, the Directors approved/considered important matters/urgent proposals by way of written resolutions circulated to them alongside supporting documentation in line with the provisions of the Act.

Board activities and principal decisions

The key topics discussed at the Board level for the year ended 31 December 2025 were as follows:

Strategy

- Reviewed and monitored developments in the economic environment and operating context
- Deliberated updates on Group Strategy Management and the way forward including the key initiatives for strategy formulation and execution, at both Group and entity levels
- Deliberated on the potential need to revive Group Investor Relations and considered the underpinnings and focus areas thereof
- Monitored the evolution of SBMH share price
- Monitored the articulation and execution of the Group Sustainability Agenda

Financial matters

- Considered the Group CEO's report on the performance of the Group over the past four years
- Reviewed and approved the Group's financial statements on a quarterly basis
- Assessed and monitored the Group's financial performance and its main businesses
- Discussed and approved payment of dividend to the shareholders
- Reviewed the reports from the Audit Committee
- Reviewed the capital requirements of the Company and approved capital raising initiatives
- Reviewed the capital requirements of the subsidiaries and approved capital infusion in the subsidiaries where required
- Took note of the financial statements of the operating entities of the Group
- Reviewed and recommended the appointment of PricewaterhouseCoopers (PwC) as the Statutory Auditors for the Company for FY 2025, to hold office until the Annual Meeting scheduled in June 2026 to its shareholders for approval
- Approved the Financial Review Section for inclusion in the Integrated Annual Report 2024

Governance, legal and risk

- Reviewed and approved the Directors' training needs for FY 2025
- Deliberated on the review of the Constitution of SBM Holdings Ltd and its subsidiaries
- Reviewed and approved the Group Succession Planning policy, the MGC policy and amendments proposed to existing policies including the Group Whistleblowing Policy, and Group Insider & Share Dealing policy
- Approved the Corporate Governance Report FY 2024 for inclusion in the Integrated Annual Report 2024
- Approved appointments to the Board, the Board Committees and subsidiaries of the Group
- Ensured that the Group has a solid risk management system in place in terms of people, systems, policies, controls and reporting
- Monitored the implementation of the Group Enterprise Risk Management Framework (ERMF)
- Monitored the updates on governance review/updates on remedial actions

- Monitored the share dealings by Directors, Senior Management Team, applicable employees and their associates as defined by the Group Insider & Share Dealing policy
- Reviewed and approved proposed amendments to the Charter and Governance Page (on website) of SBMH
- Reviewed and approved the amendments proposed to the Terms of References (TORs) of the Board Committees during the reporting period
- Approved to carry out an internally facilitated Board Evaluation exercise for FY 2025.
- Recommended to the shareholders the nomination of Directors and the appointment of the Chairman
- Deliberated on the induction programme for new Directors
- Monitored material litigation cases at subsidiary level
- Reviewed and approved the legal panel
- Deliberated on the review of internal controls

Others

- Approved/took note of the written resolutions and minutes of proceedings of Board/Board Committees of SBMH and shareholder resolutions
- Reviewed reports from Chairpersons of Board Committees of SBMH
- Approved the remuneration/productivity bonus for employees of SBMH
- Reviewed and approved the SBM Group Integrated Annual Report 2024
- Approved the recruitment/novation of staff to SBMH and deliberated on other pressing Human Resource matters
- Approved the Notice of Meeting to shareholders and other arrangements pertaining to the Annual Meeting of the shareholders
- Reviewed and approved the list of authorised signatories
- Took note of the reports from the External Auditors, the Internal Auditor and IT Auditor on a quarterly basis and reports from the Investigation Team
- Apprised the new Directors on the Group Structure/Activities and issues/challenges through the induction program
- Deliberated on the possibility of cross-deals and intra-synergy collaboration amongst subsidiaries
- Other pressing issues as and when arise

Access to information and independent professional advice

In line with the Charter, Directors seeking information about the Company and its subsidiaries are granted unrestricted access to pertinent officers and employees. This facilitates their ability to discharge their fiduciary duties effectively. Appropriate diligence is exercised to ensure that the Directors abstain from interfering in the daily operations of the Company or from issuing directives to any employees of the Company. Furthermore, Directors, either individually or collectively, have the right to seek independent professional advice at the expense of the Company relating to the Company's business, subject to the approval of the Board or if it relates to the affairs or business of a Committee, with the consent of the Chairperson of that Committee.

Board governance structure

The Board is responsible for promoting the Group's long-term sustainable success while giving due consideration to the interests of its stakeholders.

In accordance with the applicable laws and regulations, the Board has established several Board Committees, to assist the Board in discharging its fiduciary duties. The Board Committees, chaired by

experienced Chairpersons, undertake thorough evaluations of designated matters and present informed recommendations to the Board. Nonetheless, such delegation does not absolve the Board of its duties and responsibilities.


The Board Committees operate within their line of authority as delegated by the Board and as accordingly documented in their respective TORs. These TORs are subject to a yearly review, during the course of which, the membership, roles and responsibilities of the Board Committees are evaluated and approved by the Board.

For FY 2025, the TORs were reviewed and approved in March 2025. Due to several changes in the Board composition during the year, the membership of the Board Committees was periodically re-assessed and updated, with the most recent revision occurring in March 2026, to be effective as from April 2026. The table below reports the membership changes within the Board Committees.

Some Board Committees comprise a greater number of Members, to ensure that each Committee is equipped with the requisite skills, independence, balance and diversity necessary to remain effective, compliant and aligned with the evolving needs of the Company. The Group CEO was in attendance at those Committee meetings where he is not a full-time member. Similarly, the Deputy Group CEO was in attendance at the relevant Board Committees, following his appointment.

The profiles of the Directors provide thorough insights on their background, qualification and experience and other list of directorships, based on which they are nominated on the respective Board Committees.

The governance framework is illustrated under Principle 1.

The TORs of the Board Committees are available on the SBM Group’s website. 

Board Committees



¹ Strategy Committee and Business Review Committee have been consolidated in a single Committee named “Strategy & Business Review Committee” effective 01 April 2026

² Group AML/CFT Committee will be a “Task Force” effective 01 April 2026

● Appointed as Chairperson
 ● Appointed as Member
 ● Resigned/Removed as Chairperson
 ● Resigned/Removed as Member



Table – Board Committee Composition Changes FY 2025

Name of Directors	Board Committees									
	Audit Committee	Board Legal Committee <i>(dismantled on 29.07.2025)</i>	Business Review Committee	Corporate Governance and Conduct Review Committee	Nomination & Remuneration Committee	Risk Management Committee	Group Transformation and Technology Committee	Strategy Committee	Sustainability Committee	Group AML/CFT Committee
Current Board Members										
Mr Mahendra V. Punchoo	-	-	-	-	-	● 08.09.2025	● 01.12.2025	● 24.09.2025	-	-
Mr Javed M. Aboobakar	● 01.12.2025	-	● 01.12.2025	-	● 01.12.2025	● 01.12.2025	-	● 01.12.2025	● 01.12.2025	-
Mr Pramod K. Bissessur	● 14.04.2025 ● 01.12.2025	-	● 08.09.2025	● 14.04.2025	● 14.04.2025 ● 01.12.2025	-	● 14.04.2025 ● 01.12.2025	● 02.12.2025	● 01.12.2025	● 01.12.2025
Mr Raoul Gufflet <i>(Group CEO)</i>	-	-	-	-	-	-	● 01.12.2025	● 01.12.2025	-	● 01.12.2025
Mr Deobruthsingh Jaypaul	-	● 20.05.2025	● 14.04.2025 ● 01.12.2025	● 24.09.2025	● 14.04.2025	● 08.09.2025 ● 01.12.2025	● 01.12.2025	-	● 01.12.2025	● 01.12.2025

Mr Aakash K. Kalachand	● 14.04.2025	-	● 01.12.2025	-	● 14.04.2025	● 14.04.2025	-	● 14.04.2025	-	-
Mr Mooneeing J. Naikeny (Deputy Group CEO)	-	-	-	-	-	-	● 01.12.2025	● 01.12.2025	-	-
Mrs Danisha Sornum	● 08.09.2025 ● 01.12.2025	● 20.05.2025	● 14.04.2025 ● 14.04.2025 ● 01.12.2025	● 14.04.2025	● 01.12.2025	-	● 14.04.2025 ● 01.12.2025	-	● 01.12.2025	● 01.12.2025
Mrs Belinda Vacher	● 01.12.2025	-	-	-	-	● 01.12.2025	● 01.12.2025	-	● 01.12.2025	-
Total Number of Members as at 31 Dec 2025	3	*	4	3	4	5	5	6	5	5
Former Board Members										
Mr Sattar Hajee Abdoula	-	-	-	-	-	-	-	● 11.04.2025	-	-
Mr Jean Paul E. Arouff	-	-	● 11.04.2025	● 11.04.2025	● 11.04.2025	-	● 11.04.2025	-	-	-

Ms Ferial J. Aumeerally	● 14.04.2025 ● 03.09.2025	-	● 14.04.2025 ● 03.09.2025	-	-	● 14.04.2025 ● 03.09.2025	-	-	-	-
Ms Shakilla B. Jhungeer	● 11.04.2025	-	● 11.04.2025	● 13.08.2020 ● 11.04.2025	● 11.04.2025	-	● 11.04.2025	-	-	-
Mrs Mathilde S.L Lagesse	-	● 20.05.2025	-	● 14.04.2025 ● 16.09.2025	-	-	● 14.04.2025 ● 16.09.2025	● 16.09.2025	-	-
Ms Sharon Ramdenee	● 14.04.2025	-	-	-	-	● 14.04.2025	● 14.04.2025	-	-	-
Mr Rohit Ramnawaz	-	-	-	-	-	● 14.04.2025 ● 16.07.2025	-	● 14.04.2025 ● 16.07.2025	-	-
Mr Visvanaden Soondram	-	-	-	-	● 11.04.2025	● 11.04.2025	-	-	-	-
Dr Subhas Thecka	● 11.04.2025	-	● 11.04.2025	● 11.04.2025	-	● 11.04.2025	-	-	-	-
Mr Anil K. Ujoodha	-	-	-	-	-	● 29.07.2025 ● 14.11.2025	-	-	-	● 29.07.2025 ● 24.09.2025










As disclosed earlier, the composition of the Board underwent several changes during FY 2025, as a result of multiple appointments and resignations, which, in turn, impacted the membership of the Board Committees. Consequently, attendance at the Board Committee varied for each Member, depending on his/her eligibility to attend the Board Committee meeting. Eligibility, as defined under the Board Attendance section, has been determined by the period during which the Member held office/or ceased to serve the Board Committee, as obliged by the Board.




Accordingly, the Attendance Table for each Board Committee reflects: (i) each Member's eligibility to attend the Board Committee meetings and (ii) the number of meetings attended by each Member in total.

STRATEGY COMMITTEE

The Strategy Committee is responsible to (i) review, validate and recommend the Group strategic plan to the Board; (ii) monitor the implementation of the selected strategic initiatives at Group and entity levels; (iii) discuss and recommend strategic endeavours that are likely to have a meaningful impact on the Group's positioning and performance; (iv) assess the operating environment in which the Group is operating; and (v) monitor the evolution of the share price of the Company.

Attendance Table

Total Number of Meetings FY 2025 = 4				
Members	Independence	Committee Member since	Eligible to Attend as Member	Meeting Attended (total)
Current Members				
Mr Mahendra V. Punchoo <i>(Chairman as from 24 Sept 2025)</i>		Sept 2025	1 / 4	1 / 1
Mr Javed M. Aboobakar		Dec 2025	0 / 4	0 / 0
Mr Pramod K. Bissessur		Dec 2025	0 / 4	0 / 0
Mr Raoul Gufflet* <i>(Group CEO)</i>		Mar 2022	1 / 4	1 / 1
Mr Aakash K. Kalachand		Apr 2025	3 / 4	3 / 3
Mr Mooneesing J. Naikeny <i>(Deputy Group CEO)</i>		Dec 2025	0 / 4	0 / 0
Former Members		Committee Member until		
Mr Sattar Hajee Abdoula <i>(Appointed as from Mar 2020 and Chairman until 11 Apr 2025)</i>		Apr 2025	1 / 4	1 / 1
Mr Jaypaul Deobruthsingh <i>(Appointed as from Sept 2025)</i>		Dec 2025	1 / 4	1 / 1
Mrs Mathilde S.L. Lagesse <i>(Appointed as from Apr 2025)</i>		Sep 2025	2 / 4	2 / 2

Ms Sharon Ramdenee (Appointed as from Aug 2020)		Apr 2025	1 / 4	1 / 1
Mr Rohit Ramnawaz (Appointed as from Apr 2025)		Jul 2025	1 / 4	1 / 1
Mr Anil K. Ujoodha (Appointed as from Jul 2025)		Nov 2025	1 / 4	1 / 1

Note: *Mr Raoul Gufflet ceased to be a Member of the Strategy Committee in April 2025. In his capacity as the Group CEO, he was in attendance at the remaining three meetings of the Strategy Committee held for period April to Nov 2025. He was re-appointed as Member of this Committee on 01 Dec 2025.

2025 Priorities and Areas of Progress

Reviewed the key trends, challenges and outlook for the Group's operating environment across its presence countries and undertook peer analysis, to assess the potential implications for the Group

Reviewed and validated the Group and subsidiary's strategic plans for 2025-2027

Monitored the evolution of the SBMH share price and stock profile in a steady and coherent way

Evaluated the Group Strategy Management including the current and proposed strategic imperatives and considered the updates related thereto

Considered reviving Group Investor Relations and assessed preliminary insights underpinning the Group Medium Term Strategic Directions and Priorities

Looking Ahead

Monitor the evolution of the operating environment prevailing in presence countries

Monitor the implementation of the strategic initiatives at Group and entity levels

Monitor the Group Strategy Management and track the progress on the execution of the Group's strategy and make any necessary recommendations to tackle underperforming areas












Pursue discussions on the possible need to revive Group Investor Relations

Monitor the evolution of the SBMH share price and take appropriate actions based on feedback/comments from investors

RISK MANAGEMENT COMMITTEE

The RMC assists the Board in fulfilling its oversight responsibilities with regards to the identification, evaluation and mitigation of financial and non-financial risks including strategic risks facing the Group and alert the Board of any areas of concern. It further reviews and recommends to the Board the Group's overall risk appetite, in parallel to assisting the Board in establishing a sound risk management framework, including policies, processes and practices geared towards managing the risks faced by the Group.

Attendance Table

Total Number of Meetings FY 2025 = 4				
Members	Independence	Committee Member since	Eligible to Attend	Meeting Attended (total)
Current Members				
Mrs Belinda Vacher <i>(Chairperson as from 1 Dec 2025)</i>		Dec 2025	0 / 4	0 / 0
Mr Javed M. Aboobakar		Dec 2025	0 / 4	0 / 0
Mr Deobruthsingh Jaypaul <i>(Chairman till 1 Dec 2025)</i>		Sep 2025	1 / 4	1 / 1
Mr Aakash K. Kalachand		Apr 2025	3 / 4	3 / 3
Mr Mahendra V. Punchoo		Sep 2025	1 / 4	1 / 1
Former Members				
		Committee Member until		
Ms Sharon Ramdenee <i>(Appointed as from July 2019)</i>		Apr 2025	1 / 4	1 / 1
Dr Subhas Thecka <i>(Appointed as from Aug 2017)</i>		Apr 2025	1 / 4	1 / 1
Mr Visvanaden Soondram <i>(Appointed as from Oct 2024)</i>		Apr 2025	1 / 4	1 / 1
Ms Ferial J. Aumeerally <i>(Chairperson as from 14 Apr 2025 till 3 Sep 2025)</i>		Sep 2025	2 / 4	2 / 2
Mr Rohit Ramnawaz <i>(Appointed as from Apr 2025)</i>		Jul 2025	1 / 4	1 / 1
Mr Anil K. Ujoodha <i>(Appointed as from July 2025)</i>		Nov 2025	1 / 4	0 / 1

Note: In his capacity as the Group CEO, Mr Raoul Gufflet was in attendance at three out of four RMC meetings held during FY 2025.

The Group CRCO attended all the RMC meetings.

2025 Priorities and Areas of Progress

Reviewed the Group's financial, operational, compliance and legal risk profiles on a quarterly basis

Reviewed material legal cases against the Company and its subsidiaries

Ensured that the Group including its entities has a robust risk management system in terms of people, process, system, frameworks, controls and reporting

Considered and advised the Board on risk management activities including the identification and mitigation of principal and emerging risks and the risk appetite statements

Monitored the impaired advances of the banking subsidiaries on a quarterly basis

Monitored progress of the various Group Risk projects

Monitored the development and implementation of the Group ERMF

Reviewed the Group's policies for managing risks, particularly in the areas of credit, market, interest rate, liquidity, operational and technological risks and made recommendations thereon to the Board for approval

Reviewed the write up of the Risk Management Report to be included in the Integrated Annual Report 2024

Considered the Report from the Chairperson of the Group Risk Management Forum and Group Compliance Forum

Deliberated on the risk appetite and monitored key trends and concentrations

Considered risk management matters raised by the regulators and monitored the actions being taken by Management to respond

Reviewed and assessed the robustness of the Company's internal control including internal financial control and business risk management

Reviewed its mandate to ensure compliance with statutory laws and obligations

Evaluated the stress testing scenarios

Looking Ahead

Oversee risk transformation initiatives aimed at strengthening the Group's risk management capabilities, including the ongoing refinement of the risk appetite framework, risk management framework and internal control systems, particularly in response to evolving geopolitical and macroeconomic challenges

Monitor the progress of the implementation of the ERMF, revamping of principal risk policies and Group Risk Projects

Facilitate risk assessments to the extent possible and reporting, communicating and dissemination of critical risk management information

Maintain focus on several key topics including cybersecurity risk, climate change and Environment, Social and Governance related risks and emerging risks and ensure appropriate procedures are in place to mitigate risks in a timely manner

Ensures the Group's whistleblowing arrangements continue to satisfy the regulatory obligations










AUDIT COMMITTEE

The Audit Committee assists the Board to (a) oversee the Company's financial reporting process to ensure accuracy and transparency of the financial statements, (b) review and monitor the adequacy and robustness of the Company's system of internal controls (including the controls for complying with applicable laws and regulations and risk management for the identification and prevention of fraud, (c) create an environment that accommodates an open discussion in a culture of integrity, respect and transparency between Management and the External Auditors, (d) monitor, on behalf of the Board, the effectiveness and objectivity of the Internal and External Auditors, (e) oversee the audit reviews performed by both Auditors and (f) approve proposal for Non-Audit services to be provided by the Group External Auditors upon confirmation from the latter that their independence is not impaired.

The Profile section provide the financial literacy and expertise of the Members of the Audit Committee. In addition, selected members of the Management Team, with technical knowledge in the field are invited to the Audit Committee as and when required.

The Committee met in private and also separately with the Head of Internal Audit Department, and the External Auditors respectively, without the presence of the Management Team, once quarterly.

Attendance Table

Total Number of Meetings FY 2025 = 6				
Members	Independence	Committee Member since	Eligible to Attend as Member	Meeting Attended (total)
Current Members				
Mr Aakash K. Kalachand <i>(Chairman as from 14 Apr 2025)</i>		Apr 2025	4 / 6	4 / 4
Mr Javed M. Aboobakar		Dec 2025	0 / 6	0 / 0
Mrs Belinda Vacher		Dec 2025	0 / 6	0 / 0
Former Members		Committee Member until		
Ms Ferial J. Aumeerally <i>(Appointed in Apr 2025)</i>		Sep 2025	2 / 6	1 / 2
Mr Pramod K. Bissessur <i>(Appointed in Apr 2025)</i>		Dec 2025	4 / 6	4 / 4
Ms Shakilla B. Jhungeer <i>(Appointed in Jul 2021)</i>		Apr 2025	2 / 6	2 / 2
Ms Sharon Ramdenee <i>(Appointed in Apr 2019)</i>		Apr 2025	2 / 6	1 / 2
Mrs Danisha Sornum <i>(Appointed in Sept 2025)</i>		Dec 2025	2 / 6	2 / 2
Dr Subhas Thecka <i>(Appointed in Aug 2017 and Chairman until 11 Apr 2025)</i>		Apr 2025	2 / 6	2 / 2

Note: In his capacity as the Group CEO, Mr Raoul Gufflet was in attendance at the Audit Committee meetings held during FY 2025.

2025 Priorities and Areas of Progress

Financial Reporting

Considered, analysed, reviewed and debated on information, key judgements and significant matters raised by the Management Team, the Internal Auditors and the External Auditors, to ensure that the financial results provide a true and fair representation of the performance of the Group

Reviewed and challenged the Management Team's judgements in relation to credit impairments and the underlying assumptions, methodologies and models applied and further considered the impact of macro-economic risks on the credit environment

Monitored and assessed the integrity of the annual and interim financial statements during the year, with focus on key accounting policies, financial reporting issues, assumptions and judgements used by Management, together with the findings set out in the reports from the External Auditors

	<p>Monitored any formal announcements relating to the Group's financial performance</p> <p>Considered the clarity and completeness of the disclosures within the financial reports</p>
External Audit	<p>Reviewed and recommended the appointment of PwC as the Statutory Auditors of the Company for FY 2025, to hold office until the next Annual Meeting, to the Board for consideration and onward recommendation to the shareholders for approval</p> <p>Discussed critical policies, judgements and estimates used by the External Auditors as part of the review of the annual and interim financial statements of the Group</p> <p>Maintained the integrity of the relationship with the External Auditors.</p> <p>Reviewed and monitored the relationship with the External Auditors, including their appointment, independence, objectivity, effectiveness, terms of engagement and level of fees</p> <p>Considered significant audit matters regarding the audit opinion</p> <p>Spearheaded the process for approving/ratifying all non-audit services provided by the Group External Auditors in order to safeguard the objectivity and independence of the auditor and comply with the regulatory and ethical guidance</p>
	<p>Monitored and reviewed the effectiveness of the internal audit functions in terms of its scope, execution of its plan, coverage, independence, skills, staffing, overall performance and position within the organization</p> <p>Considered quarterly reports prepared by the Internal Audit Team on the overall effectiveness of the governance, risk management and internal control framework, current issues and adequacy of remediation activity</p> <p>Ensured that the work completed by the Internal Audit Team during the year was directed towards key areas including information and data security and cross-business risks mitigation such as management of third parties</p> <p>Ensured that timely actions were taken by the Management Team to address the adverse findings, if any, from the Internal Audit Team</p> <p>Where appropriate, the Management Team was invited to attend meetings to present an update on the status of measures implemented to address audit findings and recommendations</p> <p>Ensured that there was effective communication between the External Auditors and the Internal Audit Team</p>
	<p>Reviewed the effectiveness of the Group's internal controls and processes on a quarterly basis and monitored the Internal Control Framework which allowed for the identification of issues and formal tracking of remediation plans</p> <p>Ensured that controls are in place with regards to cyber security</p> <p>Ensured integrity and accountability from everyone working for the Group</p>
	<p>Others</p> <p>Considered other finance matters including the Report from the Chairperson of the Group Finance Forum on a quarterly basis</p>

Looking Ahead

Further strengthen the relationship with the Audit Committees of all operating entities to ensure that the Group operates effectively and in a streamlined manner

Work together with the Statutory Auditors and the Management to ensure that the Group continues to provide accurate, true, fair and timely financial results and implements accounting standards and judgement effectively

Review policies and procedures to adapt to the rapidly changing and challenging environment








Strengthen oversight of unresolved issues highlighted by the Internal Audit Team with a view to ensuring prompt resolution and effective follow up

CORPORATE GOVERNANCE & CONDUCT REVIEW COMMITTEE

Operating under the name of Corporate Governance, Conduct Review and Sustainability Committee (CGCRS) until 1st December 2025, the CGCRS Committee was mandated to oversee governance, conduct review and sustainability related-matters. The CGCRS Committee kept abreast with the current environmental, social and governance trends to ensure that the Group developed and maintained a healthy and effective corporate governance framework, culture and stayed compliant with the applicable legislations and best practices. The CGCRS Committee also ensured that the Directors, Management and employees act in an ethical and responsible manner. It had the responsibility of handling any governance related breaches or issues as reported or highlighted during the year. Additionally, it had overseen and monitored the progress of the implementation of the Group Sustainability Agenda, which has now been delegated to the newly established - Sustainability Committee.

Therefrom, as approved by the Board on the same date, i.e, 1st December 2025, the CGCRS Committee was renamed and restructured as CCGR Committee, whose authority was restricted solely to governance and conduct-review related matters, whilst the sustainability matters had been conferred to the newly established Sustainability Committee.

Attendance Table

Total Number of Meetings FY 2025 = 11				
Members	Independence	Committee Member since	Eligible to Attend as Member	Meeting Attended (total)
Current Members				
Mr Pramod K. Bissessur <i>(Chairman as from 14 Apr 2025)</i>		Apr 2025	9 / 11	9 / 9
Mrs Danisha Sornum		Apr 2025	9 / 11	9 / 9
Mr Deobruhsingh Jaypaul		Sep 2025	4 / 11	3 / 4
Former Members		Committee Member until		
Mr Jean Paul E. Arouff <i>(Appointed as from Mar 2020)</i>		Apr 2025	2 / 11	2 / 2
Ms Shakilla B. Jhungeer <i>(Appointed as from Mar 2020 and Chairperson till 11 Apr 2025)</i>		Apr 2025	2 / 11	2 / 2
Mrs Mathilde S. L. Lagesse <i>(Appointed as from Apr 2025)</i>		Sep 2025	5 / 11	4 / 5
Dr Subhas Thecka <i>(Appointed as from Aug 2024)</i>		Apr 2025	2 / 11	2 / 2

Note: In his capacity as the Group CEO, Mr Raoul Gufflet was in attendance at most of the CGCR Committee meetings held during FY 2025.

The Group CRCO attended the meetings by invitation as and when required.

2025 Priorities and Areas of Progress

Reviewed the composition of the Board and the profiles of the prospective Directors in collaboration with the REMCO

Reviewed and made recommendations to the Board for approval of the (i) concept of the Integrated Annual Report for SBMH, (ii) the proposed Material Matters for the Group and (iii) the Corporate Governance Report for FY 2024

Reviewed the Governance Review Report on a quarterly basis and monitored progress relating to actions initiated

Reviewed the related party transactions reports on a quarterly basis

Reviewed the amendments proposed to the Charter and TORs of the Board Committees and made recommendation to the Board

Monitored the dealings in SBMH shares by Restricted persons as defined by the applicable guidelines and internal policies

Reviewed and made recommendations to the Board regarding (a) the proposed amendments to the existing Policies under its mandate and (b) new policies including the Group Succession Planning Policy and Meeting Governance and Conduct Policy and thereof, monitored their adoption by the subsidiaries

Monitored progress in the execution of the Group Sustainability Agenda/Strategy and monitored their endorsement by the subsidiaries

Assessed the Directors' professional development needs for FY 2025 and made appropriate recommendations to the Board

Considered other governance matters including the Report from the Chairperson of the Group Governance Forum on a quarterly basis

Discussed and made recommendation to the Board for an internal Board Evaluation exercise for FY 2025

Looking Ahead

Ensure the Company continues to comply with all applicable laws & legislations as well as ensure sound governance principles prevail across the Group

Monitor the Company's governance framework, including the assessment of the effectiveness of governance policies and practices at regular intervals

Ensure that specialised training sessions are regularly provided to Directors to enable them to deliver their fiduciary duties vis-à-vis the Company effectively









Ensure that the recommendations of the Board Evaluation Report 2025 are duly implemented

NOMINATION & REMUNERATION COMMITTEE

The REMCO having regard to applicable legislation and sound corporate governance practices, provides guidance and support to the Board in fulfilling its responsibilities vis-a-vis its shareholders, employees and other stakeholders by ensuring that: (a) suitable candidates are onboarded through a formal and transparent process, (b) the employees of the Company are appropriately and equitably remunerated for their professionalism and services rendered to the Company, (c) the employees are motivated to shoulder responsibilities and perform to the best of their ability in the interests of the Company and all its stakeholders, (d) adequate plans are in place for orderly succession to the Board/Board Committees and (e) the development of a diverse pipeline for succession to senior management roles is in place.

The REMCO also assists the Board in overseeing the establishment of appropriate human resource strategies and policies of SBMH. In concert with the CGCR Committee, it also formulates criteria to determine the expertise, qualifications and independence of Directors so that the composition of the SBMH Board and its Committees have the appropriate balance, diversity of experience and skills to operate in the best interests of the shareholders and more so, are adequately remunerated.

Attendance Table

Total Number of Meetings FY 2025 = 21				
Members	Independence	Committee Member since	Eligible to Attend as Member	Meeting Attended (total)
Current Members				
Mr Deobruthsingh Jaypaul <i>(Chairman as from 14 Apr 2025)</i>		April 2025	19 / 21	19 / 19
Mr Javed M. Aboobakar		December 2025	0 / 21	0 / 0
Mr Pramod K. Bissessur		April 2025	19 / 21	19 / 19
Mr Aakash K. Kalachand		April 2025	18 / 21	18 / 18
Mrs Danisha Sornum		December 2025	0 / 21	0 / 0
Former Members		Committee Member until		
Mr Jean Paul E. Arouff <i>(Appointed as from Aug 2020 and Chairman until 11 Apr 2025)</i>		April 2025	2 / 21	2 / 2
Ms Shakilla Bibi Jhungeer <i>(Appointed as from Aug 2020)</i>		April 2025	2 / 21	2 / 2
Mr Visvanaden Soondram <i>(Appointed as from Jan 2023)</i>		April 2025	2 / 21	2 / 2

Note: In his capacity as the Group CEO, Mr Raoul Gufflet was in attendance at most of the REMCO meetings held during FY 2025 and Mr Mooneesing J. Naikeny attended one meeting since his appointment.

The Officer-in-Charge/Representatives of the Human Resource Department of SBMBM were invited to the meetings held during the year, as and when required.

2025 Priorities and Areas of Progress

Considered matters relating to Board succession planning, including the recruitment and promotions of key executives' positions at SBMH level

Monitored the recruitment, movement and departure of staff including senior personnel across all subsidiaries

Reviewed the Board composition of the Company in collaboration with REMCO and making the relevant nominations to the Board thereof

Considered the transformation of the Human Resources Team

Deliberated on job evaluation and grading exercise

Deliberation on Human Resources Initiatives for FY 2025

Took note of the Report from the Chairman of the Group Human Resources Forum

Looking Ahead

Review the composition of the Board in consultation with the CGCR Committee and make the appropriate recommendation for the nomination of additional (preferably independent) Directors onto the Board

Review talent pipeline and ensure that any gaps are plugged in a timely, fair and transparent manner
Continued focus on succession plans for the Board, Executive Committees and Senior Management to ensure the Group has the right skills and experience to deliver its strategy









Continue to update the training needs of the Directors, in conjunction with the CGCR Committee after taking the changing operating and regulatory environment into account


Ensure that employees are remunerated fairly and based on merit

BUSINESS REVIEW COMMITTEE

The BRC shall assist the Board in fulfilling its responsibility with respect to overseeing, reviewing and monitoring the overall performance of the SBM Group, i.e. SBMH and its subsidiary operating entities from a financial, risk and strategy perspective.

Attendance Table

Total Number of Meetings FY 2025 = 3				
Members	Independence	Committee Member since	Eligible to Attend as Member	Meeting Attended (total)
Current Members				
Mr Javed M. Aboobakar <i>(Chairman as from 1 Dec 2025)</i>		Dec 2025	1 / 3	1 / 1
Mr Pramod K. Bissessur		Sep 2025	1 / 3	1 / 1
Mr Aakash K. Kalachand		Dec 2025	1 / 3	1 / 1
Mrs Danisha Sornum <i>(Chairperson as from 14 Apr 2025 till 1 Dec 2025)</i>		Apr 2025	3 / 3	3 / 3
Former Members				
Mr Jean Paul E. Arouff <i>((Appointed in Apr 2023 and Chairman till 14 Apr 2025)</i>		Committee Member until Apr 2025	0 / 3	0 / 0
Ms Ferial J. Aumeerally <i>(Appointed in Apr 2025)</i>		Sep 2025	2 / 3	1 / 2
Ms Shakilla B. Jhungeer <i>(Appointed in Apr 2023)</i>		Apr 2025	0 / 3	0 / 0
Mr Deobruthsingh Jaypaul		Dec 2025	2 / 3	1 / 2

Dr Subhas Thecka (Appointed in Aug 2024)		Apr 2025	0 / 3	0 / 0
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Note: In his capacity as the Group CEO, Mr Raoul Gufflet was in attendance at two out of the three BRC meetings held during FY 2025 and Mr Mooneesing J. Naikeny attended one meeting since his appointment.

Selected Management staff and the CEOs of the subsidiaries were invited to attend the meeting. Prior to the Committee meeting, the Management Team of SBMH conducted a one-to-one review session with the CEO of each operating entity.

2025 Priorities and Areas of Progress

Reviewed the performance of each banking subsidiary entity, SBM NBFC and SBMH (consolidated) on a quarterly basis

Considered the business review pack for each entity and reviewed key financial highlights and statistics, summary of risk and compliance related issues, update on initiatives undertaken during the reporting period and any other critical items which required the attention of the Committee

Deliberated on the inclusion of oversight in the business review of the subsidiaries

Looking Ahead

Continue to ensure a fair review of the performance of SBMH and its subsidiaries in view of fostering improved results

Continue to monitor performance through effective discussion between SBMH and the CEO of each subsidiary to ensure that critical matters affecting the performance of the entities receive adequate attention of the Committee

Strengthen the oversight aspect over the subsidiaries while acknowledging that each subsidiary is a separate legal entity governed by their respective Boards








Consider inter-synergy and collaboration amongst the subsidiaries

GROUP TRANSFORMATION AND TECHNOLOGY COMMITTEE

The Group Transformation and Technology Committee (GTTC) (formerly Projects Assessment Committee (PAC) and renamed in December 2025) oversees the strategic projects having an impact across the SBM Group's operating entities, in addition to overseeing the implementation of Group related projects to ensure that goals and objectives of those projects are achieved within the prescribed time frame, budget and scope of work. Effective 01 December 2025, the composition of the GTTC Committee was reviewed, as depicted below.

Attendance Table

Total Number of Meetings FY 2025 = 3				
Members	Independence	Committee Member since	Eligible to Attend as Member	Meeting Attended (total)
Current Members				
Mr Mahendra V. Punchoo		Dec 2025	0 / 3	0 / 0

(Chairman as from 1 Dec 2025)				
Mr Raoul Gufflet ¹ (Group CEO)		Dec 2025	0 / 3	0 / 0
Mr Deobruhsingh Jaypaul		Dec 2025	0 / 3	0 / 0
Mr Mooneesing J. Naikeny (Deputy Group CEO)		Dec 2025	0 / 3	0 / 0
Mrs Belinda Vacher		Dec 2025	0 / 3	0 / 0
Former Members		Committee Member until		
Mr Jean Paul E. Arouff (Appointed as from Apr 2023)		Apr 2025	1 / 3	1 / 1
Mr Pramod K. Bissessur (Appointed as from Apr 2025)		Dec 2025	2 / 3	2 / 2
Ms Shakilla B. Jhungeer ((Appointed as from Apr 2023 and Chairperson until 11 Apr 2025)		Apr 2025	1 / 3	1 / 1
Mrs Mathilde S. L. Lagesse ² (Chairperson as from 14 Apr 2025 till 16 Sep 2025)		Sep 2025	2 / 2	2 / 2
Ms Sharon Ramdenee (Appointed as from Aug 2024)		Apr 2025	1 / 3	1 / 1

¹ Mr Gufflet was a member of the GTTC from its inception on 23rd February 2023 until 12th August 2024, when he was replaced by Ms Ramdenee. Following this, Mr Gufflet continued to be in attendance at all GTTC meetings held from 12th August 2024 in his capacity as Group CEO. On 01st December 2025, Mr Gufflet was re-appointed as a Member of the GTTC.

² Subsequent to the departure of Mrs Lagesse on 16 September 2025, the Committee did not convene any further meetings, the last meeting having been held in August 2025. Nevertheless, the SBMH Board remained duly apprised of strategic initiatives affecting the SBM Group's operating entities through other established reporting mechanisms.

The Group Chief Operations and Transformation Officer was in attendance at all PAC meetings.

2025 Priorities and Areas of Progress

Provided strategic oversight over Group related projects

Monitored the progress of the Group related projects

Assessed potential risks associated with specific projects

Looking Ahead




Monitor the progress of the Group IT transformation projects

BOARD LEGAL COMMITTEE

The Board Legal Committee had been established by the Board with the intent to allow proper oversight from the Directors of SBMH on the legal affairs across the SBM Group's operating entities in foreign jurisdictions.

Attendance Table

Total Number of Meetings FY 2025 = 6

Members	Independence	Committee Member until	Meeting Attended (total)
Mr Deobruthsingh Jaypaul <i>(Chairman from 20 May 2025 till 29 July 2025)</i>		July 2025	6
Mrs Mathilde S. L. Lagesse <i>(Appointed as from May 2025)</i>		July 2025	6
Mrs Danisha Sornum <i>(Appointed as from May 2025)</i>		July 2025	6

2025 Focus Areas

Deliberated on investigation reports initiated by the Board and the way forward.






Closely monitored the evolution of the legal cases against SBMH and its Subsidiaries.

Considered pertinent Human Resources matters.

The Board Legal Committee was ultimately dismantled by the Board on 29th July 2025, whilst ensuring that the oversight aspect on the legal affairs across the SBM Group's operating entities in foreign jurisdictions is maintained by the Board.

SUSTAINABILITY COMMITTEE

The Board has established a Sustainability Committee to review and assure that the SBM Group has appropriate and effective strategies and policies to function and conduct business in a responsible and sustainable manner, while exercising continuous and informed oversight over the articulation and implementation of the SBM Group Sustainability Agenda.

Members	Independence	Committee Member since
Mrs Danisha Sornum <i>(Chairperson as from 1 Dec 2025)</i>		Dec 2025
Mr Javed M. Aboobakar		Dec 2025
Mr Pramod K. Bissessur		Dec 2025
Mr Deobruthsingh Jaypaul		Dec 2025
Mrs Belinda Vacher		Dec 2025

The Sustainability Committee, established on 1st December 2025, has convened its first meeting in Q1 2026, to act within its mandate, as approved by the Board.

Review and ensure alignment of the SBM Group Sustainability Agenda with the SBM Group's broad-based strategic objectives, while ensuring that sustainability is appropriately integrated in the growth agenda and objectives of the organisation

Oversee the implementation of the SBM Group's sustainability initiatives across presence countries, while ensuring that they align with earmarked strategic objectives, targets and KPIs along with promoting sustainable practices across the organisation

Ensure that the SBM Group promptly addresses any sustainability issues arising from internal audits and concerns highlighted by regulators and other relevant stakeholders

MANAGEMENT COMMITTEES

The Board has delegated responsibility for overseeing the Group's daily operations, including the formulation, implementation, and supervision of its strategic objectives, to the Executive Directors.

With the support of the SBMH Management Team (Executive and Management Offices), the Executive Directors are entrusted with several key responsibilities, including but not limited to: (a) formulating the Group's budget and long-term plan for Board review; (b) facilitating the achievement of the Group's strategic objectives and priorities as sanctioned by the Board and aligned with the Company's mission, vision, and values; (c) overseeing the Group's people agenda, encompassing culture, succession planning, talent management, and diversity, equity, and inclusion initiatives; and (d) ensuring the Board remains informed regarding the status of the Company's operations, among other duties.

The governance structure of SBMH, as outlined under Principle 1, delineates the allocation of delegated authorities and powers within the organisation.

- **Management Committee**

Correspondingly, the Management Committee (MANCO) has substituted the Group Executive Committee and meets on a weekly basis, under the leadership of the Group CEO and comprising the following Members of the Management Team: Deputy Group CEO, Group Chief Business Development Officer (currently suspended), Group Chief Operations and Transformation Officer, Group CRCO, Group Chief Strategy Officer and Group Chief Financial Officer. The Company Secretary is in attendance at the MANCO. At each meeting, the Management Team and Company Secretary provide a progress update of the various tasks and assignments across the Group, under their purview, with advice and guidance being provided to facilitate the swift resolution of any potential issues.

- **Group Functional Forums**

At the executive management level of SBMH, Group Functional Forums have been established, to continuously ensure adequate oversight, effective control and improve synergy across all entities of the Group. These Group Functional Forums operate within their respective TOR, which are reviewed on a regular basis and approved by the Group CEO, in his capacity as Chairman of the MANCO (former Group ExCo), and ultimately by the Board.



Except for the (a) Group Internal Audit Forum, (b) Group IT Audit Forum and (c) Group Human Resources Forum which are each chaired by representatives of SBMBM, the remaining Group Functional Forums are each chaired by a Member of the MANCO. The frequency of the Group Functional Forums is defined in the respective TORs and each Chairperson has the obligation to highlight any matter of significant concerns to the attention of the SBMH Board/Board Committees through the Executive Directors. Any governance related issues are escalated to the CGCR Committee.

Principle 3: Director Appointment Procedures

STAKEHOLDERS	Shareholders, debt holders and investor community · Governments and regulators
CAPITALS	Intellectual · Human · Social and relationship
MATERIAL MATTERS	Regulatory compliance · Diversity, equity and inclusion

Appointment of Directors

The appointment of Directors is a pivotal process that shapes the governance and direction of an organisation. A robust and transparent nomination & appointment process is crucial for ensuring effective leadership by identifying individuals with the appropriate expertise, integrity and diversity, thereby fostering shareholder confidence and mitigating potential risks.

According to the Constitution of SBMH, the following specific criteria must be followed regarding the appointment and re-appointment of the Directors:

Section 14.1	<i>“The number of Directors shall not be less than Seven (7) nor more than Eleven (11). The Chief Executive of the Company shall be an ex officio member of the Board”</i>
Section 14.2	<p><i>“No Director shall be required to hold shares in the Company to qualify him for appointment/ election.</i></p> <p>14.2.1 <i>No person shall however be qualified for appointment/election as a Director (or alternate Director) unless he holds a degree or an equivalent qualification from a recognised University or Institution.</i></p> <p>14.2.2 <i>No person shall if he does not qualify to be a fit and proper person as per the criteria laid down in the relevant BoM guideline and/or has ever been convicted of an offence relating to financial crime or other criminal acts</i></p>

	<i>shall be eligible for election or appointment as a director on the Board of Directors of the Company”.</i>
Section 14.3	<i>“Each Non-Executive Director shall be elected by a separate resolution at the Annual Meeting of Shareholders and shall hold office until the next Annual Meeting and subject to any BoM restrictions, shall be eligible for re-election”</i>
Section 14.6	<i>“Notwithstanding Articles 14.1 and 14.2, the Board may at any time appoint any person as Director provided the total number of Directors does not at any time exceed eleven. Any Director so appointed shall hold office only until the next Annual Meeting and shall be eligible for re-election.”</i>

The nomination and appointment of Directors at SBMH is governed by a structured, formal, transparent and rigorous process currently in place. All appointments are made on a merit basis and evaluated against objective standards to ensure the Board possesses the appropriate competencies, skills and experience necessary for effective governance and guard against ‘groupthink’. The process has been devised to support the development of a robust and diverse Board with relevant expertise to meet the goals and values of the SBM Group.

The Board, with the support of the CGCR Committee and the REMCO, conducts regular reviews of its composition as well as that of its Board Committees. It identifies, evaluates and recommends suitable candidates to the Board for consideration. The ultimate responsibility for the appointment of Directors rests with the Board, which ensures strict compliance with the criteria set forth in the SBMH Constitution, the Group Fit & Proper Person Policy, the BoM Guidelines on Fit and Proper Person, the Code and other relevant legislations and guidelines, to maintain appropriate Board balance. The appointment process also takes into consideration the Company’s vision, strategic direction, ethical framework and several components such as, but not limited to, previous experiences, diverse skills, expertise, independence, conflicts of interest amongst others, to ascertain that the Board is adequately balanced.

In line with the SBMH Constitution, all Directors are elected/re-elected on the Board by way of separate resolutions by the shareholders at the Annual Meeting and hold office until the next Annual Meeting.

Selection and appointment of new Directors

The process of appointing Directors involves several key steps to ensure that the most suitable candidates are selected to guide the Company’s strategy, ensuring compliance with legal requirements and safeguarding shareholders’ interests.

No.	Steps	Process
1	Need Analysis	Evaluation of the current size of the Board in terms of skills, experience, independence, time commitment and diversity, and gaps are identified.
2	Identify potential candidates for director position	Upon identification of a suitable candidate, an internal due diligence process is undertaken to assess the candidate’s eligibility and fit and proper status.
3	Comprehensive assessment and due diligence	The CGCR Committee and the REMCO undertake a comprehensive assessment of the candidate’s fitness and probity.

4	Recommendation to the Board	The CGCR Committee and the REMCO jointly recommend the proposed candidate to the Board for a final assessment.
5	Board appointment	Being satisfied with the profile of the candidate, the Board either approves, if the appointment is made out of the normal annual appointment cycle, or recommends to the shareholders at the Annual Meeting for approval, subject to regulatory clearance.
6	Letter of Appointment	Upon receipt of the necessary clearance, the newly appointed Director is formally on-boarded and a letter of appointment outlining the terms and conditions, is issued.
7	Regulatory Filings	All necessary filings are submitted to the appropriate regulatory authorities.
8	Update of Register	The statutory register of Directors is updated.

Biographical details of each Director are located in the *Group Governance and Leadership* section.

Board induction

A well-structured Board Director induction program serves as a strategic investment rather than merely a procedural requirement. By ensuring a thorough orientation, new Directors are equipped to acclimate efficiently and make meaningful contributions from the outset.

At SBMH, the Chairman, with the support of the Board, the Executive Directors and the Company Secretary through the CGCR Committee, is responsible for overseeing the induction and orientation of new Directors. This process ensures that new Directors gain a comprehensive understanding of the organisation's vision, purpose, strategic objectives, financial landscape, governance frameworks, culture, values and risk appetite. An effective induction additionally strengthens the Directors' awareness of the expected standards of conduct and behaviour while serving on the Board and equip them with the essential information to enable well-informed decision-making.

Upon appointment, new Directors partake in a comprehensive, tailor-made induction programme so as to familiarise themselves with SBMH's strategy and operations. A full-fledge induction pack is made available to new Directors, through the Company Secretary's office, which contains essential information, including, but not limited to:

- Brief profiles of the Group's activities
- Recent developments, challenges and opportunities
- Strategy and progress against key objectives
- Operational and financial performance updates
- Risk Management and internal control
- Fiduciary duties and responsibilities of the Directors, including the process for dealing with conflicts
- Rules & regulations, good governance practices and key policies applicable to the Group
- Board Committees' composition and TORs
- Calendar of meetings/important events, amongst others

The induction programme constantly evolves, changing as appropriate to reflect the business priorities, the experience & expertise of the inductee, the role the latter will perform and to further keep pace with the dynamic business environment. As such the induction pack is updated frequently and upon joining, it is uploaded on the iPad of the Director together with all the supporting documents.

During FY 2025, the composition of the Board changed on several occasions and the new Directors received a full day induction whereby detailed presentation was made by the Group CEO, the Management Team and the Company Secretary covering various aspects such as governance, rules and regulations, management profile, overview of the subsidiaries, key group issues and challenges amongst others.

Continuous development programme

In today's dynamic business environment, Directors are instrumental in guiding organisations toward achieving their objectives and sustained success. Board members are facing growing expectations to manage complex issues amid a rapidly evolving geopolitical, regulatory and economic environment.

The SBM Group places significant emphasis on training and development. While the Board of Directors holds the highest authority within the Company, it acknowledges that ongoing training is crucial for Directors to: (a) strengthen their leadership capabilities, (b) support more informed and strategic decision-making, (c) remain apprised of emerging trends, regulations and best practices, and (d) continually update the skills and knowledge required for effective fulfillment of their responsibilities.

In collaboration with the CGCR Committee, the Executive Directors, the Company Secretary and the SBM Academy, the Board jointly develops a formal, tailored training plan for Directors and the Executive Management Team each year. This initiative is designed to address their specific needs and ensure they possess the requisite knowledge and expertise to effectively navigate the challenges and complexities of the business environment in which the SBM Group operates. Directors are consistently encouraged to participate in courses, workshops, seminars and other knowledge-sharing sessions. Additionally, the SBM Academy maintains an individual training log for each Director documenting all in-house training activities.

The 2025 Director Development Programme focused mainly on AML/CFT, while governance and risk management topics were extensively addressed during the full-day Directors' induction and made accessible via their Board iPads. The training programmes were delivered by both internal and external subject matter experts.

The CGCR Committee maintains a rigorous oversight of training courses and continuous development initiatives undertaken by the Directors.

Succession planning

Succession planning is essential for ensuring long-term business stability, continuity and growth of the business, as well as upholding corporate governance, maintaining leadership consistency and aligning the Board's expertise with long-term strategic objectives.

The Board recognises that an effective transition of its Directors and Management Team members plays a crucial role in (a) sustaining strategic oversight and alignment, (b) nurturing a robust talent pipeline to ensure a pool of qualified individuals capable of contributing innovative perspectives to the Company's ongoing success, (c) fostering diversity within the boardroom by including individuals with diverse skill sets, backgrounds, and perspectives, leading to more robust discussions, innovative solutions, and better

decision-making and (d) strengthening stakeholder’s trust and confidence by demonstrating a clear commitment to enduring stability and strategic leadership.

During the first quarter of FY 2025, the Board adopted a Group Succession Planning policy. The Board is confident that appropriate measures are established to facilitate the orderly succession of appointments to both the Board and to senior management positions. These arrangements help to maintain a balanced mix of knowledge, skills and experience within the organization, while also promoting the progressive renewal of the Board.

Principle 4: Directors’ Duties, Remuneration and Performance

STAKEHOLDERS	Shareholders, debt holders and investor community · Customers · Employees · Societies and communities · Suppliers and strategic partners · Governments and regulators
CAPITALS	Financial · Intellectual · Human · Social and relationship
MATERIAL MATTERS	Economic performance · Regulatory compliance · Customer experience · Employee wellbeing

Legal duties

At SBMH, the Directors recognised their legal obligations as outlined in the Act, the SBMH Constitution, the Charter and all applicable laws and regulations. Throughout FY 2025, they have consistently observed and fostered exemplary ethical standards and cultivated a robust ethical culture within the organisation.

As part of their induction, some governance documents were provided to the newly appointed Directors on their iPad. These materials are intended to Directors in gaining a comprehensive understanding of the Company and the governance framework within the SBM Group, thereby facilitating the effective fulfilment of their statutory duties and responsibilities.

Performance evaluation

The primary aim of the Board Evaluation is to cultivate a high-performing Board, capable of anticipating, addressing and surpassing future challenges while maintaining alignment with SBMH’s long-term strategic objectives. Each year, the Board sets clearly identified objectives and specific goals consistent with the Group strategy and systematically monitors its performance through annual assessment to ensure optimal effectiveness.

The review exercise evaluates the performance of the Board, its Board Committees, individual Directors and the Chairman of the Board, in line with the provisions of the Code.

Board evaluation is an essential governance tool that moves beyond regulatory compliance to foster continuous improvement, accountability and strategic alignment at the SBM Group. This process effectively determines the strengths, weaknesses and skill gaps of the Board as a whole, its Board Committees, and individual Directors and facilitates improved decision-making and enhance board-management dynamics.

Given the significant changes in the Board composition of the Company throughout the FY 2025, the Board resolved to initiate an internal evaluation of the Board, Board Committees, individual Directors and the Chairman of the Board. This exercise was facilitated by the Chairman with the support of the Company Secretary.

The process established for the internal evaluation is outlined below:

Step 1	Preparation <ul style="list-style-type: none"> Questionnaires for the Board, Board Committees, individual Directors and the Chairman of the Board were developed by the Company Secretary, which covered the following thematic areas: (a) Board composition, skills and diversity, (b) Board effectiveness, (c) Strategic oversight, (d) Individual performance, (e) Committees' strengths and weaknesses, (f) Relationship between the Board and Management, (g) Risk management and internal controls, (h) Training & development, amongst others.
Step 2	Completion of online questionnaire <ul style="list-style-type: none"> Distribution of questionnaires to individual Directors for completion by a preset timeline.
Step 3	Collation of responses <ul style="list-style-type: none"> Individual responses to the questionnaires were collated by the Company Secretary and anonymised summaries were prepared.
Step 4	Board discussion <ul style="list-style-type: none"> Findings of the performance review and proposed actions were discussed at the March 2026 Board meeting. The feedback on the Chairman was discussed by the remaining Directors in the absence of the Chairman.
Step 5	Way forward <ul style="list-style-type: none"> Tracked the progress achieved on past performance evaluation exercise. Develop a concrete, actionable plan based on the recommendations to improve governance.

The results of the internal performance review were presented to the Board on 27th March 2026, which concluded that the Board & Board Committees were operating effectively and that all Directors continue to fulfil their roles as required by the in-country laws & regulations and to the satisfaction of the Board. Many areas were rated above the average with a few focus areas identified for the forthcoming year as follows:

- Enhancing the brand image of SBMH and fostering greater accountability on part of executives
- Prioritise Systems, Processes, Technology, and People with a view to fostering greater synergy as well as to ensure that the Group's standards are effectively implemented across all subsidiaries
- Optimise debt recovery procedures
- Improve meeting frequency by reducing the number and duration of meetings, to ensure that Directors are well-prepared and succinct in their contributions
- Uphold integrity principles throughout all subsidiaries
- Ensure SBMH subsidiaries adhere to SBMH directives regarding strategy, operations, and governance
- Refocus the Board attention on strategic priorities rather than day-to-day operational matters


- Consolidate the risk appetite framework, emphasize on digital innovation, regulatory readiness, AML-CFT effectiveness, cybersecurity, capital planning and concentrate on effective resource planning/succession planning of senior management
- Specific issues pertinent to SBMH subsidiaries

A comprehensive action plan will be developed and reviewed regularly to monitor progress throughout the FY 2026 with regards to the above areas.

As regards the evaluation of the Chairman of the Board, the Directors concluded that the latter remained an effective leader, who had executed his fiduciary duties to the satisfaction of the Board and the Management Team.

Related party transactions and conflicts of interests

The Group Related Party Transactions and Conflict of Interest Policy (the RPT Policy) underwent a review during FY 2024 and is presently under review, to ensure adherence to the BoM Guidelines and all relevant laws and regulations applicable to the Company. The RPT Policy outlines a structured approval process, disclosure obligations and reporting protocols for related party transactions, ensuring that all such dealings/activities are conducted in alignment with the best interests of the Group and its stakeholders.

 The RPT Policy is available on the SBM Group's website.

The Board makes sure that all conflicts of interest and related party transactions are disclosed and managed in accordance with the Policy and applicable laws & legislations.

The Directors and the Management Team are entrusted with a fiduciary obligation to avoid circumstances that may result in an actual or potential conflict of interest with the Company. It is essential that any such conflicts are fully and promptly disclosed to the Board or Company Secretary, with sufficient detail to clarify how the personal financial interest pertains to a board decision. This information will be then recorded in the Interests Register, which the Company Secretary maintains and updates as necessary to promote transparency, fairness and accountability. The RPT Policy offers guidance on managing situations where conflicts of interest may arise.

As part of the onboarding procedure, newly appointed Directors and Members of the Management Team are required to complete a Related Party Declaration Form. In accordance with the RPT Policy, the completed forms must thereafter be submitted quarterly to the Company Secretary. While related party transactions may occur, it is essential that such transactions are executed on market terms and at arm's length. To uphold sound governance, at the beginning of each Board and Board Committee meeting or prior to discussing specific proposals, Directors and Members of the Management Team, have ongoing obligations to disclose any actual or anticipated situation of conflicts. Should such a conflict arise, the Directors and the Management Team involved must recuse themselves from the relevant deliberations.

Interests register

Pursuant to the requirements of the Act and the Company's Charter, the Company Secretary is responsible for maintaining an Interests Register that documents any actual conflicts of interest encountered by Directors in the course of fulfilling their responsibilities. Shareholders may access the Interests Register by submitting a written request to the Company Secretary.

The purpose of the interest register is to help ensuring transparency, accountability and the effective management of conflict of interest.

The SBM Group acknowledges that the Non-Executive Directors may hold business interests and directorships outside the Group. All the existing directorships are detailed within the Directors' profiles under the Profile section.

Directors' interests and dealings in SBMH shares

- *Compliance with the SEM Listing Rules*

The Directors of SBMH affirm that they have abided to the absolute prohibition principles and notification requirements of the Model Code for Securities Transactions by Directors as set out in Appendix 6 of the SEM Listing Rules.

- *Compliance with the Group Insider and Share Dealing Policy*

The Board has adopted a Group Insider and Share Dealing (GISD) Policy which is applicable to Directors, Management Team and applicable employees of the SBM Group, providing a clear guidance on the best practices and procedures to be followed when dealing in shares/securities of SBMH. The GISD Policy has been designed to prevent the misuse of price-sensitive information as well as setting minimum standards of observance. The GISD Policy was reviewed during the FY 2025 to ensure compliance with the applicable laws and regulations. In line with good governance and best practices, the Company Secretary maintains a register detailing the dealing in shares/securities of SBMH by the following persons:

- Directors, Senior Management and any of their Associates of the following entities: (a) SBMH, (b) SBM (Bank) Holdings Ltd (SBMBH), (c) SBM NBFC, (d) SBM NFC and (e) the banking entities of the Group.
- Applicable employees of selected departments, who regularly possess inside information, as approved by the Board and their Associates.

The register is updated regularly and a report is provided to the CGCR Committee/Board of SBMH quarterly, highlighting the dealings and breaches noted for the period under review.

The table below outlines the interests of the SBMH Directors in the Company as at 31 December 2025:

Directors	Direct Shareholdings		Indirect Shareholdings	
	Number of Shares	% shareholdings	Number of Shares	% shareholdings
Mr Javed M. Aboobakar	-	-	194,300	-
Mr Pramod K. Bissessur	6,000	-	-	-
Mr Raoul Gufflet	-	-	75,000	-

No other Director of SBMH had an equity stake in SBMH or its subsidiaries (which are in turn /ultimately wholly owned by SBMH) either directly or indirectly as at 31 December 2025.

Remuneration

- *Board of Directors*

The Non-Executive Directors are compensated based on market standards, competencies, responsibilities, efforts and time commitment to the Company. In line with the provisions of SBMH Constitution, the remuneration paid to the Non-Executive Directors was revised during FY 2023.

The below table depicts the remuneration earned by the Directives in accordance with the market rates for their participation and involvement in Board and Committee Meetings of SBMH and its subsidiaries in FY2025/2024:

Name of Directors	SBMH	Subsidiaries	SBMH	Subsidiaries
	FY 2025 (MUR' 000)		FY 2024 (MUR' 000)	
Independent Directors				
Mr Mahendra V. Punchoo (Chairman)	1,104	393	-	-
Mr Javed M. Aboobakar	188	-	-	-
Mr Pramod K. Bissessur	1,031	323	-	-
Mr Deobruthsingh Jaypaul	1,043	448	-	-
Mr Aakash K. Kalachand	990	1,193	-	-
Mrs Danisha Sornum	1,014	357	-	-
Mrs Belinda Vacher	173	-	-	-
Ms Feriel J. Aumeerally ¹	465	88	-	-
Mr Sattar Hajee Abdoula ²	892	1,503	4,710	4,741
Mrs Mathilde S. L. Lagesse ³	604	-	-	-
Ms Shakilla B. Jhungeer ²	500	1,444	1,800	2,059
Ms Sharon Ramdenee ⁴	428	487	1,350	1,580
Mr Rohit Ramnawaz ⁵	867	411	-	-
Mr Anil K. Ujoodha ⁶	258	-	-	-
Dr Subhas Thecka ²	375	-	1,129	-
Non-Executive Directors				
Mr Jean Paul E. Arouff ²	450	1,290	1,620	2,672
Mr Visvanaden Soondram ²	200	130	695	1,492

Executive Director				
Mr Raoul Gufflet (Group CEO)	40,779	-	40,949	-
Mr Mooneeing J. Naikeny (Deputy Group CEO)	4,481	-	-	-

Notes:

- ¹Ms Ferial Jabeen Aumeerally resigned as Director effective 03rd September 2025
- ²Mr Sattar Hajee Abdoula, Ms Shakilla Bibi Jhungeer, Dr Subhas Thecka, Mr Jean Paul Emmanuel Arouff and Mr Visvanaden Soondram resigned as Directors effective 11th April 2025
- ³Mrs Mathilde Sophie Laurence Lagesse resigned as Director effective 16th September 2025
- ⁴Ms Sharon Ramdenee ceased to be a Director of SBMH effective 30th June 2025
- ⁵Mr Rohit Ramnawaz resigned as Director effective 16th July 2025
- ⁶Mr Anil Kumar Ujoodha resigned as Director effective 14th November 2025

The Board confirms that no Non-Executive Directors received any variable remuneration, including share options nor performance-related pay during the FY under review. Their compensation consisted solely of the fixed fees outlined in the table above.

Regarding the Executive Directors, the amount stated in the Report represents the total remuneration paid to them during FY 2025. This amount includes variable components such as bonuses tied to personal Key Performance Indicators (KPI) and the overall performance of the SBM Group, in accordance with the terms of the employment contract. Consistent with the internal practices, the Executive Directors do not derive any Director fees from SBMH and its Subsidiaries during the period under review.

In compliance with Section 221 of the Act, the total remuneration and benefits received or due and receivable by the Executive Director and Non-Executive Director from the Company and its subsidiaries for the year under review are detailed under the additional information section.

- *Executive Management*

SBMH is committed to attracting, retaining and motivating individuals who can effectively deliver the Group's purpose and strategy, while providing clear leadership, regardless of gender, ethnicity and age. SBMH ensures that the Management Team is rewarded in alignment with the overall business performance. The Executive Management shares responsibility for implementing strategies and policies with the goal of enhancing key stakeholders' experiences.

The remuneration packages of the Management Team are approved by the Board through the REMCO. A range of criteria are evaluated before determining the remuneration of the Management Team, including but not limited to their qualification, skills, experience and achievement of KPIs, amongst others.

Information, Information Technology and Information Security Governance

SBM Group has an established robust governance framework to ensure that Group-wide and entity-specific policies are aligned with the Company's strategic vision. This framework is reinforced by industry best practices and supported by well-defined procedures. Policies undergo periodic reviews at specified intervals to reflect regulatory developments and emerging trends while considering the local specificities

of the Group’s operating jurisdictions. The IT Teams within each entity are responsible for implementing these policies, standards and procedures, ensuring compliance at all required levels, including Board level approvals where deviations occur.

Across its operating entities, the Group has implemented multiple security policies and deployed both technological and logical controls to enforce appropriate restrictions and safeguard data, whether housed on-premises or in cloud environments. In parallel, ongoing awareness initiatives are conducted to emphasise confidentiality, integrity, availability, and protection of information, as well as on Cyber and Technology risks topics. The Board is regularly updated on all pertinent security initiatives to ensure appropriate oversight.

To further strengthen governance over technology, the Group has established the Group Technology and Operations Forum at SBMH level. This Group Functional Forum comprises the Chief Operating Officers and Chief Information Officers of all Group entities and serves as a structured platform for sharing insights on key IT initiatives, lessons learned and best practices. To enhance synergies across the Group’s transformation agenda, a Group Transformation Office is being set up, which will ensure effective oversight of all technology-related initiatives at the Group level. Cybersecurity risk management is embedded within the Group’s broader risk governance framework and is overseen through the Group Risk Management Forum which comprises the Chief Risk Officers of the various entities of the Group. The Group Risk Management Forum *inter-alia* ensures identification, assessment and monitoring of cybersecurity threats, vulnerabilities and control effectiveness across the Group.

Key risk exposures and mitigation actions are regularly escalated to the Board, ensuring that the Board maintains appropriate oversight of technology and cyber risks in line with its governance responsibilities.

The GTTC, established at the SBMH Board level, provides strategic direction and enhances the oversight of Transformation initiatives. The GTTC also evaluates key technological initiatives that are expected to drive customer satisfaction, cost efficiencies, operational excellence, and agility across the Group’s subsidiaries.

Principle 5: Risk Governance and Internal Control

STAKEHOLDERS	Shareholders, debt holders and investor community · Customers · Employees · Societies and communities · Suppliers and strategic partners · Governments and regulators
CAPITALS	Financial · Human · Social and relationship
MATERIAL MATTERS	Economic performance · Regulatory compliance · Customer experience · Employee wellbeing

The Board recognises risk management as a cornerstone of resilience and a critical enabler of sustainable value creation in an increasingly complex and dynamic operating environment. As the Group’s ultimate governing authority, the Board bears overall responsibility for the stewardship, oversight and ongoing effectiveness of the risk management and internal control framework across the Group.

In discharging this responsibility, the Board determines and periodically reviews the nature, extent and types of principal risks that the entity (on a stand-alone basis) and the Group (on a consolidated basis) are willing to assume in pursuit of their strategic objectives, while ensuring that such risks remain aligned with the Group’s long-term sustainability, capital strength and regulatory obligation.

To strengthen risk oversight and governance, the Board has adopted the Three Lines of Defence (3LOD) model, which clearly delineates roles and accountabilities for the identification, assessment,

management and monitoring of both financial and non-financial risks. This model enhances transparency, accountability and independent challenge across the organisation.

To support the effective execution of its risk governance mandate, the Board is assisted by two principal committees being the RMC and the Audit Committee. Together, these Committees provide focused oversight of the integrity, robustness and effectiveness of the Group's risk management and internal control environment.

The Board, with the support of the RMC, upholds the independence, authority and effectiveness of the risk management function. The RMC's primary role is to advise the Board on the Group's overall risk appetite, while providing oversight of risk strategy, emerging risks and material risk exposures.

This oversight is exercised through the approval and monitoring of comprehensive risk frameworks, policies, limits and key control requirements that govern first-line activities across the Group. These mechanisms ensure that risk-taking remains disciplined, transparent and fully aligned with the Board-approved risk appetite of the Group's entities.

The internal control framework enables the timely identification, assessment and mitigation of risks that could adversely impact strategic, operational, financial or compliance objectives, thereby providing reasonable assurance against material misstatement, loss or reputational harm.

The Audit Committee supports the Board in fulfilling its responsibilities relating to financial reporting integrity, internal control, regulatory compliance and the safeguarding of the Group's assets and reputation.

It conducts regular reviews of the effectiveness of internal control systems, encompassing both financial controls and broader risk management controls at Group level. This oversight is informed by the work of both the Internal Audit function and the External Auditors, whose independent assessments and quarterly reports provide objective assurance to the Committee and the Board.

Any identified control weaknesses, policy deviations or instances of non-performance are promptly reported, reviewed and monitored through to satisfactory resolution at Management and Audit Committee levels. In addition, the Audit Committee maintains regular and independent engagement with the External Auditors, independent of Management, to ensure that no material issues of concern remain unresolved.

Based on the assurance received from Management Team, Internal Audit Team and External Auditors, the Board is satisfied that the Group maintains a sound and effective system of internal control, operates in compliance with applicable laws, regulations and governance standards and that no material control breaches or significant governance issues have been identified during the reporting period.


Whistleblowing policy

The Group Whistleblowing (GW) Policy provides a confidential and secure mechanism for employees to report, in good faith and where preferred anonymously, any unlawful acts, misconduct or behaviour inconsistent with the Group's values, without fear of retaliation, discrimination or victimisation.

The GW Policy is adopted across all entities within the Group, with local adaptations where required to meet jurisdictional and regulatory obligations, while maintaining consistency with Group governance standards.

The Group is committed to fostering a culture of openness, integrity and accountability, recognising the importance of timely escalation in preventing and addressing wrongdoing. Concerns may be raised through independent and secure channels, including toll-free numbers, hotlines, dedicated email addresses or written correspondence as prescribed in the Policy and outlined below.

All reported matters are subject to initial assessment followed where appropriate by a full and independent investigation. Investigations are conducted diligently and concluded within a reasonable timeframe having regard to the nature and complexity of each matter. Investigation outcomes are reported to the Audit Committee.

 The GW Policy is available on the SBM Group’s website.


The following channels are available for whistleblowers:

Levels	Whistle-blow against	To be channeled to	Email addresses	Address	Hotline
Level 1	Staff of SBMH (excluding Group CEO)	(i) Officer in charge HR	chandurdeo.luchmun@sbmgroup.mu	P.O. Box 11, Caudan, Port-Louis, Mauritius	8002111 (Toll-free)
		(ii) The Group CEO	Raoul.Gufflet@sbmgroup.mu (For SBM Group only)		
Level 2	Group CEO	The Group Chairman	sbmhwhistleblowing@sbmgroup.mu (For SBM Group only)		

Principle 6: Reporting with Integrity

STAKEHOLDERS	Shareholders, debt holders and investor community · Customers · Employees · Societies and communities · Governments and regulators
CAPITALS	Financial · Intellectual · Human · Social and relationship · Natural
MATERIAL MATTERS	Regulatory compliance · Employee wellbeing · Climate consciousness · Diversity, equity and inclusion

As a public listed holding entity with subsidiaries operating in banking, non-banking financial clusters and international market, SBMH ensures consistency of disclosures across all entities within the Group. This Integrated Annual Report (IAR) has been prepared in accordance with the guidelines set out by the International Integrated Reporting Council and provides fair, balanced and understandable information, enabling stakeholders to make an informed assessment about the Group’s governance practices, financial strengths, sustainability performance and long-term value creation.

 Our IAR is published on the SBM Group’s website.

In line with a Practice Direction issued by the Registrar of Companies on 21st December 2022 under Section 12(8) of the Act regarding “*Sending of Annual Report and Financial Statements*”, **companies may now send the Report in an electronic version and by any electronic means. Nevertheless, a shareholder retains his right to receive a copy of the report or the financial statements at any time, upon request within three working days**, as outlined in the Practice Direction.

As in prior years, the Board continues to uphold this approach, reinforcing its commitment to ethical business conducts and strengthening our environmental, social and governance practices. The adoption of electronic communication reduces paper consumption and further supports environmental preservation, while also reinforcing our commitment to sustainability, accountability and responsible corporate stewardship by fostering transparent and continuous stakeholder engagement.

Directors' responsibilities

The Board remains responsible for ensuring that the Group's financial statements are prepared accurately and fairly, in accordance with the IFRS Accounting Standards and in compliance with the requirements of the Act and the FRA 2004. The Board continues to implement and maintain internal controls deemed necessary and appropriate to ensure that the financial statements are free from material misstatements, whether due to fraud or error.

Any significant departure from the above requirements, if identified, shall be highlighted in the Independent Auditor's Report accompanying the financial statements. For FY 2025, the Board confirms that appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgements and estimates in the preparation of the Group Financial Statements.

The Audited Financial Statements of the Group for the FY 2025 were approved by the SBMH Board on 30 March 2026 and a "Statement of Directors' responsibilities" jointly signed off by the Chairperson of the Board and Chairperson of the Audit Committee is included in this Report.

The Board places significant focus on a broad spectrum of key matters, including strategy, risk management, IT security, corporate social responsibility, sustainability and governance. The Strategy Report provides an in-depth analysis of strategic direction and sustainability, with these themes explored further in other sections of the Report.

Human resources

- *Employees' engagement and wellbeing*

At SBM Group, our people remain central to our success. Over the past year, the human capital agenda has continued to support the Group's strategic priorities through targeted initiatives in talent acquisition, employee development, wellbeing and the promotion of an inclusive and innovative culture. As the organisation navigates an increasingly dynamic environment, HR continues to play a key driver in shaping a resilient workforce capable of driving sustainable growth.

Employee wellbeing remains a core priority. During FY 2025, the Human Resource Division (HRD) strengthened its efforts to foster a supportive workplace that promotes physical, mental and emotional wellbeing. Wellness initiatives were further enhanced through mental health resources and ongoing on-site activities such as Yoga, Zumba and Tai Chi sessions. To further support this, HRD has maintained the services of an on-site psychologist, offering confidential support for personal and work-related matters, including stress, anxiety and any other counselling needs. Employees have also participated actively in corporate sports activities, achieving notable success and demonstrating strong team spirit.

Additionally, in FY 2025, milestones and achievements were celebrated, both formally and informally, helping to reinforce employee engagement and a culture of excellence.

SBM Group continues to offer competitive compensation and benefits aligned with market standards to attract and retain top talent. In addition to base remuneration, employees benefit from performance-based bonus, health benefits and retirement savings plans. During the year under review, the Group has maintained a sound and collaborative approach with the SBM Staff Union in Mauritius in line with our employee relations strategy to foster conducive employee relations with our partners.

The Group remains committed to maintaining high standards of workplace health and safety in compliance with the Occupational Safety and Health Act 2005. Risk management practices focus on hazard identification and the implementation of appropriate control measures. Employees are trained as first aiders and fire wardens and regular fire drills are conducted to ensure preparedness in the event of emergencies.

Employees also actively contribute to Corporate Social Responsibility (CSR) initiatives, including visits to charitable institutions and the participation in blood donation drives. These initiatives reflect the Group's broader commitment to making a positive contribution to the communities we operate in.

Innovation continues to shape the Group's future. Ongoing investments in digital transformation and emerging technologies aim to enhance customer experience, streamline operations and strengthen decision-making. These initiatives are driven by the expertise and creativity of our workforce, enabling the Group to respond effectively to the evolving needs of its clients.

The continued success of the SBM Group reflects the dedication, commitment and collaboration of our employees. Together, we have transformed challenges into opportunities and contributed to the Group's sustained progress.

- *Shaping the organisation*

SBM Group recognises that organisational success depends on its ability to adapt, innovate and evolve in response to changing workforce expectations, market dynamics and global economic developments. Our commitment to building a resilient workforce and a forward-looking organisation remains central to our people strategy, enabling the Group to deliver sustainable growth while upholding our core values of trust, integrity, and customer-centricity.

During the year, the Group continued to its human capital capabilities and organisational agility to better respond to the challenges and opportunities of the evolving financial services landscape.

- a. **Ethics across the Mauritius-based entities**

Ethics-related matters across the Mauritius-based entities are overseen by the dedicated HR Business Partners of SBMBM, who also support the broader HR function of the Group.

- b. **Ethics across the Overseas-based entities**

- ❖ **SBM Bank (India) Limited**

During FY 2025, SBM Bank (India) Limited (SBMBI) executed a robust portfolio of ethics driven initiatives aimed at building strong organisational culture, reinforcing compliance and strengthening employee capabilities across all levels.

These initiatives include New Employee Orientation program, training on Customer Experience & Sales Capability Enhancement, Cybersecurity & Digital Fraud Prevention Training, Ethical Conduct & Regulatory Compliance Training Awareness, Sexual Harassment at Workplace and Leadership Coaching for Senior Delegates. Additionally, SBMBI has also conducted programs on Anti-Money Laundering (AML), Know Your Customer (KYC) and Trade-Based Money Laundering.

SBMBI also celebrates how work is done, not only what is achieved, by recognising employees who consistently embody SBMBI's Core Values in their actions and behaviours. This is done by introducing Value Based Awards in the Annual Reward & Recognition programme of the bank.

The above initiatives are aligned with the SBMBI's strategic priorities and were instrumental in positioning SBMBI as a values driven organisation.

❖ **SBM Bank (Kenya) Limited**

As regard SBM Bank (Kenya) Limited (SBMBK), it adopts the relevant changes that take place within the Group as well as, aligns with the Group policies including the Ethics Code to ensure any areas of ethics are addressed, while ensuring compliance with the in-country laws & regulations including the employment laws and subject to approval of the relevant bodies. SBMBK also ensures timely communication to its staff on such matters.

During the year under review, SBMBK implemented a comprehensive set of initiatives to strengthen ethical culture among employees and customers. Key actions included:

- Training sessions aimed at reinforcing responsible and ethical behaviour.
- Training on Risk, Compliance & Ethics designed to deepen appreciation of ethical norms and responsible decision-making.
- Cybersecurity Awareness: Tailored IT & Cybersecurity awareness training was rolled out across all branches. These sessions helped staff understand the importance of cybersecurity, identify potential threats such as phishing and password attacks, and respond appropriately to mitigate risks.
- Specialised Programs: Training covered Anti-Money Laundering, Anti-Bribery & Anti-Corruption, Whistleblowing, Financial Crime Compliance, and Combating the Financing of Terrorism.
 - AML/CFT/CPF training was conducted, complemented by an awareness quiz administered to all employees.
 - Focus areas included politically exposed persons, high-risk customer typologies, proliferation financing, offences under POCAMLA (Proceeds of Crime and Anti-Money Laundering Act, Kenya), the Money Laundering National Risk Assessment Guidance 2025, KYC components, and identification of ultimate beneficial owners.

SBMBK continued to align its practices with Group-wide policies and frameworks, particularly the Ethics Code. Its approach emphasised:

- Policy Alignment: Adoption of relevant Group-wide changes to ensure ethical standards are consistently upheld.
- HR Policy Review: Ensuring human resource policies remain aligned with country-specific regulatory and legal guidelines.
- Regulatory Compliance: Strict adherence to in-country laws and regulations, including employment laws, subject to Board approval.

- Staff Communication: Timely and transparent communication to employees on ethics-related matters.

❖ **Banque SBM Madagascar SA**

For Banque SBM Madagascar SA (BSBMM), it adopts the Group's ethical framework as much as possible, while ensuring compliance with local regulations and central bank guidelines. Over the past year, BSBMM has raised awareness among its employees and trained them in adhering to best practices and following procedures in line with the established strategy. With the creation of the project department, a general review of procedures was initiated. Training on money laundering remains mandatory for all employees, and a rigorous follow-up by the risk department on matters related to ethics, whistleblowing, and good governance has been implemented.

Looking Ahead

Looking ahead, the Human Resources function will continue to focus on building a workforce that is innovative, resilient and equipped to support the Group's future ambitions. Key priorities will include further investment in digital capabilities, strengthening diversity and inclusion and ensuring employees are well prepared to thrive in an evolving environment.

SBM Group remains committed to fostering a workplace where employees can grow, contribute meaningfully and realise their full potential. Through these efforts, the Group will continue to strengthen its people foundation and support long-term success.

Environment

The Group is committed to the responsible utilisation of essential natural resources in its operations and prioritises environmental protection by implementing sustainable practices designed to prevent or minimise negative environmental impacts.

Corporate Social Responsibility

Through the SBM Foundation, the Group continues to uphold its commitment to community development by adhering to its Corporate Social Responsibility (CSR) obligations and actively supporting a wide range of social initiatives. To date, the Foundation has facilitated the SBM Scholarship Scheme for over 2,600 beneficiaries from low-income families, while also partnering with various social organisations and NGOs to deliver initiatives that generate meaningful and long-term societal impact. In alignment with the SBM Group's Sustainability Agenda, the Foundation has strengthened its focus on environmental protection as a key priority pillar. In addition, SBM employees remain highly engaged and consistently contribute to numerous social and community-driven activities.

Donations

During the year under review, no political donations were made by SBMH and its subsidiaries (2024: Nil). The below table shows the donations, other than political, made by our subsidiaries and the Group.

Donations by category (MUR' 000)

	SBMH		Subsidiaries		Group	
	2025	2024	2025	2024	2025	2024
Donations						
Political	-	-	-	-	-	-
Others	-	-	648	6,414	648	6,414
Total	-	-	648	6,414	648	6,414

Principle 7: Audit

STAKEHOLDERS	Shareholders, debt holders and investor community · Customers · Employees · Societies and communities · Suppliers and strategic partners · Governments and regulators
CAPITALS	Financial · Intellectual · Human
MATERIAL MATTERS	Economic performance · Regulatory compliance

External audit

- *Appointment of External Auditors for FY 2025*

Following the completion of an external auditor selection process in Q1 2025, the SBMH Board reviewed the recommendation put forth by its Selection (ad-hoc, board-mandated committee) and Audit Committees. The Board subsequently recommended the *“the appointment of PwC as the Statutory Auditors of SBMH for FY 2025 to hold office until the next Annual Meeting”*, to the shareholders at its Annual Meeting held in June 2025, following the conclusion of Deloitte’s term of office in June 2025.

At the Annual Meeting held on 30th June 2025, the shareholders unanimously approved the appointment of PwC as Statutory Auditors of the Company to hold office until the next Annual Meeting.

- *Appointment of External Auditors for FY 2026*

During Q1 2026, the SBMH Board reviewed the recommendation of the Audit Committee and will propose *“the appointment of PwC as the Statutory Auditors of SBMH for FY 2026 to hold office until the next Annual Meeting”*, to the shareholders for consideration at the upcoming Annual Meeting of the Company scheduled in June 2026, subject to regulatory approval. Additional details will be included in the Notice of Meeting for the Annual Meeting scheduled in June 2026.

- *Meeting with the Audit Committee*

The Audit Committee plays a vital role in ensuring the Group’s External Auditors deliver a high-quality audit. According to its TOR, the Committee is fundamentally responsible for overseeing the Group’s relationship with the external auditors to maintain their objectivity and independence, as well as the integrity of the external audit process. The Committee also strives to facilitate constructive challenge when appropriate, thereby safeguarding and enhancing the quality of the audit.

The Audit Committee considers report from the External Auditors on a quarterly basis, and meet them, in the absence of the Management Team, enabling open discussions on significant matters, the adequacy of management challenge and any potential threats to auditor’s independence. The Audit Committee

also ensures that the external auditors' independence is preserved by safeguarding the audit process from undue management influence and by granting the external auditors full/unrestricted access to the Committee and all relevant Group information.

Discussions on the financial performance of SBMH and its subsidiaries, the accounting principles applied and any audit-related matters take place in the presence of the Management Team.

- *Evaluation of the External Auditors*

The Audit Committee maintains oversight of the effectiveness and quality of the audit process through continuous involvement with the Audit Engagement Partner and senior members of the external auditor's Team. This responsibility includes regular review meetings with Management as well as private sessions of the Committee.

In carrying out this oversight responsibilities, the Audit Committee assesses, among other matters, PwC's independence & objectivity, professional judgement & scepticism, the robustness of audit methodologies & processes, compliance with regulatory requirements and the control and monitoring of non-audit services.

The Audit Committee is of the view that the independence and objectivity of PwC as well as the quality and effectiveness of the audit reviews remained sound throughout the period under review.

- *Audit fees and fees for other services*

The fees paid to the External Auditors for audit and other services for the FY 2025/2024 were tabulated as hereunder:

	FY 2025 (MUR' 000)		FY 2024 (MUR' 000)	
	PwC	Others	Deloitte	Others
SBM Holdings Ltd				
Statutory audit and quarterly reviews	1,502	-	1,202	-
Other services	43	-	30	-
Subsidiaries				
Statutory audit and quarterly reviews	44,351	3,175	30,339	2,182
Other services	7,525	1,699	5,687	1,538

Details of the fees paid to the External Auditors entity-wise are found in the "Additional Information" Section

- *Provision of non-audit services*

The Group has established a comprehensive policy relating to 'Provision of Non-Audit Services Policy' (the NAS Policy), in March 2024, which governs the circumstances under which the non-audit services may be rendered by the External Auditors and their affiliates. The NAS Policy is currently under review and serves

as a key safeguard to ensure that the independence of the external auditors is not compromised in the execution of non-audit assignments. The NAS Policy has been formally cascaded to all subsidiaries for adoption and application at entity level.

The NAS Policy is founded on the underlying principle that the External Auditors – whether incumbent or incoming – shall not provide any non-audit service that may have a material effect on, or relevance to, the production of the Group’s Financial Statements, nor any service that entails making decisions or exercising significant subjective judgement that rightly falls within the remit of the Group’s Management Team.

To further reinforce these safeguards, the Audit Committee retains oversight of the approval process for all non-audit assignments undertaken by the External Auditors and their affiliates. The Audit Committee is mandated to evaluate each request with regard to applicable legal and regulatory requirements, professional ethical standards and the potential impact on auditor’s independence.

In accordance with the NAS Policy and established operational procedures, any non-audit work is performed by a dedicated team within the audit firm that is wholly independent of the Audit Review Team responsible for the statutory audit.

For the year ended 31 December 2025, Deloitte (during their tenure period) and PwC provided certain non-audit services to the Group, which did not, in any way, compromise their objectivity or independence, as they were carried out by separate teams operating under the supervision of different partners and managers.

For the year under review, the external auditors performed the following non-audit services, in line with the requirements of the Group’s NAS Policy:



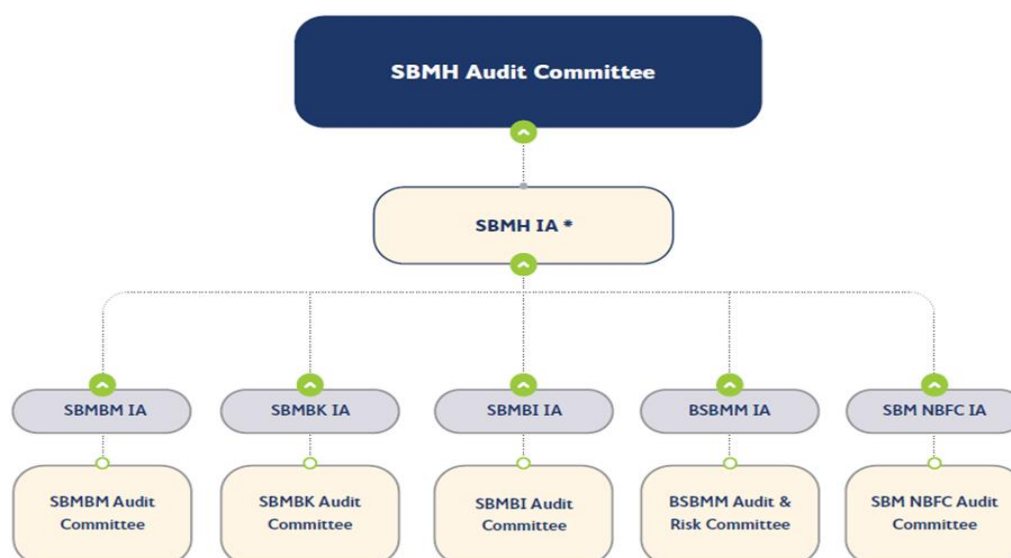
Internal audit


1. Purpose and structure

The Internal Audit (IA) Function provides independent, objective assurance and consulting activity designed to add value and improve the Group’s operations. It helps the Group to accomplish its objectives

by bringing a systematic, disciplined approach to evaluate and improve effectiveness of risk management, control, and governance processes.

The IA structure of the Group is as follows:



 The IA structure of the Group can also be viewed on our Group Governance page on the SBM Group's website.

*The Group's IA function is currently being handled by the SBMBM IA Team, currently headed by Mrs Chayah Harah, SBMBM Audit Lead. She has a direct reporting line to the SBMH Audit Committee and also reports administratively to the Group CEO. The profile of Mrs Harah is found on *Group Governance and Leadership* section of this report.

The IA of the Group is governed by an IA Charter approved by the Audit Committee of SBMH annually. The same principle is adopted by the IA functions of the banking subsidiaries and SBM NBFC.

The SBMH Audit Committee has broad oversight into the local audit plans to ensure coverage of key risk areas and alignment to the audit methodology across the Group.

2. Meetings with stakeholders

During the year under review, the Head of IA held regular meetings with the SBMH Audit Committee, in the absence of Management representatives, thereby further establishing IA's independence. In order to maintain its objectivity, the IA Team is not involved in or responsible for any area of operations within the Group and also has unrestricted access to all books & records of the organisation as well as its subsidiaries, to perform its duties diligently. This is also defined in the Group Internal Audit Policy.

Meetings are held with the Head of IA of each entity regularly, with the objective of being closer to audit work being carried out. Once quarterly, each entity submits its findings to the Group IA Team for reporting to the SBMH Audit Committee.

3. Responsibilities of the SBMH Audit Committee

The following tasks are currently undertaken by the SBMH Audit Committee to assess the quality and performance of the IA Team:

- Ensures that the Head of IA has direct reporting line to the Audit Committee
- Ensures that the IA Team is appropriately resourced, and has sufficient authority and standing to carry out its tasks effectively
- Reviews the annual audit plan of the Group and recommend same to the SBMH Board for approval
- Receives periodic reports on the results of the IA work
- Reviews and monitor closure of audit items
- Meets the Head of IA periodically without the presence of SBMH Management Team
- Receives adequate information to understand the internal audit services provided including tools, techniques and methodologies used

The same principle is being followed by the Audit Committees at the level of the subsidiaries.

4. Day to day operations

The IA functions across the Group operate as per their strategic plan, usually a 3-year IA strategic plan approved by the respective entity's Audit Committee. The 3-year audit plan, which is embedded in the 3-year strategic plan, is aligned with the objectives of each entity within the Group and expectations of key stakeholders. The strategic plan is flexible and is updated at least annually to take into account the changes in the operating environment.

Audits are conducted using a risk-based approach and in conformity with the International Professional Practices Framework of the Institute of Internal Auditors. Other relevant frameworks are also used such as the COSO Internal Control Framework, COBIT and NIST frameworks particularly for IT related audits. In addition, data analytics tools such as Audit Command Language are used to support the internal audit work.

All auditable areas in the audit universe are risk scored, using well defined parameters. The basic principle is that high risk areas are audited on a more frequent basis compared to low-risk areas. Certain key activities, due to their criticality and risk ratings, are audited every year.

With the objective of aligning the audit methodology across the Group and leveraging on audit resources, the intention is to carry out audit of key risk areas such as credit risk, AML/CFT and SWIFT simultaneously by the IA functions.


5. Open Items/Follow-ups

Audit findings are raised with Business Units and management actions are agreed for prompt rectification. These audit findings are reported to the Audit Committee of each entity on a quarterly basis and to the appropriate Management Forum. Follow-ups are also carried out periodically.

As far as the external audit findings are concerned, the Management Letter and Internal Control Review report, where applicable, are submitted to the Audit Committee. Open items from external audits across all entities of the Group are also tracked for timely closure.

6. *Qualifications of the IA Team*

The IA and IT Auditors of the Group hold relevant academic and professional qualifications along with certifications from recognised institutions. Most of the team members have substantial auditing and banking experience.

 The qualifications of the IA Team can be viewed under the Corporate Governance page, found on the SBM Group's website

7. *Scope of work of IA Team across the Group*

The scope of work which was covered by the IA Team during FY 2025 is as follows:

✓ SBM Holdings Ltd

The audit plan for FY 2025 was completed, and the reports were submitted to the Audit Committee of SBMH. Open items were closely monitored to ensure prompt closure.

✓ SBM Bank (Mauritius) Ltd

The overall audit plan was mostly achieved. Several ad hoc board assignments were also carried out simultaneously.

In 2026, over and above execution of the audit plan, the IA Team intends to achieve the objectives set as per the 3-year Strategic plan, increase capacity with onboarding of additional resources within the team, whilst adopting a risk-based approach aligned with the SBMBM's strategic initiatives.

✓ SBM Bank (India) Limited

The IA plan of SBMBI transitioned from a calendar year to a financial year audit plan for FY 2026, covering the period from January 2025 to March 2026, following the approval of the Audit Committee of the Board. As at 31 December 2025, audit completion stands at 60%. Open issues arising from audit reports are actively monitored and subject to regular follow up to ensure timely remediation. The Audit Committee is periodically updated on key audit observations and the status of outstanding issues. IA leverages the LASER Audit Management Tool to automate and enhance key audit activities, including issue tracking, follow up actions, and audit rating process, thereby strengthening efficiency and oversight.

✓ SBM Bank (Kenya) Limited

The 2025 approved audit plan was achieved to a large extent and reported to the SBMBK Audit Committee in accordance with the IIA Standards.

The audit observations and corrective recommendations were communicated to the Management of SBMBK and appropriate actions undertaken to address the findings.

In 2026, the IA Team will continue with a risk-based approach, with particular emphasis on key risk areas.

- ✓ Banque SBM Madagascar SA

The audit plan for 2025 was mostly achieved, with particular emphasis placed on areas assessed as high risk during the year. Audit observations were addressed to a large extent by Management, and the necessary corrective actions were implemented to close the identified items. Close follow-up is performed to ensure the timely closure of any remaining open items.

- ✓ SBM (NBFC) Holdings Ltd

The IA Function covers the following subsidiaries/functions:

- SBM Capital Markets Ltd
- SBM Factors Ltd
- SBM Insurance Agency Ltd
- SBM Fund Services Ltd
- SBM Mauritius Assets Managers Ltd
- SBM eBusiness Ltd
- SBM NBFC – Finance and Procurement, Compliance and Risk Management
- SBM NBFC (Oracle GL for Finance, Quickbooks)

The audit plan for FY 2025 was largely achieved. High-risk open items for the current year as well as prior years were prioritised, and close follow-ups were made for closure.

For FY 2026, the IA functions across the Group will continue with a risk-based approach, with focus on high-risk areas as per the respective audit plan.

Principle 8 – Relations with Shareholders and Other Key Stakeholders

CAPITALS	Financial · Manufactured · Intellectual · Human · Social and relationship · Natural
MATERIAL MATTERS	Economic performance · Regulatory compliance · Customer experience · Employee wellbeing · Climate consciousness · Diversity, equity and inclusion · Social inclusion

As part of its commitment to transparency and accountability, the SBMH Board acknowledges the importance of maintaining positive relationships and strong engagement with all its stakeholders.

In support to the Company’s defined mission, in particular to ensuring that the relevant needs of its stakeholders are met, a communication strategy, built on the foundation of trust and set to promote open and transparent communication with stakeholders, has been established to understand and respond to the diverse needs and expectations of the stakeholders, in a reliable, effective and timely manner. Accordingly, taking into cognizance each stakeholder’s crucial role in shaping the sustainable

trajectory of the SBM Group, several stakeholder groups have been identified, a summary of which, accompanied by further details on the mode of engagement and the matters that they are informed, is as per hereunder:

Stakeholders	Why it matters	How we communicate	Matters they are communicated on
Employees	Our employees are recognised as integral to the effective implementation of our strategy. SBMH is dedicated to fostering an inclusive culture/environment where everyone can thrive and feel a true sense of belonging.	<ul style="list-style-type: none"> – Regular internal communication through the Intranet – Employee Surveys – Corporate events 	<ul style="list-style-type: none"> ✓ Organisational standing, performance and outlook ✓ Reward and benefits ✓ Professional development and training opportunities ✓ Operational concerns encompassing governance and regulatory compliance
Societies and Communities	We believe that the sustained prosperity of our business is intrinsically linked to the advancement and well-being of the communities in which we operate.	<ul style="list-style-type: none"> – Official website – Social media channels – Press releases and Communiques – Sponsorship initiatives – Responses to direct request – In-Person engagements 	<ul style="list-style-type: none"> ✓ Organisational standing, performance and outlook ✓ Community Development initiatives/ activities ✓ Feedback and complaints mechanisms
Customers	One of our key values is customer centricity. Building customer loyalty and comprehending their needs are critical for achieving sustainable long-term value creation	<ul style="list-style-type: none"> – Official website – Social media channels – Email Communications – In-Person engagements 	<ul style="list-style-type: none"> ✓ Organisational standing, performance and outlook ✓ Products and services ✓ Service availability and fee modifications ✓ Feedback and complaints mechanisms

Governments and Regulators	<p>We maintain constructive relationships with governmental bodies and regulatory authorities and remain dedicated to working collaboratively on policies impacting our industry and customers. Our objective is to foster mutual understanding regarding the beneficial impact we create within the environment and the communities where we conduct business</p>	<ul style="list-style-type: none"> – Statutory Filings 	<ul style="list-style-type: none"> ✓ Financial and operational reporting ✓ Governance and compliance reporting ✓ Relevant approvals
Suppliers and Strategic Partners	<p>Our suppliers and strategic partners play a crucial role in supporting our business by helping us implement our strategy and deliver products and services that effectively meet our customers' needs</p>	<ul style="list-style-type: none"> – Meetings – Official website – Roadshows – Conferences 	<ul style="list-style-type: none"> ✓ Organisational standing, performance and outlook ✓ Service standards/expectations ✓ Legal and contractual obligations ✓ Health & safety protocols ✓ Collaboration and strategic planning
Shareholders, debt holders and investor community	<p>Shareholders, debt holders and investors play a vital role in the success and growth of the Group. As such, maintaining a clear understanding of their perspectives remains a key priority. We actively consider shareholder views on the Company's operational and financial performance, as well as its strategic direction. This ongoing</p>	<ul style="list-style-type: none"> – Official website – Annual Reports/ Integrated Annual Reports – Annual Meeting – Social media channels – Press releases and Communique 	<ul style="list-style-type: none"> ✓ Organisational standing, performance and outlook ✓ Governance matters ✓ Shareholder rights ✓ Shareholding information

	dialogue supports our commitment to delivering long-term, sustainable shareholder value		
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The present dynamic market landscape heightens the need for effective stakeholder management and complaints handling. Accordingly, to gain valuable insights, we encourage our stakeholders to direct any complaints or queries to the Company Secretary on the following address: company.secretary@sbmgroup.mu.

Shareholding profile

- *Classification of Shareholders*

As of 31 December 2025, SBMH had a total shareholder base of 17,721, split between Foreign and Local shareholders as per table below:

Local and Foreign Shareholders				
Category	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Foreign	327	1.85	41,957,256	1.38
Local	17,394	98.15	2,995,444,974	98.62
Total	17,721	100	3,037,402,230	100

- *List of 10 major shareholders*

The substantial shareholders, excluding SBMH Treasury Shares, as of 31 December 2025, are as follows:

S/N	Shareholders	Shareholdings	% Shareholdings	Voting Rights
1	National Pensions Fund	582,202,897	19.17	22.55
2	State Insurance Company of Mauritius Ltd (Pension Fund)	320,281,684	10.54	12.41
3	Government of Mauritius	149,526,150	4.92	5.79
4	National Savings Fund	80,396,721	2.65	3.11
5	State Insurance Company of Mauritius Ltd (Private Pension Fund)	67,717,721	2.23	2.62
6	Development Bank of Mauritius Ltd	57,795,000	1.90	2.24
7	The State Investment Corporation Ltd	40,364,380	1.33	1.56
8	The Mauritius Commercial Bank Ltd Superannuation Fund	36,062,229	1.19	1.40
9	MUA Life Ltd	33,371,916	1.10	1.29
10	National Insurance Co Ltd	29,242,520	0.96	1.13
	TOTAL	1,396,961,218	45.99	54.10

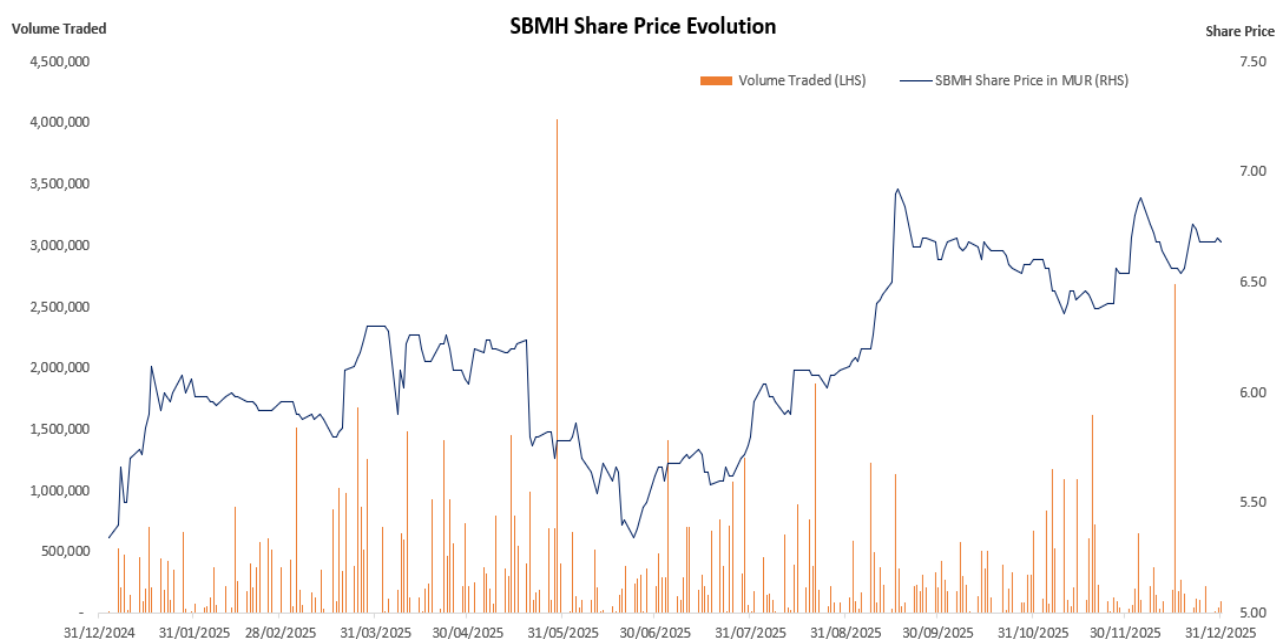
- *Shareholders analysis*

The distribution of ownership, as of 31 December 2025, stands as follows:

Shareholders' Spread				
Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1-50,000	15,743	88.84	144,411,161	4.75
50,001-100,000	764	4.31	56,573,530	1.86
100,001-500,000	868	4.90	188,555,543	6.21
500,001-1,000,000	165	0.93	118,607,059	3.90
1,000,001-5,000,000	130	0.73	259,977,561	8.56
5,000,001-10,000,000	22	0.12	146,028,615	4.81
10,000,001-25,000,000	17	0.10	242,572,438	7.99
25,000,001-50,000,000	5	0.03	167,145,820	5.50
50,000,001-100,000,000	3	0.02	205,909,442	6.78
>100,000,000	4	0.02	1,507,621,061	49.64
Total	17,721	100	3,037,402,230	100

- *Share price evolution*

The price movement of the Company's ordinary shares, which are listed on the SEM since 03 October 2014, for the financial year ended 31 December 2025, is graphically represented as follows:



Share capital structure

SBMH's stated share capital is MUR 32,500,203,861 with 3,037,402,230 fully paid ordinary shares of no par value, including 455,610,330 treasury shares as of 31 December 2025.

Dividend

Establishing and maintaining shareholders' trust and confidence remains fundamental to the Group's continued success. SBMH remains dedicated to providing consistent and predictable returns to its shareholders, while upholding a strong capital base to support the growth and stability of its operating entities. The Board confirms that the Group Dividend Policy, established in prior years, remains in place at 30% of the Group's Profit after Tax, subject to compliance with regulatory requirements and approvals, as well as prevailing macroeconomic conditions across the jurisdictions in which the Group operates.

During FY 2025, the Board declared a dividend of 50 cents per share, which was paid in June 2025.

Shareholders information

All shareholders have the same voting rights.

Shareholders' diary

- *Financial years 2025 and 2026*

No.	Events	Date
1	Release of year end results (2025) and declaration for payment of dividend (if any)	March 2026
2	Release of Quarter 1 2026 results	May 2026
3	Annual Meeting of Shareholders	June 2026
4	Release of Quarter 2 2026 results	August 2026
5	Release of Quarter 3 2026 results	November 2026
6	Release of year end results (2026) and declaration for payment of dividend (if any)	March 2027

Annual Meeting of Shareholders 2026

The Board is pleased to invite the shareholders to the next Annual Meeting of the Company.

The Board consistently ensures that the Notice of the Annual Meeting of the Company (the Notice) and the proxy form are issued to the shareholders at least 21 days prior to the Annual Meeting, in accordance with the Act. The Notice clearly outlines the ordinary and special business (if any) to be considered at the Annual Meeting, the proxy, the voting procedures, in addition to specifying the deadline for submission to the Company, through the office of the Company Secretary.

Taking into consideration the shareholder base of SBMH, options like corporate resolutions are not favoured.




A copy of the Notice will also be available on the SBM Group's website.

The Annual Meeting, deemed as an important platform by the Board for promoting transparency and accountability, enables both the Board and the shareholders to listen and exchange views. The importance of fulfilling the obligation to attend the Annual Meeting by both parties is therefore paramount.

The Annual Meeting is conducted in a structured manner, allowing the shareholders to be apprised on the Group's strategy, financial and non-financial performance, prior to engaging constructively with the Board and the Management Team through a formal dedicated Question & Answers Session, or, informally at the conclusion of the meeting.

The proceedings of the Annual Meeting including all the queries raised by shareholders and the responses provided thereto by the Board or the Management Team are captured by way of minutes by the Company Secretary and in line with the provisions of the Act, these minutes of proceedings are available to the shareholders, free of charge, upon request made to the Company Secretary.

 As per the guidelines outlined in the Code, the Board ensures that the presentation delivered at the Annual Meeting and votes received for each resolution, are published on the SBM Group's website.

Other statutory disclosures

- *Significant contracts*

With an objective to safeguard the interests of the Company, the SBM Group and the shareholders of SBMH, SBMH has established shareholders' agreements with some of its subsidiaries.

- *Directors' Service Contract with the SBM Group*

Mr Raoul Gufflet, an Executive Director of SBMH by virtue of the Constitution of the Company, has a service contract of five years with SBMH ending in November 2027 and thereafter renewable if agreed by both parties. The notice period for termination of his contract is three months.

Mr Mooneesing Janna Naikeny, an Executive Director of SBMH by virtue of the Constitution of the Company, has a service contract of five years with SBMH ending in November 2030 and thereafter renewable if agreed by both parties. The notice period for termination of his contract is three months.

- *Directors and officers liability insurance*

The Group has subscribed to a Directors and Officers Liability Insurance Policy (the D&O Policy) protecting both the individuals and the insured entities, in respect of legal action or liability that can arise against its Directors and Officers. The D&O Policy does not cover the deliberate gaining by any insured of profit or advantage to which such insured was not legally entitled, or the committing of any deliberately dishonest or deliberately fraudulent act by any insured.

Approved by the Board of Directors on 30 March 2026 and signed on its behalf by



Mr Mahendra Vikramdass Punchoo
Chairman



Mr Pramod Kumar Bissessur
Chairperson
Corporate Governance and Conduct Review
Committee

Statement of Compliance (Section 75(3) of the Financial Reporting Act 2004)

Name of Public Interest Entity: SBM Holdings Ltd

Reporting period: 31 December 2025

We, the Directors of SBM Holdings Ltd, confirm to the best of our knowledge that SBM Holdings Ltd has complied with all of its obligations and requirements under the National Code of Corporate Governance for Mauritius (2016) in all material aspects.



Mr Mahendra Vikramdass Punchoo
Chairman



Mr Pramod Kumar Bissessur
Chairman
Corporate Governance and Conduct Review Committee

30 March 2026

SBM Holdings Ltd

Corporate Governance Report – FY 2025 (Continued)

Additional Information

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- 2. Composition of the Board of Directors of SBM Holdings Ltd and its Subsidiaries**
- 3. Registered Office Address of SBM Holdings Ltd and its Subsidiaries**
- 4. Compliance with Section 221 of the Mauritius Companies Act 2001**
 - a. Total Remuneration and benefits received or due and receivable by the Executive Director for the year ended 31 December 2024
 - b. Total Remuneration and Benefits received or due and receivable by the Directors from SBM Holdings Ltd and its Subsidiaries for the year ended 31 December 2024
 - c. Auditors' Remuneration paid by the SBM Holdings Ltd and its Subsidiaries

GROUP GOVERNANCE AND LEADERSHIP

BOARD OF DIRECTORS OF SBM HOLDINGS LTD

Mr Mahendra V. Punchoo

Chairman

Date of Appointment

15 September 2025

Qualifications

- Masters in Economics with Merit – Birkbeck College, University of London, UK
- Maîtrise in Economic Sciences – University of Aix-Marseille III, France
- Licence in Economic Sciences – University of Aix-Marseille III, France

Background and Experience

An economist by training in France and the United Kingdom (UK) and by profession, Mr Punchoo worked close to 25 years in the Bank of Mauritius (BoM) Department of Economic Research, Analysis and Statistics during which he held various senior positions before being appointed as Second Deputy Governor in December 2014 until his retirement in February 2020.

During his career at the BoM, he has developed core competencies in economic analysis and research, banking regulation and supervision, financial markets and foreign exchange reserves management. His diverse skill set comes from the high offices he has occupied as Deputy Governor and Member of the Board of Directors and of the Monetary Policy Committee of the BoM, as Director on the Statistics Board and Member of the Financial Reporting Council and Member of various internal committees as well as years of interacting with international and regional organisations as representative of the BoM.

His atypical background offering a rare combination of a macroeconomist with a fairly deep knowledge of the economic and financial development of Mauritius and of a banking sector specialist in the field of regulation and supervision creates a unique value proposition in terms of his outlook and insights.

Mr Punchoo was the former Chairperson on the Board of Directors of La Prudence Leasing Finance Co. Ltd and a Panel Member of Rating Committee of CARE Ratings (Africa) Pvt. Ltd.

Directorship in other entities

SBM (Bank) Holdings Ltd (Chairman), SBM (NBFC) Holdings Ltd (Chairman), SBM (NFC) Holdings Ltd and other entities of the SBM Group

Committee membership

Group Transformation and Technology Committee (Chairman), Risk Management Committee and Strategy Committee (Chairman)

Mr Aakash K. Kalachand

Independent Director

Date of appointment

11 April 2025

Qualifications

- Associate of the Institute of Chartered Accountants in England and Wales (ACA, ICAEW)
- BSc (Hons) in Accounting & Finance - London School of Economics, UK

Background and experience

Mr Kalachand is a distinguished business and finance expert with over 15 years of extensive experience across diverse sectors, including financial services, risk management, investment, operational and strategic management and corporate governance.

Currently, he holds the esteemed position of Executive Director at J Kalachand & Co. Ltd, where he contributes significantly to the management team, overseeing the company's operations with strategic insight.

Mr Kalachand had served as an independent Director on the Board of SBM Holdings Ltd (SBMH) and SBM Bank (Mauritius) Ltd (SBMBM) from 2014 to 2015. In his capacity as the former Chairman of the Risk Management Committee of SBMH and SBMBM, he was instrumental in fortifying their risk management framework and ensuring adherence to regulatory standards, notably the Basel III regulations.

His professional journey also encompasses roles at EPIC Private Equity LLP in London, where he functioned as an Investment Executive, and Deloitte LLP, where he served as a Senior Consultant. His expertise lies in audit, risk advisory, and regulatory compliance, having worked with prominent financial sector groups such as Morgan Stanley, Barclays Capital and BNP Paribas.

Directorship in other entities

J Kalachand & Co. Ltd, Mauritius Freeport Development, SBM Bank (Mauritius) Ltd and other entities of the SBM Group

Committee membership

Audit Committee (Chairman), Business Review Committee, Group AML/CFT Committee, Nomination & Remuneration Committee, Risk Management Committee and Strategy Committee

Mrs Belinda Vacher
Independent Director

Date of appointment

16 October 2025

Qualifications

- LL.M. International Business Law – Université Paris II, Panthéon-Assas, France
- Graduate Diploma in Law (In progress) – University of Lancashire, UK
- Master of Business Administration – University of Mauritius, Mauritius
- BSc (Hons) Finance – University of Mauritius, Mauritius
- Certificate of Business Accounting – Chartered Institute of Management Accounting, UK
- Strategy Execution for Business Leaders – INSEAD, France (Executive Education)
- Financing the Entrepreneurial Business Programme – London Business School, UK (Executive Education)

Background and experience

Mrs Vacher is a dynamic and distinguished finance expert and corporate law advisor with over 20 years of experience across listed and international companies in Mauritius, the UK, and Africa. She has served in senior leadership roles within diversified conglomerates, driving strategic, financial, and operational excellence at both group and functional levels.

Her core expertise lies in high-finance engineering, mergers and acquisitions, capital structuring, fund-raising, and complex deal execution, combined with a strong command of corporate governance, risk management, and audit oversight. A proven architect of transformation, she has led major reorganisations, turnarounds, and capital allocation strategies that strengthened performance and sustainability.

Mrs Vacher's track record includes raising capital in multi-jurisdictions, listing on stock exchanges and fund-raising for leading entities, structuring financial products and championing ESG integration across corporate frameworks. Her leadership approach blends strategic vision, financial discipline, and cross-border execution, positioning her as a leader capable of steering growth and transformation across complex organisations.

Directorship in other entities

Ascencia Ltd, SBM Insurance Agency Ltd and Velogic Holding Company Ltd

Committee membership

Audit Committee, Corporate Governance & Conduct Review Committee, Group Transformation & Technology Committee, Risk Management Committee (Chairperson) and Sustainability Committee

Mr Deobruthsingh Jaypaul

Independent Director

Date of appointment

11 April 2025

Qualifications

- Masters in Business Administration – University of Cork, Ireland
- PgDL- Bar vocational course – University of Northumbria, UK
- LLB (Hons) – University of Wolverhampton, UK

Background and experience

Mr Jaypaul is a highly skilled litigator with 17 years of experience in civil and criminal matters. He has been the intellectual property rights representative of a foreign digital imaging technology company and acts as legal advisor to several private companies. He has also been the legal advisor of the Medical Council of Mauritius and the Medical and Health Officers Association - MHOA.

Mr Jaypaul has been involved in several companies in Mauritius providing legal assistance and guidance in their transformation journey for streamlining their operations and strategies. He is a member of the Honorable Society of Lincoln's Inn London, UK and the Mauritius Bar Association.

Directorship in other entities

SBM (Bank) Holdings Ltd and other entities of the SBM Group

Committee membership

Corporate Governance & Conduct Review Committee, Group AML/CFT Committee (Chairman), Group Transformation & Technology Committee, Nomination & Remuneration Committee (Chairman), Risk Management Committee and Sustainability Committee

Mrs Danisha Sornum

Independent Director

Date of appointment

11 April 2025

Qualifications

- Master of Public Policy (MPP) - Gerald R. Ford School of Public Policy, University of Michigan, USA
- Master of Laws with Distinction (LL.M. International Commercial Law) - University of Birmingham, UK
- Bachelor's degree in laws (Honours) - University of Mauritius, Mauritius
- Fulbright Scholar

Background and experience

Mrs Sornum is a barrister-at-law, with a focus on International Trade and Investment Law, Arbitration, and ESG compliance in banking practices. She has been a Consultant with numerous international institutions, including the World Bank and the African Development Bank. A seasoned corporate trainer, Mrs Sornum leverages her unique mixed legal and policy background to promote alternative dispute resolution and to mainstream ESG imperatives in business operations and management. As the youngest member of the Equal Opportunities Commission, she has investigated and facilitated conciliation in several cases of discrimination.

Mrs Sornum manages a portfolio of companies, both local and international, providing legal guidance and assisting them in drafting of internal policies, compliance, and navigation of legal risks. She also collaborates closely with public and private stakeholders to foster diversity, equity and inclusion across the workplace and the community at large.

Directorship in other entities

SBM (NFC) Holdings Ltd (Chairperson) and other entities of the SBM Group

Committee membership

Business Review Committee, Corporate Governance & Conduct Review Committee, Group AML/CFT Committee, Nomination & Remuneration Committee and Sustainability Committee (Chairperson)

Mr Javed M. Aboobakar

Independent Director

Date of appointment

16 October 2025

Qualifications

- BA (Hons) Accounting and Finance – University of Leeds, England
- MBA (International Business) – University of Bristol, England and the Ecole Nationale des Ponts et Chaussées Paris, France
- LLB (Hons) – University of London, UK
- Trust and Estates Practitioner (TEP)

Background and Experience

Mr Aboobakar has wide experience in setting-up and administering private equity and credit funds, real estate funds, hedge funds, hybrid funds and Special Purpose Vehicles (SPVs) and multinational companies investing in Asia, Middle East and Africa for the last 25 years.

He was formerly the Managing Director of Citco (Mauritius) Ltd and has been also responsible for Citco's corporate & trust offices in India, Dubai and New Zealand.

Prior to joining the Citco Group, the leading Alternative fund administrator in the world with around USD 2 trillion AUA, he was a Director of one of the largest fiduciary companies in Mauritius (Multiconsult), which was part of DCDM (ex-Arthur Andersen). He was previously the General Manager of BNPI (BNP Paribas) Offshore Banking Unit and General Manager of BNPI (BNP Paribas) Mauritius Trust Corporation.

Within these various roles, he has been actively involved in investment and strategy committees, corporate and fund governance frameworks and committees, Investor relations, AML/CFT, Financial Reporting and dealing with various Regulators around the world.

Directorship in other entities

Samena Capital Investments Ltd (Dubai International Financial Centre), SBM (NBFC) Holdings Ltd, The Union Sugar Estate Company Ltd (DEM) and various companies in the global business sector

Committee membership

Audit Committee, Business Review Committee (Chairman), Group AML/CFT Committee, Nomination & Remuneration Committee, Risk Management Committee, Strategy Committee and Sustainability Committee

Mr Mooneesing J. Naikeny (Vimal)

Deputy Group Chief Executive Officer / Executive Director

Date of appointment

11 November 2025

Qualifications

- Strategic Management in Banking Programme – INSEAD, Fontainebleau, France
- Leading Digital, Executive Program – MIT Sloan School of Management, US
- Executive Program in FinTech and Regulatory Innovation – Cambridge Judge Business School, UK
- Master of Business Administration – Université Paris-Dauphine, France
- MSc in Project Management – University of Mauritius, Mauritius
- B.Eng. in Computer Science and Engineering – University of Mauritius, Mauritius

Background and Experience

Mr J. Naikeny has a formidable background spanning central banking, telecommunications, and financial technology innovation, he represents a new generation of banking leadership - one that bridges traditional financial expertise with cutting-edge digital transformation.

He was formerly the Head of Technology and Operations at Standard Bank Group where he demonstrated exceptional strategic acumen, driving a 20% revenue increase through operational innovation while reducing client onboarding time by 40% through digital transformation initiatives. His leadership of a diverse team across multiple African markets showcases his ability to harmonize regional priorities with global standards.

Mr J. Naikeny's experience as Advisor to Management at the Bank of Mauritius positions him uniquely to navigate regulatory landscapes while innovating. There, he spearheaded the National Payment Switch implementation, substantially improving interbank transaction efficiency, and led explorations into Central Bank Digital Currency frameworks — initiatives that positioned Mauritius at the forefront of financial system modernization.

His earlier roles as Chief Technology Officer at Huawei Technologies and various leadership positions at Emtel Ltd demonstrate Mr J. Naikeny's exceptional capacity to drive cloud transformation, mobile financial services, and AI-driven banking solutions. His implementation of Emtel Cash transformed mobile financial services in Mauritius, underlining his commitment to financial inclusion through technology.

A recognized thought leader, Mr J. Naikeny, has spoken at prestigious global technology forums including Mobile World Congress in Barcelona and Africa's premier telecommunications summit, AfricaCom. His published articles on digital transformation, cloud computing, and technological intelligence reflect his forward-thinking approach to financial services evolution.

Directorship in other entities

SBM (Bank) Holdings Ltd, SBM (NBFC) Holdings Ltd, SBM (NFC) Holdings Ltd, SBM Bank (Mauritius) Ltd and other entities of the SBM Group

Committee membership

Group AML/CFT Committee, Group Transformation & Technology Committee and Strategy Committee

Mr Pramod K. Bissessur

Independent Director

Date of appointment

11 April 2025

Qualifications

- Doctorat en Droit privé et Sciences Criminelles (currently reading) – Université Paris Nanterre, France
- Master of Laws with specialisation in Commercial Law (Company Law, Insurance Law, International Tax Law) – University of Birmingham, UK
- Bachelor of Laws (Honours) – University of Mauritius, Mauritius

Background and experience

Mr Bissessur is a seasoned legal scholar who has been lecturing law at University level for over two decades. He has also been a lead corporate trainer and has conducted several workshops for the Board of Directors and the Management teams of companies that are mainly in the financial sector. He has carried out extensive legal research and his articles have been published both in international peer reviewed journals and in local newspapers. He has moreover regularly participated in international conferences and webinars. His core competencies are in Corporate Governance, Company Law, Risk Management, Insolvency Procedures and Public Governance.

He is a proponent of good governance procedures and international best business practices to be adopted by the Board of Directors of companies. He also aligns with modern decision-making concepts such as climate governance and artificial intelligence, which are pertinent to the financial and banking sectors.

Directorship in other entities

SBM (Bank) Holdings Ltd and other entities of the SBM Group

Committee membership

Business Review Committee, Corporate Governance & Conduct Review Committee (Chairman), Group AML/CFT Committee, Strategy Committee and Sustainability Committee

Mr Raoul Gufflet

Group Chief Executive Officer / Executive Director

Date of appointment

28 November 2022

Qualifications

- Advanced Management Programme – INSEAD, France
- Certified Internal Auditor (CIA) – Institute of Internal Auditors, USA
- Post Graduate Diploma International Finance – Université de Paris XIII, France
- Master's Degree in Economics (specialisation in Finance) – University of Paris (La Sorbonne), France
- BSc Economics – University of Paris (La Sorbonne), France

Background and experience

Mr Gufflet is a seasoned professional with over three decades of experience in banking and finance. Throughout his career, he has gained extensive knowledge of banking and financial markets across multiple and diverse jurisdictions. He began as a strategic consultant in audit and corporate advisory at PwC, working with banks and central banks across France, Central and Eastern Europe, and Africa. He has also contributed to studies conducted in collaboration with the World Bank and the European Bank for Reconstruction and Development, focusing on financial institutions in both developed and transitional economies.

Before joining the SBM Group, he served as Deputy Chief Executive Officer at a leading bank in Mauritius, where he also sat on the boards of its entities across Africa and the Indian Ocean. He has been instrumental in building the international franchise of that bank, establishing its footprint in Structured Finance and Commodities Trade Finance across Africa. He also played a key role in transforming other business units, creating alignment with international best practices, regulatory and technological trends. A strong advocate for ESG principles in responsible banking and finance, he is dedicated to fostering sustainable banking practices - key drivers in unlocking long-term shareholder value.

Directorship in other entities

SBM (Bank) Holdings Ltd, SBM Bank (Mauritius) Ltd, SBM (NBFC) Holdings Ltd, SBM (NFC) Holdings Ltd and other entities of the SBM Group

Committee membership

Group AML/CFT Committee, Group Transformation & Technology Committee and Strategy Committee

MANAGEMENT TEAM

Mr Jaswant Rao (Nuvin) Balloo

Group Chief Strategy Officer

Qualifications

- Master of Economics – University of Sydney, Australia
- BSc Economics – University of Mauritius, Mauritius

Background and Experience

Mr Balloo is a seasoned professional with around 20 years of experience in the banking and financial services sector. At SBM Holdings Ltd, he is currently in charge of overseeing and monitoring overall strategy management and sustainability management, while catering for the Company's Investor Relations function and acting as its main Economist.

After obtaining his Master of Economics from the University of Sydney, Australia, Mr Balloo worked as an Economic Advisor at KPMG Mauritius, where he participated in influential projects and studies for private and public sector clients operating both locally and abroad. He, then, joined a leading banking and financial services player where he acted as the Deputy Head of the Strategy, Research and Development department as well as the Lead Economist. There, he took part in a wide range of high-profile projects and assignments that closely contributed to the sound and sustained growth of the organisation in Mauritius and across the African continent, alongside helping to strengthen its image and goodwill vis-à-vis multiple stakeholders.

Directorship in other entities

SBM (NFC) Holdings Ltd and other entities of the SBM Group

Mr Akshay Faugoo

Group Chief Operations and Transformation Officer

Qualifications

- Master's Degree in Strategy and Organisational Consulting – Ecole Supérieure de Commerce de Paris, France
- Bachelor's Degree in Information Technology with Business – National University of Singapore, Singapore
- Fintech Certificate – Massachusetts Institute of Technology, USA

Background and Experience

Mr Faugoo has over 20 years of experience in the banking and financial services, and technology sectors. With a practitioner's approach, he currently oversees the operations, technology and digital transformation functions of the organisation, providing both strategic and hands-on support to the Group's entities.

Before joining SBM Holdings Ltd, he was the Head of Transformation at Bank One Limited, where he led the bank's transformation through an ambitious programme consisting of channels revamp, process digitalisation, data, fintech and innovation.

Prior to that, Mr Faugoo worked at The Mauritius Commercial Bank Ltd where he was instrumental in setting up the bank's digital transformation programme and had the responsibility of customer journey transformation as part of their digital agenda.

He started his career and lived in Singapore for several years, where he worked as a consultant in the telecommunications and technology sectors with reputable organisations such as Siemens and Accenture.

Directorship in other entities

SBM Fund Services Ltd

Mrs Chayah Harah

Audit Lead, SBM Bank (Mauritius) Ltd

Qualifications

- Certified Internal Auditor (CIA)
- Certified Fraud Examiner (CFE)
- Fellow of the Association of Chartered Certified Accountants, UK (FCCA)

Background and Experience

Mrs Harah is presently leading the Internal Audit Department of SBM Bank (Mauritius) Ltd. She is a seasoned professional with 22 years of experience in the banking sector, of which over 15 years in internal audit.

She is well-versed in risk-based audit planning, team leadership, compliance, governance and fraud investigation. Her earlier roles in branch and operations management, provided a strong foundation in banking operations and customer service. Mrs Harah handles the responsibilities of the Internal Audit functions of SBM Holdings Ltd simultaneously.

Mr Sivakrisna (Kovi) Goinden

Group Chief Financial Officer

Qualifications

- Fellow of the Association of Chartered Certified Accountants (FCCA), UK
- Postgraduate Diploma in Business Administration, Heriot-Watt University, UK

Background and Experience

Mr Goinden is the Group Chief Financial Officer of SBM Holdings Ltd, with overall responsibility for finance, capital management, performance monitoring, and procurement across the Group. He provides strategic guidance and support to SBM's subsidiaries on financial management, budgetary control, capital requirements, and project execution.

Throughout his tenure at SBM, Mr Goinden has played a pivotal role in the Group's transformation, leveraging his extensive expertise in mergers and acquisitions, corporate restructuring, and capital projects. With nearly two decades of experience in the financial sector, predominantly in banking, he brings deep industry knowledge and strong leadership to the organisation. He is also a councillor of the SBM Foundation, the Group's corporate social responsibility arm.

Directorships in other entities

Industrial Finance Corporation of Mauritius (Equity) Ltd, SBM (NFC) Holdings Ltd and other entities of the SBM Group

Mr Mooneesing J. Naikeny (Vimal)

Deputy Group Chief Executive Officer / Executive Director

Date of appointment

11 November 2025

Qualifications

- Strategic Management in Banking Programme – INSEAD, Fontainebleau, France
- Leading Digital, Executive Program – MIT Sloan School of Management, US
- Executive Program in FinTech and Regulatory Innovation – Cambridge Judge Business School, UK
- Master of Business Administration – Université Paris-Dauphine, France
- MSc in Project Management – University of Mauritius, Mauritius
- B.Eng. in Computer Science and Engineering – University of Mauritius, Mauritius

Background and Experience

Mr J. Naikeny has a formidable background spanning central banking, telecommunications, and financial technology innovation, he represents a new generation of banking leadership - one that bridges traditional financial expertise with cutting-edge digital transformation.

He was formerly the Head of Technology and Operations at Standard Bank Group where he demonstrated exceptional strategic acumen, driving a 20% revenue increase through operational innovation while reducing client onboarding time by 40% through digital transformation initiatives. His leadership of a diverse team across multiple African markets showcases his ability to harmonize regional priorities with global standards.

Mr J. Naikeny's experience as Advisor to Management at the Bank of Mauritius positions him uniquely to navigate regulatory landscapes while innovating. There, he spearheaded the National Payment Switch implementation, substantially improving interbank transaction efficiency, and led explorations into Central Bank Digital Currency frameworks — initiatives that positioned Mauritius at the forefront of financial system modernization.

His earlier roles as Chief Technology Officer at Huawei Technologies and various leadership positions at Emtel Ltd demonstrate Mr J. Naikeny's exceptional capacity to drive cloud transformation, mobile financial services, and AI-driven banking solutions. His implementation of Emtel Cash transformed mobile financial services in Mauritius, underlining his commitment to financial inclusion through technology.

A recognized thought leader, Mr J. Naikeny, has spoken at prestigious global technology forums including Mobile World Congress in Barcelona and Africa's premier telecommunications summit, AfricaCom. His published articles on digital transformation, cloud computing, and technological intelligence reflect his forward-thinking approach to financial services evolution.

Directorship in other entities

SBM (Bank) Holdings Ltd, SBM (NBFC) Holdings Ltd, SBM (NFC) Holdings Ltd, SBM Bank (Mauritius) Ltd and other entities of the SBM Group

Committee membership

Group AML/CFT Committee, Group Transformation & Technology Committee and Strategy Committee

Mr Ahmad Mazahir Koussa

Group Chief Risk and Compliance Officer

Qualifications

- Fellow of the Institute of Chartered Accountants in England and Wales (FCA, ICAEW)
- BA (Econ) Hons in Accounting and Finance – University of Manchester, UK

Background and Experience

Mr Koussa brings over two decades of extensive experience in risk management and governance, gained across leading international financial institutions, including Barclays Capital (UK), Standard Bank Group (South Africa) and Barclays DIFC (UAE). Prior to joining SBM Holdings Ltd, he served as Vice President, Group Risk Management for the global Corporate and Investment Banking division of First Abu Dhabi Bank (UAE), where he oversaw risk management activities across more than 20 countries.

Throughout his career, Mr Koussa has held senior leadership roles in risk management, with a proven track record in designing and strengthening enterprise-wide risk frameworks, fostering a strong risk culture, leveraging technological solutions and building effective relationships with key stakeholders. He has played a pivotal role in the development and implementation of the Group's Enterprise Risk Management Framework, with a particular focus on embedding risk awareness, transparency and accountability across the organisation.

Mr Koussa is a Fellow Chartered Accountant and began his professional career with a Big Four firm in London.

Mr Raoul Gufflet

Group Chief Executive Officer / Executive Director

Date of appointment

28 November 2022

Qualifications

- Advanced Management Programme – INSEAD, France
- Certified Internal Auditor (CIA) – Institute of Internal Auditors, USA
- Post Graduate Diploma International Finance – Université de Paris XIII, France
- Master's Degree in Economics (specialisation in Finance) – University of Paris (La Sorbonne), France
- BSc Economics – University of Paris (La Sorbonne), France

Background and experience

Mr Gufflet is a seasoned professional with over three decades of experience in banking and finance. Throughout his career, he has gained extensive knowledge of banking and financial markets across multiple and diverse jurisdictions. He began as a strategic consultant in audit and corporate advisory at PwC, working with banks and central banks across France, Central and Eastern Europe, and Africa. He has also contributed to studies conducted in collaboration with the World Bank and the European Bank for Reconstruction and Development, focusing on financial institutions in both developed and transitional economies.

Before joining the SBM Group, he served as Deputy Chief Executive Officer at a leading bank in Mauritius, where he also sat on the boards of its entities across Africa and the Indian Ocean. He has been instrumental in building the international franchise of that bank, establishing its footprint in Structured Finance and Commodities Trade Finance across Africa. He also played a key role in transforming other business units, creating alignment with international best practices, regulatory and technological trends. A strong advocate for ESG principles in responsible banking and finance, he is dedicated to fostering sustainable banking practices - key drivers in unlocking long-term shareholder value.

Directorship in other entities

SBM (Bank) Holdings Ltd, SBM Bank (Mauritius) Ltd, SBM (NBFC) Holdings Ltd, SBM (NFC) Holdings Ltd and other entities of the SBM Group

Committee membership

Group AML/CFT Committee, Group Transformation & Technology Committee and Strategy Committee

GROUP EXECUTIVES

Mrs Chirin Dittoo

Chief Executive Officer, Banque SBM Madagascar SA

Qualifications

- Master's Degree in Finance, IAE Paris, Sorbonne Paris Business School – AIM
- Master's Degree in Marketing Strategy – IAE Poitiers (France) - Inscæe, Madagascar
- Bachelor's Degree with specialisation in Business Administration - Inscæe, Madagascar

Background and experience

Mrs Dittoo brings over 15 years of experience in the banking sector across Sub-Saharan Africa, Mauritius, and Madagascar. Her experience spans across areas such as business strategy, business development and organisational and technological transformation projects.

Most recently, she established and led the Transformation Department at BNI Madagascar, a leading bank in the country, as part of its development plan and digital transition. Prior to that, she honed her business development skills in the Democratic Republic of Congo as Head of Retail and further applied her experience across Sub-Saharan Africa and Mauritius in business and organisational development strategy for the MCB Group.

Mrs Dittoo is committed to driving Banque SBM Madagascar SA's strategic ambition by strengthening its market presence, driving sustainable growth, and ensuring excellence in customer service to secure a competitive future in the national financial sector.

Mr Shailendrasingh (Shailen) Sreekeessoon

Chief Executive Officer, SBM (NBFC) Holdings Ltd

Qualifications

- Fellow of the Association of Chartered Certified Accountants, UK (FCCA)
- Master of Science in Finance and Economics - London School of Economics and Political Science, UK
- Bachelor of Science in Economics – London School of Economics and Political Science, UK

Background and experience

Mr Sreekeessoon has over 25 years of experience in the business and financial sectors in Mauritius, including more than 15 years at senior management level. His experience spans various sectors, including marketing and economic research, strategy, strategic communications, programme management, investment banking and SME financing. He has spearheaded several research publications and has been an economics spokesperson for the institution. Formerly, the Head of Strategy and Research, he joined the Non-Banking Financial Cluster of the SBM Group in July 2019 and was promoted to CEO in 2020. Under his leadership, this cluster has experienced significant growth and innovation and has become a prominent part of the Group.

Mr Ashish Vijayakar

Managing Director & Chief Executive Officer, SBM Bank (India) Limited

Qualifications

- Chartered Accountant - Institute of Chartered Accountants of India, India
- LLB (General) - University of Mumbai, India
- Bachelor of Commerce - University of Mumbai, India

Background and Experience

Mr Vijayakar is a veteran banker with nearly three decades of rich experience in the banking and financial services sector. He has an impressive track record of building and expanding global businesses while assuming leadership roles across various geographies and domains.

As a career banker, Mr Vijayakar possesses vast expertise in business development, transformation and restructuring, risk and change management, and innovation, among other areas of banking operations. He places great emphasis on fostering collaboration, talent development, and upholding the highest standards of integrity and compliance.

Prior to joining SBM Bank (India) Limited, Mr Vijayakar was the Co-Head & Managing Director, Corporate & Institutional Banking at Standard Chartered Bank, India, where he demonstrated his ability to navigate complex market dynamics and deliver sustainable results. Over the course of 24 years with Standard Chartered Bank, he held critical leadership roles across its operations in Africa, the Middle East, and South Asia.

Mr Bhartesh Shah

Chief Executive Officer, SBM Bank (Kenya) Limited

Qualifications

- MBA - Warwick Business School, UK
- Bachelor of Science in Banking and Finance - Loughborough University, UK

Background and experience

Mr Shah is a visionary banking leader with over 25 years of experience driving strategic transformation, operational excellence and sustainable growth across Eastern Africa, Singapore and the United Kingdom. With a deep understanding of banking, fintech and digital transformation, he has played a pivotal role in reshaping financial institutions and delivering innovative solutions that enhance customer experience, operational efficiency and shareholder value.

He has expanded his expertise in data science and analytics through executive programs at Harvard Business School and the University of California, Berkeley. His academic foundation, combined with a hands-on approach to leadership, enables him to drive data-driven decision-making and business transformation.

Throughout his career, Mr Shah has successfully led large-scale transformations, including the digitalisation of banking services, expansion into new markets and the implementation of risk and governance frameworks that enhance institutional resilience.

Mr Louis Gervais Franco Gua

Officer-in-Charge, SBM Bank (Mauritius) Ltd

Qualifications

- Chartered Banker by Experience (CBBE)
- Fellow, Association of Chartered Certified Accountants (FCCA), United Kingdom
- Member, Society of Trust and Estate Practitioners (STEP), United Kingdom

Background and Experience

Mr Gervais Gua is a seasoned banking and financial services executive with extensive C-suite experience across wealth management, commercial, retail, and international banking.

Mr Gua has held senior leadership roles in global financial institutions and has led the establishment and scaling of regulated banking and wealth management platforms across multiple jurisdictions. Notably, he was part of the founding leadership team that established Deutsche Bank in Mauritius.

He later established and led a licensed wealth management platform in Singapore for the Reliance Financial Group, serving as Chief Operating Officer and subsequently as Chief Executive Officer.

Throughout his career, Mr Gua has operated under some of the world's most stringent regulatory regimes and is recognised for his strong regulatory credibility, operational excellence, and disciplined governance. His leadership approach is focused on building resilient institutions and delivering sustainable, long-term growth.

Mr Gua is the recipient of multiple prestigious industry awards recognising outstanding leadership, client service excellence, and strategic business transformation. Notable recognitions include the Global Award Winner, Deutsche Bank (2006) for highest global revenue generation from a single transaction and exceptional service quality, as well as recognition for service excellence and superior client satisfaction in asset management at Reliance/Nippon Life Asset Management, Singapore.

He was appointed Officer-in-Charge of the Bank on the 1st of March 2026.

DIRECTORS OF SBM HOLDINGS LTD AND ITS SUBSIDIARIES

Holding Entity		
SBM Holdings Ltd		
Mr Mahendra Vikramdass Punchoo <i>(Chairman)</i>		
Mr Javed Mohamed Aboobakar		
Mr Pramod Kumar Bissessur		
Mr Raoul Claude Nicolas Gufflet <i>(Group CEO)</i>		
Mr Deobruthsingh Jaypaul		
Mr Aakash Krishan Kalachand		
Mr Mooneesing Janna Naikeny <i>(Deputy Group CEO)</i>		
Mrs Danisha Sornum		
Mrs Belinda Vacher		
Bank Holding Entity		
SBM (Bank) Holdings Ltd		
Mr Mahendra Vikramdass Punchoo <i>(Chairman)</i>		
Mr Deobruthsingh Jaypaul		
Mr Pramod Kumar Bissessur		
Mr Raoul Claude Nicolas Gufflet		
Mr Mooneesing Janna Naikeny		
Bank Operating Entities		
SBM Bank (Mauritius) Ltd	SBM Bank (Kenya) Limited	Banque SBM Madagascar SA
Mr Rundheersing Bheenick <i>(Chairman)</i>	Mr Pramod Bissessur	Mr Mahendra Vikramdass Punchoo <i>(Chairman)</i>
Mrs Kalindee Bhanji	Ms Deborah Bubi	Mr Raoul Claude Nicolas Gufflet
Mr Yajnik Bhujan	Mr Raoul Claude Nicolas Gufflet	Mr Leckram Dawonauth
Mr Thierry Chellen	Mr Deobruthsingh Jaypaul	Mr Jean Marc Ulcoq
Mr Avinash Goburdhun	Ms Shakilla Bibi Jhungeer	
Mr Raoul Claude Nicolas Gufflet	Mr James Boyd McFie	
Mr Aakash Kalachand	Ms Brenda Mbathi	
Mr Jean Li Wan Po	Mr Jack Mugo Ngare	
Mr Mooneesing Janna Naikeny	Mr Bhartesh Shah	
Mr Veenay Rambarassah		
Ms Lavalina Devi Sawmy		
Mr Sachin Kumar Sumputh		

SBM Bank (India) Limited		
Mr Mahendra Vikramdass Punchoo (Part-time Chairman)		
Mr Abizer Diwanji		
Mr Raoul Claude Nicolas Gufflet		
Mr Umesh Jain		
Mr Amit Jagdhari		
Ms Pallavi Kanchan		
Mr Aakash Krishan Kalachand		
Mr Sanjeev Lall		
Mr Anantha Subrahmanya Dhananjaya		
Mr Ashish Vijayakar (MD & CEO)		
Bank Non-Operating Entities		
SBM Overseas One Ltd SBM Overseas Two Ltd SBM Overseas Three Ltd SBM Overseas Four Ltd SBM Overseas Five Ltd SBM Overseas Six Ltd		
Mr Jaswant Rao Balloo		
Mr Raoul Claude Nicolas Gufflet		
Mr Sivakrisna Goinden		
SBM Africa Holdings Ltd		
Mr Raoul Claude Nicolas Gufflet		
Mr Sivakrisna Goinden		
Non-Bank Holding Entity		
SBM (NBFC) Holdings Ltd		
Mr Vikramdass Mahendra Punchoo (Chairperson)		
Mr Raoul Claude Nicolas Gufflet		
Mr Mooneesing Janna Naikeny		
Mr Shailendrasingh Sreekeessoon (CEO)		
Mr Sivakrisna Goinden		
Ms Yakshmi Jhordy Ellapen		
Mr Luvee Toolsysingh Cheekhooree		
Mr Mohamed Javed Aboobakar		

Non-Bank Operating Entities		
SBM Capital Markets Ltd	SBM Mauritius Asset Managers Ltd	SBM Fund Services Ltd
Mr Vikramdass Mahendra Punchoo <i>(Chairman)</i>	Mrs Nooreenah Bibi Mungur <i>(Chairman)</i>	Mr Shunmoogum Coopoosamy <i>(Chairman)</i>
Mr Raoul Claude Nicolas Gufflet	Mr Shunmoogum Coopoosamy	Mr Parmesh Pallanee
Mr Mooneesing Janna Naikeny	Mr Akash Krishan Kalachand	Mr Ansley Ittea
Mr Sivakrisna Goinden	Mr Deobruthsingh Jaypaul	Mr Akshay Singh Faugoo
Mr Dharmeshsingh Mohadewo	Mr Raoul Claude Nicolas Gufflet	
Mrs Yasna Sunkur	Mr Mooneesing Janna Naikeny	
Mr Kamalsing Nemchand	Mr Jayvash Nundoo	
SBM Insurance Agency Ltd	SBM Factors Ltd	
Mr Pramod Kumar Bissessur <i>(Chairman)</i>	Mr Parmesh Pallanee <i>(Chairperson)</i>	
Mr Sivakrisna Goinden	Mr Shunmoogum Coopoosamy	
Mr Mohammad Salim Mohammad Ismael Peer	Ms Yakshmi Jhordy Ellapen	
Mrs Danisha Sornum	Mr Sivakrisna Goinden	
Mr Deobruthsingh Jaypaul		
Mrs Belinda Wong-Vacher		
SBM eBusiness Ltd		
Mr Raoul Claude Nicolas Gufflet		
Mr Sivakrisna Goinden		
Entities managed by SBM Mauritius Asset Managers Ltd		
SBM India Opportunities Fund	SBM Maharaja Fund <i>(in process of winding up)</i>	SBM Africa Equity Fund Ltd
Mr Deobruthsingh Jaypaul <i>(Chairperson)</i>	Mr Shailendrasingh Sreekeessoon	Mr Vikramdass Mahendra Punchoo
Mr Sivakrisna Goinden	Mr Assad Abdullatiff	Mr Raoul Claude Nicolas Gufflet
Mr Jayvash Nundoo	Mr Amal Autar	Mr Jayvash Nundoo
Mr Phalesh Sharma Jokhun	Mr Shaan Kundomal	Mr Mohamed Javed Aboobakar
	Mr Jayvash Nundoo	
SBM Alternative Solutions Ltd <i>(In process of winding up)</i>		
Mr Shailendrasingh Sreekeessoon		
Entities managed by SBM Capital Markets Ltd		
SBM Structured Solutions PCC <i>(In process of winding up)</i>	SBM (Mauritius) Infrastructure Development Company Ltd	
Mr Shailendrasingh Sreekeessoon	Mr Rajiv Kumar Beeharry <i>(Chairperson)</i>	
Mr Jayvash Nundoo	Mr Premsagar Bholah	
	Mr Shailendrasingh Sreekeessoon	
	Mr Ghaneshanlall Cheeneebash	

Non-Financial Entity	
SBM (NFC) Holdings Ltd	
Mrs Danisha Sornum (Chairperson)	
Mr Vikramdass Mahendra Punchoo	
Mr Raoul Claude Nicolas Gufflet	
Mr Mooneesing Janna Naikeny	
Mr Sivakrisna Goinden	
Mr Jaswant Rao Balloo	
Others	
SBM 3S Ltd	
Mr Vikramdass Mahendra Punchoo <i>(Chairperson)</i>	
Mr Raoul Claude Nicolas Gufflet	
Mr Sivakrisna Goinden	
Mr Rundheersing Bheenick	

Registered Office Addresses of SBM Holdings Ltd and its Subsidiaries

Holding Entity		
SBM HOLDINGS LTD SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 1111/1000 Fax: (230) 202 1234 Website: www.sbmgroup.mu Email: sbm@sbmgroup.mu		
Bank Holding Entity		
SBM (BANK) HOLDINGS LTD SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 1111/1000 Fax: (230) 202 1234 Website: www.sbmgroup.mu Email: sbm@sbmgroup.mu		
Banking Operating Entities		
SBM BANK (MAURITIUS) LTD SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 1111 Fax: (230) 202 1234 Swift: STCBMUMU Website: www.sbmbank.com Email: sbm@sbmgroup.mu	SBM BANK (KENYA) LIMITED Riverside Mews Building, Riverside Drive, Nairobi, Kenya P.O. Box 34886 - 00100 Tel: (254) 709 800 000/ (254) 730 175 000 Swift: SBMKKENA Website: www.sbmbank.co.ke Email: atyourservice@sbmbank.co.ke	SBM BANK (INDIA) LIMITED 101, Raheja Centre, 1 st Floor, Free Press Journal Marg, Nariman Point, Mumbai - 400021, Maharashtra, India Tel: (91) (22) 4302 8888 Swift: STCBINBX Website: https://www.sbm.bank.in Email: customercare@sbmbank.co.in
BANQUE SBM MADAGASCAR SA 1, Rue Andrianary Ratianarivo Antsahavola, 101 Antananarivo, Madagascar Tel: (261) 20 22 666 07/ (261) 38 99 971 46 Swift: BSBMMGMG Website: www.sbmgroup.mu Email: HOTLINEMADA@sbmgroup.mu		

Non-Bank Holding Entity		
SBM (NBFC) HOLDINGS LTD		
<p>SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 1111 Website: www.sbmgroup.mu Email: nbfc.leads@sbmgroup.mu</p>		
Non-Bank Operating Entities		
SBM MAURITIUS ASSET MANAGERS LTD	SBM FUND SERVICES LTD	SBM eBUSINESS LTD
<p>SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 1111 Fax: (230) 210 3369 Website: www.sbmgroup.mu Email: sbm.assetm@sbmgroup.mu</p>	<p>SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel:(230) 202 1505/1445/1374/1447 Website: www.sbmgroup.mu Email: sbmfundservices@sbmgroup.mu</p>	<p>C/o Rogers Capital Corporate Services Limited, Level 3, Rogers Capital House, 5 President John Kennedy Street, Port Louis Mauritius Tel: (230) 203 1100 Fax: (230) 203 1150 Website: www.rogerscapital.mu</p>
SBM FACTORS LTD	SBM INSURANCE AGENCY LTD	SBM CAPITAL MARKETS LTD
<p>SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 4899 Fax: (230) 214 1305 Website: www.sbmgroup.mu Email: sbmfactors@sbmgroup.mu</p>	<p>SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 1210 Fax: (230) 202 1234 Website: www.sbmgroup.mu Email: insurance@sbmgroup.mu</p>	<p>SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 1111 Fax: (230) 210 3369 Website: www.sbmgroup.mu Email (Investment): sbm.corporatefinance@sbmgroup.mu Email (Trading): scmltrading@sbmgroup.mu</p>
Non-Financial Entity		
SBM (NFC) HOLDINGS LTD		
<p>SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 1111 Fax: (230) 211 8838 Website: www.sbmgroup.mu Email: finance@sbmgroup.mu</p>		

Global Services

SBM 3S LTD

SBM Tower

1, Queen Elizabeth II Avenue, Port Louis,
Republic of Mauritius

Tel: (230) 202 1111

Website: www.sbmgroup.mu

Email: finance@sbmgroup.mu

Compliance with Section 221 of the Mauritius Companies Act 2001

- a. Total remuneration and benefits received or due and receivable by the Executive Directors from SBM Holdings Ltd and its Subsidiaries for the year ended 31 December 2025

Name of Director	SBM Holdings Ltd (MUR)	Other Subsidiaries (MUR)
Mr Raoul Claude Nicolas Gufflet	40,779,000	-
Mr Mooneesing J. Naikeny	4,481,000	-

- b. Total remuneration and benefits received or due and receivable by the Directors from SBM Holdings Ltd and its Subsidiaries for the year ended 31 December 2025

Directors	SBM Holdings Ltd (MUR)	Other Subsidiaries (MUR)
Executive	45,260,000	-
Non-Executive	10,582,000	7,767,000

- c. Auditors' remuneration paid by the SBM Holdings Ltd and its Subsidiaries

	2025	2024
	MUR' 000	MUR' 000
SBM Holdings Ltd		
Statutory audit and quarterly reviews - PwC	1,502	-
Other services - PwC	43	-
Statutory audit and quarterly reviews - Deloitte	-	1,202
Other services - Deloitte	-	30
SBM (Bank) Holdings Ltd		
Statutory audit and quarterly reviews - PwC	988	-
Other services - PwC	43	-
Statutory audit and quarterly reviews - Deloitte	-	791
Other services - Deloitte	-	12
SBM Bank (Mauritius) Ltd		
Statutory audit and quarterly reviews - PwC	23,775	-
Other services - PwC	1,726	-
Statutory audit and quarterly reviews - Deloitte	-	20,033
Other services - Deloitte	-	437
SBM Bank (India) Limited		
Statutory audit and quarterly reviews - PwC	1,581	-
Other services - PwC	1,421	-
Statutory audit - Gokhale & Sathe	2,390	786
Statutory audit - K.S Aiyar & Co	-	488
Statutory audit and quarterly reviews - Deloitte	-	1,265
Other services - Gokhale & Sathe	374	865
Other services - K.S Aiyar & Co	-	673
Other services - Deloitte	1,326	3,314

Banque SBM Madagascar SA		
Statutory audit and quarterly reviews - PwC	805	-
Other services – PwC	-	-
Statutory audit - Delta Audit	-	454
Statutory audit – CGA	196	-
Statutory audit - Mazars Fivoarana	589	454
Statutory audit and quarterly reviews - Deloitte	-	495
Other services - Deloitte	-	-
SBM Bank (Kenya) Limited		
Statutory audit and quarterly reviews - PwC	12,745	-
Other services - PwC	3,922	-
Statutory audit and quarterly reviews - Deloitte	-	5,284
Other services - Deloitte	-	1,654
SBM Africa Holdings Ltd		
Statutory audit and quarterly reviews - PwC	317	-
Statutory audit – Deloitte	-	127
SBM (NFC) Holdings Ltd		
Statutory audit and quarterly reviews - PwC	288	-
Other services – PwC	40	-
Statutory audit and quarterly reviews - Deloitte	-	127
Other services - Deloitte	-	20
SBM Capital Markets Ltd		
Statutory audit and quarterly reviews - PwC	575	-
Other services – PwC	43	-
Statutory audit and quarterly reviews - Deloitte	-	443
Other services - Deloitte	-	32
SBM Insurance Agency Ltd		
Statutory audit and quarterly reviews - PwC	288	-
Other services – PwC	40	-
Statutory audit and quarterly reviews - Deloitte	-	127
Other services - Deloitte	-	27
SBM eBusiness Ltd		
Statutory audit and quarterly reviews - PwC	288	-
Other services – PwC	40	-
Statutory audit and quarterly reviews - Deloitte	-	127
Other services - Deloitte	-	26
SBM 3S Ltd		
Statutory audit and quarterly reviews - PwC	288	-
Other services – PwC	40	-
Statutory audit and quarterly reviews - Deloitte	-	127
Other services - Deloitte	-	26
SBM (NBFC) Holdings Ltd		
Statutory audit and quarterly reviews - PwC	687	-
Other services – PwC	40	-
Statutory audit and quarterly reviews - Deloitte	-	443
Other services - Deloitte	-	27
SBM Mauritius Asset Managers Ltd		
Statutory audit and quarterly reviews - PwC	288	-
Other services – PwC	43	-
Statutory audit and quarterly reviews - Deloitte	-	127
Other services - Deloitte	-	27

SBM Fund Services Ltd		
Statutory audit and quarterly reviews - PwC	288	-
Other services – PwC	43	-
Statutory audit and quarterly reviews - Deloitte	-	127
Other services - Deloitte	-	27
SBM Factors Ltd		
Statutory audit and quarterly reviews - PwC	575	-
Other services – PwC	43	-
Statutory audit and quarterly reviews - Deloitte	-	443
Other services - Deloitte	-	26
SBM Africa Equity Fund Ltd		
Statutory audit and quarterly reviews - PwC	575	-
Other services – PwC	39	-
Statutory audit and quarterly reviews - Deloitte	-	253
Other services - Deloitte	-	32

Company Secretary's Certificate (Section 166(d) of the Companies Act 2001)

For the financial year ended 31 December 2025

I certify, to the best of my knowledge and belief, that the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Mauritius Companies Act 2001.



Mrs D Ramjug-Chumun
Company Secretary

30 March 2026

PART B
FINANCIAL REVIEW



Financial Review

DELIVERING RESILIENT GROWTH IN FY 2025, THE SBM GROUP STRENGTHENED ITS REVENUE BASE, ENHANCED ITS OPERATIONAL EFFICIENCY AND REINFORCED ITS CAPITAL POSITION, AMIDST EVOLVING MARKET CONDITIONS.

1. Executive overview

The SBM Group (the 'Group') delivered a resilient performance for the year ended 31 December 2025, with net interest income increasing to MUR 12,192.8 million (2024: MUR 11,174.1 million) and non-interest income rising to MUR 6,836.7 million (2024: MUR 5,460.4 million), reflecting improved business volumes and diversified revenue streams. Profit before credit loss expenses stood at MUR 8,663.6 million compared to MUR 6,015.4 million in the prior year, while profit for the year slightly decreased to MUR 4,213.5 million (2024: MUR 4,338.7 million). Operational efficiency improved significantly, with the cost-to-income ratio declining to 54.5% in FY 2025 from 63.8% in FY 2024. Earnings per share were marginally lower at MUR 163.2 (2024: MUR 168.0), and returns moderated, with return on average assets at 1.0% and return on average equity at 10.9%. The balance sheet remained robust, with loans and advances growing to MUR 185.3 billion and shareholders' equity strengthening to MUR 40.5 billion. Deposits stood at MUR 352.9 billion as at 31 December 2025. Market confidence improved, as reflected in the increase in market capitalisation to MUR 20,290 million, with a rise in share price to MUR 6.7 at year end.

2. Key financial highlights

2.1 Financial Performance (2021–2025)

Over the five-year period, SBM Group achieved sustained growth in profitability and balance sheet expansion, driven by increased lending and strong core operating performance.

Key Financial Indicators (MUR million)	2025	2024	2023	2022	2021
Profit before income tax and net credit loss	8,664	6,015	6,027	5,517	4,653
Profit before income tax	5,129	5,584	4,980	4,184	2,178
Profit for the year	4,214	4,339	4,317	3,636	1,737
Gross loans and advances	195,378	180,676	157,802	163,451	145,086
Investment securities	156,832	176,104	157,533	151,978	153,427
Total assets	425,328	433,642	362,253	362,341	357,668
Deposits from non-bank customers	347,444	359,496	290,640	293,350	298,581
Shareholders' equity	40,452	36,637	31,683	27,170	26,378

The balance sheet was supported by growth in loans and advances, while maintaining strong capital adequacy.

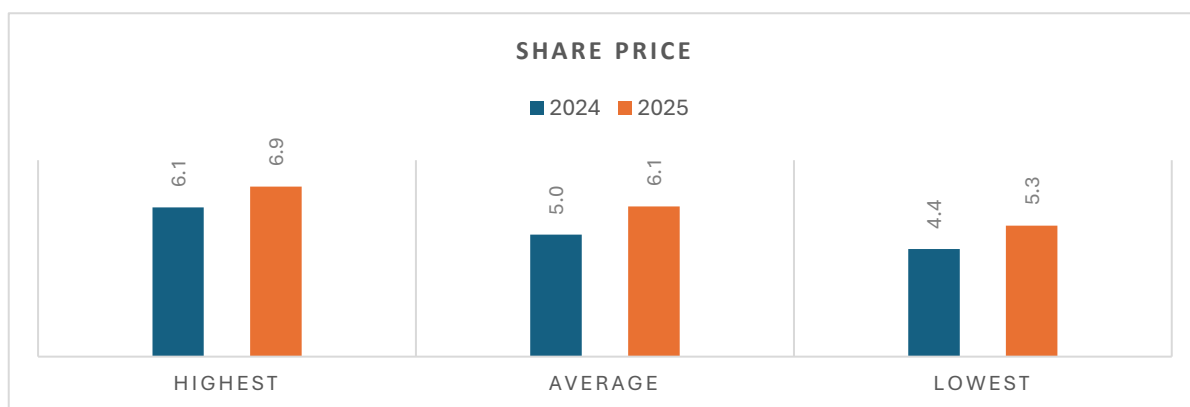
2.2 Key financial ratios

Ratio	2025	2024	2023	2022	2021
Capital adequacy ratio	20.5%	19.2%	20.5%	19.1%	21.4%
Tier 1 capital ratio	14.7%	14.6%	15.1%	13.0%	14.3%
Return on risk-weighted assets	1.9%	2.2%	2.4%	2.1%	1.1%
Return on average assets	1.0%	1.1%	1.2%	1.0%	0.5%
Return on average shareholders' 2equity	10.9%	12.7%	14.7%	13.6%	6.7%
Cost-to-income ratio	54.5%	63.8%	61.4%	59.6%	60.6%
Gross impaired advances ratio	8.7%	8.1%	6.9%	8.9%	11.4%
Net impaired advances ratio	4.7%	4.5%	2.1%	2.8%	3.3%
Credit-to-deposit ratio	56.2%	50.3%	54.3%	55.7%	48.6%

Operational efficiency improved in 2025, as demonstrated by the improvement in the cost-to-income ratio to 54.5% from 63.8% in 2024.

2.3 Shareholder Value Indicators

Indicator	2025	2024	2023	2022	2021
Earnings per share (cents)	163.2	168.0	167.2	140.8	67.3
Dividend per share (cents)	50.0	40.0	20.0	20.0	-
Net asset value per share (MUR)	15.7	14.2	12.3	10.5	10.2
Market price per share (MUR)	6.7	5.2	4.6	4.5	4.3
Market capitalisation (MUR million)	20,290	15,734	13,820	13,577	12,970
Dividend yield (%)	7.5	7.7	3.0	4.7	-



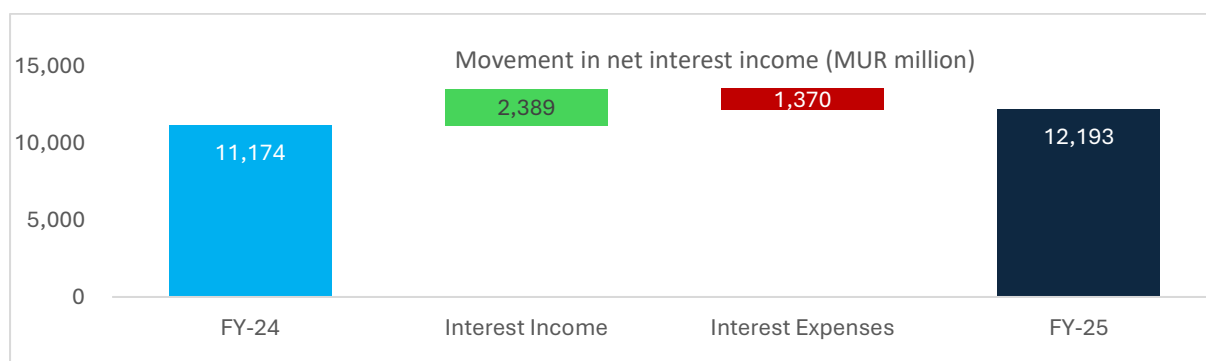
Over the five-year period, the shareholder returns improved, reflecting higher dividends and growing net asset value per share.

3. Performance Analysis

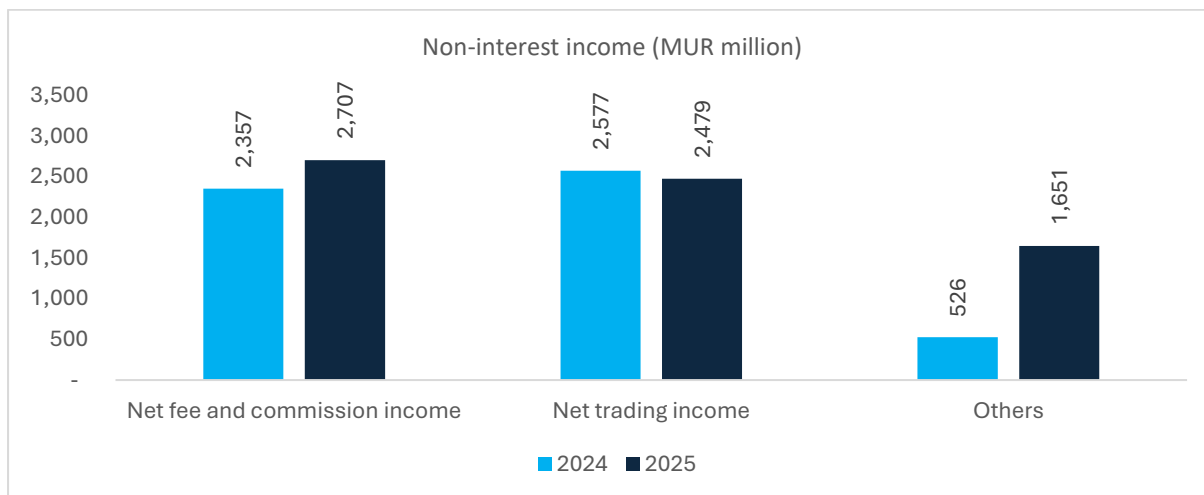
3.1 Net Interest Income

Net interest income increased from MUR 11,174.1 million in FY 2024 to MUR 12,192.8 million in FY 2025, driven by growth in the loan book and effective management of interest-earning assets. Despite the increase in interest income, the net interest margin (NIM) remained stable at 2.8%.

Interest income from loans and advances rose by 4.7% to MUR 15,016.4 million, driven by steady portfolio growth. Income from investment securities grew by 8.3% to MUR 7,967.8 million, reflecting portfolio optimisation and higher yields. Interest expense on deposits increased by 13.7% to MUR 10,850.7 million despite the fall in total deposits base, while interest expense on other borrowed funds, including subordinated debt, rose by 26.6% to MUR 1,401.4 million.



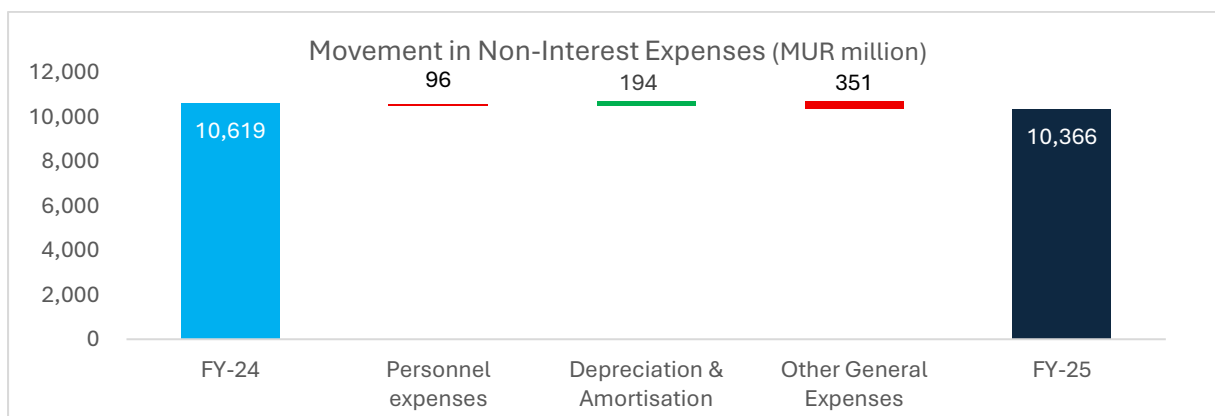
3.2 Non-Interest Income



Non-interest income increased to MUR 6,836.7 million in 2025 from MUR 5,460.4 million in 2024, driven by higher fee and commission income and gains on financial instruments. Net fee and commission income rose to MUR 2,707.4 million, while trading income remained resilient at MUR 2,478.9 million. Performance was further supported by a significant increase in gains from financial assets measured at FVTPL and higher gains on FVTOCI instruments. Overall, the result reflects continued progress in diversifying income streams.

3.3 Operating Expenses

Non-interest expenses decreased to MUR 10,365.9 million in 2025 from MUR 10,619.0 million in 2024, reflecting continued cost discipline across the Group. The reduction was mainly driven by lower personnel and other operating expenses, partly offset by higher depreciation and amortisation charges associated with ongoing investments in infrastructure and intangible assets.



Despite inflationary pressures and continued strategic investments, the Group achieved improved cost efficiency, with the cost-to-income ratio improving significantly to 54.5% in FY 2025 from 63.8% in FY 2024. This demonstrates effective cost management and enhanced operational leverage, thus supporting overall profitability.

3.4 Credit Loss Expenses

The Group recorded a significant increase in credit impairment charges, with total credit losses rising to MUR 3,534.1 million in FY 2025 from MUR 431.3 million in FY 2024. This increase was primarily driven by higher impairments within SBM Bank (Mauritius) Ltd (SBMBM), with additional impairments under resident advances in the line with the requirement of IFRS 9.

	Credit loss expense	
	2024	2025
	MUR million	MUR million
SBMBM	(116)	(3,246)
SBMBI	(247)	(189)
BSBMM	(21)	(39)
SBMBK	(30)	(71)
Others	(17)	11
Total	(431)	(3,534)

Despite the higher impairment charges, bad debt recoveries amounted to MUR 1,120.9 million in FY 2025, compared to MUR 177.7 million in FY 2024, on major recoveries within SBMBM. This demonstrates the Group's continued focus on credit risk management and recovery efforts, partially mitigating the impact of increased provisioning on overall profitability.

3.5 Tax expense

Total corporate tax expense increased significantly from MUR 1,241.1 million in 2024 to MUR 1,838.4 million in 2025, mainly driven by higher tax charges at SBMBM, which rose by MUR 603.9 million, following changes in tax regulations. This increase was partially offset by a decline in tax expense at SBMBI and BSBMM. Contributions from other entities also increased modestly, while SBMBK recorded a tax charge in 2025 compared to none in 2024.

Deferred tax moved from a marginal net charge of MUR 4.3 million in 2024 to a significant net credit of MUR 922.4 million in 2025. This shift was mainly driven by SBMBM, which recorded a substantial deferred tax credit of MUR 1,030.8 million in 2025 compared to a charge in 2024. SBMBK also contributed a deferred tax charge in 2025, reversing the credit position recorded in the prior year, while movements in other entities remained minimal.

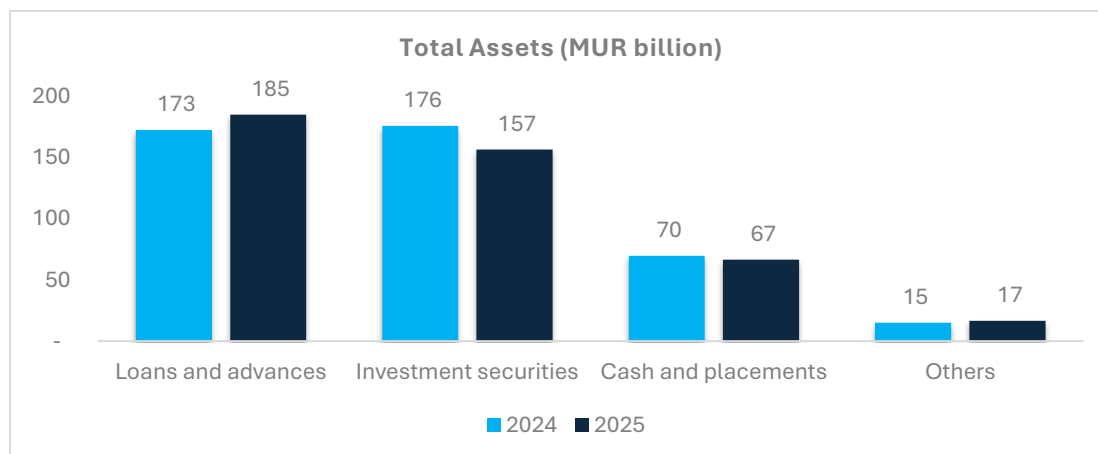
Tax expense by entity	Corporate tax		Deferred tax	
	2024	2025	2024	2025
	MUR million	MUR million	MUR million	MUR million
SBMBM	1,156	1,760	209	(1,031)
SBMBI	19	-	-	-
BSBMM	18	8	-	-
SBMBK	-	3	(193)	110
Others	48	69	(11)	(2)
Total	1,241	1,838	4	(922)

4. Financial Position Analysis

4.1 Total assets

Total assets stood at MUR 425.3 billion as at 31 December 2025 (2024: MUR 433.6 billion). The decline in total assets was due to a decrease in deposits which led to investment securities going down, as well as cash and cash equivalents also declined during the period.

However, net loans and advances rose from MUR 172.7 billion as at 31 December 2024 to MUR 185.3 billion as at 31 December 2025. Other assets increased by 31%.



4.2 Loans and advances

Gross loans and advances increased by MUR 14.7 billion (+8.1%), from MUR 180.7 billion as at 31 December 2024 to MUR 195.4 billion as at 31 December 2025, reflecting continued expansion in core business activities. After accounting for higher ECL allowances, net loans grew by MUR 12.6 billion (+7.3%) to MUR 185.3 billion.

Entity-Level Contribution

At the entity level, growth was mainly driven by SBMBM, which increased its loan book by MUR 12.8 billion (+9.5%), maintaining its dominant share (~76%) within the Group. SBMBI also recorded solid growth of 14.7%, while BSBMM showed a slight decline. Although SBMBK's loan book grew by 4%, the increase was offset by exchange rate depreciation, resulting in an overall decline upon translation.

Loans and advances by entity	2024	2025
	MUR million	MUR million
SBMBM	134,796	147,619
SBMBI	26,761	30,708
BSBMM	1,354	1,329
SBMBK	18,680	18,389
Interco adjustment	(915)	(2,666)
Total	180,676	195,378

Asset Quality and ECL Trends

Gross impaired advances rose by 16.7% from MUR 14.6 billion to MUR 17.0 billion, outpacing loan growth and leading to some deterioration in asset quality.

The gross impaired advances ratio increased from 8.0% to 8.7%, while the net impaired advances ratio edged up from 4.5% to 4.7%.

On a positive note, specific provisions increased to MUR 8.3 billion, leading to an improvement in the provision coverage ratio from 46.0% to 48.7%, reflecting a more prudent provisioning stance. Portfolio provisions also rose slightly, further strengthening overall coverage.

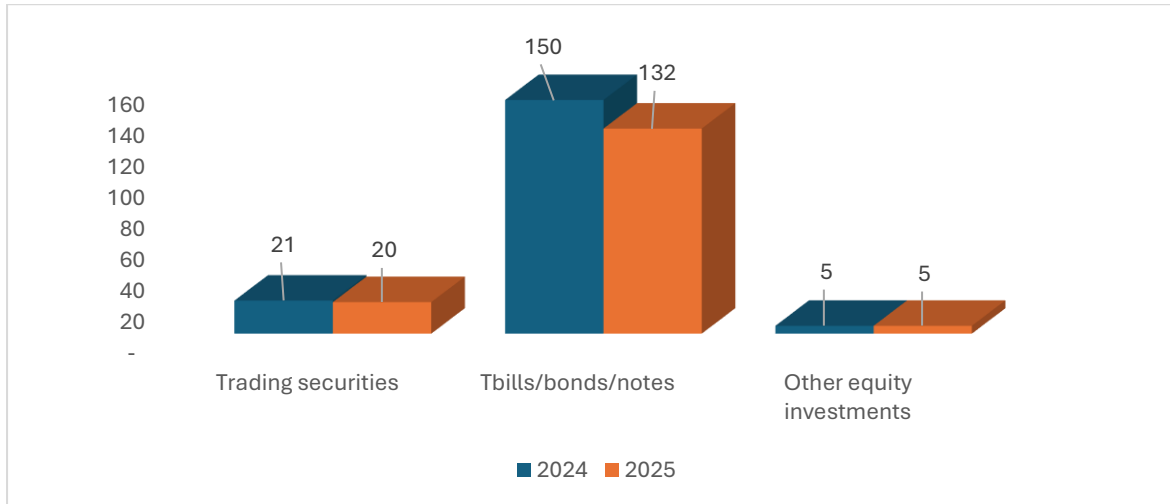
Overall, while the Group continues to expand its lending activities, the rise in impaired advances highlights emerging credit risk pressures, partially mitigated by improved provisioning levels.

	Dec-24	Dec-25
MUR million		
Gross advances	180,676	195,378
Impaired advances	14,581	17,015
Specific provision held	6,763	8,291
Net impaired advances	7,818	8,724
Provision coverage ratio (%)	46.4%	48.7%
Portfolio provision held	258	278
Net impaired advances/Net advances (%)	4.5%	4.7%
Gross impaired advances/Gross advances (%)	8.1%	8.7%

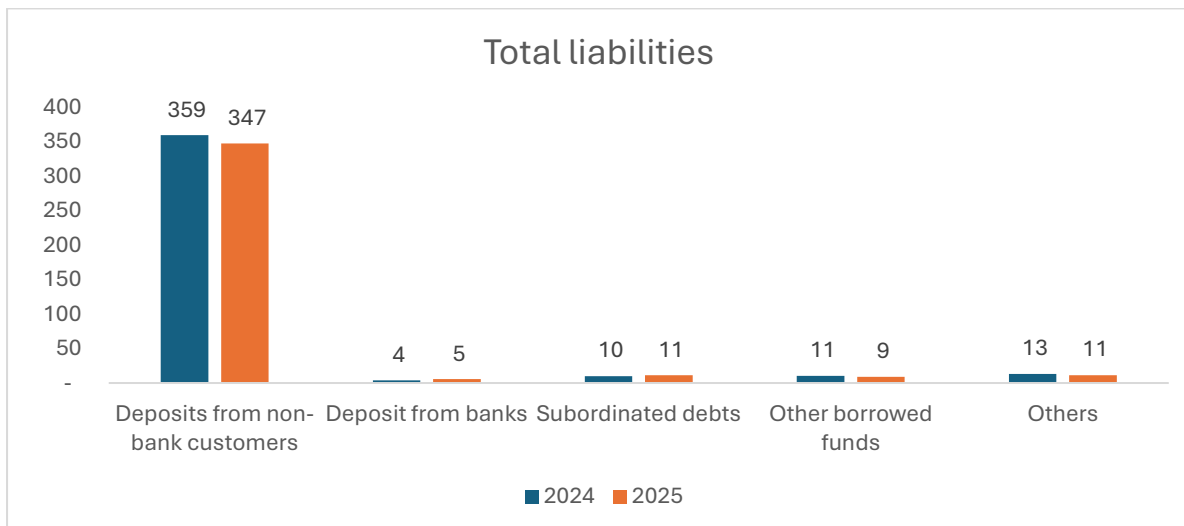
4.3 Investment securities

Investment securities declined by MUR 19.3 billion (-10.9%), from MUR 176.1 billion in FY 2024 to MUR 156.8 billion in FY 2025, which was due to a fall in the deposits and redeployment to loans and advances which are higher earnings.

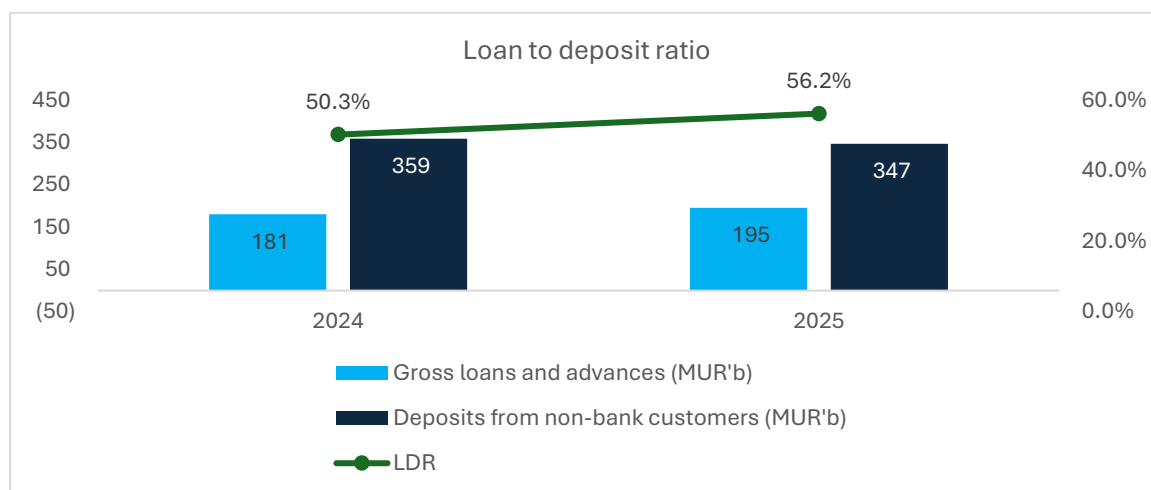
The decline was primarily driven by SBMBM, where investment securities fell significantly by MUR 18.2 billion (-12.9%). SBMBI recorded a decrease of MUR 3.8 billion (-27.0%). Partially offsetting this trend, SBMBK increased its holdings by MUR 1.5 billion (+11.7%), while BSBMM and other SBM entities recorded modest growth.



4.4 Total liabilities



4.5 Deposits from non-bank customers



The Group's loan-to-deposit ratio (LDR) increased to 56.2% in 2025 from 50.3% in 2024. This is due to gross loans and advances growing to MUR 195.4 billion from MUR 180.7 billion, while deposits from non-bank customers decreased to MUR 347.4 billion from MUR 359.5 billion.

4.6 Subordinated debts

Issuance	Instrument	Maturity	Currency	Carrying value (MUR million)
2018 (Second Issue)	Class A2 – Senior unsecured bonds	June 2028	MUR	3,061
2021 (Third Issue)	Class A3 & B3 – Unsecured bonds	June 2031	MUR	2,009
2025 (Fourth Issue)	Class A4 & A5 – Unsecured bonds	June 2035	MUR	5,002
SBMBI (2022–2023)	Fixed-rate subordinated unsecured bonds 2032–2033	2032–2033	INR	1,245
Total				11,317

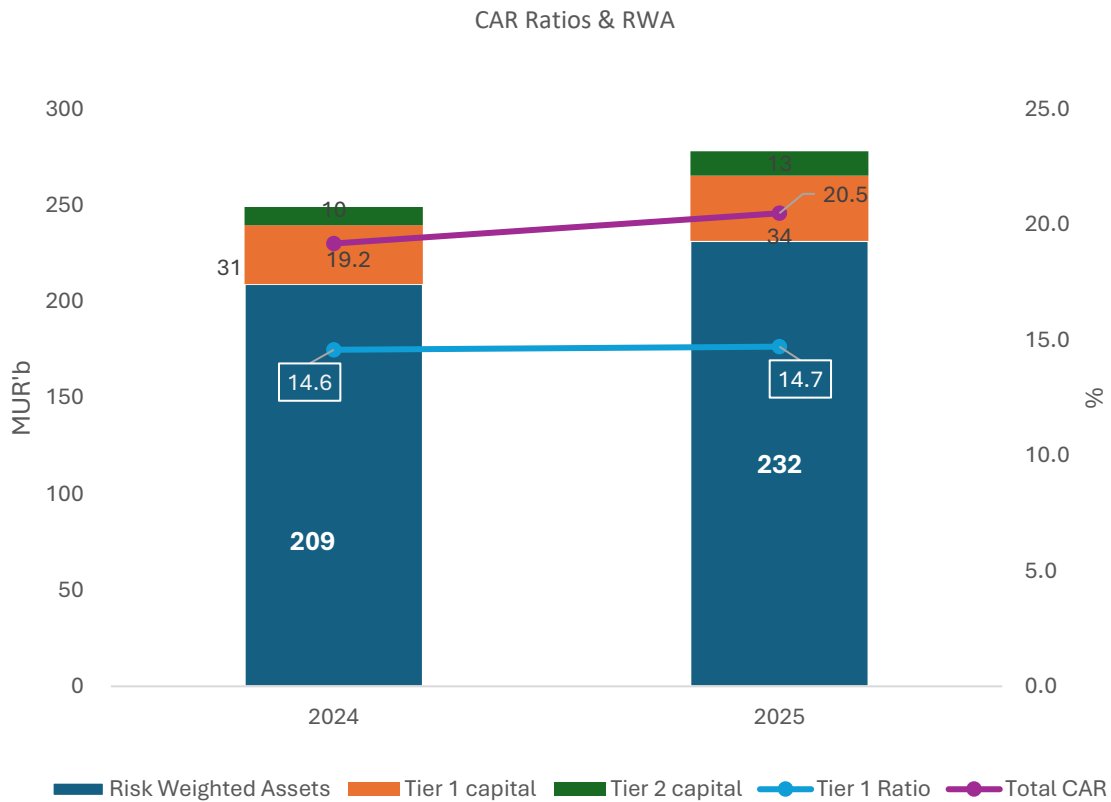
The Company has successfully repaid the Class B2 Series unsecured bond of USD 75 million which matured in June 2025.

During the year 2025, the Company has raised Class A4 and A5 Series unsecured bond of MUR 2.5 billion each respectively.

4.7 Shareholders' equity

At 31 December 2025, the Group's total equity stood at MUR 40.5 billion (2024: MUR 36.6 billion), reflecting a strong and stable capital position. The increase was supported by a profit of MUR 4.2 billion, together with other comprehensive income of MUR 0.9 billion, mainly driven by property revaluations, remeasurement of defined benefit plans, FVTOCI investments, which was mitigated partly by the dividend payment of MUR 1.3 billion.

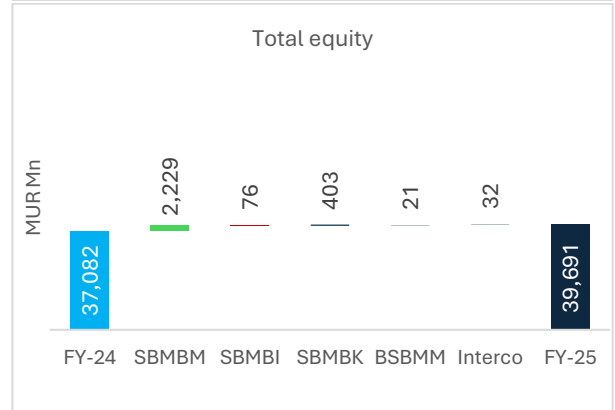
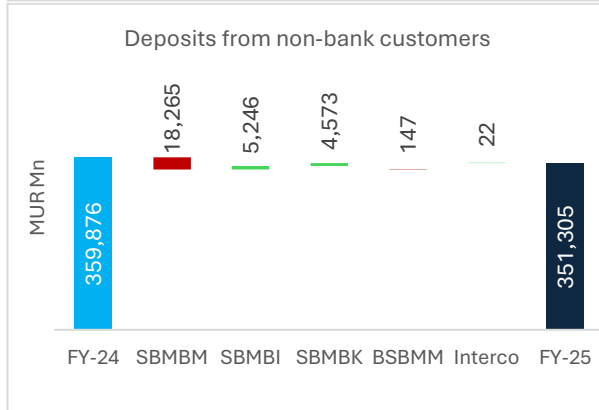
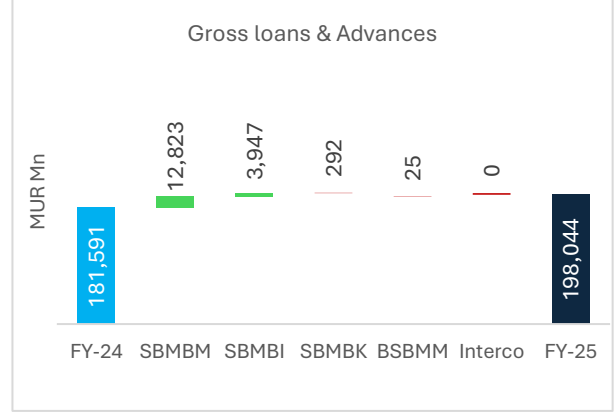
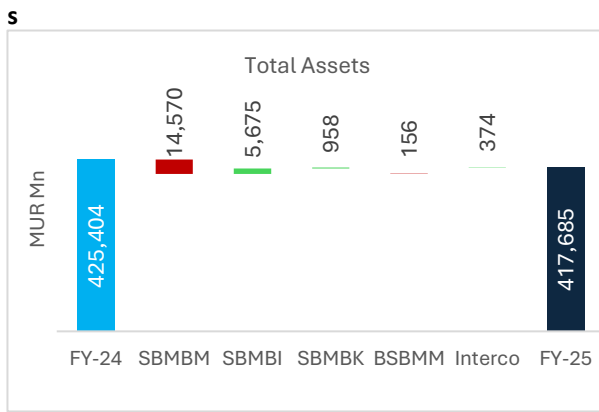
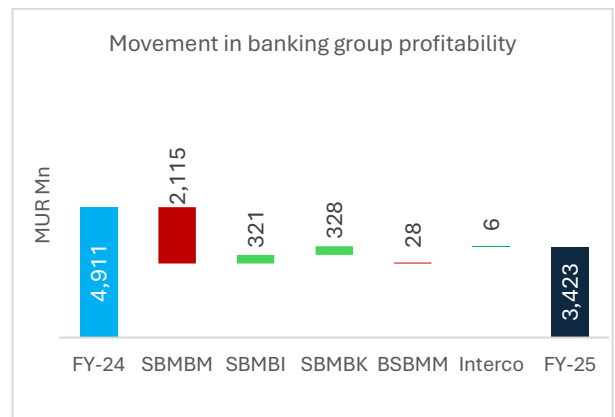
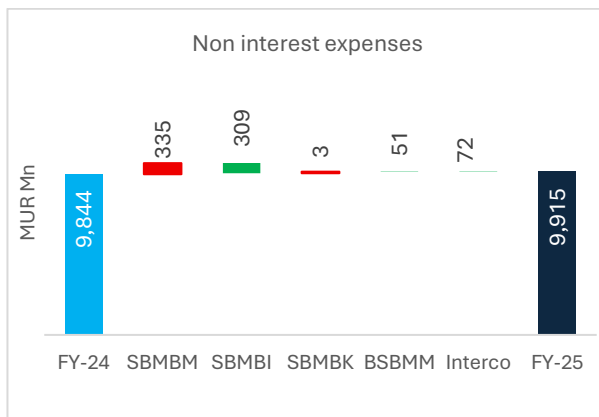
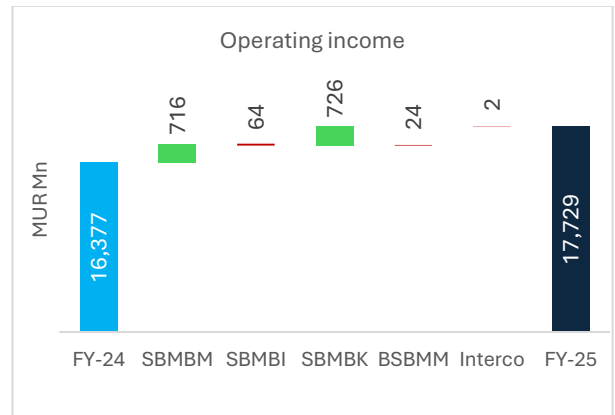
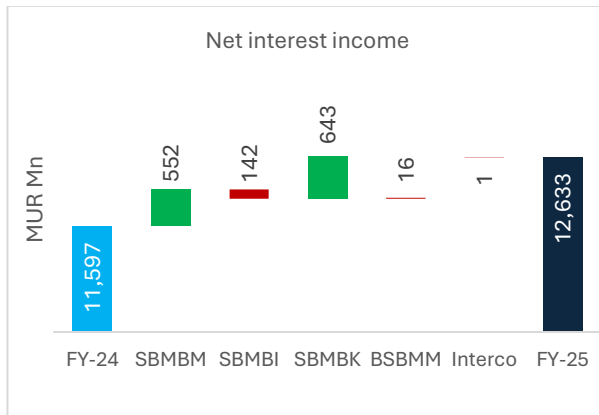
4.8 Capital ratios



Overall, the Group maintains a strong and resilient capital position, with adequate buffers above regulatory requirements, along with supporting its ongoing business expansion.

5. Segment information

5.1 Banking segment performance



5.1.1 Detailed analysis of banking segment

SBM Bank (Mauritius) Ltd (SBMBM)

The bank achieved a net profit after tax of MUR 3,720.1 million for the year ended 31 December 2025 (FY 2025) compared to MUR 5,834.7 million for the year ended 31 December 2024 (FY 2024). This drop in performance was primarily driven by higher expected credit loss expense and higher non-interest expenses, partially offset by an improvement in operating income and lower income tax expense.

The bank recorded an operating income of MUR 13,570.7 million for FY 2025, against MUR 12,855.1 million for FY 2024. This increase is mainly attributable to higher net interest income and non-interest income. Net interest income grew by MUR 552.2 million and stood at MUR 9,961.2 million for FY 2025 compared to MUR 9,409.0 million for FY 2024. Non-interest income also increased during the year under review and stood at MUR 3,609.5 million for FY 2025, higher by MUR 163.4 million compared to FY 2024.

On the non-interest expense side, an overall increase of MUR 335.5 million was noted for FY 2025, from MUR 5,539.9 million for FY 2024 to MUR 5,875.4 million for FY 2025. The increase in non-interest expenses was primarily the result of higher system costs and property-related expenses, reflecting continued investment in technology and infrastructure, whilst being partly offset by a drop in personnel costs from MUR 2,659.1 million for FY 2024 to MUR 2,562.4 million for FY 2025.

The current year's credit loss expense was higher by MUR 3,246.5 million compared to MUR 116.2 million for FY 2024. Income tax expense was lower by MUR 635.6 million for FY 2025 on account of a deferred tax credit of MUR 1,030.8 million for FY 2025 compared to a deferred tax charge of MUR 208.6 million for FY 2024, which positively impacted the profit for the period.

The bank's total assets decreased from MUR 336.7 billion as at 31 December 2024 to MUR 322.2 billion as at 31 December 2025. This decline was primarily driven by a reduction in deposits, which in turn led to lower investment in securities, which was partially offset by growth in net loans and advances, which rose by MUR 10.0 billion. The gross impaired ratio increased from 5.5% as at 31 December 2024 to 7.5% as at 31 December 2025. Total deposits stood at MUR 279.3 billion as at 31 December 2025 compared to MUR 297.3 billion as at 31 December 2024.

SBM Bank (India) Limited (SBMBI)

In 2025, SBMBI showed signs of improvement despite continuing challenges, reducing its loss to MUR 294.2 million from MUR 615.3 million in 2024. Net interest income declined by 11.2%, impacted by margin pressures, but this was partly offset by a 10% increase in non-interest income, reflecting diversification of revenue streams. Operating income remained stable while non-interest expenses were reduced by nearly 13%, demonstrating enhanced cost management. Credit loss provisions decreased by 23%, indicating improving asset quality.

The loan book grew by 15.2%, supported by a 14.1% increase in customer deposits, strengthening the funding base. Total assets expanded by 11.5%, while shareholders' equity slightly declined due to the ongoing loss.

Banque SBM Madagascar SA (BSBMM)

BSBMM delivered a modest but weakened financial performance for the year ended 31 December 2025, with profit after tax declining to MUR 16.9 million from MUR 45.0 million in FY 2024. The decrease in profitability was primarily driven by lower operating income and higher credit impairment charges. Net interest income declined by 9.3% to MUR 157.2 million, reflecting margin compression and subdued growth in earning assets, while non-interest income fell by 10.2% to MUR 71.9 million, indicating limited contribution from fee-based activities. As a result, total operating income decreased from MUR 253.4 million to MUR 229.1 million. Operating expenses also dropped to MUR 166.0 million (2024: MUR 168.7 million), demonstrating continued cost discipline, though this performance was insufficient to offset the revenue contraction. Credit loss provisions increased to MUR 38.5 million compared to MUR 21.5 million in the prior year, reflecting heightened credit risk within the portfolio.

On the statement of financial position, loans and advances marginally decreased to MUR 1.2 billion as at 31 December 2025, while deposits from non-bank customers declined to MUR 2.1 billion (2024: MUR 2.3 billion), indicating softer balance sheet growth. Total assets stood at MUR 2.8 billion. Shareholders' equity improved, supported by retained earnings for the year. Overall, BSBMM's 2025 performance reflects a challenging operating environment characterised by revenue pressures and increased provisioning, partially mitigated by prudent cost management and maintained capital adequacy. Continued focus on asset quality, deposit mobilisation and revenue diversification will be key to strengthening future performance.

SBM Bank (Kenya) Limited (SBMBK)

SBMBK delivered a strong financial turnaround in 2025, moving from a loss of MUR 352 million in 2024 to a profit of MUR 157.7 million, reflecting a significant improvement in its operating performance. However, the subsidiary restated its 2024 financial statements by KES 503 million (MUR 181.5 million), which was not adjusted in prior year but reflected in the current year at Group level, resulting in a loss of MUR 23.7 million.

Net interest income rose sharply from MUR 750.0 million to MUR 1,392.5 million (+85.7%), supported by improved asset yields, pricing and deployment of interest-earning assets as well as a reduction in interest expense. Non-interest income increased from MUR 482.1 million to MUR 565.4 million, indicating stronger fee-based activities and greater revenue diversification. Consequently, operating income grew substantially from MUR 1,232.1 million to MUR 1,957.9 million, outpacing the modest increase in non-interest expenses (from MUR 1,746.5 million to MUR 1,797.3 million), reflecting improved cost efficiency and positive operating leverage. However, credit loss provisions rose from MUR 30.1 million to MUR 71.2 million, pointing to emerging asset quality pressures.

From a balance sheet perspective, loans and advances increased moderately from MUR 16.5 billion to MUR 16.9 billion, while deposits grew strongly from MUR 25.2 billion to MUR 29.7 billion, enhancing the funding base and liquidity position. Total assets rose from MUR 37.2 billion to MUR 38.1 billion and shareholders' equity improved from MUR 3.3 billion to MUR 3.7 billion, supported by a capital injection of MUR 146.6 million from SBMH.

Overall, SBMBK's 2025 performance reflects a strong operational recovery, underpinned by robust and sustained revenue growth, improved efficiency and strengthened capitalisation, albeit with rising credit risk requiring continued monitoring.

5.2 Non-Banking Segment performance

SBM Non-Banking Financial Cluster (NBFC)

SBM's Non-Banking Financial Cluster (NBFC) reported a profit after tax of MUR 215.3 million for the year ended 31 December 2025, up from MUR 188.0 million in 2024. The increase was primarily driven by lower ECL provisioning under IFRS 9 and reduced operating expenses, partially offset by lower operating income from two of its subsidiaries.

The capital markets businesses, including trading, asset and portfolio management and corporate finance — remained the primary contributors to the cluster's income. While other lines of business also improved over the year, assets under management grew by 10%, from MUR 20.8 billion as at 31 December 2024 to MUR 22.9 billion as at 31 December 2025, despite challenging market conditions that continued to weigh on investment returns.

SBM Holdings Ltd (SBMH)

SBM Holdings Ltd, on stand-alone basis, delivered a strong performance for the year ended 31 December 2025, with profit attributable to equity holders rising to MUR 3.1 billion, compared to MUR 1.8 billion in 2024. The growth was largely driven by the revaluation of FVTPL investments (+MUR 891.0 million), higher dividend income from subsidiaries and equity investments, foreign exchange gains and tighter cost management, which offset higher finance costs from new subordinated debt. While net interest income remained negative due to the holding company structure, overall operating profit improved significantly to MUR 3.4 billion. Total comprehensive income amounted to MUR 2.9 billion, reflecting fair value movements on investment securities.

Total assets increased from MUR 38.7 billion to MUR 43.7 billion, a rise of MUR 5.0 billion (+12.9%), primarily driven by higher subordinated debt. Total liabilities grew by MUR 3.4 billion (+37.8%), reflecting the repayment of Bond B2 Series and the new issuance of A4 and A5 unsecured bonds, while a bridge loan of MUR 2.1 billion was repaid in early 2026. Total equity rose by MUR 1.6 billion (+4.2%).

PART C

STATEMENT OF DIRECTORS'
RESPONSIBILITY

SBM HOLDINGS LTD
STATEMENT OF DIRECTORS' RESPONSIBILITY
FOR THE YEAR ENDED 31 DECEMBER 2025

The Board of Directors of SBM Holdings Ltd is appointed by its shareholder at its AGM. A professional management team is appointed to run the business of SBM Holding Ltd (the 'Group') under the oversight of the Board of Directors. The Board is directly accountable to the shareholder and each year the Group holds an Annual Meeting at which the directors report to the shareholder on the performance of the Group and its future plans and strategies. They also submit themselves for re-election as directors at the Annual Meeting, as laid out in the Constitution and the National Code of Corporate Governance for Mauritius.

The Board of Directors' key purpose is to ensure the Group's prosperity by collectively directing its affairs via delegated authority, whilst meeting the appropriate interests of its stakeholders. In addition to business and financial issues, the Board of Directors is also called upon to deal with the challenges and issues relating to corporate governance, corporate social responsibility and corporate ethics. The Board must ensure that appropriate internal controls and risk management processes are set in place for the proper running of the business.

The Risk Management Committee has the responsibility to set the risk strategy, advise the Board on risk issues and monitor the risk management processes. Amongst others, it sets and reviews policies for the management of risks particularly in the areas of credit, market, interest, liquidity, operational and technological risks including legal, reputational and strategic risks, ensuring that adequate procedures and limits as well as appropriate methodologies and systems are in place.

The Audit Committee critically reviews the financial and interim reports, prospectus and other financial circulars/ documents and is responsible, amongst others, for reviewing the systems of internal controls to ascertain their adequacy and effectiveness. It reviews and discusses any material weaknesses identified in controls and deficiencies in system, and if necessary, recommends additional procedures to enhance the system of internal controls.

An internal audit function, whose Head also reports directly to the Audit Committee, is in place to ensure that the Group's operations are conducted according to the established practices by providing an independent and objective assurance, and by advising on best practices. The Audit Committee reviews reports from internal and external auditors and monitors relevant actions taken by management.


The Risk Management section contained in the Annual Report provides further details on the processes for risk management and internal controls.

The directors confirm, to the best of their knowledge and belief, that:

- (i) an effective system of internal controls and robust risk management practices, including compliance, has been put in place to safeguard the assets and for the prevention and detection of fraud and other irregularities;
- (ii) the Group has neither the intention nor the need to liquidate or curtail materially the scale of its operations in the foreseeable future;
- (iii) the Financial Statements give a true and fair view of the state of affairs of the Group for the year ended 31 December 2025 and have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), Mauritius Companies Act 2001 and the Financial Reporting Act 2004. These were supported by reasonable and prudent judgments, and estimates have been used consistently;
- (iv) they continuously review the implications of corporate governance best practices and are of the opinion that the Group complies with the requirement of the National Code of Corporate Governance for Mauritius in all material aspects or has explained non-compliance; and
- (v) proper accounting records have been kept, in accordance with the requirements of the Mauritius Companies Act 2001 and are free from misstatements.

The external auditors, PricewaterhouseCoopers have independently given their opinion in their audit report as set out in the financial statements on pages 1 to 8.

Signed on behalf of the Board.



Mr. Mahendra Vikramdass Punchoo
Chairman

30 March 2026



Mr. Aakash Krishan Kalachand
Chairman, Audit Committee

PART D
AUDITED FINANCIAL STATEMENT
FOR THE YEAR ENDED
31 DECEMBER 2025

SBM HOLDINGS LTD

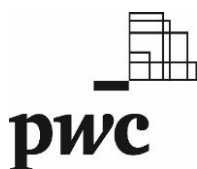
FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2025

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Independent Auditor's Report

To the Shareholders of
SBM Holdings Ltd

Report on the Audit of the Consolidated and Separate Financial Statements

Our Opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of SBM Holdings Ltd (the "Company") and its subsidiaries (together the "Group") and of the Company standing alone as at 31 December 2025, and of their financial performance and their cash flows for the year then ended in accordance with IFRS Accounting Standards and in compliance with the Mauritian Companies Act 2001.

What we have audited

The accompanying consolidated and separate financial statements of SBM Holdings Ltd comprise:

- the statements of financial position as at 31 December 2025;
- the statements of profit or loss for the year then ended;
- the statements of comprehensive income for the year then ended;
- the statements of changes in equity for the year then ended;
- the statements of cash flows for the year then ended; and
- the notes to the financial statements, which include material accounting policy information and other explanatory information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the "IESBA Code") as applicable to audits of financial statements of public interest entities. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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Tel: +230 404 5000, Fax: +230 404 5088, www.pwc.com/mu
Business Registration Number : F07000530



Independent Auditor's Report

To the Shareholders of
SBM Holdings Ltd (Continued)

Report on the Audit of the Consolidated and Separate Financial
Statements (Continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters – Consolidated Financial Statements	How our audit addressed the key audit matters
<p>Expected credit losses (ECL) on financial instruments</p> <p>As at 31 December 2025, the Group recorded allowances for expected credit losses of MUR 11,489 million on its financial assets at amortised cost, memorandum items and financial assets at fair value through other comprehensive income (FVTOCI). The disclosures associated with ECL in the financial statements is set out in the following accounting policies and notes:</p> <ul style="list-style-type: none"> • Material accounting policy 3(g) – financial instruments, impairment of financial assets; • Note 6 – Cash and cash equivalents; • Note 7 – Loans to and placements with banks; • Note 9 – Loans and advances to non-bank customers; • Note 10 – Investment securities; • Note 13 – Other assets; • Note 23 – Memorandum items; and • Note 33 - Credit loss movement on financial assets and memorandum items <p>The determination of expected credit losses (“ECL”) was identified as a key audit matter due to the complexity of the models used and the critical assumptions required regarding future economic conditions and credit behaviour. The key areas of significant management judgement within the ECL calculations include:</p> <ul style="list-style-type: none"> • Assessment of the stage classification, including evaluation of significant increase in credit risk (“SICR”) and credit-impaired assets; 	<p>We obtained an understanding and tested the operating effectiveness of the relevant controls relating to the approval of credit facilities, subsequent monitoring of credit facilities, collateral management, determination of customer credit ratings and reconciliations performed on ECL.</p> <p>Assessment of the stage classification We have obtained and assessed the appropriateness of the Group's policy on SICR and assessed, on a sample basis, whether the stage classification of exposures at the reporting date was in line with the policy as well as the requirements of IFRS 9.</p> <p>This includes a comparison of the credit risk ratings for a sample of customers at the reporting date with their credit ratings at the origination date. We also verified the delinquent report at the reporting date to assess whether there were any 30 days past due customers that would trigger a SICR.</p> <p>We have obtained and assessed the appropriateness of the Group's policy on credit-impaired assets and assessed completeness of the list in line with the policy and IFRS 9. We have reviewed the Group's policy on the curing period and tested a sample of cured facilities during the year.</p> <p>Input assumptions applied to the ECL model With the assistance of our modelling experts, we have obtained an understanding of the data, methodologies and assumptions used in the ECL Model. The procedures performed include:</p>



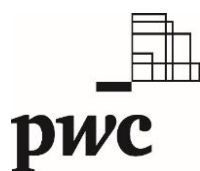
Independent Auditor's Report

To the Shareholders of
SBM Holdings Ltd (Continued)

Report on the Audit of the Consolidated and Separate Financial
Statements (Continued)

Key Audit Matters (Continued)

Key audit matters – Consolidated Financial Statements	How our audit addressed the key audit matters
<ul style="list-style-type: none"> • Determination and appropriateness of the input assumptions applied to estimate the probability of default (“PD”), exposure at default (“EAD”) and loss given default (“LGD”); • Incorporation of forward-looking information into the ECL model; • Likelihood of economic scenarios; • ECL on stage 3 exposures are assessed individually and require significant management judgement in estimating future recoveries; and • Credit risk disclosures are significant as they explain the application of IFRS 9, Financial Instruments, including the key judgements and material inputs used in determining the ECL. 	<p>- assessment of the appropriateness of the methodology used in line with IFRS 9 and parameters selected within the model, including the PD, LGD and EAD; and</p> <p>- testing, on a sample basis, the accuracy and completeness of the data inputs into the ECL model.</p> <p>Incorporation of forward-looking information into the ECL model Assessed, on a sample basis, the appropriateness of the forward-looking information incorporated in the ECL model.</p> <p>Likelihood of economic scenarios We assessed the appropriateness of the probability weightings of the macroeconomic scenarios by benchmarking these against external evidence and economic data.</p> <p>ECL on stage 3 exposures For a sample of customers, we performed the below procedures:</p> <ul style="list-style-type: none"> - Where collateral was used in the ECL computation, we evaluated the Group’s legal rights over the collateral and inspected the most recent valuation reports issued by external certified valuers appointed by the Group. - We evaluated the reasonableness of the assumptions applied to discount the collateral value, including haircuts applied and estimated time to realisation. <p>Credit risk disclosures We have assessed the appropriateness of the ECL related disclosures in the financial statements in accordance with IFRS 7 and IFRS 9.</p> <p>We evaluated whether the credit risk disclosures are consistent with the ECL information tested as part of our audit procedures.</p>



Independent Auditor's Report

To the Shareholders of
SBM Holdings Ltd (Continued)

Report on the Audit of the Consolidated and Separate Financial
Statements (Continued)

Key Audit Matters (Continued)

Key audit matters – Consolidated and Separate Financial Statements	How our audit addressed the key audit matters
<p>Fair valuation of level 3 investment securities</p> <p>As at 31 December 2025, the Company has invested in level 3 equity investment securities with a company value of MUR 6,627 Million. These equity investments involve valuation models where external evidence and unobservable inputs are used in the valuation.</p> <p>The disclosures associated with Investment Securities in the financial statements is set out in the following accounting policies and notes:</p> <ul style="list-style-type: none"> • Note 4(b) - Fair value of financial Instruments; • Note 10(a) – Investment Securities; • Note 38 - Risk management - a(iii) Fair value measurement hierarchy; • Note 29 (a) - Net gain/(losses) from financial assets at fair value through profit or loss; <p>Management of the company uses the market approach using unobservable inputs to value these equity investment securities.</p> <p>Due to the materiality of the investments, the estimation uncertainties in the assumptions, and the degree of judgement required, the assessment of the fair value of the underlying investment securities is a Key Audit Matter to our audit.</p>	<p>With the assistance of our internal valuation experts, we have:</p> <ul style="list-style-type: none"> • assessed the appropriateness of the valuation methodologies applied by management by comparing them to recognised valuation techniques and the requirements IFRS 13 – Fair value Measurement and IFRS 9 – Financial Instruments. • review the reasonableness of the assumptions, data points and unobservable inputs used in the valuation model. • developed an independent point estimate based on the most appropriate valuation basis and compare to the management valuation approach. • obtained an understanding and evaluated the relevant financial controls over the valuation process • assessed the adequacy of the related disclosures in the financial statements, including that relating to valuation techniques, key assumptions and sensitivity to changes in unobservable inputs.



Independent Auditor's Report

To the Shareholders of
SBM Holdings Ltd (Continued)

Report on the Audit of the Consolidated and Separate Financial
Statements (Continued)

Other Information

The directors are responsible for the other information. The other information comprises the Corporate Governance Report, the Company Secretary's Certificate, the Financial Review and the Statement of Director's responsibilities but, does not include the consolidated and separate financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report and the Introduction, the Reflections from the Chairman, the Message from the Group CEO, the In Conversation with the Deputy Group CEO, the Our Reporting Universe and Philosophy, the Overview of the SBM Group, the Group Leadership and Governance, the Strategy Report, the Sustainability Report and the Risk Management Report, which are expected to be made available to us after that date.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

When we read the Introduction, the Reflections from the Chairman, the Message from the Group CEO, the In Conversation with the Deputy Group CEO, the Our Reporting Universe and Philosophy, the Overview of the SBM Group, the Group Leadership and Governance, the Strategy Report, the Sustainability Report and the Risk Management Report not yet received and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards and in compliance with the Mauritian Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless



Independent Auditor's Report

To the Shareholders of
SBM Holdings Ltd (Continued)

Report on the Audit of the Consolidated and Separate Financial
Statements (Continued)

Responsibilities of the Directors for the Consolidated and Separate Financial Statements (Continued)

the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's and Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.



Independent Auditor's Report

To the Shareholders of
SBM Holdings Ltd (Continued)

Report on the Audit of the Consolidated and Separate Financial
Statements (Continued)

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Independent Auditor's Report

To the Shareholders of
SBM Holdings Ltd (Continued)

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

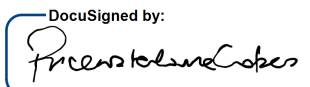
- (a) we have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as auditor and tax advisor of the Company and some of its subsidiaries and as business advisor of one of its subsidiaries;
- (b) we have obtained all the information and explanations we have required; and
- (c) in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Mauritian Financial Reporting Act 2004

Our responsibility under the Mauritian Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance ("Code") disclosed in the Corporate Governance Report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the Corporate Governance Report, the Company has, pursuant to section 75 of the Mauritian Financial Reporting Act 2004, complied with the requirements of the Code.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's shareholders, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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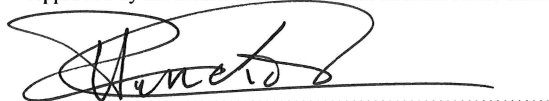
30 March 2026

SBM HOLDINGS LTD
STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

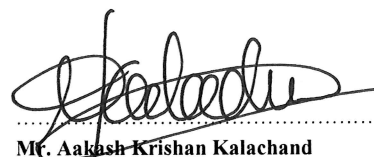
9.

Notes	The Group			The Company		
	31 December 2025	31 December 2024	01 January 2024	31 December 2025	31 December 2024	
	MUR' 000	MUR' 000 (Restated)	MUR' 000 (Restated)	MUR' 000	MUR' 000	
ASSETS						
Cash and cash equivalents	6	52,608,903	62,287,617	40,746,640	36,062	2,517
Loans to and placements with banks	7	14,038,281	7,595,289	2,853,065	3,187,562	-
Derivative financial instruments	8	1,812,406	1,464,946	679,073	-	-
Loans and advances to non-bank customers	9	185,297,918	172,687,378	148,259,418	-	-
Investment securities	10(a)	156,831,695	176,104,391	157,532,715	8,434,225	6,662,340
Investment in subsidiaries	10(b)	-	-	-	31,947,252	31,923,308
Property and equipment	11(a)	4,822,843	5,270,896	4,140,212	6,018	4,873
Right of use assets	11(b)(i)	856,827	781,578	724,545	-	-
Intangible assets	12	1,020,843	1,535,893	1,851,623	-	-
Deferred tax assets	18 (d)	2,400,187	1,519,647	1,390,569	-	-
Other assets	13	5,638,190	4,394,750	4,075,455	47,379	80,935
Total assets		425,328,093	433,642,385	362,253,315	43,658,498	38,673,973
LIABILITIES						
Deposits from banks	15	5,499,793	3,963,451	2,662,028	-	-
Deposits from non-bank customers	16	347,444,343	359,496,028	290,639,805	-	-
Other borrowed funds	17	9,166,253	10,523,557	13,405,661	2,058,691	121,946
Derivative financial instruments	8	1,455,794	1,429,727	782,595	-	-
Lease liabilities	11(b)(ii)	956,031	856,681	801,229	-	-
Current tax liabilities	18 (a)	1,191,263	1,018,819	556,294	-	-
Pension liabilities	14	545,786	758,138	450,863	23,883	29,411
Other liabilities	19	7,299,763	8,981,235	10,039,834	133,314	117,594
Subordinated debts	20	11,316,586	9,978,148	11,232,173	10,072,160	8,648,535
Total liabilities		384,875,612	397,005,784	330,570,482	12,288,048	8,917,486
SHAREHOLDERS' EQUITY						
Stated capital	21	32,500,204	32,500,204	32,500,204	32,500,204	32,500,204
Retained earnings		15,068,614	11,543,044	9,511,081	4,689,536	2,877,797
Other reserves		(2,241,306)	(2,531,616)	(5,453,421)	(944,259)	(746,483)
		45,327,512	41,511,632	36,557,864	36,245,481	34,631,518
Treasury shares	21	(4,875,031)	(4,875,031)	(4,875,031)	(4,875,031)	(4,875,031)
Total equity attributable to owners of the Company		40,452,481	36,636,601	31,682,833	31,370,450	29,756,487
Total equity and liabilities		425,328,093	433,642,385	362,253,315	43,658,498	38,673,973

Approved by the Board of Directors and authorised for issue on 30 March 2026



Mr. Mahendra Vikramdass Punchoo
Chairman



Mr. Aakash Krishan Kalachand
Chairman, Audit Committee

The notes on page 15 to 120 form an integral part of these financial statements.

SBM HOLDINGS LTD
STATEMENTS OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2025

10.

	Notes	The Group		The Company	
		2025 MUR' 000	2024 MUR' 000	2025 MUR' 000	2024 MUR' 000
Interest income using the effective interest method	26	24,459,039	22,709,870	83,925	12,370
Other interest income	26	1,272,175	633,002	-	-
Interest expense using the effective interest method	26	(12,341,609)	(11,522,394)	(545,860)	(464,252)
Other interest expense	26	(1,196,796)	(646,415)	-	-
Net interest income/(expense)	26	12,192,809	11,174,063	(461,935)	(451,882)
Fee and commission income	27	2,836,873	2,481,656	-	-
Fee and commission expense	27	(129,431)	(124,710)	-	-
Net fee and commission income	27	2,707,442	2,356,946	-	-
Other income					
Net trading income	28	2,478,924	2,577,460	-	-
Net gains/(losses) from financial assets measured at FVTPL	29 (a)	835,527	(2,837)	890,957	1,369
Net losses on derecognition of financial assets measured at amortised cost	29 (b)	-	(32,383)	-	(20,940)
Net gains/(losses) on derecognition of financial assets measured at FVTOCI	29 (c)	381,616	108,567	-	(10,250)
Other operating income	30	433,166	452,602	3,016,136	2,866,107
Non-interest income		6,836,675	5,460,355	3,907,093	2,836,286
Total operating income		19,029,484	16,634,418	3,445,158	2,384,404
Personnel expenses	31	(4,803,982)	(4,899,768)	(213,299)	(231,909)
Depreciation of property and equipment	11(a)	(506,906)	(408,417)	(564)	(439)
Depreciation of right of use assets	11(b)	(222,702)	(229,078)	-	-
Amortisation of intangible assets	12	(794,462)	(692,546)	-	(66)
Other expenses	32	(4,037,810)	(4,389,219)	(69,844)	(353,074)
Impairment of investment in subsidiary	10(b)	-	-	(69,378)	(29,320)
Non-interest expense		(10,365,862)	(10,619,028)	(353,085)	(614,808)
Profit before credit loss expense		8,663,622	6,015,390	3,092,073	1,769,596
Credit loss movement on financial assets and memorandum items	33	(3,534,141)	(431,289)	(6,942)	(739)
Profit before income tax		5,129,481	5,584,101	3,085,131	1,768,857
Tax expense	18 (b)	(915,971)	(1,245,431)	(2,705)	(1,897)
Profit for the year attributable to owners of the Company		4,213,510	4,338,670	3,082,426	1,766,960
Earnings per share:					
Basic and Diluted (Cents)	34	163.2	168.0		

The notes on page 15 to 120 form an integral part of these financial statements.

SBM HOLDINGS LTD
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

11.

	Notes	The Group		The Company	
		2025 MUR' 000	2024 MUR' 000	2025 MUR' 000	2024 MUR' 000
Profit for the year attributable to owners of the Company		4,213,510	4,338,670	3,082,426	1,766,960
Other comprehensive income:					
<i>Items that will not be reclassified to profit or loss:</i>					
(Loss)/gain on revaluation of property	11(a)	(110,000)	779,597	-	-
Deferred tax on revaluation of property	18 (d)	18,700	(94,290)	-	-
Deferred tax arising following change in rate:					
- Revaluation of property	18 (d)	(49,890)	-	-	-
- Defined benefit pension plans	18 (d)	74,144	-	-	-
Remeasurement of defined benefit pension plans	14	307,135	(262,230)	12,034	(4,801)
Deferred tax on remeasurement of defined benefit pension plans	18 (d)	(67,402)	34,392	-	-
Fair value (loss)/gain on equity instruments designated at FVTOCI	10(a)	(141,530)	27,131	(189,601)	-
		31,157	484,600	(177,567)	(4,801)
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translation of foreign operations	37	(299,527)	773,635	-	-
<i>Debt securities measured at FVTOCI</i>					
-Movement in fair value during the year		946,385	627,085	-	(11,881)
-Fair value (gains)/losses reclassified to profit or loss on derecognition		(381,616)	(108,567)	-	10,250
-Credit loss movement relating to debt instruments held at FVTOCI		596,867	(128,938)	-	189
		862,109	1,163,215	-	(1,442)
Total other comprehensive income/(loss) attributable to owners of the Company		893,266	1,647,815	(177,567)	(6,243)
Total comprehensive income for the year attributable to owners of the Company		5,106,776	5,986,485	2,904,859	1,760,717

The notes on page 15 to 120 form an integral part of these financial statements.

SBM HOLDINGS LTD
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

12.

	Notes	Stated capital	Property revaluation reserve	Other reserves*	Statutory reserve	Retained earnings	Treasury shares	Total equity
		MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
The Group								
At 01 January 2024		32,500,204	182,309	(6,399,721)	763,991	9,511,081	(4,875,031)	31,682,833
Comprehensive income:								
Profit for the year		-	-	-	-	4,338,670	-	4,338,670
Other comprehensive income/(loss) for the year		-	685,307	1,190,346	-	(227,838)	-	1,647,815
Total comprehensive income for the year		-	685,307	1,190,346	-	4,110,832	-	5,986,485
Transaction with owners:								
Appropriation of reserves		-	-	1,087,036	16,233	(1,103,269)	-	-
Revaluation surplus realised on depreciation		-	(57,117)	-	-	57,117	-	-
Dividend	22	-	-	-	-	(1,032,717)	-	(1,032,717)
Total transaction with owners		-	(57,117)	1,087,036	16,233	(2,078,869)	-	(1,032,717)
At 31 December 2024		<u>32,500,204</u>	<u>810,499</u>	<u>(4,122,339)</u>	<u>780,224</u>	<u>11,543,044</u>	<u>(4,875,031)</u>	<u>36,636,601</u>
At 01 January 2025		32,500,204	810,499	(4,122,339)	780,224	11,543,044	(4,875,031)	36,636,601
Comprehensive income:								
Profit for the year		-	-	-	-	4,213,510	-	4,213,510
Other comprehensive (loss)/income for the year		-	(141,190)	720,579	-	313,877	-	893,266
Total comprehensive (loss)/income for the year		-	(141,190)	720,579	-	4,527,387	-	5,106,776
Transaction with owners:								
Appropriation of reserves		-	-	(221,052)	9,131	211,921	-	-
Revaluation surplus realised on depreciation		-	(77,158)	-	-	77,158	-	-
Dividend	22	-	-	-	-	(1,290,896)	-	(1,290,896)
Total transaction with owners		-	(77,158)	(221,052)	9,131	(1,001,817)	-	(1,290,896)
At 31 December 2025		<u>32,500,204</u>	<u>592,151</u>	<u>(3,622,812)</u>	<u>789,355</u>	<u>15,068,614</u>	<u>(4,875,031)</u>	<u>40,452,481</u>

*Other reserves comprise of fair value reserve, translation reserve, prudential provisions reserve, earnings reserve and restructuring reserve (note 37).

The notes on page 15 to 120 form an integral part of these financial statements.

SBM HOLDINGS LTD
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

13.

	<u>Notes</u>	<u>Stated capital</u> MUR' 000	<u>Fair value reserve</u> MUR' 000	<u>Retained earnings</u> MUR' 000	<u>Treasury shares</u> MUR' 000	<u>Total equity</u> MUR' 000
<u>The Company</u>						
At 1 January 2024		32,500,204	(745,041)	2,148,355	(4,875,031)	29,028,487
<i>Comprehensive income:</i>						
Profit for the year		-	-	1,766,960	-	1,766,960
Other comprehensive loss for the year		-	(1,442)	(4,801)	-	(6,243)
Total comprehensive (loss)/income for the year		-	(1,442)	1,762,159	-	1,760,717
<i>Transaction with owners:</i>						
Dividend	22	-	-	(1,032,717)	-	(1,032,717)
At 31 December 2024		<u>32,500,204</u>	<u>(746,483)</u>	<u>2,877,797</u>	<u>(4,875,031)</u>	<u>29,756,487</u>
At 1 January 2025		32,500,204	(746,483)	2,877,797	(4,875,031)	29,756,487
<i>Comprehensive income:</i>						
Profit for the year		-	-	3,082,426	-	3,082,426
Other comprehensive (loss)/income for the year		-	(189,601)	12,034	-	(177,567)
Total comprehensive (loss)/income for the year		-	(189,601)	3,094,460	-	2,904,859
<i>Transaction with owners:</i>						
Appropriation of reserves		-	(8,175)	8,175	-	-
Dividend	22	-	-	(1,290,896)	-	(1,290,896)
Total transaction with owners		-	(8,175)	(1,282,721)	-	(1,290,896)
At 31 December 2025		<u>32,500,204</u>	<u>(944,259)</u>	<u>4,689,536</u>	<u>(4,875,031)</u>	<u>31,370,450</u>

The notes on page 15 to 120 form an integral part of these financial statements.

SBM HOLDINGS LTD
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

14.

Notes	The Group		The Company	
	2025	2024	2025	2024
	MUR' 000	MUR' 000 (Restated)	MUR' 000	MUR' 000
Cash flows from operating activities				
Profit for the year	4,213,510	4,338,670	3,082,426	1,766,960
Adjustments to determine net cash flows:				
Depreciation of property and equipment	11(a) 506,906	408,417	564	439
Depreciation of right of use assets	11(b) 222,702	229,078	-	-
Amortisation of intangible assets	12 794,462	692,546	-	66
Write off of property and equipment	11(a) 825	-	-	-
Write off of Intangible Assets	12 27,784	-	-	-
Impairment of investment in subsidiaries	10(b) -	-	69,378	29,320
Pension expense	31 155,446	119,234	6,891	12,839
Credit loss movement on financial assets and memorandum items	33 3,534,141	431,289	6,942	739
Net gains/(losses) on derecognition of financial assets measured at FVTOCI	29 (c) (381,616)	(108,567)	-	10,250
Net gain on termination of right of use	(4,896)	(20,447)	-	-
Net gain on disposal of property and equipment	30 (9,729)	(12,888)	-	-
Net losses on derecognition of financial assets measured at amortised cost	29 (b) -	32,383	-	20,940
Net gains/(losses) from financial assets measured at FVTPL	29 (a) (835,527)	2,837	(890,957)	(1,369)
Interest income	26 (25,731,214)	(23,342,872)	(83,925)	(12,370)
Interest expense	26 13,538,405	12,168,809	545,860	464,252
Tax expense	18(b) 915,971	1,245,431	2,705	1,897
Dividend income	30 (287,778)	(305,568)	(2,830,043)	(2,796,280)
Exchange difference	(345,468)	437,737	(111,029)	-
Operating loss before working capital changes	(3,686,076)	(3,683,911)	(201,188)	(502,317)
Change in operating assets and liabilities				
Increase in derivative financial instruments (assets)	(355,212)	(795,337)	-	-
Increase in loans to and placements with banks	(6,451,425)	(4,752,445)	(3,187,562)	-
Increase in loans and advances to non bank customers	(15,598,193)	(23,966,838)	-	-
Decrease/(increase) in investment securities	21,009,452	(17,559,702)	(1,077,605)	842,422
(Increase)/decrease in other assets	(1,304,303)	(395,585)	26,614	32,296
(Decrease)/increase in derivative financial instruments (liabilities)	(144,617)	720,226	-	-
Increase in deposits from banks	1,536,343	1,301,423	-	-
(Decrease)/increase in deposits from non-bank customers	(11,740,896)	68,525,800	-	-
(Decrease)/increase in other liabilities	(2,185,070)	(1,096,518)	15,720	28,299
Net change in pension liabilities	14(a)&14(b) (60,663)	(79,070)	(385)	(1,025)
Cash (used in)/ generated from operations	(18,980,660)	18,218,043	(4,424,406)	399,675
Interest received	26,003,622	22,729,256	91,000	17,076
Interest paid	(13,883,385)	(11,823,636)	(542,700)	(472,893)
Income tax paid	18(c) (1,673,969)	(770,319)	(2,705)	(1,897)
Net cash generated from/(used in) operating activities	(8,534,392)	28,353,344	(4,878,811)	(58,039)
Investing activities				
Acquisition of property and equipment	(206,623)	(724,427)	(1,710)	-
Acquisition of intangible assets	12 (319,446)	(406,927)	-	-
Proceeds on disposal of property and equipment	16,669	23,260	-	-
Dividend received	30 287,778	305,568	2,830,043	2,796,280
Redemption of capital contribution	10(b) -	-	572,714	125,886
Contribution during the year	10(b) -	-	(666,036)	(1,366,474)
Net cash (used in)/generated from investing activities	(221,622)	(802,526)	2,735,011	1,555,692
Financing activities				
Proceeds from other borrowed funds	20 9,630,967	4,612,409	2,526,482	-
Repayment of other borrowed funds	20 (10,317,261)	(7,740,277)	(495,993)	-
Repayment of subordinated debts	20 (3,440,358)	(1,500,000)	(3,440,302)	(1,500,000)
Subordinated debts issued	20 5,000,000	-	5,000,000	-
Dividend paid on ordinary shares	22 (1,290,896)	(1,032,717)	(1,290,896)	(1,032,717)
Payment of principal portion of lease liabilities	11(b) (269,637)	(293,092)	-	-
Net cash flow (used in)/generated from financing activities	(687,185)	(5,953,677)	2,299,291	(2,532,717)
Net change in cash and cash equivalents	(9,443,199)	21,597,141	155,491	(1,035,064)
Effect of foreign exchange rate changes	(252,338)	(33,845)	-	204,902
Expected credit loss allowance on cash and cash equivalents	16,823	(22,319)	-	-
Cash and cash equivalents at start of year	62,287,617	40,746,640	(119,429)	710,733
Cash and cash equivalents at end of year	52,608,903	62,287,617	36,062	(119,429)
Reconciliation of cash and cash equivalents				
Cash at bank	6 52,608,903	62,287,617	36,062	2,517
Bank overdraft	-	-	-	(121,946)
	52,608,903	62,287,617	36,062	(119,429)

The notes on page 15 to 120 form an integral part of these financial statements.

1 General information

SBM Holdings Ltd (the "Company") is a public company incorporated on 18 November 2010 and domiciled in Mauritius. The Company was listed on the Stock Exchange of Mauritius on 03 October 2014 pursuant to a 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.

These financial statements comprise the Company as a standalone as well as its subsidiaries (together referred to as the "Group").

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

2 Application of new and revised standards and interpretations

In the current year, the Group and the Company have applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee ("IFRS-IC") of the IASB that are relevant to their operations and effective for accounting periods beginning on 01 January 2025.

(a) *New and revised IFRS Accounting Standards as issued by the IASB*

A number of new standards, amendments to existing standards and interpretations are effective for the first time for the accounting period beginning 01 January 2025. None of these had a significant effect on the financial information of the Group.

(b) *New and revised IFRS Accounting Standards in issue but not yet effective*

A number of new standards, amendments to existing standards and interpretations are effective for periods beginning after 01 January 2025 and which are as follows:

(i) Amendments to the Classification and Measurement of Financial Instruments Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning after 01 January 2026)

On 30 May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- Clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- Clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- Add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- Update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Group does not expect these amendments to have a material impact on its financial information.

2 Application of new and revised standards and interpretations (Cont'd)

(b) *New and revised IFRS Accounting Standards in issue but not yet effective (Cont'd)*

(ii) IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 01 January 2027)

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be significant, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

The Directors shall assess the impact of the IFRS 18 on the Group's financial information in due course.

(iii) IFRS 19 Subsidiaries without Public Accountability (effective for annual periods beginning on or after 01 January 2027)

Issued in May 2024, IFRS 19 allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting Standards to apply reduced disclosure requirements. The Group does not expect this standard to have an impact on its financial information.

The directors anticipate that these amendments will be applied 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 application of these amendments.

3 Material accounting policies

(a) Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards (IFRSs), as issued by the International Accounting Standards Board (IASB) and in compliance with the Mauritius Companies Act 2001, and the Financial Reporting Act 2004.

(b) Basis of preparation

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented unless otherwise stated.

The accounting policies of each relevant line item not disclosed below are included in the respective notes.

The financial statements have been prepared on the historical cost basis, except for certain property and equipment measured at revalued amounts and derivative and financial instruments that are measured at fair value as explained in the accounting policies. These financial statements are presented in Mauritian Rupee, which is the Group's and Company's functional currency and presentation currency.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using valuation technique. In estimating the fair value of an asset or liability the Group takes into account the characteristics of the asset or liability if market participants would take into account those characteristics when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

Going concern

Directors and management have assessed the Group's and the Company's ability to continue as a going concern and are satisfied that the Group and the Company have the resources to continue in business for the foreseeable future. Furthermore, they are not aware of any material uncertainties that may cast significant doubt upon the Group's and the Company's ability to continue as a going concern. Hence, these financial statements continue to be prepared on the going concern basis.

(c) Presentation of financial statements

The financial statements are presented in Mauritian Rupee ('MUR'), 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. The Group and the Company presents its statement of financial position broadly in order of liquidity. The recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented under each respective note.

(d) Basis of consolidation

The financial statements include the financial statements of SBM Holdings Ltd and its subsidiaries.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Company's voting rights and potential voting rights.

3 Material accounting policies (Cont'd)

(d) Basis of consolidation (Cont'd)

The Company re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date it ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated on consolidation.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, except for SBMBI, which has a different reporting period as mandated by the Reserve Bank of India (RBI). All subsidiaries apply consistent accounting policies, and where necessary, adjustments are made to align their financial statements with the accounting policies of the Group.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

(e) Foreign currency translation

Assets, liabilities, income and expense items denominated in other currencies are translated into Mauritian Rupees, the currency of the primary economic environment in which the entity operates ('functional currency') in accordance with IAS 21.

- (i) Transactions denominated in foreign currency are converted at the rate prevailing at the date of the transactions.
- (ii) Monetary assets and liabilities denominated in foreign currency at the reporting date are translated into Mauritian Rupees at the rates of exchange prevailing at that date.
- (iii) Non-monetary assets and liabilities denominated in foreign currency are reported using the exchange rates at the date of the transactions, if carried at cost, or the exchange rates that existed when the fair values were determined, if carried at fair value.

3 Material accounting policies (Cont'd)

(f) Foreign currency translation (Cont'd)

- (iv) Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the statements of profit or loss and other comprehensive income ('OCI') for the year. When a gain or loss on a non-monetary item is recognised in equity, any exchange component of that gain or loss shall be recognised in equity. Conversely, when a gain or loss on a non-monetary item is recognised in the statements of profit or loss and other comprehensive income, any exchange component of that gain or loss shall be recognised in the statements of profit or loss and other comprehensive income.
- (v) Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at closing rate. Exchange differences arising are recognised in other comprehensive income.
- (vi) On consolidation, the assets and liabilities of foreign operations are translated into Mauritian Rupee at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in Other Comprehensive Income. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date. On disposal/derecognition of a foreign entity, such translation differences are recognised in the statements of profit in the period in which the foreign entity is disposed of/derecognised.

(g) Financial instruments

Financial assets and financial liabilities (excluding regular way trades) are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Recognised financial assets and financial liabilities are initially measured at fair value. Regular way trades are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. These are recognised using trade date accounting and are applied both for financial assets mandatorily measured at FVTPL and financial assets measured at amortised cost.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the entity will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability). After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Financial assets

For all financial assets the amount presented on the statements of financial position represent all amounts receivable including interest accruals. All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets as follows:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;

3 Material Accounting policies (Cont'd)

(g) Financial instruments (Cont'd)

Financial assets (Cont'd)

- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income (FVTOCI); and
- all other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

However, the entity may make the following irrevocable election / designation at initial recognition of a financial asset on an asset-by-asset basis:

- the entity may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, in OCI; and
- the entity may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

The Group has not designated any debt instruments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

Debt instruments measured at amortised cost or at FVTOCI

The Group assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are SPPI. For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The entity determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The entity's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Group has more than one business model for managing its financial instruments which reflect how it manages its financial assets in order to generate cash flows. The business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group considers all relevant information available when making the business model assessment.

However, this assessment is not performed on the basis of scenarios that the Group does not reasonably expect to occur, such as 'worst case' or 'stress case' scenarios. The Group takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Group determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Group reassesses its business models at each reporting period to determine whether the business models have changed since the preceding period. When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

3 Material accounting policies (Cont'd)

(g) Financial instruments (Cont'd)

Financial assets (Cont'd)

Financial assets measured at FVTPL

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss.

Equity instruments designated at FVTOCI

On initial recognition, the entity may make an irrevocable election (on an instrument by instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the entity manages together and has evidence of a recent actual pattern of short-term profit taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Cash and cash equivalents

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

Reclassifications

If the business model under which the entity holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the financial assets. During the current financial year there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost, exchange differences are recognised in profit or loss;
- for debt instruments measured at FVTOCI, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss and other exchange differences are recognised in the OCI in fair value reserve;
- for financial assets measured at FVTPL, exchange differences are recognised in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in the OCI in the fair value reserve.

Financial guarantees

In the ordinary course of business, the Group gives financial guarantees, consisting of letters of credit, Group guarantees and acceptances.

Financial guarantee contracts issued by an entity are initially measured at their fair values and, if not designated as at FVTPL and not arising from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the entity's revenue recognition policies.

Any increase in the liability relating to financial guarantees is recorded in the statements of profit or loss and other comprehensive income. The premium received is recognised in the statements of profit or loss and other comprehensive income in 'Fees and commission income' on a straight-line basis over the life of the guarantee.

3 Material accounting policies (Cont'd)

(g) Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets

The Group recognises loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- loans and advances to non-banks customers;
- loans to and placements with banks;
- investment securities measured at amortised cost;
- investment securities measured at FVTOCI;
- loan commitments issued; and
- financial guarantee contracts issued.

No impairment loss is recognised on equity investments designated at FVTOCI.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instruments that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instruments (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL. More details on the determination of significant increase in credit risk are provided in Note 38 (b).

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the entity under the contract and the cash flows that the entity expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

For undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the entity if the holder of the commitment draws down the loan and the cash flows that the entity expects to receive if the loan is drawn down.

The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the entity expects to receive from the holder, the debtor or any other party.

More information on measurement of ECLs is provided in Note 38.

Credit impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets.

Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event - instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Group considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit impairment including meeting the definition of default. The definition of default (see below) includes unlikelihood to pay indicators and a backstop if amounts are overdue for 90 days or more.

The Group does not have purchased or originated credit impaired financial assets.

3 Material accounting policies (Cont'd)

(g) Financial instruments (Cont'd)

Credit impaired financial assets (Cont'd)

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk (see Note 38).

The Group considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Group; or
- the borrower is unlikely to pay its credit obligations to the Group in full.

This definition of default is used by the Group for accounting purposes as well as for internal credit risk management purposes and is broadly aligned to the regulatory definition of default. The definition of default is appropriately tailored to reflect different characteristics of different types of assets. Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding. When assessing if the borrower is unlikely to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis.

The Group uses a variety of sources of information to assess default which are either developed internally or obtained from external sources. More details are provided in Note 38. As noted in the definition of credit impaired financial assets above, default is evidence that an asset is credit impaired. Therefore credit impaired assets will include defaulted assets, but will also include other non-defaulted asset given the definition of credit impaired is broader than the definition of default.

Significant increase in credit risk (SICR)

The Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

The Group's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

For corporate lending, forward-looking information includes the future prospects of the industries in which the Group's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information. For retail lending, forward-looking information includes the same economic forecasts as corporate lending with additional forecasts of local economic indicators, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment behaviour.

3 Material accounting policies (Cont'd)

(g) Financial instruments (Cont'd)

Significant increase in credit risk (SICR) (Cont'd)

The Group allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

- the remaining lifetime PD at the reporting date with
- the remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

The PDs used are forward-looking and the Group uses the same methodologies and data used to measure the loss allowance for ECL.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However, the Group still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending, there is particular focus on assets that are included on a 'watch list' given an exposure is on a watch list once there is concern that the creditworthiness of the specific counterparty has deteriorated. For retail lending, the Group considers the expectation of forbearance and payment holidays, credit scores and events such as unemployment, bankruptcy, sale of assets.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when an asset becomes 30 days past due, the Group considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL. In addition, loans that are individually assessed and are included on a watch list are in stage 2 of the impairment model. As noted, if there is evidence of credit impairment, the assets are moved to stage 3 of the impairment model.

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Group renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness), change in interest rates and amendments to covenants. The Group has a forbearance policy in place to cater for requests for restructuring of debts. When a financial asset is modified, the Group assesses whether this modification results in derecognition. In accordance with the Group's policy, a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms, the Group considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or when rights to cash flows between the original counterparties expire because a new debtor replaces the original debtor (unless both debtors are under common control), the extent of change in interest rates, and maturity. If these do not clearly indicate a substantial modification, then;
- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest rate. If the difference in present value is greater than 10% the Group deems the arrangement is substantially different leading to derecognition. When performing a quantitative assessment of a modification or renegotiation of a credit-impaired financial asset or a purchased or originated credit-impaired financial asset that was subject to a write-off, the Group considers the expected (rather than the contractual) cash flows before modification or renegotiation and compares those with the contractual cash flows after modification or renegotiation.

3 Material accounting policies (Cont'd)

(g) Financial instruments (Cont'd)

Modification and derecognition of financial assets (Cont'd)

In the case where the financial asset is derecognized, the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification.

The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the entity determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified as part of the forbearance policy, where modification did not result in derecognition, the estimate of PD reflects the ability to collect the modified cash flows taking into account the previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. If a forbore loan is credit impaired due to the existence of evidence of credit impairment (see above), the Group performs an ongoing assessment to ascertain if the problems of the exposure are cured, to determine if the loan is no longer credit-impaired. The loss allowance on forbore loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk. Where a modification does not lead to derecognition, the Group calculates the modification loss by comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Modification losses for financial assets are included in the profit or loss account. Then the Group measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Group derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continue to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss. On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer.

The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

3 Material accounting policies (Cont'd)

(g) Financial instruments (Cont'd)

Modification and derecognition of financial assets (Cont'd)

Write-off

Loans and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains, which will be presented in 'credit loss on financial assets and memorandum items' in the statement of profit or loss.

Presentation of allowance for ECL in the statements of financial position

Loss allowances for ECLs are presented in the statements of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in the statements of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the fair value reserve; and
- for loan commitments and financial guarantee contracts: as a provision where a financial instrument includes both a drawn and an undrawn component, and the entity cannot identify the ECL on the loan commitment component separately from those on the drawn component: the entity presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

Financial liabilities and equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs. Ordinary shares are classified as equity. Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Ordinary shares are classified as equity.

Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group or a contract that will or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group is or may be obliged to deliver a variable number of their own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.

Financial liabilities measured at amortised cost

Financial liabilities include deposits from banks and non banks customers, due to Groups and other borrowed funds, lease liabilities and other liabilities and are initially measured at fair value, net of transaction costs. These financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial liabilities measured at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL.

3 Material accounting policies (Cont'd)

(g) Financial instruments (Cont'd)

Financial liabilities measured at FVTPL (Cont'd)

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains/losses arising on remeasurement recognised in profit or loss. The net gain/loss recognised in profit or loss incorporates any interest paid on the financial liability.

Derecognition and modification of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. When the entity exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the entity accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. To determine if the modified terms, of a liability are substantially different to the original terms a similar process with modification of financial assets is followed. The modification is assessed at first on a qualitative basis, factors such as a change in currency or the introduction of a non-closely related embedded derivative that significantly modifies the cash flows are regarded as substantially different.

If it is not clear from the qualitative assessment that a modification has resulted in a substantial change in a financial liability, a quantitative assessment is applied. It is assumed that the terms of the financial liability are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the Group recalculates the amortised cost of the modified financial liability by discounting the modified contractual cash flows using the original effective interest rate. The Group recognises any adjustment to the amortised cost of the financial liability in profit or loss as income or expense at the date of the modification. The financial liability modification gain/loss is not significant for the Group. Modification gains are presented in 'other operating income' and modification losses are presented in 'other operating expenses' in profit or loss.

(h) Derivative financial instruments

The Group enters into a variety of derivative financial instruments some of which are held for trading while others are held to manage its exposure to interest rate risk; credit risk; and foreign exchange rate risk. Derivatives held include forward contracts, spot position, swaps and option contracts. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

3 Material accounting policies (Cont'd)

(i) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

(j) Provisions and other contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit or loss net of any reimbursement.

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, they are involved in various litigation, arbitration and regulatory investigations and proceedings both in local and in other jurisdictions, arising in the ordinary course of the Group's business. When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. However, when the Group is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Group does not include detailed, case-specific disclosures in its financial statements. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

3 Material accounting policies (Cont'd)

(k) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, therefore, the related assets and liabilities are presented gross in the statements of financial position.

Income and expense will not be offset in the statements of profit or loss and other comprehensive income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies.

The accounting policies of each relevant line item are included in the respective notes.

(l) Recognition of income and expenses

(i) Net interest income

Interest income and expense for all financial instruments except for those classified as held for trading or those measured or designated as at FVTPL are recognised in 'Net interest income' as 'Interest income' and 'Interest expense' in profit or loss using the effective interest method. Interest on financial instruments measured as at FVTPL is included within the fair value movement during the year in 'Net trading income'. Interest on derivatives in economic hedge relationship is included in other interest income/expense.

For all financial instruments measured at amortised cost and interest-earning financial instruments classified as investment securities measured at FVTOCI, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

The interest income / interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)).

3 Material accounting policies (Cont'd)

(l) Recognition of income and expenses (Cont'd)

(i) *Net interest income (cont'd)*

For financial assets at FVTPL, transaction costs are recognised in profit or loss at initial recognition. Interest on financial instruments measured as at FVTPL is included within the fair value movement during the year in other interest income/expense. Interest on derivatives in economic hedge relationship is included in other interest income/expense.

(ii) *Net fee and commission income*

Fee and commission income and expense include fees other than those that are an integral part of EIR. The Group earns fee and commission income from a diverse range of services being provided to its customers. Fee income can be categorised as follows:

Fee income earned from services provided

These fees include commission income, asset management, custody and other management and advisory fees. The fees are recognised as the related services are provided. Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EIR on the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight-line basis. A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Fee income from providing transaction services

Commission and fees arising from negotiation of transactions with third parties, or participating in the negotiation of a transaction for a third party is recognised on completion of the underlying transaction.

Fee and commission expense

Fee and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

(iii) *Net trading income*

Results arising from trading activities include profit arising on dealings in foreign currencies, all gains and losses from changes in fair value and related interest income and expense as well as dividend on financial assets and financial liabilities held-for-trading.

Profits arising from dealings in foreign currencies include gains and losses from spot and forward contracts and other currency derivatives. Debt securities income includes the results of buying and selling and changes in the fair value of debt securities and debt securities sold short. The results of trading money market instruments, interest rate swaps, options and other derivatives are recorded under other interest rate instruments.

Other net trading income includes the impact of fair value changes due to movement in the fair value of asset backed securities, recorded as held for trading.

(iv) *Gains and losses from financial assets measured at FVTPL*

The above include:

- Gains or losses on assets, liabilities and derivatives designated in hedge relationships (excluding interest) on both the hedged item and hedging derivative in a fair value hedge relationship, and hedge ineffectiveness from fair value hedge relationships.
- Gains or losses on other financial assets designated at fair value through profit or loss (excluding interest).

(v) *Dividend income*

Dividend is recognised when the Group's and the Company's right to receive the payment is established, which is generally when the dividend is declared.

(m) Comparative figures

Where necessary, comparative figures are reclassified to conform to the current year's presentation and to the changes in accounting policies.

The accounting policies of each relevant line item not disclosed above are included in the respective notes.

4 Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the financial statements with substantial management judgement and/or estimates are summarised below with respect to judgements/estimates involved.

Judgements

(a) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

(b) Significant increase in credit risk

Significant increase in credit risk: ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group take into account qualitative and quantitative reasonable and supportable forward-looking information.

- Establishing groups of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group monitor the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets.
- Models and assumptions used: The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

(c) Deferred tax assets

Recognition of deferred tax assets depends on management's intention of the Group to generate future taxable profits which will be used against temporary differences and to obtain tax benefits thereon. The outcome of their actual utilisation may be different.

Establishing groups of assets with similar credit risk characteristics

When ECL are measured on a collective basis, the financial assets are grouped on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether groups of financial assets continue to share similar characteristics. This is required in order to assess the need for re-segmentation of the financial assets, with new portfolios being created or assets moving to an existing portfolio that better reflects their credit risk characteristics.

Models and assumptions used

The Group uses various models and assumptions in measuring the fair value of financial assets and in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset and when determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

4 Significant accounting estimates and judgements (Cont'd)

Estimates

(a) Expected credit losses on financial assets

The ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models applied by the subsidiaries that are considered accounting judgements and estimates include:

- (i) The internal credit grading model, which assigns PDs to the individual grades;
- (ii) The criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a long term ECL basis and the qualitative assessment;
- (iii) The segmentation of financial assets when their ECL are assessed on a collective basis;
- (iv) Development of ECL models, including the various formulas and the choice of inputs;
- (v) Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs; and
- (vi) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

In relation to credit impaired facilities, the Group determines expected credit losses by estimating the shortfall between the present value of expected cash flows and the present value of contractual cash flows. The estimation of expected cash flows is inherently judgemental and involves an estimation of proceeds from liquidation of the borrowers, proceeds from realisation of collaterals and the timing and extent of repayments on forborne facilities. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

(b) Fair value of financial Instruments

Where the fair values of financial assets and financial liabilities recorded on the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable market data where possible, but where observable data is not available, a degree of judgement is required in establishing fair values. The judgements include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

(c) Leases

The application of IFRS 16 requires significant judgements and certain key estimates. Critical judgements include determination of enforceable period of the lease and whether it is reasonably certain that an extension or termination option will be exercised. Key sources of estimation uncertainty in the application of IFRS 16 include estimation of lease terms, determination of the appropriate rates to discount the lease payments and assessment of whether right of use asset is impaired.

(d) Assessment of useful lives of property and equipment and intangible assets

The Group reviews the estimated useful lives of property and equipment and intangible assets at the end of each reporting period. The cost of the property and equipment and intangible assets are depreciated and amortised over the estimated useful life of the asset. The estimated life is based on expected usage of the asset and expected physical wear and tear which depends on operational factors.

(e) Pension benefits

The Group operates a defined benefit pension plan for its employees as well as provide for retirement gratuities under the Workers' Rights Act. The amount shown in the statement of financial position in respect of retirement benefit obligations is subject to estimates in respect of periodic costs which would be dependent on returns on assets, future discount rates, rates of salary increases and inflation rate in respect of the pension plan. The value of the defined benefit pension plans is based on report submitted by an independent actuarial firm on an annual basis. Management considers that they have used their best estimates to value the retirement benefit obligation provisions. Actual results may be different from their estimates.

(f) Provisions and other contingent liabilities

Provision is recognised in the financial statements when the Group has met the recognition criterion. The directors measure the provision at the best estimate of the amount required to settle the obligation at the reporting date. Actual results may be different from their estimates.

In specific circumstances, significant judgement is required from directors to identify the financial effects to be disclosed attributable to the uncertainties inherent in contingent liabilities.

(g) Impairment of subsidiaries

The Group assesses at each reporting date whether there are indicators that investments in subsidiaries may be impaired. Where such indicators exist, the recoverable amount of the investment is determined based on the higher of value in use and fair value less costs of disposal. The value in use calculation requires the use of estimates and assumptions, including projected future cash flows, discount rates, and long-term growth rates. Changes in these assumptions could materially affect the carrying amount of the investment and the impairment charge recognised, if any.

5 Impact of prior year restatement

(i) Mandatory balance with central banks classified separately

During the year ended 31 December 2025, management has considered the IFRS IC agenda decision 'Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7)' published in April 2022 [IAS 7 para 6] and concluded that the nature of the minimum cash balance with central banks meet the definition of cash under IAS 7 Statement of cash flows. It was noted that the restricted balances are accessible for the subsidiaries, subject to meeting the minimum end of day balance or an average minimum balance over a period of time.

While management recognises that the current guidelines in the relevant subsidiaries' jurisdiction does not explicitly prohibit the Banks from using such cash balances, in practice, management rarely maintains cash balances that are significantly below the applicable level in each jurisdiction. These balances were classified as "Mandatory balances with central banks". As such, the minimum cash balance of 31 December 2024: 19,509.7 million and 01 January 2024: MUR 16,918.9 million meet the criteria to be considered as cash and cash equivalents.

SBM Bank (Mauritius) Ltd

SBM Bank (Mauritius) Ltd is currently required to maintain a minimum Cash Reserve Ratio of 9% on average, under Section 49 of the Bank of Mauritius Act. Under the current Guideline on Cash Reserve Requirement (effective 24 February 2023), the Cash Reserve Ratio is calculated such that on average, over a maintenance period of 28 days, the Bank shall maintain a minimum cash balance equivalent to 9% of its average Mauritian rupee and foreign currency deposit in the preceding 28-day period.

SBM Bank (India) Limited

As per the Reserve Bank of India (RBI) guidelines, SBM India must maintain an average daily CRR balance of at least 3.0% of its Net Demand and Time Liabilities (NDTL) with the RBI. Compliance is based on a fortnightly average, with daily CRR not allowed to fall below 90% of the required amount.

SBM Bank (Kenya) Limited

The Central Bank of Kenya (CBK) stipulates that Banks in Kenya must maintain a CRR of 3.25% of domestic & foreign currency deposits, based on a daily average from the 15th to the 14th of the following month.

Banque SBM Madagascar SA

The Banque Centrale de Madagascar stipulates that Banks in Madagascar must maintain a CRR of 15% of total deposits. This cash is not restricted, and the Banks can use the cash if the threshold is replenished by end of the day.

The above has resulted in a reclassification of mandatory balances with central banks to cash and cash equivalents which impacts the statements of financial position (see extract of statements of financial position below) and statements of cash flow (see extract of statements of cashflow below).

(ii) Presentation of Statements of cash flows

During the year ended 31 December 2025, management identified below presentation matters in the statement of cashflows that required adjustment to improve compliance with IAS 7 Statement of Cash Flows. Below reclassifications did not impact the reported net increase or decrease in cash and cash equivalents.

1) Presentation of interest received and paid

Per IAS 7, paragraph 31, cash flows from interest received or paid must be presented separately. Interest received and paid were not previously presented separately and have now, accordingly, been reclassified in the statement of cash flows. Accordingly, interest paid or received which was included in the changes in operating assets and liabilities are being reclassified to interest paid under operating activities.

2) Presentation of unrealised exchange gains and losses

Unrealised foreign exchange gains and losses were included within cash flows, which is inconsistent with IAS 7. According to IAS 7, unrealised exchange differences do not represent actual cash movements and, therefore, should be excluded from the statement of cash flows. The restated statement now excludes unrealised exchange gains and losses from the cash flow amounts, aligning the presentation with IAS 7 requirements.

(ii) **Presentation of Statements of cash flows (Cont'd)**

3) Presentation of other borrowed funds movement

Proceeds from and repayments of other borrowed funds were previously presented on a net basis in the statements of cash flows, which is not consistent with the requirements of IFRS 7. This has been amended during the year.

The above has resulted in a reclassification of those line items in the statements of cash flows, see extract of statements of cash flows below.

In accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, the matters stated in (i) and (ii) above have been treated as a correction of a prior period error. Accordingly, the comparative information has been restated to reflect the correction of the prior period error

Extract of consolidated statement of financial position
The Group

	01 January 2024		
	As previously stated	Adjustments	As restated
	MUR' 000	MUR' 000	MUR' 000
<u>ASSETS</u>			
Cash and cash equivalents	23,827,701	16,918,939	40,746,640
Mandatory balances with central banks	16,918,939	(16,918,939)	-

Extract of statement of financial position
The Group

	31 December 2024		
	As previously stated	Adjustments	As restated
	MUR' 000	MUR' 000	MUR' 000
<u>ASSETS</u>			
Cash and cash equivalents	42,777,884	19,509,733	62,287,617
Mandatory balances with central banks	19,509,733	(19,509,733)	-

5 Impact of prior year restatement (Cont'd)

Extract of consolidated statement of cash flows	31 December 2024		
	As previously stated	Adjustments	As restated
The Group	MUR' 000	MUR' 000	MUR' 000
Cash flows from operating activities			
<u>Adjustments to determine net cash flows:</u>			
Interest income	-	(23,342,872)	(23,342,872)
Interest expense	-	12,168,809	12,168,809
Net exchange differences	-	437,737	437,737
Operating loss before working capital changes	7,052,415	(10,736,326)	(3,683,911)
Operating loss before working capital changes			
<u>Changes in operating assets and liabilities</u>			
Increase in derivative financial instruments (assets)	(785,873)	(9,464)	(795,337)
Increase in loans to and placements with banks	(4,798,884)	46,439	(4,752,445)
Increase in loans and advances to non bank customers	(24,754,470)	787,632	(23,966,838)
Decrease/(increase) in investment securities	(17,930,125)	370,423	(17,559,702)
Increase in mandatory balances with central banks	(2,590,795)	2,590,795	-
(Decrease)/increase in derivative financial instruments (liabilities)	647,132	73,094	720,226
(Decrease)/increase in other liabilities	(1,024,895)	(71,623)	(1,096,518)
(Decrease)/increase in deposits from non-bank customers	68,856,223	(330,423)	68,525,800
Interest received	-	22,729,256	22,729,256
Interest paid	-	(11,823,636)	(11,823,636)
Net cash generated from/(used in) operating activities	24,727,177	3,626,167	28,353,344
Financing activities			
Net movement in other borrowed funds	(2,882,104)	2,882,104	-
Proceeds from other borrowed funds	-	4,612,409	4,612,409
Repayment of other borrowed funds	-	(7,740,277)	(7,740,277)
Net cash flow used in financing activities	(5,707,913)	(245,764)	(5,953,677)
Net change in cash and cash equivalents			
Exchange difference	755,764	(789,609)	(33,845)
Cash and cash equivalents at start of year	23,827,701	16,918,939	40,746,640
Cash and cash equivalents at end of the year	42,777,884	19,509,733	62,287,617

(iii) Mis-classification of one of its investments held in its investment in securities

During the year ended 31 December 2025, management has identified a mis-classification of one of its investments held within Investment in securities.

During the year ended 31 December 2024, an investment was transferred from a subsidiary to the Company. Before the transaction, the investment was designated by the subsidiary, and therefore the Group, as financial assets fair value through other comprehensive income ("FVOCI"). Upon transfer, the Company changed the classification of the investment from FVOCI to Financial Assets at Fair Value through Profit or Loss ("FVTPL").

5 Impact of prior year restatement (Cont'd)

(iii) Mis-classification of one of its investments held in its investment in securities (Cont'd)

In accordance with IFRS 9 - Financial Instruments, an entity makes an irrevocable election at initial recognition to measure the equity investments at fair value through other comprehensive income. Hence the designation should not change and remain at FVOCI.

This restatement affects the notes to the financial statements, namely Note 10(a) Investment Securities and does not impact the statement of financial position as both classifications are included under Investment Securities. The fair value movement of MUR 7million for the year ended 31 December 2024, wrongly accounted for in the profit or loss statement instead of Other Comprehensive income has not been restated as the amount is not material.

In accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, the matters stated in (iii) above have been treated as a correction of a prior period error. Accordingly, the comparative information has been restated to reflect the correction of the prior period error.

Extract of 10(a) Investments securities - The Group

	31 December 2024		
	As previously stated	Adjustments	As restated
	MUR' 000	MUR' 000	MUR' 000
Investment securities measured at FVTPL			
Equity investments	2,359,295	(689,695)	1,669,600
Equity securities designated at FVTOCI			
Equity investments	5,001,053	689,695	5,690,748

Extract of 9. (a) Investments securities - The Company

Investment securities measured at FVTPL			
Equity investments	2,359,296	(689,696)	1,669,600
Equity securities designated at FVTOCI			
Equity investments	4,303,044	689,696	4,992,740

6. Cash and cash equivalents

Cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months' maturity from the date of acquisition.

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash and balances with banks and central banks including mandatory balances with central banks, loans to and placements with banks having an original maturity of up to 3 months.

	The Group		The Company	
	2025	2024	2025	2024
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
		<i>(Restated)</i>		
Cash in hand	2,670,390	2,493,703	-	-
Foreign currency notes and coins	1,168,025	1,104,713	-	-
Unrestricted balances with central banks ¹	2,166,678	3,485,414	-	-
Mandatory balances with central banks ²	20,219,280	19,509,733	-	-
Short term placements with banks	467,376	211,992	-	-
Short term placements with central bank ³	22,152,063	34,032,749	-	-
Balances with banks	3,777,515	1,478,560	36,062	2,517
	52,621,327	62,316,864	36,062	2,517
Less: allowance for credit losses	(12,424)	(29,247)	-	-
	52,608,903	62,287,617	36,062	2,517

An analysis of changes in the corresponding ECL allowances is as follows:

	The Group	
	2025	2024
	MUR' 000	MUR' 000
	Stage 1	Stage 1
ECL allowance as at 01 January	29,247	6,927
New assets originated or purchased	105	-
Net remeasurement of loss allowance	3,978	26,942
Assets repaid	(20,834)	(4,671)
Translation adjustment	(72)	49
ECL allowance as at 31 December	12,424	29,247

¹ Unrestricted balances with central banks represent amounts above the minimum cash reserve requirement.

² The mandatory balances with central bank represent the minimum balances held with the Bank of Mauritius as the cash Reserve Requirement, as required by section 49 of the Bank of Mauritius Act and disclosed in Note 5

³ The balance above relates to loans and placements with banks having an original maturity of up to three months.

The restatement information on cash and cash equivalent is available in Note 5

Cash and Cash equivalents were classified under stage 1 and 12-month ECL was calculated thereon.

7. Loans to and placements with banks

	The Group		The Company	
	2025	2024	2025	2024
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
At amortised cost				
Loans to and placements with banks				
- In Mauritius	950,098	-	3,194,248	-
- Outside Mauritius	13,176,106	7,670,399	-	-
	14,126,204	7,670,399	3,194,248	-
Less: allowance for credit losses	(87,923)	(75,110)	(6,686)	-
	14,038,281	7,595,289	3,187,562	-
Remaining term to maturity				
Up to 3 months	1,652,877	14,717	-	-
Over 3 months and up to 6 months	467,836	-	1,844,248	-
Over 6 months and up to 12 months	4,083,019	3,580,105	1,350,000	-
Over 1 year and up to 2 years	5,891,554	1,424,985	-	-
Over 2 years and up to 5 years	2,030,918	2,650,592	-	-
	14,126,204	7,670,399	3,194,248	-

7. Loans to and placements with banks (cont'd)

Credit loss allowance for loans to and placement with banks

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. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system are explained in note 38.

	The Group			The Company	
	2025			2025	
	Stage 1 Individual	Stage 2 Individual	Total	Stage 1 Individual	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Internal rating grade					
Performing					
Standard grade	8,498,217	-	8,498,217	3,194,248	3,194,248
Sub-standard grade	5,627,987	-	5,627,987	-	-
Total	14,126,204	-	14,126,204	3,194,248	3,194,248
	2024				
	Stage 1	Stage 2	Total		
	Individual	Individual			
	MUR'000	MUR'000	MUR'000		
Internal rating grade					
Performing					
Standard grade	3,617,112	-	3,617,112		
Sub-standard grade	2,809,493	1,243,794	4,053,287		
Total	6,426,605	1,243,794	7,670,399		

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

	The Group			The Company	
	2025			2025	
	Stage 1 Individual	Stage 2 Individual	Total	Stage 1 Individual	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Gross carrying amount as at 1 January	6,426,605	1,243,794	7,670,399	-	-
Financial assets originated or purchased	9,416,047	-	9,416,047	3,194,248	3,194,248
Financial assets derecognised or repaid	(3,050,591)	(14,717)	(3,065,308)	-	-
Transfers to Stage 1	1,229,077	(1,229,077)	-	-	-
Foreign exchange adjustments	105,066	-	105,066	-	-
Gross carrying amount as at 31 December	14,126,204	-	14,126,204	3,194,248	3,194,248
	2024				
	Stage 1	Stage 2	Total		
	Individual	Individual			
	MUR'000	MUR'000	MUR'000		
Gross carrying amount as at 1 January	2,798,533	72,932	2,871,465		
Financial assets originated or purchased	6,426,605	1,229,077	7,655,682		
Financial assets derecognised or repaid	(2,987,200)	(58,546)	(3,045,746)		
Foreign exchange adjustments	188,667	331	188,998		
Gross carrying amount as at 31 December	6,426,605	1,243,794	7,670,399		

7. Loans to and placements with banks (cont'd)

Credit loss allowance for loans to and placement with banks (cont'd)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows: (cont'd)

	The Group			The Company	
	2025			2025	
	Stage 1 Individual	Stage 2 Individual	Total	Stage 1 Individual	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
ECL allowance as at 1 January	73,815	1,295	75,110	-	-
Net remeasurement of loss allowance	35,257	-	35,257	6,686	6,686
Assets repaid (excluding write offs)	(21,373)	(1,071)	(22,444)	-	-
Transfers to Stage 1	224	(224)	-	-	-
ECL allowance as at 31 December	87,923	-	87,923	6,686	6,686

	The Group			The Company	
	2024			2024	
	Stage 1 Individual	Stage 2 Individual	Total	Stage 1 Individual	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
ECL allowance as at 1 January	8,942	9,458	18,400	-	-
Net remeasurement of loss allowance	73,814	223	74,037	-	-
Assets repaid (excluding write offs)	(8,941)	(8,386)	(17,327)	-	-
ECL allowance as at 31 December	73,815	1,295	75,110	-	-

8. Derivative financial instruments

	The Group	
	2025	2024
	MUR' 000	MUR' 000
Assets		
Derivative assets	1,812,406	1,464,946
Liabilities		
Derivative liabilities	1,455,794	1,429,727

The fair values of derivative financial instruments are further analysed as follows:

The Group	Notional Principal Amount	Fair Values	
		Assets	Liabilities
	MUR' 000	MUR' 000	MUR' 000
31 December 2025			
Derivatives held for trading			
Foreign exchange contracts*	50,344,270	1,011,960	(522,774)
Cross currency swaps	29,933,546	437,942	(385,887)
Other derivative contracts**	138,381,378	359,476	(547,133)
Derivatives held for risk management purposes			
Interest rate swap contracts	228,546	3,028	-
	218,887,740	1,812,406	(1,455,794)

8. Derivative financial instrument (cont'd)

The fair values of derivative financial instruments are further analysed as follows: (cont'd)

	Notional		
	Principal Amount	Fair Values	
		Assets	Liabilities
MUR' 000	MUR' 000	MUR' 000	
31 December 2024			
Derivatives held for trading			
Foreign exchange contracts*	66,140,199	974,360	(989,856)
Cross currency swaps	15,271,662	248,061	(183,198)
Other derivative contracts**	29,754,611	231,809	(256,673)
Derivatives held for risk management purposes			
Interest rate swap contracts	254,645	10,716	-
	<u>111,421,117</u>	<u>1,464,946</u>	<u>(1,429,727)</u>

* Foreign exchange contracts include foreign swaps, forward and spot contracts.

** Other derivatives contracts include options contracts (structured deposits) and interest rate swaps.

9. Loans and advances to non-bank customers

	The Group	
	2025	2024
	MUR' 000	MUR' 000
<i>At amortised cost</i>		
Credit cards	1,238,793	537,441
Governments	2,865	3,971
Retail customers	77,095,737	63,518,237
- Mortgages	55,590,110	49,914,573
- Other retail loans	21,505,627	13,603,664
Corporate customers	101,305,533	57,931,324
Entities outside Mauritius	15,735,542	58,685,403
	<u>195,378,470</u>	<u>180,676,376</u>
Less allowance for credit impairment (note9 (c))	<u>(10,080,552)</u>	<u>(7,988,998)</u>
Net loans and advances	<u>185,297,918</u>	<u>172,687,378</u>

	The Group	
	2025	2024
	MUR' 000	MUR' 000
(a). Remaining term to maturity		
Up to 3 months	32,682,939	36,980,589
Over 3 months and up to 6 months	7,997,825	7,799,846
Over 6 months and up to 12 months	9,510,383	8,784,044
Over 1 year and up to 2 years	15,346,057	11,563,692
Over 2 years and up to 5 years	36,500,517	30,883,740
Over 5 years	93,340,749	84,664,465
	<u>195,378,470</u>	<u>180,676,376</u>

Out of the gross advances of MUR 195.4 billion (2024: MUR 180.7 billion), there is an amount of MUR 273.3 million (2024: MUR 303.9 million) relating to loans where fair value hedging has been applied. Refer to note 38(d)(ii) for more details.

9. Loans and advances to non-bank customers (cont'd)

(b). Net investment in finance leases

The Group

Amounts due from lessees under finance leases are recorded as loans and advances at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

The Group acts as lessor of several items like motor vehicles and equipment. There are no restrictions placed upon the lessee by entering into these leases. Rental income earned by the Group during the year is MUR 339.5 million (2024: MUR 155.4 million).

The amount of net investment in finance leases included in loans and advances to non-bank customers and the associated allowance for credit losses are as follows:-

	Up to 1 year	After 1 year and up to 5 years	After 5 years	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
31 December 2025				
Gross investment in finance leases	828,849	2,251,970	369,660	3,450,479
Less: Unearned finance income	(188,335)	(330,029)	(17,268)	(535,632)
Present value of minimum lease payments	640,514	1,921,941	352,392	2,914,847
Credit loss expense				(100,647)
Net investment in finance lease				2,814,200
31 December 2024				
Gross investment in finance leases	710,365	1,931,287	313,051	2,954,703
Less: Unearned finance income	(154,107)	(271,381)	(13,948)	(439,436)
Present value of minimum lease payments	556,258	1,659,906	299,103	2,515,267
Credit loss expense				(89,283)
Net investment in finance lease				2,425,984

9. Loans and advances to non-bank customers (cont'd)

(c). Credit loss allowance on loans and advances to non-bank customers

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system are set out in note 38.

31 December 2025

Internal rating grade

Performing

High grade

Standard grade

Sub-standard grade

Past due but not impaired

Non-performing

Individually impaired

Total

The Group			
Stage 1	Stage 2	Stage 3	Total
Individual	Individual		
MUR' 000	MUR' 000	MUR' 000	MUR' 000
80,020,724	1,384,702	-	81,405,426
54,680,838	5,557,106	-	60,237,944
25,923,600	4,349,894	-	30,273,494
-	6,446,372	-	6,446,372
-	-	17,015,234	17,015,234
160,625,162	17,738,074	17,015,234	195,378,470

31 December 2024

Internal rating grade

Performing

High grade

Standard grade

Sub-standard grade

Past due but not impaired

Non-performing

Individually impaired

Total

The Group			
Stage 1	Stage 2	Stage 3	Total
Individual	Individual		
MUR' 000	MUR' 000	MUR' 000	MUR' 000
70,797,153	1,160,549	-	71,957,702
54,591,532	6,913,321	-	61,504,853
24,447,304	5,181,211	-	29,628,515
-	3,004,146	-	3,004,146
-	-	14,581,160	14,581,160
149,835,989	16,259,227	14,581,160	180,676,376

9. Loans and advances to non-bank customers (cont'd)

(c). Credit loss allowance on loans and advances to non-bank customers (cont'd)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances for the year is as follows:

	The Group			
	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
31 December 2025				
Gross carrying amount				
As at 1 January	149,835,989	16,259,227	14,581,160	180,676,376
Financial assets originated or purchased	68,716,063	4,287,789	187,420	73,191,272
Assets derecognised or repaid (excluding write offs)	(50,302,005)	(6,314,462)	(244,339)	(56,860,806)
Transfers to Stage 1	164,878	(565,416)	400,538	-
Transfers to Stage 2	(5,359,320)	6,164,205	(804,885)	-
Transfers to Stage 3	(999,339)	(2,342,574)	3,341,913	-
Changes to contractual cash flows due to modifications not resulting in derecognition	(2,537)	(82,007)	597,603	513,059
Amounts written off	-	-	(1,060,503)	(1,060,503)
Foreign exchange adjustments	388,378	375,874	159,542	923,794
Translation adjustments	(1,816,945)	(44,562)	(143,215)	(2,004,722)
As at 31 December	160,625,162	17,738,074	17,015,234	195,378,470

	The Group			
	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
31 December 2024				
Gross carrying amount				
As at 1 January	120,409,855	26,533,300	10,859,007	157,802,162
Financial assets originated or purchased	50,615,998	5,137,149	263,569	56,016,716
Assets derecognised or repaid (excluding write offs)	(27,153,873)	(8,753,349)	(42,653)	(35,949,875)
Transfers to Stage 1	7,910,505	(7,899,026)	(11,479)	-
Transfers to Stage 2	(5,230,876)	5,407,343	(176,467)	-
Transfers to Stage 3	(421,732)	(4,372,634)	4,794,366	-
Changes to contractual cash flows due to modifications not resulting in derecognition	584,855	(171,352)	193,328	606,831
Amounts written off	-	-	(2,554,367)	(2,554,367)
Foreign exchange adjustments	(484,187)	(64,530)	72,870	(475,847)
Translation adjustments	3,605,444	442,326	1,182,986	5,230,756
As at 31 December	149,835,989	16,259,227	14,581,160	180,676,376

9. Loans and advances to non-bank customers (cont'd)

(c). Credit loss allowance on loans and advances to non-bank customers (cont'd)

An analysis of changes in ECL allowances by staging are as follows:

31 December 2025	The Group			
	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
ECL allowance				
As at 1 January	828,556	397,197	6,763,245	7,988,998
Allowance on new financial assets	666,683	229,572	45,440	941,695
Remeasurement of loss allowance	(192,243)	450,190	3,617,428	3,875,375
Assets derecognised or repaid (excluding write offs)	(147,308)	(263,957)	(1,437,429)	(1,848,694)
Transfers to Stage 1	39,198	(39,187)	(11)	-
Transfers to Stage 2	(77,980)	376,331	(298,351)	-
Transfers to Stage 3	(355,884)	(147,550)	503,434	-
Changes to models and inputs used for ECL calculations	36,537	2,338	296,639	335,514
Amounts written off	-	-	(1,060,503)	(1,060,503)
Foreign exchange adjustments	(11)	-	(3,305)	(3,316)
Recoveries	-	-	(40,693)	(40,693)
Translation adjustments	(10,171)	(2,779)	(94,874)	(107,824)
At 31 December	787,377	1,002,155	8,291,020	10,080,552

31 December 2024	The Group			
	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
ECL allowance				
As at 1 January	667,552	1,171,168	7,704,024	9,542,744
Allowance on new financial assets	344,806	116,015	4,024	464,845
Remeasurement of loss allowance	(182,412)	20,389	1,270,192	1,108,169
Assets derecognised or repaid (excluding write offs)	(129,122)	(438,460)	(553,806)	(1,121,388)
Transfers to Stage 1	312,916	(312,897)	(19)	-
Transfers to Stage 2	(66,381)	78,920	(12,539)	-
Transfers to Stage 3	(182,598)	(291,390)	473,988	-
Changes to models and inputs used for ECL calculations	53,458	50,359	38,247	142,064
Amounts written off	-	-	(2,554,367)	(2,554,367)
Foreign exchange adjustments	(2,668)	-	(83,030)	(85,698)
Translation adjustments	13,005	3,093	476,531	492,629
At 31 December	828,556	397,197	6,763,245	7,988,998

9. Loans and advances to non-bank customers (cont'd)

(c). Credit loss allowance on loans and advances to non-bank customers (cont'd)

31 December 2025	The Group			
	Stage 1 Individual MUR'000	Stage 2 Individual MUR'000	Stage 3 MUR'000	Total MUR'000
Retail Customers				
ECL allowance				
As at 1 January	459,526	89,604	1,753,908	2,303,038
Transfer from Stage 1 to Stage 2	15,808	(15,796)	(12)	-
Transfer from Stage 2 to Stage 3	(55,095)	57,454	(2,359)	-
Transfer from Stage 3 to Stage 2	(180,999)	(75,675)	256,674	-
Financial assets derecognised during the period other than write-offs	(47,518)	(16,936)	(220,695)	(285,149)
New financial assets originated or purchased	267,227	3,997	21,338	292,562
Modification of contractual cash flows of financial assets	37,603	669	60,241	98,513
Recoveries	-	-	(19,295)	(19,295)
Write-offs	-	-	(338,125)	(338,125)
Net remeasurement of loss allowance	(255,004)	6,727	366,297	118,020
FX and other movements	4	-	23	27
Translation adjustments	(4,867)	(2,097)	(33,589)	(40,553)
At 31 December	236,685	47,947	1,844,406	2,129,038

	The Group			
	Stage 1 Individual MUR'000	Stage 2 Individual MUR'000	Stage 3 MUR'000	Total MUR'000
Corporate customers				
ECL allowance				
As at 1 January	369,030	307,591	5,009,337	5,685,958
Transfer from Stage 1 to Stage 2	23,390	(23,390)	-	-
Transfer from Stage 2 to Stage 3	(22,886)	318,878	(295,992)	-
Transfer from Stage 3 to Stage 2	(174,886)	(71,874)	246,760	-
Financial assets derecognised during the period other than write-offs	(99,789)	(247,021)	(1,216,734)	(1,563,544)
New financial assets originated or purchased	399,455	225,575	24,101	649,131
Modification of contractual cash flows of financial assets	(1,067)	1,669	236,398	237,000
Recoveries	-	-	(21,398)	(21,398)
Write-offs	-	-	(722,378)	(722,378)
Net remeasurement of loss allowance	62,761	443,463	3,251,131	3,757,355
FX and other movements	(15)	-	(3,328)	(3,343)
Translation adjustments	(5,301)	(683)	(61,284)	(67,268)
At 31 December	550,692	954,208	6,446,613	7,951,513

TOTAL	787,377	1,002,155	8,291,019	10,080,551
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9. Loans and advances to non-bank customers (cont'd)

(d). Credit loss allowance on loans and advances to non-bank customers by industry sectors

31 December 2025	The Group				
	Gross amount of loans	Credit impaired loans	Stage 3 allowance for credit impairment	Stage 1 & Stage 2 for credit allowance	Total allowances for credit impairment
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Agriculture and fishing	4,122,265	127,432	5,014	71,058	76,072
Manufacturing	15,778,498	1,008,365	327,125	247,668	574,793
of which EPZ	1,179,229	8,469	8,469	21,299	29,768
Tourism	12,909,055	2,761,380	693,922	192,419	886,341
Transport	1,004,603	430,447	115,747	6,045	121,792
Construction	23,915,819	4,940,785	2,478,210	390,935	2,869,145
Financial and business services	20,052,989	1,484,644	1,174,193	76,810	1,251,003
Traders	15,208,068	1,713,671	742,485	211,479	953,964
Personal	73,203,113	2,091,714	1,520,094	237,927	1,758,021
Professional	2,917,273	185,272	121,142	14,176	135,318
Global Business Licence holders	3,181,028	814,319	814,319	77,056	891,375
Others	23,085,759	1,457,205	298,769	263,959	562,728
	195,378,470	17,015,234	8,291,020	1,789,532	10,080,552

31 December 2024	The Group				
	Gross amount of loans	Credit impaired loans	Stage 3 allowance for credit impairment	Stage 1 & Stage 2 for credit allowance	Total allowances for credit impairment
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Agriculture and fishing	4,702,924	149,756	56,873	19,955	76,828
Manufacturing	14,776,966	917,302	447,742	75,039	522,781
of which EPZ	1,267,487	6,086	6,086	4,831	10,917
Tourism	11,553,392	3,391,806	522,374	75,832	598,206
Transport	1,495,449	750,296	359,899	11,968	371,867
Construction	21,274,862	2,969,061	1,093,796	147,389	1,241,185
Financial and business services	13,812,337	607,977	351,679	133,869	485,548
Traders	11,841,955	1,867,872	858,074	72,072	930,146
Personal	67,428,271	2,060,389	1,429,863	490,685	1,920,548
Professional	3,947,711	189,848	138,450	40,075	178,525
Global Business Licence holders	3,164,963	1,198,300	1,095,675	29,675	1,125,350
Others	26,677,546	478,553	408,820	129,194	538,014
	180,676,376	14,581,160	6,763,245	1,225,753	7,988,998

10 (a). Investments securities

The Group	2025								
	Up to 3 months	3-6 months	6-9 months	9-12 months	1-2 years	2-5 years	Over 5 years	No specific maturity	Total
Remaining term to maturity	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
(i) Investment securities mandatorily measured at FVTPL									
Trading investment:									
Government bonds and treasury notes	-	-	-	-	-	2,750,499	4,025,462	-	6,775,961
Treasury bills	2,332,393	4,679,278	1,304,985	336,018	-	-	-	-	8,652,674
Bank of Mauritius bills/notes	15,936	258,176	-	351,874	-	-	-	-	625,986
Corporate bonds	-	-	-	-	-	104,225	8,590	-	112,815
Other investments:									
Investment in mutual funds	-	-	-	-	-	-	-	1,181,478	1,181,478
	2,348,329	4,937,454	1,304,985	687,892	-	2,854,724	4,034,052	1,181,478	17,348,914
(ii) Investment securities designated at FVTPL									
Other investments:									
Equity investments	-	-	-	-	-	-	-	2,524,303	2,524,303
	-	-	-	-	-	-	-	2,524,303	2,524,303
(iii) Debt securities measured at FVTOCI									
Government bonds	1,233,714	1,542,897	1,022	213,192	6,273,465	17,091,005	18,551,005	-	44,906,300
Treasury bills/notes	1,069,410	-	1,166,218	1,665,105	-	-	-	-	3,900,733
Bank of Mauritius bills/bonds	-	587,820	-	-	342,742	-	-	-	930,562
Bank bonds	-	-	-	-	265,128	7,574,201	741,751	-	8,581,080
Corporate bonds	-	537,883	50,218	500,557	1,032,021	4,315,877	386,866	125,000	6,948,422
	2,303,124	2,668,600	1,217,458	2,378,854	7,913,356	28,981,083	19,679,622	125,000	65,267,097
(iv) Debt securities measured at amortised cost									
Government bonds	2,409,278	1,468,839	992,465	2,494,694	7,410,065	7,316,127	26,527,748	-	48,619,216
Treasury bills	-	-	-	-	-	4,992,242	-	-	4,992,242
Bank of Mauritius bills/bonds	93,202	-	-	-	-	161,057	92,070	-	346,329
Bank bonds	843,135	85,873	37,529	57,466	1,447,843	3,934,527	5,169,612	-	11,575,985
Corporate bonds	1,021,158	142,254	132,666	169,473	7,537	7,006	-	-	1,480,094
	4,366,773	1,696,966	1,162,660	2,721,633	8,865,445	16,410,959	31,789,430	-	67,013,866
(v) Equity securities designated at FVTOCI									
Equity investments	-	-	-	-	-	-	-	5,031,499	5,031,499
Total investment securities	9,018,226	9,303,020	3,685,103	5,788,379	16,778,801	48,246,766	55,503,104	8,862,280	157,185,679
Less: allowance for credit losses									(353,984)
Total investment securities									156,831,695

The Group has irrevocably designated certain strategic equity investments at FVTOCI under IFRS 9, as these instruments are held for long-term purposes and not for trading, with fair value changes recognised in OCI to reflect their long-term investment nature.

10 (a). Investments securities (cont'd)

The Group	2024 (Restated)								
	Up to 3 months	3-6 months	6-9 months	9-12 months	1-2 years	2-5 years	Over 5 years	No specific maturity	Total
Remaining term to maturity	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
(i) Investment securities mandatorily measured at FVTPL									
Trading investment:									
Government bonds and treasury notes	-	13,171	-	2,808	1,486,168	5,726,392	3,456,510	-	10,685,049
Treasury bills	353,404	3,113,332	488,385	2,696,218	-	-	-	-	6,651,339
Corporate bonds	14,033	-	71,793	-	245,812	177,299	305,330	-	814,267
Other investments:									
Investment in mutual funds	-	-	-	-	-	-	-	973,169	973,169
	<u>367,437</u>	<u>3,126,503</u>	<u>560,178</u>	<u>2,699,026</u>	<u>1,731,980</u>	<u>5,903,691</u>	<u>3,761,840</u>	<u>973,169</u>	<u>19,123,824</u>
(ii) Investment securities designated at FVTPL									
Other investments:									
Equity investments	-	-	-	-	-	-	-	1,669,600	1,669,600
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,669,600</u>	<u>1,669,600</u>
(iii) Debt securities measured at FVTOCI									
Government bonds	244,567	55,011	-	255,934	2,884,449	6,692,130	8,526,511	-	18,658,602
Treasury bills/notes	3,812,160	54,041	1,150,050	1,041,463	-	-	-	-	6,057,714
Bank of Mauritius bills/bonds	745,438	-	-	-	-	-	-	-	745,438
Bank bonds	1,059,475	2,409,260	1,870,653	229,227	5,852,688	6,012,796	357,934	-	17,792,033
Corporate bonds	2,603,086	4,176,132	1,017,815	-	4,585,261	9,970,617	2,164,382	-	24,517,293
	<u>8,464,726</u>	<u>6,694,444</u>	<u>4,038,518</u>	<u>1,526,624</u>	<u>13,322,398</u>	<u>22,675,543</u>	<u>11,048,827</u>	<u>-</u>	<u>67,771,080</u>
(iv) Debt securities measured at amortised cost									
Government bonds	673,053	4,151,054	1,072,706	2,601,018	7,224,566	14,800,802	30,994,331	-	61,517,530
Treasury bills	228,119	159,467	85,271	81,619	31,955	-	-	-	586,431
Bank of Mauritius bills/bonds	-	4,563,546	403,069	148,896	-	-	4,989,090	-	10,104,601
Bank bonds	47,813	-	-	-	94,556	164,211	93,358	-	399,938
Corporate bonds	6,946	82,189	83,046	756,317	723,172	3,805,419	3,859,768	-	9,316,857
	<u>955,931</u>	<u>8,956,256</u>	<u>1,644,092</u>	<u>3,587,850</u>	<u>8,074,249</u>	<u>18,770,432</u>	<u>39,936,547</u>	<u>-</u>	<u>81,925,357</u>
(v) Equity securities designated at FVTOCI									
Equity investments	-	-	-	-	-	-	-	5,690,748	5,690,748
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,690,748</u>	<u>5,690,748</u>
Total investment securities	<u>9,788,094</u>	<u>18,777,203</u>	<u>6,242,788</u>	<u>7,813,500</u>	<u>23,128,627</u>	<u>47,349,666</u>	<u>54,747,214</u>	<u>8,333,517</u>	<u>176,180,609</u>
Less: allowance for credit losses									(76,218)
Total investment securities									<u>176,104,391</u>

10 (a) Investments securities (cont'd)

Debt securities at amortised cost

The table shows the credit quality and the maximum exposure to credit risk as well as year end stage classification. The amount presented are gross of impairment allowance.

The Group	2025				2024		
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Total
	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000
High Grade	11,133,207	-	-	11,133,207	16,568,269	-	16,568,269
Standard Grade	52,698,961	-	-	52,698,961	63,309,379	204,105	63,513,484
Sub Standard Grade	1,788,552	1,189,043	-	2,977,595	1,843,604	-	1,843,604
Impaired	-	-	204,103	204,103	-	-	-
Total gross carrying amount	65,620,720	1,189,043	204,103	67,013,866	81,721,252	204,105	81,925,357
Credit loss allowance	(65,853)	(84,028)	(204,103)	(353,984)	(75,913)	(305)	(76,218)
Carrying amount	65,554,867	1,105,015	-	66,659,882	81,645,339	203,800	81,849,139

An analysis of changes in gross carrying amount and the corresponding ECLs is as follows:

	2025				2024		
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Total
	MUR'000	MUR'000	MUR '000	MUR'000	MUR '000	MUR '000	MUR '000
Gross carrying amount as at 01 January	81,721,227	204,110	-	81,925,337	80,009,876	485,921	80,495,797
New financial assets originated	10,686,088	-	-	10,686,088	8,566,921	-	8,566,921
Financial assets that have been repaid/derecognised	(25,707,837)	-	-	(25,707,837)	(10,052,620)	(177,206)	(10,229,826)
Transfer to Stage 1	-	-	-	-	300,000	(300,000)	-
Transfer to Stage 2	(1,189,036)	1,189,036	-	-	(200,000)	200,000	-
Transfer to Stage 3	-	(204,103)	204,103	-	-	-	-
Other movements*	305,293	-	-	305,293	503,072	(4,610)	498,462
Translation adjustment	(195,015)	-	-	(195,015)	2,594,003	-	2,594,003
Gross carrying amount as at 31 December	65,620,720	1,189,043	204,103	67,013,866	81,721,252	204,105	81,925,357

	2025				2024		
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Total
	MUR'000	MUR'000	MUR '000	MUR'000	MUR '000	MUR '000	MUR '000
ECL allowance as at 1 January	75,912	305	-	76,217	54,022	44,490	98,512
New assets originated	1,993	-	-	1,993	15,105	-	15,105
Net remeasurement of loss allowance	8,778	80,467	203,799	293,044	4,453	131	4,584
Assets derecognised or repaid (excluding write offs)	(17,835)	-	-	(17,835)	(7,681)	(34,413)	(42,094)
Transfer to Stage 1	-	-	-	-	10,077	(10,077)	-
Transfer to Stage 2	(3,560)	3,560	-	-	(174)	174	-
Transfer to Stage 3	-	(304)	304	-	-	-	-
Translation adjustment	565	-	-	565	111	-	111
At 31 December	65,853	84,028	204,103	353,984	75,913	305	76,218

*Other movements include interest and exchange differences.

10 (a). Investments securities (cont'd)

Debt securities at FVTOCI

The Group

	2025			Total MUR' 000
	Stage 1 MUR' 000	Stage 2 MUR' 000	Stage 3 MUR' 000	
High Grade	36,347,107	-	-	36,347,107
Standard Grade	26,531,849	382,463	-	26,914,312
Sub Standard Grade	1,102,197	308,274	-	1,410,471
Impaired	-	-	595,206	595,206
Carrying amount	63,981,153	690,737	595,206	65,267,096

	2024		
	Stage 1 MUR' 000	Stage 2 MUR' 000	Total MUR' 000
High grade	48,439,742	-	48,439,742
Standard grade	17,251,915	866,768	18,118,683
Sub standard grade	1,045,179	167,476	1,212,655
Carrying amount	66,736,836	1,034,244	67,771,080

The Group

	2025			Total MUR'000
	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR' 000	
Carrying amount				
As at 1 January	66,736,846	1,034,244	-	67,771,090
Transfer to stage 2	(308,273)	308,273	-	-
Transfer to stage 3	-	(603,400)	603,400	-
New financial assets originated	84,005,995	-	-	84,005,995
Financial assets that have been repaid/derecognised	(87,581,322)	-	-	(87,581,322)
Other movements	397,721	(48,380)	(8,194)	341,147
Movement in accrued interest	1,369,677	-	-	1,369,677
Amortisation of discounts and premiums	6,010	-	-	6,010
Translation adjustments	(645,501)	-	-	(645,501)
Carrying amount at 31 December	63,981,153	690,737	595,206	65,267,096

	2024			
	Stage 1 MUR'000	Stage 2 MUR'000	Total MUR'000	
Carrying amount				
As at 1 January		55,950,069	1,727,777	57,677,846
Transfer to stage 1	1,366,914	(1,366,914)	-	-
Transfer to stage 2	(578,400)	578,400	-	-
New financial assets originated	64,202,097	300,000	64,502,097	64,502,097
Financial assets that have been repaid/derecognised	(57,643,750)	(225,000)	(57,868,750)	(57,868,750)
Fair value and other movements	2,623,710	19,981	2,643,691	2,643,691
Translation adjustments	816,196	-	816,196	816,196
Carrying amount at 31 December	66,736,836	1,034,244	67,771,080	67,771,080

The Group

ECL allowance on debt securities at FVTOCI

	2025			Total MUR'000
	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR' 000	
As at 1 January	17,847	14,214	-	32,061
Net remeasurement of loss allowance	31,089	17,095	553,339	601,523
Assets derecognised or repaid (excluding write offs)	-	-	-	-
Transfer to stage 1	9,176	(9,176)	-	-
Transfers to stage 2	(424)	424	-	-
Transfers to stage 3	-	(4,242)	4,242	-
Changes to contractual cash flows due to modifications not resulting in derecognition	(4,656)	-	-	(4,656)
As at 31 December	53,032	18,315	557,581	628,928

10 (a). Investments securities (cont'd)

Debt securities at FVTOCI (cont'd)

ECL allowance on debt instruments at FVTOCI (cont'd)

	2024		
	Stage 1	Stage 2	Total
	MUR'000	MUR'000	MUR'000
As at 1 January	48,539	112,610	161,149
Net remeasurement of loss allowance	(70,646)	(11,112)	(81,758)
Assets derecognised or repaid (excluding write offs)	(47,273)	(58)	(47,331)
Transfer to stage 1	87,733	(87,733)	-
Transfers to stage 2	(507)	507	-
As at 31 December	17,846	14,214	32,060

The Group

Equity instruments designated at FVTOCI

	2025	2024
	MUR'000	MUR'000 (Restated)
Carrying amount as at 01 January	5,690,748	5,771,917
Additions	-	689,695
Disposal	(516,886)	(798,193)
Fair value movement	(141,528)	27,131
Translation adjustment	(835)	198
Carrying amount as at 31 December	5,031,499	5,690,748

No loss allowance is recognised in the statement of financial position for debt instruments measured at FVTOCI as the carrying amount is at fair value.

The Company

Debt securities at amortised cost

An analysis of changes in gross carrying amount and the corresponding ECLs is as follows:

	2025	2024
	Stage 1	Stage 1
	MUR'000	MUR'000
Gross carrying amount as at 01 January	-	375,189
New financial assets originated	1,136,266	-
Financial assets that have been disposed/matured	(28,697)	(370,045)
Other movements	-	(5,144)
Gross carrying amount as at 31 December	1,107,569	-

10 (a). Investments securities (cont'd)

Debt securities at amortised cost (cont'd)

The Company

An analysis of changes in gross carrying amount and the corresponding ECLs is as follows: (cont'd)

	2025	2024
	Stage 1	Stage 1
	MUR'000	MUR'000
ECL allowance as at 1 January	-	433
Assets derecognised or repaid (excluding write offs)	-	(433)
New assets originated or purchased	753	-
ECL allowance as at 31 December	753	-

Debt investment securities at FVTOCI

	2025	2024
	Stage 1	Stage 1
	MUR'000	MUR'000
Carrying amount as at 01 January	-	467,537
Financial assets that have been disposed/matured	-	(467,537)
Carrying amount as at 31 December	-	-

No loss allowance is recognised in the statement of financial position for debt instruments measured at FVTOCI as the carrying amount is at fair value.

	2025	2024
	MUR'000	(Restated) MUR'000
Equity instruments designated at FVTOCI		
At 01 January	4,992,740	4,992,740
Fair value movement	(189,634)	-
At 31 December	4,803,106	4,992,740

10(b) Investment in subsidiaries

Financial statements of the Company

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the financial statements from the date on which control commences until the date on which control ceases.

Investment in subsidiaries are carried at cost in the Company's separate financial statements which is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquirer. Acquisition-related costs are generally recognized in profit or loss as incurred. The carrying amount is reduced to recognise any impairment in the value of individual investments. The impairment loss is taken to profit or loss.

10(b) Investment in subsidiaries (cont'd)

The Company

	2025	2024
	MUR' 000	MUR' 000
Investment in subsidiaries		
Equity shares	175	175
Capital contribution	31,947,077	31,923,133
Total investment in subsidiaries	31,947,252	31,923,308

Management has evaluated the investment in subsidiaries for impairment and recorded the necessary provisions as required.

Investment reconciliation is as follows:

	2025	2024
	MUR' 000	MUR' 000
Opening balance	31,923,308	31,438,094
Transfer to investment securities	-	(726,054)
Redemption of capital contribution during the year	(572,714)	(125,886)
Capital contribution granted during the year	666,036	1,366,474
Impairment losses*	(69,378)	(29,320)
Closing balance	31,947,252	31,923,308

The impairment loss relates to the investment in SBM Africa Equity Fund, a subsidiary, where the recoverable amount based on the Fund's NAV and expected recoverability of the underlying assets was lower than the carrying amount in accordance with IAS 36.

Details of subsidiaries are as follows:

Direct holding

	Country of incorporation and operation	Business activity	Carrying amount		Effective % holding	
			2025	2024	2025	2024
SBM (Bank) Holdings Ltd	Mauritius	Bank investment holding company	31,426,586	30,765,850	100	100
SBM (NBFC) Holdings Ltd	Mauritius	Non-banking financial investments holding company	138,565	711,279	100	100
SBM (NFC) Holdings Ltd	Mauritius	Non-financial holding company	139,273	139,273	100	100
SBM 3S Ltd	Mauritius	Training services	6,000	6,000	100	100

10(b) Investment in subsidiaries (cont'd)

Details of subsidiaries with indirect holding as follows:

		Country of incorporation and operation	Business activity	Effective % holding	
				2025	2024
<i>1.0</i>	<i>Banking Segmental Subsidiaries</i>				
<i>1.1</i>	<i>Special Purpose Vehicle for Bank Investments Holding Company</i>				
1.1.1	SBM (Bank) Holdings Ltd	Mauritius	Bank investment holding company	100	100
1.1.2	SBM Overseas One Ltd	Mauritius	Offshore banking	100	100
1.1.3	SBM Overseas Two Ltd	Mauritius	Offshore banking	100	100
1.1.4	SBM Overseas Three Ltd	Mauritius	Offshore banking	100	100
1.1.5	SBM Overseas Four Ltd	Mauritius	Offshore banking	100	100
1.1.6	SBM Overseas Five Ltd	Mauritius	Offshore banking	100	100
1.1.7	SBM Overseas Six Ltd	Mauritius	Offshore banking	100	100
<i>1.2</i>	<i>Special Purpose Vehicles for single Bank Investment Holding Subsidiaries</i>				
1.2.1	SBM Africa Holdings Ltd	Mauritius	Investment in SBM Bank (Kenya) Limited	100	100
<i>1.3</i>	<i>Bank Operating Subsidiaries</i>				
1.3.1	SBM Bank (Mauritius) Ltd	Mauritius	Commercial banking	100	100
1.3.2	Banque SBM Madagascar SA	Madagascar	Commercial banking	100	100
1.3.3	SBM Bank (Kenya) Limited	Kenya	Commercial banking	100	100
1.3.4	SBM Bank (India) Limited	India	Commercial banking	100	100
<i>2.0</i>	<i>Non-Bank Financial Segment Subsidiaries</i>				
<i>2.1</i>	<i>Special Purpose Vehicle for Non-Bank Investments Holding Company</i>				
2.1.1	SBM (NBFC) Holdings Ltd	Mauritius	Non-Banking Financial Investments Holding Company	100	100
<i>2.2</i>	<i>Non-Bank Operating Subsidiaries</i>				
2.2.1	SBM Fund Services Ltd	Mauritius	Fiduciary services / Back office processing	100	100
2.2.2	SBM Mauritius Asset Managers Ltd	Mauritius	Asset management	100	100
2.2.3	SBM eBusiness Ltd	Mauritius	Card acquiring & processing	100	100
2.2.4	SBM Factors Ltd	Mauritius	Factoring	100	100
2.2.5	SBM Insurance Agency Limited	Mauritius	Insurance	100	100
2.2.6	SBM Capital Markets Limited	Mauritius	Investments	100	100
<i>3.0</i>	<i>Non-Financial Segment</i>				
3.1	SBM (NFC) Holdings Ltd	Mauritius	Investment securities	100	100
3.2	SBM 3S Ltd	Mauritius	Training services	100	100
<i>4.0</i>	<i>Investment Holding</i>				
4.1	SBM Africa Equity Fund	Mauritius	Closed ended fund	100	100

SBM Holdings Ltd is the ultimate holding company of all the subsidiaries.

The investment in subsidiaries is classified as non current assets.

11. (a). Property and equipment

Accounting policy

Property and equipment are stated at cost (except for freehold land and buildings on leasehold land) less accumulated depreciation and any cumulative impairment loss. Land is stated at revalued amounts and buildings are stated at revalued amounts less accumulated depreciation and any impairment loss.

It is the Group's policy to revalue its freehold land and buildings and leasehold buildings at least every five years by independent valuers. Any revaluation surplus is credited to the net property revaluation reserve. Any revaluation decrease is first charged directly against the net property revaluation reserve held in respect of the respective asset, and then to the Statement of profit or loss.

Progress payments on tangible fixed assets are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other tangible fixed assets, commences when the assets are ready for their intended use.

Depreciation on owned assets is calculated to write off the cost or revalued amounts of tangible fixed assets over their estimated useful lives on a straight-line basis. Depreciation is calculated from the month the asset is capitalised. No depreciation is provided on freehold land.

The estimated useful lives of property and equipment are as follows:

Buildings	50 years
Furniture, fittings, computer and other equipment	3 to 10 years
Motor vehicles	5-8 years

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset. These are included within *Other operating income* in the *Statement of profit or loss*.

Depreciation on revalued buildings is charged to profit or loss. A transfer is made from the revaluation reserve to retained earnings as the asset is used (representing difference between depreciation based on revalued amount and depreciation based on original cost). On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

The Group	Freehold land and buildings	Buildings on leasehold land	Other tangible fixed assets	Motor vehicles	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Cost or valuation					
At 01 January 2024	1,169,963	1,552,851	3,185,683	28,247	5,936,744
Additions	30,756	284,375	439,462	16,846	771,439
Disposals	-	-	(134,420)	(16,260)	(150,680)
Revaluation adjustment	154,196	255,910	-	-	410,106
Translation adjustment	33,013	-	143,770	4,582	181,365
At 31 December 2024	1,387,928	2,093,136	3,634,495	33,415	7,148,974
At 01 January 2025	1,387,928	2,093,136	3,634,495	33,415	7,148,974
Additions	-	95,592	500,081	2,995	598,668
Disposals	-	-	(283,312)	(296)	(283,608)
Write off	-	-	(5,913)	-	(5,913)
Revaluation adjustment	-	(110,000)	-	-	(110,000)
Translation adjustment	(17,873)	-	(38,308)	(178)	(56,359)
At 31 December 2025	1,370,055	2,078,728	3,807,043	35,936	7,291,762

11. (a). Property and equipment (cont'd)

The Group	Freehold	Buildings	Other tangible	Motor	Total
	land and	on leasehold			
	buildings	land			
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Accumulated depreciation					
At 01 January 2024	141,261	242,607	2,094,474	27,707	2,506,049
Charge for the year	34,795	80,651	291,150	1,821	408,417
Disposals	-	-	(124,049)	(16,260)	(140,309)
Revaluation adjustment	(70,343)	(299,148)	-	-	(369,491)
Translation adjustment	19,750	-	111,553	4,615	135,918
At 31 December 2024	125,463	24,110	2,373,128	17,883	2,540,584
At 01 January 2025	125,463	24,110	2,373,128	17,883	2,540,584
Charge for the year	37,287	99,351	365,946	4,322	506,906
Transfer	-	4,739	(4,739)	-	-
Disposals	-	-	(276,553)	(116)	(276,669)
Write off	-	-	(5,087)	-	(5,087)
Translation adjustment	(4,773)	-	(21,599)	18	(26,354)
At 31 December 2025	157,977	128,200	2,431,096	22,107	2,739,380
Carrying value					
At 31 December 2025	1,212,078	1,950,529	1,375,946	13,829	4,552,382
Progress payments on tangible fixed assets					270,461
					4,822,843
At 31 December 2024	1,262,465	2,069,026	1,261,367	15,532	4,608,390
Progress payments on tangible fixed assets					662,506
					5,270,896

The Company	Other tangible	
	fixed assets	Total
	MUR' 000	MUR' 000
Cost or valuation		
At 01 January 2024	2,265	2,265
Additions	-	-
At 31 December 2024	2,265	2,265
Additions	1,709	1,709
At 31 December 2025	3,974	3,974
Accumulated depreciation		
At 01 January 2024	810	810
Charge for the year	439	439
At 31 December 2024	1,249	1,249
Charge for the year	564	564
At 31 December 2025	1,813	1,813
Carrying value		
At 31 December 2025	2,161	2,161
Progress payments on tangible fixed assets		3,857
		6,018
At 31 December 2024	1,016	1,016
Progress payments on tangible fixed assets		3,857
		4,873

11. (a). Property and equipment (cont'd)

The property and equipment are classified as non-current assets.

Management has reviewed the carrying amount of the Group's and Company's property and equipment and are of the opinion that no impairment is required at the reporting date (2024: Nil).

Details of the Group's land and buildings and information about the fair value hierarchy are as follows:

		The Group	
		2025	2024
		MUR' 000	MUR' 000
Freehold land	Level 2	600,015	609,333
Freehold buildings	Level 3	612,062	653,132
Buildings on leasehold land	Level 3	1,950,529	2,069,026
		<u>3,162,606</u>	<u>3,331,491</u>

The carrying amounts of land and buildings, that would have been included in the financial statements had the assets been carried at cost are as follows:

		The Group	
		2025	2024
		MUR' 000	MUR' 000
Freehold land and buildings		835,180	841,627
Building on leasehold land		374,065	378,499
		<u>1,209,245</u>	<u>1,220,126</u>

The freehold land and buildings and buildings on leasehold land are periodically valued by an independent chartered valuation surveyor. The last valuation exercise conducted as at 31 December 2025 has been performed by an independent chartered valuation surveyor, Aestima Ltd who is a duly registered valuer licensed by the RICS. The valuation is based on its Market Value which is defined as: "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion". The following methods of valuation has been used, namely, the sales comparison method, the depreciated replacement cost method and the income capitalisation approach. There has been no change in the valuation basis and methodology compared to the last valuation exercise conducted. The freehold land and building in India were revalued in March 2023 by independent Chartered Valuation Surveyors, Creative PropTech on market value of similar properties basis. The freehold land and building in Kenya were revalued in November 2018 by Ardhiworth Real Estate Limited an independent Chartered Valuation Surveyors on an open market value basis. The inputs used to revalue the PPE relate to unit prices of similar market transactions.

Management has assessed the fair value of the properties at 31 December 2025 and 2024 and have estimated the fair value to approximate the carrying value as at that date.

11(b). Right of use assets and lease liabilities

The Group as lessee
The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as printers). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

11. (b). Right of use assets and lease liabilities (cont'd)

The Group

The Group as lessee (cont'd)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group leases several assets including land, buildings and equipment. The lease term is between 3-25 years.

11. (b). Right of use assets and lease liabilities (cont'd)

The Group (cont'd)

The Group as lessee (cont'd)

The Group apply IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of non-financial assets' policy. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other operating expenses' in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The lease contracts do not have lease and non-lease components and hence the Group has not used this practical expedient.

(i) Right of use assets

Right of use assets are classified as non-current assets.

The Group	Land and buildings	Other tangible fixed assets	Total
Cost or valuation	MUR' 000	MUR' 000	MUR' 000
At 01 January 2024	1,144,134	203,276	1,347,410
Translation adjustment	154,588	-	154,588
Additions	318,799	7,998	326,797
Termination	(182,820)	(17,151)	(199,971)
Expiry	(76,745)	-	(76,745)
Remeasurement of existing lease	(23,953)	-	(23,953)
At 31 December 2024	1,334,003	194,123	1,528,126
At 01 January 2025	1,334,003	194,123	1,528,126
Translation adjustment	(241,891)	-	(241,891)
Additions	355,851	-	355,851
Termination	(82,541)	-	(82,541)
Expiry	(166,722)	(533)	(167,255)
At 31 December 2025	1,198,700	193,590	1,392,290
Accumulated Depreciation			
At 01 January 2024	584,710	38,155	622,865
Translation adjustment	82,247	-	82,247
Termination	(98,848)	(12,118)	(110,966)
Expiry	(76,676)	-	(76,676)
Charge for the year	225,896	3,182	229,078
At 31 December 2024	717,329	29,219	746,548
At 01 January 2025	717,329	29,219	746,548
Translation adjustment	(222,549)	-	(222,549)
Termination	(43,983)	-	(43,983)
Expiry	(166,722)	(533)	(167,255)
Charge for the year	220,423	2,279	222,702
At 31 December 2025	504,498	30,965	535,463
Carrying value			
At 31 December 2025	694,202	162,625	856,827
At 31 December 2024	616,674	164,904	781,578

11. (b) Right of use assets and lease liabilities (cont'd)

(i) Right of use assets (cont'd)

The following are the amounts recognised in profit or loss:

	2025	2024
	MUR' 000	MUR' 000
Depreciation expense on right of use assets	222,702	229,078
Interest expense on lease liability (note 26)	89,536	74,523
Expense relating to leases of low-value assets (included in other operating expenses)	2,492	4,111
Gain/(Loss) on contract termination of right of use asset	3,177	(1,088)
Total amount recognised in profit or loss	317,907	306,624

For short term leases (leases with a lease term of 12 months or less) and leases of low value assets (printers and computers), the Group recognises the lease payments as an operating expense on a straight line basis over the term of the lease. Lease payments for short term lease amounted to MUR 12.5 million and MUR 89.0 million for low value assets for the year ended 31 December 2025.

(ii) Lease liabilities

	2025	2024
	MUR' 000	MUR' 000
At 01 January	856,681	801,229
Additions	355,851	326,797
Interest expense	89,536	74,523
Termination	(43,454)	(107,133)
Expiry	-	(2,390)
Total cash outflows	(269,637)	(293,092)
Exchange difference	(27,296)	83,592
Remeasurement of existing lease	(5,650)	(26,845)
At 31 December	956,031	856,681

Maturity analysis of lease liability are as follows:

	2025	2024
	MUR' 000	MUR' 000
Up to 1 year	215,882	105,837
1 to 5 years	708,778	538,387
5 to 25 years	159,929	317,577
	1,084,589	961,801
Less unearned interest	(128,558)	(105,120)
	956,031	856,681

Further analysed into:

Non current	733,135	517,371
Current	222,896	339,310
	956,031	856,681

The Group does not face significant liquidity risk with regards to its lease liabilities. All the lease obligations are denominated either in Mauritian Rupees or functional currency of the subsidiaries.

12. Intangible assets

Accounting policy

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised on a straight line basis over their estimated useful lives of 3 to 10 years. Costs directly associated with the production of identifiable and software products controlled by the group, that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets.

Intellectual property rights

The Group entered into an agreement in respect of Business Process Engineering and Business Transformation Initiatives to align both its strategies and processes with the Technology Transformation Initiative namely Flamingo Project and also high performance banks. The costs incurred in respect of these initiatives were capitalised as intellectual property rights and are being amortised following the project going live in September 2016.

WIP Software

The Group is developing some softwares. These costs will be transferred under "Software" as soon as they will be in use by the Group.

	The Group			
	Software	WIP Software	Intellectual property	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
<u>Cost or valuation</u>				
At 01 January 2024	5,595,454	355,491	284,915	6,235,860
Translation adjustment	101,987	2,130	-	104,117
Additions	137,359	269,568	-	406,927
Transfer to expenses	-	(58,199)	-	(58,199)
Transfer	304,710	(304,710)	-	-
At 31 December 2024	6,139,510	264,280	284,915	6,688,705
At 01 January 2025	6,139,510	264,280	284,915	6,688,705
Translation adjustment	(40,050)	(3,940)	-	(43,990)
Additions	178,660	140,786	-	319,446
Transfers	43,507	(43,507)	-	-
Write off	(228,375)	(27,348)	-	(255,723)
Assets derecognised	-	-	(284,915)	(284,915)
At 31 December 2025	6,093,252	330,271	-	6,423,523
<u>Accumulated amortisation</u>				
At 01 January 2024	4,099,322	-	284,915	4,384,237
Translation adjustment	76,029	-	-	76,029
Charge for the year	692,546	-	-	692,546
At 31 December 2024	4,867,897	-	284,915	5,152,812
At 01 January 2025	4,867,897	-	284,915	5,152,812
Translation adjustment	(31,740)	-	-	(31,740)
Charge for the year	794,462	-	-	794,462
Write off	(216,059)	-	-	(216,059)
Assets derecognised	(11,880)	-	(284,915)	(296,795)
At 31 December 2025	5,402,680	-	-	5,402,680
<u>Carrying value</u>				
At 31 December 2025	690,572	330,271	-	1,020,843
At 31 December 2024	1,271,613	264,280	-	1,535,893

12. Intangible assets (cont'd)

The Company

	Software	Total
<u>Cost or valuation</u>	MUR' 000	MUR' 000
At 01 January 2024/ 31 December 2024	1,371	1,371
Additions	-	-
At 31 December 2025	1,371	1,371
<u>Accumulated depreciation</u>		
At 01 January 2024	1,305	1,305
Charge for the year	66	66
At 31 December 2024	1,371	1,371
Charge for the year	-	-
At 31 December 2025	1,371	1,371
<u>Carrying value</u>		
At 31 December 2025	-	-
At 31 December 2024	-	-

The directors have reviewed the carrying amount of the Group's and Company's intangible assets and are of the opinion that no impairment is required at the reporting date (2024 : Nil). The intangible assets are non-current assets whose maturity are more than one year.

13. Other assets

	The Group		The Company	
	2025	2024	2025	2024
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Accounts receivable - banking ¹	3,330,277	2,009,569	-	-
Accounts receivable - non-banking	1,129,320	1,270,781	47,529	81,212
Balances due in clearing	6,077	10,562	-	-
Tax deducted at source	417,619	390,336	-	-
Tax assets (note 17a)	41,188	27,587	-	-
Prepayment	363,686	462,774	-	462
Other receivables	525,757	367,526	93	-
	5,813,924	4,539,135	47,622	81,674
Less: allowance for credit losses	(175,734)	(144,385)	(243)	(739)
	5,638,190	4,394,750	47,379	80,935

¹ The accounts receivable are mainly transition accounts that will be cleared the following day and the impairment loss thereon is insignificant.

Other assets are classified as current assets.

An analysis of changes in the corresponding ECL pertaining to accounts receivable is as follows:

The Group	2025		
	MUR' 000	MUR' 000	MUR' 000
	Stage 1	Stage 3	Total
ECL allowance as at 01 January	68,095	76,290	144,385
Financial assets originated or purchased	-	60,890	60,890
Assets derecognised or repaid (excluding write offs)	-	(24,574)	(24,574)
Translation adjustment	-	(4,967)	(4,967)
ECL allowance as at 31 December	68,095	107,639	175,734

13. Other assets (cont'd)

The Group	2024		
	MUR' 000	MUR' 000	MUR' 000
	Stage 1	Stage 3	Total
ECL allowance as at 01 January	81,130	41,985	123,115
Financial assets originated or purchased	-	131,310	131,310
Assets derecognised or repaid (excluding write offs)	(13,035)	(41,985)	(55,020)
Translation adjustment	-	(55,020)	(55,020)
ECL allowance as at 31 December	68,095	76,290	144,385

Credit risk is managed for each category and is subject to the Group's established policy, procedures and control relating to customers credit risk management.

The tax paid in advance is incurred by the Kenyan Operations and Madagascar Operations. The amount is shown net of current tax payable.

14. Pension liabilities

Accounting policy

(i) Defined benefit plans

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets, is reflected immediately in the Statements of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in the Statements of profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements), net interest expense or income and remeasurement.

The retirement benefit obligation recognised in the statements of financial position represents the actual deficit or surplus in the Group's defined benefits plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

(ii) Defined contribution plan

Employees who joined after 31 December 2004 are entitled to defined contribution retirement benefit pension arrangements. Employer contributions are expensed in the statements of profit or loss in the period in which they fall due. The defined contribution benefit replaced the defined benefit pension plan as from 01 January 2005. Employees who were initially in the defined benefit pension plan remained in the said plan.

Pension liabilities are classified as non-current liabilities.

The amount included in the Statement of Financial Position arising from the Group's obligation in respect of its defined benefits plan is as follows:

	The Group		The Company	
	2025	2024	2025	2024
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Defined benefit plan (note 14 (a))	161,025	398,091	(1,974)	(120)
Residual retirement gratuities (note 14 (b))	384,761	360,047	25,857	29,531
	545,786	758,138	23,883	29,411

14. Pension liabilities (cont'd)

(a). Defined benefit plans

The Group provides final salary defined benefit (DB) plan to some of its employees (“eligible employees”), and the plan operates under the SBM Group Pension Fund (the “Fund”) which is in existence since 1 July 1999. The plan provides for a pension at retirement and a benefit on death or disablement in service before retirement and is wholly funded. SBMBM is the principal sponsor of the Fund and eligible employees are those who have joined the Bank prior to 31 December 2004. The assets of the managed by SBM Mauritius Asset Managers Ltd and administered by SICOM Ltd. There are other participating employers of the Fund (within the SBM Group) that allows them to pool their assets for investment purposes (group administration plans).

The plan provides for a pension at a retirement and a benefit in death or disablement in service before retirement.

The plan exposes the Group to normal risks associated with defined benefit pension plans such as investment, interest, longevity and salary rise risks.

Investment risk

The plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan assets is below this rate, it will create a plan deficit and if it is higher, it will create a plan surplus.

Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan’s debt investments and a decrease in inflationary pressures on salary and pension increases.

Longevity risk

The plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary risk

The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

There has been no plan amendment, curtailment or settlement during the year except for past service costs accounted for some employee transfers between related entities within the Group and due to the change in methodology.

The most recent actuarial valuation of the defined benefit plan was carried out at 31 December 2025 by Actuarix Consulting Limited , actuaries and consultants.

	The Group		The Company	
	2025	2024	2025	2024
Reconciliation of present value of defined benefit liability	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Present value of funded defined benefit obligation	2,421,354	2,561,171	16,656	17,057
Fair value of planned assets	(2,260,329)	(2,163,080)	(18,630)	(17,177)
Net liability arising from defined benefit obligation	161,025	398,091	(1,974)	(120)
Balance at start of the year	398,091	243,263	(120)	1,534
Amount recognised in statements of profit or loss	89,017	76,483	380	628
Amount recognised in other comprehensive income	(276,462)	139,448	(1,849)	(1,851)
Less employer contributions	(49,621)	(65,984)	(385)	(431)
Transfer from other liabilities	-	4,881	-	-
Balance at end of the year	161,025	398,091	(1,974)	(120)

14. Pension liabilities (cont'd)

(a). Defined benefit plans (cont'd)

	The Group		The Company	
	2025	2024	2025	2024
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Components of amount recognised in statements of profit or loss				
Current service cost	68,810	64,069	397	465
Net interest cost	20,110	12,414	(17)	78
Total expense	88,920	76,483	380	543
Components of amount recognised in other comprehensive income				
Return on planned assets below/(above) interest income	(82,758)	(204,228)	(691)	(1,654)
Liability experience loss	(9,861)	290,033	-	(363)
Liability gain due to change in demographic assumptions	(12,134)	29,684	-	-
Liability experience loss due to change in financial assumptions	(171,712)	23,959	(1,158)	166
Total	(276,465)	139,448	(1,849)	(1,851)
Reconciliation of fair value of assets				
Balance at start of the year	2,163,080	1,851,954	17,177	14,755
Interest income	112,959	104,162	907	810
Employer contributions	49,621	65,984	385	431
Benefits paid	(148,089)	(116,495)	(530)	(473)
Transfer from Other Liabilities	-	53,247	-	-
Return on assets excluding interest income	82,758	204,228	691	1,654
Balance at end of the year	2,260,329	2,163,080	18,630	17,177
Reconciliation of present value of defined benefit obligation				
Balance at start of the year	2,561,171	2,095,217	17,057	16,289
Current service cost	68,810	64,069	397	465
Past service cost	98	-	-	85
Interest expense	133,068	116,576	890	888
Other benefits paid	(148,089)	(116,495)	(530)	(473)
Liability experience loss	(9,861)	290,033	-	(363)
Liability gain due to change in demographic assumptions	(12,131)	29,684	-	-
Liability loss due to change in financial assumptions	(171,712)	23,959	(1,158)	166
Transfer from Other Liabilities	-	58,128	-	-
Balance at end of the year	2,421,354	2,561,171	16,656	17,057
Allocation of assets at end of year				
	2025	2024	2025	2024
	%	%	%	%
Equity - Overseas quoted	51	47	51	47
Equity - Overseas unquoted	-	-	-	-
Equity - Local quoted	15	18	15	18
Equity - Local unquoted	-	-	-	-
Debt - Overseas quoted	1	1	1	1
Debt - Overseas unquoted	-	-	-	-
Debt - Local quoted	6	6	6	6
Debt - Local unquoted	14	13	14	13
Investment Fund	11	14	11	14
Cash and other	2	1	2	1
Total	100	100	100	100

14. Pension liabilities (cont'd)

(a). Defined benefit plans (cont'd)

	The Group		The Company	
	2025	2024	2025	2024
Allocation of assets at end of year				
Reporting entity's own transferable financial instruments	2%	2%	2%	2%
Principal assumptions used at end of year				
Discount rate	6.0%	5.5%	6.0%	5.3%
Rate of salary increases	6.2%/7%	6.2%	6.2%	5.7%
Rate of pension increases	2.0%	2.0%	2.0%	2.0%
Average retirement age (ARA)	65	65	65	65
Average life expectancy for:				
- Male at ARA	15.9 years	15.9 years	15.9 years	15.9 years
- Female at ARA	20.0 years	20.0 years	20.0 years	20.0 years

IAS 19 requires that the discount rate be set based on the yields of high quality corporate bonds with an appropriate term. Since no deep market in such bonds is available, IAS 19 requires that the yield on government bonds of appropriate term can be applied. The discount rate takes account of the nominal yield to redemption of government bonds traded on the secondary market as at 31 December 2024.

	The Group		The Company	
	2025	2024	2025	2024
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Sensitivity analysis on defined benefit obligation at end of year				
Increase due to 1% decrease in discount rate	333,739	372,869	2,049	1,075
Decrease due to 1% increase in discount rate	272,596	300,593	1,716	792
Increase due to 1% increase in salary increase rate	96,732	-	516	-
Decrease due to 1% decrease in salary increase rate	87,258	-	483	-
Increase due to 1% increase in pension increase rate	239,403	-	1,599	-
Decrease due to 1% decrease in pension increase rate	206,551	-	1,382	-
Increase due to 1 year decrease in Normal Retirement Age	42,337	-	316	-
Decrease due to 1 year increase in Normal Retirement Age	46,994	-	316	-
Increase due to 1 year increase in life expectancy	86,964	-	683	-
Decrease due to 1 year decrease in life expectancy	89,313	-	700	-

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. Any similar variation in the other assumptions would have shown smaller variations in the defined benefit obligation.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit asset as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Future cashflows

The funding policy is to pay contributions to an external legal entity at the rate recommended by the entity's actuaries.

The Group expects to make a contribution of around MUR 65.5 million to the SBM Group Pension Fund for the next financial year and the weighted average duration of the defined benefit obligation is ranges between 12 to 28 years for the Group and 12 years for the Company.

The Company expects to make a contribution of around MUR 33,000 to the SBM Group Pension Fund for the next financial year.

(b). Residual retirement gratuities

The liability relates to residual retirement gratuities payable under the Workers' Rights Act 2019 and is unfunded.

The Group is exposed to normal risks associated with residual retirement gratuities such as interest and salary rise risks.

Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

Salary risk

The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

The most recent actuarial valuation of the retirement gratuities was carried out at 31 December 2025 by Actuarix Consulting Ltd, actuaries and consultants.

14. Pension liabilities (cont'd)

(b). Residual retirement gratuities (cont'd)

The amount included in the statement of financial position arising from the Group's obligation in respect of its residual retirement gratuities is as follows:

	The Group		The Company	
	2025	2024	2025	2024
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Reconciliation of net defined benefit liability				
Balance at start of the year	360,047	207,600	29,531	11,524
Amount recognised in statements of profit or loss	66,429	42,751	6,511	11,949
Amount recognised in other comprehensive income	(30,673)	122,782	(10,185)	6,652
Less benefits paid	(11,042)	(13,086)	-	(594)
Balance at end of the year	384,761	360,047	25,857	29,531

Reconciliation of present value of defined benefit obligation				
Balance at start of the year	360,047	207,600	29,531	11,524
Current service cost	51,532	37,815	5,245	4,452
Past service cost	(3,795)	(5,964)	(292)	6,698
Interest expense	18,692	10,900	1,558	799
Liability experience loss	18,276	34,571	(6,866)	1,153
Liability gain due to change in demographic assumptions	-	95,840	-	4,750
Liability loss due to change in financial assumptions	(48,949)	(7,629)	(3,319)	749
Benefits paid	(11,042)	(13,086)	-	(594)
Balance at end of the year	384,761	360,047	25,857	29,531

	The Group		The Company	
	2025	2024	2025	2024
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Components of amount recognised in statements of profit or loss				
Current service cost	51,532	37,815	5,245	4,452
Past service cost	(3,795)	(5,964)	(292)	6,698
Net interest cost	18,692	10,900	1,558	799
Total expense	66,429	42,751	6,511	11,949

Components of amount recognised in other comprehensive income				
Liability experience loss	18,276	34,571	(6,866)	1,153
Liability experience gain due to change in demographic assumptions	-	95,840	-	4,750
Liability loss due to change in financial assumptions	(48,949)	(7,629)	(3,319)	749
Total	(30,673)	122,782	(10,185)	6,652

Principal assumptions used at end of year

Discount rate	6.0%	5.3%	6.0%	5.3%
Rate of salary increases	6.2%/7%	5.7%/7%	6.2%/7%	5.7%/7%
Rate of pension increases	2.0%	2.0%	2.0%	2.0%
Average retirement age (ARA)	0.0%	60/65	0.0%	60/65

Sensitivity Analysis on defined benefit obligation at end of year

Increase due to 1% decrease in discount rate	122,064	112,626	5,800	771
Decrease due to 1% increase in discount rate	102,733	94,017	4,962	626
Increase due to 1% increase in salary increase rate	94,914	-	4,616	-
Decrease due to 1% decrease in salary increase rate	79,067	-	3,993	-
Increase due to 1% increase in pension increase rate	25,372	-	1,089	-
Decrease due to 1% decrease in pension increase rate	26,460	-	1,075	-
Increase due to 1 year decrease in Normal Retirement Age	7,257	-	231	-
Decrease due to 1 year increase in Normal Retirement Age	9,972	-	288	-
Increase due to 1 year increase in life expectancy	9,265	-	446	-
Decrease due to 1 year decrease in life expectancy	5,603	-	201	-

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. The results are particularly sensitive to a change in discount rate due to the nature of the liabilities being the difference between the pure retirement gratuities under the Workers' Rights Act 2019 and the deductions allowable, being five times the annual pension provided and half the lump sum received by the member at retirement from the SBM Group DC Fund with reference to the Group's share of contributions.

14. Pension liabilities (cont'd)

(b). Residual retirement gratuities (cont'd)

Future cashflows

The funding policy is to pay benefits from the reporting entity's cashflow as and when due.

Expected contribution for the next financial year is MUR 29.2 million for the Group and MUR 53,000 for the Company and the weighted average duration of the defined benefit obligation is 8-26 years for the Group and 16 years for the Company.

Defined contribution plan

As from 1 January 2005, the defined benefit plan has been closed to new entrants and all new entrants of the Group joined a defined contribution plan operated under the SBM Group Defined Contribution Fund (DC Fund). SBMBM is the principal employer of the DC Fund. The assets are managed by SBM Mauritius Asset Managers Ltd and administered by SICOM Ltd. There are other participating employers of the Fund (within the SBM Group) that allows them to pool their assets for investment purposes (group administration plans).

The Group made a contribution amounting to MUR 319.4 million to SBM Group DC fund for employees under the defined contribution pension plan (2024: MUR 323.5 million). The Company contributed MUR 9.2 million (2024: MUR 23.6 million) to the defined contribution plan during the year.

15. Deposits from banks

	The Group	
	2025	2024
	MUR' 000	MUR' 000
Demand deposits	5,499,793	3,963,451

16. Deposits from non-bank customers

	The Group	
	2025	2024
	MUR' 000	MUR' 000
(i) Retail customers		
Current accounts	32,427,806	31,675,788
Savings accounts	108,787,899	94,881,043
Time deposits with remaining term to maturity:		
- Up to 3 months	11,825,150	12,707,339
- Over 3 months and up to 6 months	5,061,424	5,594,638
- Over 6 months and up to 12 months	9,928,696	7,798,884
- Over 1 year and up to 5 years	12,478,926	13,587,979
- Over 5 years	89,924	99,743
Total time deposits	39,384,120	39,788,583
Total deposits from retail customers	180,599,825	166,345,414
(ii) Corporate customers		
Current accounts	69,252,791	72,206,031
Savings accounts	7,235,723	5,230,260
Time deposits with remaining term to maturity:		
- Up to 3 months	44,920,943	71,732,370
- Over 3 months and up to 6 months	10,685,852	13,058,473
- Over 6 months and up to 12 months	13,465,496	7,967,819
- Over 1 year and up to 5 years	3,335,169	2,695,908
- Over 5 years	58,782	68,868
Total time deposits	72,466,242	95,523,438
Total deposit from corporate customers	148,954,756	172,959,729
(iii) Government		
Current accounts	12,995,031	8,495,361
Savings accounts	3,962,447	4,491,106
Time deposits with remaining term to maturity:		
- Up to 3 months	74,097	3,219,710
- Over 3 months and up to 6 months	20,283	3,218,316
- Over 6 months and up to 12 months	132,628	72,387
- Over 1 year and up to 5 years	705,276	694,005
Total time deposits	932,284	7,204,418
Total deposit from the Government	17,889,762	20,190,885
Total deposit from non-bank customers	347,444,343	359,496,028

17. Other borrowed funds

	The Group	
	2025	2024
	MUR' 000	MUR' 000
Borrowings from central banks	3,615,828	9,393,322
Other financial institutions	2,059,370	1,109,181
Borrowings from banks		
- In Mauritius	2,508,049	21,054
- Outside Mauritius	983,006	-
	9,166,253	10,523,557

	The Group	
	2025	2024
	MUR' 000	MUR' 000
Remaining term to maturity		
Up to 3 months	5,121,012	8,335,677
Over 3 months and up to 6 months	2,508,232	236,312
Over 6 months and up to 12 months	155,250	950,978
Over 1 year and up to 5 years	155,250	580,545
Over 5 years	1,226,509	420,045
	9,166,253	10,523,557

	The Company	
	2025	2024
	MUR' 000	MUR' 000
Borrowings from banks		
- In Mauritius	2,058,691	121,946
	2,058,691	121,946

	The Company	
	2025	2024
	MUR' 000	MUR' 000
Remaining term to maturity		
Over 6 months and up to 12 months	-	121,946
Over 1 year and up to 5 years	2,058,691	-
	2,058,691	121,946

Borrowings from banks are short term interbank borrowings from local banks at 31 December 2025 with an interest rate ranging from 3% to 4.5% per annum with a tenor of up to 6 months. 50% of the local borrowings were fully collateralised in the form of marketable government securities.

Borrowings from other financial institutions are long term borrowings taken for refinancing purposes with an interest rate ranging from 0.4% to 10% and have maturity date up to 2032.

18. Taxation

Accounting policy

Income tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Non-banking entities within the Group are taxable at the rate of 15% (2024: 15%). Corporate Social Responsibility, Corporate Climate Responsibility and fair share also apply as applicable.

18. Taxation (cont'd)

Corporate Social Responsibility (CSR)

Corporate social responsibility (CSR) was legislated by the Government of Mauritius in July 2009. In terms of the legislation, the Bank is required to allocate 2% of chargeable income of the preceding financial year to government approved CSR NGOs. The chargeable income excludes income derived from non-residents and companies holding a Global Business License. The Group remits 75% of the CSR contribution to the Director General of the MRA and 25% of the CSR contribution to an approved Fund. This contribution is recorded as part of income tax expense.

Corporate Climate Responsibility (CCR)

The Finance (Miscellaneous Provisions) Act 2024, which was gazetted on 27 July 2024, introduced a new Corporate Climate Responsibility (CCR) Levy at 2% of the current year's chargeable income as from the year of assessment commencing on 01 July 2024. CCR is payable to the MRA by all companies where the turnover exceeds MUR 50M. This levy is recognised as part of income tax expense.

Special Levy on banks

SBMBM is liable to pay a special levy as per the VAT Act. 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 minimum amount prescribed for Special levy on Banks with respect to the base year has been repealed under the Finance Act 2025, therefore the Bank will be required to pay a special levy of 5.5% on its leviable income at all times as from accounting year starting 01 January 2026.

Fair share contribution

A fair share of contribution of 5% of the chargeable income and an additional fair share of contribution of 2.5% of the chargeable income arising from transactions with residents, other than from a global business entity, is applicable to the Bank as from 01 July 2025 up to 30 June 2028.

SBM Bank (Mauritius) Ltd are now taxed at 5% on a chargeable income of less than MUR 1.5 billion and at 15% on a chargeable income exceeding MUR 1.5 billion.

The applicable tax rate for India is 43.26%(2024:43.26%), whereas that of Madagascar is 20% (2024:20%) and Kenya is 30% (2024:30%)

(a). Current tax liabilities

The Company had accumulated tax losses amounting to MUR'000 40,626 as at 31 December 2025 (31 December 2024: MUR'000 29,195) which will expire in year 2031.

Current tax liabilities can be analysed as follows:

	The Group		The Company	
	2025	2024	2025	2024
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
<u>Statement of financial position</u>				
At 01 January	991,232	523,562	-	-
Income tax provision	1,033,006	787,208	2,705	1,897
Corporate Social Responsibility contribution	104,476	103,742	-	-
Underprovision in prior years	26,965	16,118	-	-
Paid during the year	(1,673,969)	(770,319)	(2,705)	(1,897)
Translation difference	(3,592)	(733)	-	-
Bank levy	186,416	186,416	-	-
Corporate Climate Responsibility levy	159,808	124,774	-	-
Tax refund	291	20,464	-	-
Fair share contribution	325,442	-	-	-
At 31 December	1,150,075	991,232	-	-
The breakdown of current tax liability is as follows:				
Tax liability	1,191,263	1,018,819	-	-
Tax assets (note 13)	(41,188)	(27,587)	-	-
	1,150,075	991,232	-	-

Current tax liabilities will be repaid within the next one year and is classified as a current liabilities.

(b). Tax expense

The total tax expense can also be analysed as being incurred as follows:

	The Group		The Company	
	2025	2024	2025	2024
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
In Mauritius	915,971	1,224,855	-	-
Overseas	-	20,576	2,705	1,897
Total tax expense/(credit)	915,971	1,245,431	2,705	1,897
Income tax provision	1,033,006	787,208	-	-
Deferred income tax (note 18d)	(922,387)	4,031	-	-
Corporate Social Responsibility contribution	104,476	103,742	-	-
Bank levy	186,416	186,416	-	-
Corporate Climate Responsibility levy	159,808	124,774	-	-
Under provision in previous periods	26,963	35,841	-	-
Fair share contribution	325,442	-	-	-
Tax refund in relation to prior years	-	898	-	-
Withholding tax	2,247	2,521	2,705	1,897

18. Taxation (cont'd)

18. (c). Tax reconciliation

	The Group		The Company	
	2025	2024	2025	2024
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Profit before income tax from continuing operations	5,129,480	5,584,098	3,085,131	1,768,856
Tax on accounting profit at applicable tax rates	1,282,370	949,297	524,472	300,706
Over provision in previous periods	(66)	(379)	-	-
Non allowable expenses	699,130	265,784	157,883	169,969
Exempt income	(440,851)	(296,884)	(684,298)	(472,863)
Corporate Social Responsibility contribution	(12,955)	(684)	-	-
CCR adjustment	(5)	-	-	-
Special levy on banks	186,416	186,416	-	-
Deferred tax assets not recognised	5,080	(6,513)	1,943	2,188
Translation difference	39,595	(11,852)	-	-
Fair share contribution	5,566	-	-	-
Tax loss utilised	(251)	(7)	-	-
Tax rate differential	(862,994)	158,356	-	-
Withholding tax	14,936	1,897	2,705	1,897
Total tax expense	915,971	1,245,431	2,705	1,897

(d). Deferred tax assets

Accounting policy

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred tax relating to items recognised outside profit or loss are recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax rate of SBM Bank (Mauritius) Ltd

Following the change in tax rate for banks, the deferred tax rate applied for residents is 14% and for non residents & GBL companies is 12% (2023: 14% and 12% , 2022 : 7% and 5%).

18. Taxation (cont'd)

(d). Deferred tax assets (cont'd)

No deferred tax was recognised as it is not probable that future taxable profit will be available to offset against the unused tax losses.

Reconciliation of deferred tax assets

	The Group	
	2025	2024
At 01 January	MUR' 000	MUR' 000
	(1,519,647)	(1,390,569)
Translation adjustments	17,400	(193,007)
Charge/(credit) to profit or loss:		
- Movement for the year (Note 18b)	(922,388)	4,031
(Credit)/Charge to other comprehensive income:		
- Remeasurement of retirement benefit obligations	(6,742)	(34,392)
- Revaluation of property	31,190	94,290
At 31 December	(2,400,187)	(1,519,647)

Reconciliation of deferred tax
(assets)/liabilities

	The Group				
	01 January 2025	Charge/ (credit) to profit or loss	Charge/ (credit) to OCI	Translation adjustment	31 December 2025
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Deferred tax assets					
Allowances for credit impairment	(744,815)	(1,022,861)	-	-	(1,767,676)
Pension liability	(95,687)	(16,760)	(6,742)	-	(119,189)
Other provisions	(1,155,723)	208,122	-	19,110	(928,491)
	(1,996,225)	(831,499)	(6,742)	19,110	(2,815,356)
Deferred tax liabilities					
Accelerated capital allowances	114,600	51,155	-	687	166,442
Revaluation of property	230,241	(14,893)	31,190	-	246,538
Unrealised exchange gains	131,737	(127,151)	-	(2,397)	2,189
	476,578	(90,889)	31,190	(1,710)	415,169
Net deferred tax assets	(1,519,647)	(922,388)	24,448	17,400	(2,400,187)

	The Group				
	01 January 2024	Charge/ (credit) to profit or loss	Charge/ (credit) to OCI	Translation adjustment	31 December 2024
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Deferred tax assets					
Allowances for credit impairment	(955,336)	202,580	-	7,941	(744,815)
Pension liability	(58,861)	(2,434)	(34,392)	-	(95,687)
Other provisions	(661,987)	(305,601)	-	(188,135)	(1,155,723)
	(1,676,184)	(105,455)	(34,392)	(180,194)	(1,996,225)
Deferred tax liabilities					
Accelerated capital allowances	137,423	(9,736)	-	(13,087)	114,600
Revaluation of property	145,063	(9,112)	94,290	-	230,241
Unrealised exchange gains	3,129	128,334	-	274	131,737
	285,615	109,486	94,290	(12,813)	476,578
Net deferred tax assets	(1,390,569)	4,031	59,898	(193,007)	(1,519,647)

19. Other liabilities

	The Group		The Company	
	2025	2024	2025	2024
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Bills payable	524,644	549,775	-	-
Accruals for expenses	1,959,271	2,453,511	87,867	75,370
Accounts payable	3,639,419	3,913,962	45,447	42,224
Deferred income	98,512	104,160	-	-
Balance due in clearing	2,450	(1,184)	-	-
Balances in transit	72,115	1,528,803	-	-
ECL on memorandum Items (note 23)	778,062	335,414	-	-
Other payables	225,290	96,794	-	-
	7,299,763	8,981,235	133,314	117,594

Other liabilities, except for deferred income, are classified as current liabilities. Deferred income has a maturity of over more than one year and is treated as non-current liabilities.

20. Subordinated debts

	The Group		The Company	
	2025	2024	2025	2024
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Subordinated Bonds:				
<i>Class A 2 series bond of MUR fixed interest rate senior unsecured bonds maturing in 2028 (Note (a))</i>	3,060,520	3,060,520	3,060,520	3,060,520
<i>Class B 2 series bond of USD fixed interest rate senior unsecured bonds maturing in 2025 (Note (a))</i>	-	3,579,225	-	3,579,225
<i>Class A 3 series bond of MUR fixed interest rate senior unsecured bonds maturing in 2031 (Note (b))</i>	1,003,568	1,003,567	1,003,568	1,003,567
<i>Class B 3 series bond of MUR floating interest rate senior unsecured bonds maturing in 2031 (Note (b))</i>	1,005,648	1,005,223	1,005,648	1,005,223
<i>Class A 4 series bond of MUR fixed interest rate senior unsecured bonds maturing in 2035 (Note (c))</i>	2,501,212	-	2,501,212	-
<i>Class A 5 series bond of MUR fixed interest rate senior unsecured bonds maturing in 2035 (Note (c))</i>	2,501,212	-	2,501,212	-
<i>Series Bond of INR fixed interest rate subordinated unsecured bonds maturing 2032 & 2033 (Note (d))</i>	1,244,426	1,329,613	-	-
	11,316,586	9,978,148	10,072,160	8,648,535
<i>Analysed as :</i>				
<i>Non-current</i>	11,316,586	6,398,923	10,072,160	5,069,310
<i>Current</i>	-	3,579,225	-	3,579,225
	11,316,586	9,978,148	10,072,160	8,648,535

- a. The public offer for the issue of subordinated senior unsecured multicurrency fixed interest rate bonds for Class A2 and B2 Series Bonds of MUR 2 Billion and USD 50 Million respectively opened on 29 May 2018. Class A2 Series Bonds were oversubscribed and a maximum amount of MUR 3.06 Billion, of MUR 10,000 bonds with half yearly fixed coupon payment of 5.75% per annum maturing in 2028, was retained including the optional amount. Similarly an amount of USD 75.66 Million, of USD 1,000 bonds with half yearly payment of fixed coupon rate of 4.75% per annum maturing in 2025, were retained including the optional amount. The public offer was issued by the SBM Holdings Ltd (SBMH) and the bonds are eligible as Tier II Capital.

These bonds are quoted on the Official Market of the Stock Exchange of Mauritius (SEM) pre and post restructure.

- b. Private placement of Subordinated Tier II bonds amounting to MUR 2 Billion at a price of MUR 10,000 per bond maturing in 2031, issued in two series: Series A3 and Series B3, at the rate of 4.2% and 4.0% (Repo rate + 2.15%).
- c. Private placement of Subordinated Tier II bonds amounting to MUR 5 Billion at a price of MUR 1,000,000 per bond maturing in 2035, issued in two series: Series A4 and Series A5, at the rate of 5.9%.
- d. In FY 2022, SBM Bank (India) Ltd made a private placement of 125 Basel III compliant rated, unsecured, subordinated, listed, redeemable, non-convertible and fully paid up Tier 2 bonds in the nature of debentures (Series II) amounting to INR 1,250 million at a price of INR 10 million face value at a fixed interest rate of 9.75% maturing in April 2032. In financial year 2023, the subsidiary further issued 99 unsecured subordinated debts at INR 10 million face value at the rate of 9.98% maturing in January 2033.

20. Subordinated debts (cont'd)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financial activities are those for which cash flows were, or future cash flows will be classified in cash flows from financing activities in the statement of cash flows.

The Group

	Non-cash changes					
	At 1 January	Financing cash flows (i)	Addition	Exchange differences	Other changes (ii)	At 31 December
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
2025						
Other borrowed funds	10,523,557	(10,317,261)	9,630,967	(373,635)	(297,375)	9,166,253
Subordinated debts	9,978,148	(3,440,358)	5,000,000	(224,170)	2,966	11,316,586
Lease liabilities	856,681	(258,456)	350,366	(21,765)	29,205	956,031
	21,358,386	(14,016,075)	14,981,333	(619,570)	(265,204)	21,438,870
2024						
Other borrowed funds	13,405,661	(7,740,277)	4,612,409	110,840	134,924	10,523,557
Subordinated debts	11,232,173	(1,500,000)	-	293,054	(47,079)	9,978,148
Lease liabilities	801,227	(293,092)	326,797	83,591	(61,842)	856,681
	25,439,061	(9,533,369)	4,939,206	487,485	26,003	21,358,386

The Company

	Non-cash changes					
	At 1 January	Financing cash flows (i)	Addition	Exchange differences	Other changes (ii)	At 31 December
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
2025						
Other borrowed funds	121,946	(495,993)	2,526,482	25,211	(118,955)	2,058,691
Subordinated debts	8,648,535	(3,440,302)	5,000,000	(139,040)	2,967	10,072,160
	8,770,481	(3,936,295)	7,526,482	(113,829)	(115,988)	12,130,851
2024						
Other borrowed funds	-	-	121,946	-	-	121,946
Subordinated debts	9,952,271	(1,500,000)	-	244,770	(48,506)	8,648,535
	9,952,271	(1,500,000)	121,946	244,770	(48,506)	8,770,481

(i) The cash flows from other borrowed funds and subordinated debts make up the net amount of proceeds from borrowings and repayments of borrowings in the cash flow statement.

(ii) Other changes include non-cash transactions such as interests accrued but not yet paid on interest-bearing other borrowed funds and subordinated debts.

21. Stated capital and treasury shares

	The Group		The Company	
	Number	MUR' 000	Number	MUR' 000
<u>Authorised, issued and paid up share capital</u>				
At 31 December 2025	3,037,402,230	32,500,204	3,037,402,230	32,500,204
At 31 December 2024	3,037,402,230	32,500,204	3,037,402,230	32,500,204

21. Stated capital and treasury shares (cont'd)

	The Group		The Company	
	Number	MUR' 000	Number	MUR' 000
Treasury shares held				
At 31 December 2025	455,610,330	4,875,031	455,610,330	4,875,031
At 31 December 2024	455,610,330	4,875,031	455,610,330	4,875,031

Fully paid ordinary shares carry one vote per share and the right to dividend, except for treasury shares which have no such rights.

22. Dividend

Dividends on ordinary shares are recognised in equity in the period in which they are authorised by the directors and have been approved by the Bank of Mauritius.

	The Group		The Company	
	2025	2024	2025	2024
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
<i>Dividend declared and paid in current year:</i>				
2025: 50 cents; 2024: 40 cents	1,290,896	1,032,717	1,290,896	1,032,717
	1,290,896	1,032,717	1,290,896	1,032,717
Less dividend declared and paid during the year	(1,290,896)	(1,032,717)	(1,290,896)	(1,032,717)
Dividend payable	-	-	-	-

A dividend of 50 cents (2024: 40 cents) per share has been declared on 20 March 2025 and was paid on 20 June 2025.

23. Memorandum items

a. Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers

	The Group	
	2025	2024
	MUR' 000	MUR' 000
Acceptances on account of customers	1,696,650	3,108,889
Guarantees on account of customers	25,228,851	23,159,784
Letters of credit and other obligations on account of customers	4,107,339	2,902,407
	31,032,840	29,171,080
b. Commitments		
Undrawn credit facilities	38,280,624	29,054,246
c. Other		
Inward bills held for collection	1,319,344	1,860,578
Outward bills sent for collection	7,481,531	7,814,130
	8,800,875	9,674,708
Total	78,114,339	67,900,034
Credit loss allowance (note 19)	(778,062)	(335,414)
Total carrying value	77,336,277	67,564,620

23. Memorandum items (cont'd)

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.

The Group	2025			
	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual	Individual	Individual
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Internal rating grade				
Performing				
High grade	31,100,947	566,752	-	31,667,699
Standard grade	34,668,744	2,929,620	-	37,598,364
Sub-standard grade	5,897,828	728,006	-	6,625,834
Non-performing				
Individually impaired	-	-	2,222,442	2,222,442
Total	71,667,519	4,224,378	2,222,442	78,114,339

The Group	2024			
	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual	Individual	Individual
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Internal rating grade				
Performing				
High grade	24,995,149	998,974	-	25,994,123
Standard grade	25,157,680	2,881,060	-	28,038,740
Sub-standard grade	12,615,540	610,305	-	13,225,845
Non-performing				
Individually impaired	-	-	641,326	641,326
Total	62,768,369	4,490,339	641,326	67,900,034

Details of the Group's internal grading system are set out in note 38(b)(i).

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

The Group	2025			
	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual	Individual	Individual
	MUR'000	MUR'000	MUR'000	MUR'000
Gross carrying amount as at 01 January	62,768,369	4,490,339	641,326	67,900,034
New exposures	35,163,124	1,572,501	385,938	37,121,563
Exposures derecognised or matured/lapsed	(22,904,225)	(1,779,471)	(462,439)	(25,146,135)
Transfers to Stage 1	10,045	(10,045)	-	-
Transfers to Stage 2	(1,571,586)	1,571,586	-	-
Transfers to Stage 3	(45,846)	(1,611,857)	1,657,703	-
Translation adjustments	(1,752,361)	(8,676)	(85)	(1,761,122)
Gross carrying amount as at 31 December	71,667,520	4,224,377	2,222,443	78,114,340

23. Memorandum items (cont'd)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows: (cont'd)

	2024			
	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
	MUR'000	MUR'000	MUR'000	MUR'000
Gross carrying amount as at 01 January	59,008,768	4,449,493	133,201	63,591,462
New exposures	20,219,067	2,260,471	42,273	22,521,811
Exposures derecognised or matured/lapsed	(18,275,492)	(2,059,839)	(201,111)	(20,536,442)
Transfers to Stage 1	353,132	(353,132)	-	-
Transfers to Stage 2	(699,111)	699,111	-	-
Transfers to Stage 3	(155,478)	(511,269)	666,747	-
Translation adjustments	2,317,483	5,504	216	2,323,203
Gross carrying amount as at 31 December	62,768,369	4,490,339	641,326	67,900,034

The Group

	2025			
	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
	MUR'000	MUR'000	MUR'000	MUR'000
ECL allowance as at 1 January	146,254	7,965	181,195	335,414
New exposures	31,518	4,707	526,488	562,713
Exposured derecognised or repaid	(85,243)	(7,987)	(24,801)	(118,031)
Transfers to Stage 1	3	(3)	-	-
Transfers to Stage 2	(11,039)	11,120	(81)	-
Transfers to Stage 3	(5,663)	(1,037)	6,700	-
Translation adjustments	(1,924)	(191)	81	(2,034)
At 31 December	73,906	14,574	689,582	778,062

	2024			
	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
	MUR'000	MUR'000	MUR'000	MUR'000
ECL allowance as at 1 January	87,967	12,651	132,346	232,964
New exposures	88,511	2,930	106,871	198,312
Exposured derecognised or repaid	(32,830)	(4,757)	(59,724)	(97,311)
Transfers to Stage 1	3,028	(3,028)	-	-
Transfers to Stage 2	(1,455)	1,455	-	-
Transfers to Stage 3	(301)	(1,401)	1,702	-
Translation adjustments	1,334	115	-	1,449
At 31 December	146,254	7,965	181,195	335,414

23. Memorandum items (cont'd)

SBM Bank (Mauritius) Ltd (SBMBM)

Legal Claims

SBMBM is subject to various legal claims from former employees and customers totaling MUR 662.1 million (2024: MUR 696.75 million and 2023: MUR 882.40 million). Out of these, the Bank has assessed the claims that are highly probable and has made a provision of MUR 130.7 million as at 31 December 2025. The Bank has not made any provision on the remaining claims on the basis that so far there is no indication that the claims would succeed in court.

Contingent liability

SBMBM has been subject to an investigation by the Regulators on certain daily cash withdrawals exceeding the threshold of Rs 500,000 prescribed by the Financial Intelligence Anti-Money Laundering Act 2002. These specific withdrawals being investigated were made in the financial year ended 31 December 2024 and were also above the limit set by the Bank for cash withdrawals.

Based on current facts and information available as of date, the directors are of the view that even if a potential present obligation exists as a result of an event that took place in the prior financial year ended 31 December 2024 (past event), no provision should be made as at 31 December 2025 in accordance with the requirements of IAS 37. The directors believe that since the investigation is still in progress, they are currently unable to reliably estimate any potential cash outflows. Additionally, it remains uncertain whether the Bank will face any financial or non-financial consequences. Therefore, the directors believe it is appropriate not to recognise a provision at this stage and to only disclose the matter as a contingent liability.

SBM Bank (Kenya) Ltd (SBMBK)

In August 2018 SBM Bank (Kenya) Limited (SBMK) acquired certain assets and assumed specific liabilities of Chase Bank in receivership (CBIR). One of the liabilities that SBMK did not take over from CBIR was a placement by Afrasia Bank Limited of USD 7,500,000. In 2019 Afrasia Bank Limited sued SBMK claiming the full amount of USD 7,500,000 together with the accrued interest of USD 9,291. In July 2020 the matter was referred to arbitration where a judgment favourable to SBMK was delivered in April 2021. Dissatisfied with the decision of the arbitrator, Afrasia Bank Limited moved to High Court. Kenya Deposit Insurance Corporation, in a sworn affidavit filed at the High Court, confirmed that this liability together with the accrued interest was not taken over by SBMK and that the same rests with CBIR. In July 2022, the High Court entered judgment against SBMK awarding Afrasia Bank Limited the claimed amount of USD 7,500,000 together with accrued interest of USD 9,291. SBMK has filed an appeal at the Court of Appeal seeking to set aside the judgment of the High Court. The directors in consideration of the underlying facts about the claim, are confident that SBMK is not liable and therefore no provision has been made in these financial statements in respect therefore.

24. Assets pledged

The aggregate carrying amount of assets that have been pledged to secure the credit facilities of the Group with Central Banks and of the Group's Indian Operations with Clearing Corporation of India Limited are as follows:

	The Group	
	2025	2024
	MUR' 000	MUR' 000
Treasury bills / Government bonds	4,879,596	8,475,353
Other investment securities	2,859,209	195,275
	7,738,805	8,670,628
<i>Analysed as:</i>		
- Overseas	7,738,805	8,670,628
	7,738,805	8,670,628

25 Capital commitments

	The Group	
	2025	2024
	MUR' 000	MUR' 000
Approved and contracted for	232,534	1,147,888
Approved and not contracted for	2,055,118	721,582
Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:		
Property, plant and equipment	626,372	6,947
Intangible assets	1,213,401	727,634

26. Net interest income/(expense)

	The Group		The Company	
	2025	2024	2025	2024
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Interest Income using the effective interest method				
Cash and cash equivalents	1,308,443	1,049,298	17,259	-
Loans to and placements with banks	533,099	363,725	54,226	-
Loans and advances to non-bank customers	15,016,384	14,345,281	-	-
Investment securities at amortised cost	3,042,995	3,875,081	12,278	3,560
Investment securities at FVTOCI	4,558,118	3,076,485	162	8,810
	24,459,039	22,709,870	83,925	12,370
Interest income on financial instruments at fair value				
Investment securities at FVTPL	366,660	406,904	-	-
Derivatives held for risk management	905,515	226,098	-	-
	1,272,175	633,002	-	-
Total interest income	25,731,214	23,342,872	83,925	12,370
Interest expense using the effective interest method				
Deposits from banks				
Deposits from non-bank customers	(10,850,668)	(9,539,541)	(2,993)	(150)
Other borrowed funds	(769,224)	(1,320,633)	(26,552)	-
Subordinated debts	(632,181)	(587,697)	(516,315)	(464,102)
Interest expense on lease liabilities (note 11 (b))	(89,536)	(74,523)	-	-
Total interest expense	(12,341,609)	(11,522,394)	(545,860)	(464,252)
Other interest expense				
Interest paid on trading liabilities	(1,056,507)	(454,915)	-	-
Derivatives held for risk management	(140,289)	(191,500)	-	-
	(1,196,796)	(646,415)	-	-
Total interest expense	(13,538,405)	(12,168,809)	(545,860)	(464,252)
Net interest income / (expense)	12,192,809	11,174,063	(461,935)	(451,882)

27. Net fee and commission income

	The Group	
	31 December 2025	31 December 2024
	MUR' 000	MUR' 000
Fee and commission income		
Retail banking customer fees	469,430	419,618
Corporate banking customer fees	873,077	865,193
Brokerage income	42,845	202,621
Asset management fees	115,662	106,772
Factoring fees	10,750	11,879
Card income	806,086	579,919
Other fees	519,023	295,654
Total fee and commission income	2,836,873	2,481,656
Fee and commission expense		
Interbank transaction fees	(66,402)	(66,632)
Brokerage	(509)	(3,783)
Other fees	(62,520)	(54,295)
Total fee and commission expense	(129,431)	(124,710)
Net fee and commission income	2,707,442	2,356,946
Timing of revenue recognition		
Services transferred at a point in time	2,182,429	1,912,756
Services transferred over time	654,444	568,900
Total revenue from contracts with customers	2,836,873	2,481,656

(a). Revenue from contracts with customers

Significant accounting estimates and judgements

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Identify the performance obligations

SBM Mauritius Asset Managers Ltd

The Company provides asset management services. Revenue from contracts with customers is recognised when the services are rendered to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

The Company determined that management fees, retrocession fees, arranger fees, entry and exit fees and commission from structured products are capable of being distinct since they are different services being provided and the contracts are separate.

SBM Capital Markets Ltd

The Company provides corporate finance advisory services and stock broking services. Revenue from contracts with customers is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

The Company determined that commission from local equity, commission from local bonds, commission from international equity, commission from international bonds, management fees, retrocession fees, arranger fees, entry and exit fees and commission from structured products are capable of being distinct since they are different services being provided and the contracts are separate.

SBM Fund Services Ltd

The Company acts as registrar and transfer agent for numerous listed companies and mutual funds. It also provides administration services including trade and fees processing, net asset value computation and fund accounting services. Revenue from contracts with customers is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

The Company determined that registry fees, administrative fees, trustee fees and debenture holder representative fees are capable of being distinct since they are different services being provided and the contracts are separate.

SBM Factors Ltd

The Company provides factoring services. Revenue from contracts with customers is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

SBM Insurance Agency Ltd

The Company acts as an agent between various insurance companies and customers who want to take up an insurance policy. The Company operates three agency business lines which are General Insurance, Life Insurance and Decreasing Term Assurance. Revenue from contracts with customers is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

The Company determined that commission from general insurance, commission from life insurance and commission from Decreasing Term Assurance (DTA) are capable of being distinct since they are different services being provided and the contracts are separate.

27. Net fee and commission income (cont'd)
(a). Revenue from contracts with customers (cont'd)

Significant accounting estimates and judgements (cont'd)

Determine the transaction price

SBM Mauritius Asset Managers Ltd

Management fees are generated through investment management agreements and are generally based on an agreed percentage of the valuation of the assets under management (AUM). Management fees are recognised as the service is provided and it is probable that the fee will be received.

Retrocession fees are based on an agreed percentage of the management fees charged to the third party funds. The fees are recognised when they are probable to be received.

Entry and exit fees represent variable consideration based on the amount invested / disinvested by the customer.

Arranger fees are based on an agreed percentage of the amount raised on behalf of the client. The fees are recognised when they are probable to be received.

Commission from structured products on the other hand represents a fixed consideration on the amount invested by third parties.

SBM Fund Services Ltd

Registry fees from Funds and administrative fees represent variable consideration which is based on each period's NAV. Registry fees from Funds and administrative fees are recognised as the service is provided and it is probable that the fee will be received.

Registry fees from other clients, trustee fees and debenture holder representative fees are generated through agreements between the entity and the clients and are charged a fixed contract amount. Invoicing is done on a quarterly / half yearly and yearly basis and the fees are recognised when they are probable to be received.

SBM Capital Markets Ltd

Corporate finance advisory fees are generated through agreements between the entity and the clients and are charged a fixed contract amount. Invoicing is done on a quarterly / half yearly and yearly basis and the fees are recognised when they are probable to be received.

Arranger fees are based on an agreed percentage of the amount raised on behalf of the client. The fees are recognised when they are probable to be received.

Management fees are generated through investment management agreements and are generally based on an agreed percentage of the valuation of the assets under management (AUM). Management fees are recognised as the service is provided and it is probable that the fee will be received.

Retrocession fees are based on an agreed percentage of the management fees charged to the third party funds. The fees are recognised when they are probable to be received.

Entry and exit fees represent variable consideration based on the amount invested / disinvested by the customer.

Commission from structured products on the other hand represents a fixed consideration on the amount invested by third parties.

Commission received from trading services provided is allocated to each trading activity (equity and bond trading) as and when it is due as per the agreement.

SBM Factors Ltd

The Company finances its clients a fixed percentage of the invoices and a factoring fee is charged on the invoices being financed as per the agreement in place.

Signing fee is charged upon onboarding of a new client.

SBM Insurance Agency Ltd

Commission from life insurance represents a fixed consideration which is based on a percentage of the total premium amount and in some cases, on the sum assured. The percentage varies in the case of an initial policy and in the case of a renewal. The commission is recognised as the service is provided and it is probable that the commission will be received.

Commission from general insurance represents a fixed consideration which is based on a percentage of the gross premium amount. For each insurer and for every type of insurance, a specific commission rate is applied. The amount of commission received is calculated based on the commission rate multiplied by the gross premium amount. The commission is recognised as the service is provided and it is probable that the commission will be received.

For DTA commission, the policy is subscribed per client. A percentage is retained as commission prior to payment to insurer. DTA commission are recognised as the service is provided and it is probable that the commission will be received.

27. **Net fee and commission income (cont'd)**
(a). **Revenue from contracts with customers (cont'd)**

Significant accounting estimates and judgements (cont'd)

Allocate the transaction price to the performance obligations (cont'd)

Allocate the transaction price to the performance obligations

SBM Mauritius Asset Managers Ltd

The transaction price which comprises the variable consideration related to the management fee is allocated to each individual month as management fee relates specifically to the entity's efforts to provide management services during the month.

Retrocession fees are allocated to each third party Fund on a monthly basis as per the respective agreement.

The entry and exit fees are allocated to each client investing or disinvesting from the Funds managed by the Company.

Arranger fees are allocated as per the agreement in place between the Company and the client.

Commission received from structured products is allocated to each product as and when it is due as per the agreement.

SBM Fund Services Ltd

The transaction price which comprises the variable consideration related to the registry and administrative fee is allocated to each individual month as the registry and administrative fee relates specifically to the entity's efforts to provide registry/administrative services during the month.

Trustee fees and debenture holder representative fees are allocated to each client on a monthly basis based on the agreement in place.

SBM Capital Markets Ltd

The corporate finance advisory fees are allocated to each client once the assignment has been completed.

Arranger fees are allocated as per the agreement in place between the Company and the client.

Commission received from trading services provided is allocated to each trading activity (equity and bond trading) as and when it is due as per the agreement.

SBM Factors Ltd

Factoring fees are allocated to each batch of invoices being financed.

Signing fee is fixed amount charged to the client.

SBM Insurance Agency Ltd

Commission from life and general insurance is allocated to each client on a monthly basis based on the premium collected by the Insurance Company.

DTA commission is allocated once the service is completed based on the agreement in place.

Satisfaction of performance obligations

SBM Mauritius Asset Managers Ltd

The Company concluded that the management and retrocession fees are recognised over time as the customer simultaneously receives and consumes the benefits provided by the Company when the latter discharges the service or the Company's performance enhances the assets that the fund controls.

On the other hand, entry and exit fees are recognised at a point in time as the benefits are obtained only upon new investment or disinvestment by a customer. Arranger fees and commission from structured products are also recognised at a point in time as they are a one-off fee received upon the completion of the capital raising and at the start of the life of each product respectively.

SBM Fund Services Ltd

The Company concluded that all the fees are recognised over time as the customer simultaneously receives and consumes the benefits provided by the Company when the latter discharges the service or the Company's performance enhances the assets that the fund controls.

SBM Capital Markets Ltd

The Company concluded that the management and retrocession fees are recognised over time as the customer simultaneously receives and consumes the benefits provided by the Company when the latter discharges the service or the Company's performance enhances the assets that the fund controls.

On the other hand, entry and exit fees are recognised at a point in time as the benefits are obtained only upon new investment or disinvestment by a customer. Arranger fees and commission from structured products are also recognised at a point in time as they are a one-off fee received upon the completion of the capital raising and at the start of the life of each product respectively.

The Company concluded that the commission income is recognised at a point in time. The Company recognises the revenue as the service is provided.

The Company concluded that the corporate finance advisory fees and arranger fees are recognised at a point in time upon completion of assignment.

27. Net fee and commission income (cont'd)
(a). Revenue from contracts with customers (cont'd)

Significant accounting estimates and judgements (cont'd)	
Satisfaction of performance obligations (cont'd)	
<u>SBM Factors Ltd</u>	
The Company concluded that the factoring fees are recognised at a point in time upon financing of each batch of invoices. Signing fee is also recognised at a point in time upon onboarding of new client.	
<u>SBM Insurance Agency Ltd</u>	
The Company concluded that all the commissions are recognised at a point in time upon collection of premium by the Insurance Companies.	
Principal versus agent considerations	
<u>SBM Mauritius Asset Managers Ltd</u>	
The Company determined that it is a principal in the contracts as it is primarily responsible for fulfilling the promise to provide the specified service.	
<u>SBM Fund Services Ltd</u>	
The Company determined that it is a principal in the contracts as it is primarily responsible for fulfilling the promise to provide the specified service.	
<u>SBM Capital Markets Ltd</u>	
The Company determined that it is a principal in the contracts as it is primarily responsible for fulfilling the promise to provide the specified service.	
<u>SBM Factors Ltd</u>	
The Company determined that it is a principal in the contracts since it is primarily responsible for fulfilling the promise to provide the specified service.	
<u>SBM Insurance Agency Ltd</u>	
The Company determined that it is an agent in the contracts as it is not primarily responsible for fulfilling the promise to provide the specified service. The Company has no discretion in establishing the premium for the policies. The Company's consideration in these contracts is only based on a percentage of the premium being received by the Insurance Companies.	

Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	The Group	
	2025	2024
	MUR'000	MUR'000
<u>SBM Mauritius Asset Managers Ltd</u>		
Management fees	59,335	57,809
Entry and exit fees	2,022	1,732
Arranger fees	3,114	855
Asset management fees included above	64,471	60,396
<u>SBM Capital Markets Ltd</u>		
Commission income - Local equity	20,856	5,697
Commission income - Foreign equity	243,114	176,161
Commission income - Local bonds	388	122
Commission income - Foreign bonds	18,032	23,798
Brokerage income	282,390	205,778

27. **Net fee and commission income (cont'd)**
(a). **Revenue from contracts with customers (cont'd)**

Disaggregated revenue information (cont'd)

	The Group	
	2025	2024
	MUR'000	MUR'000
<u>SBM Capital Markets Ltd</u>		
Entry and exit fees	2,373	898
Management fees	38,972	34,124
Retrocession fees	8,131	7,725
Advisory fees	9,582	3,714
<u>SBM Fund Services Ltd</u>		
Registry fees from Funds	8,177	7,781
Registry fees from other clients	13,308	11,334
Trustee fees	861	921
Debenture holder representative fees	165	180
Administrative fees	8,961	8,654
Registry fees from ultimate holding company	1,725	1,705
<u>SBM Factors Ltd</u>		
Factoring fees	6,022	7,458
<u>SBM E-Business Ltd</u>		
Card income	-	2,816
Network fee	197	4,558
<u>SBM Insurance Agency Ltd</u>		
Life commission	11,521	10,669
General commission	19,036	18,039
DTA commission	37,950	34,953
Others	166,981	155,529
Total revenue from Non Banking	513,842	421,703
<u>Banking</u>		
Fee and commission income		
Retail banking customer fees	469,430	419,618
Corporate banking customer fees	873,077	865,193
Card income	807,423	572,403
Other fees	173,101	202,739
Total revenue from Banking	2,323,031	2,059,953
Total revenue from contracts with customers	2,836,873	2,481,656

28. **Net trading income**

	The Group	
	2025	2024
	MUR' 000	MUR' 000
Profit arising from dealing in foreign currencies	1,716,625	1,615,313
Profit on disposal of debt securities	702,454	827,498
Other interest rate instruments	59,845	134,649
	2,478,924	2,577,460

29. (a). Net gains/(losses) from financial assets measured at FVTPL

	The Group		The Company	
	2025	2024	2025	2024
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Financial assets measured at fair value through profit or loss	893,685	(18,169)	890,957	1,369
Derivatives held for risk management purposes	(58,158)	15,332	-	-
	835,527	(2,837)	890,957	1,369

(b). Net losses on derecognition of financial assets measured at amortised cost

	The Group		The Company	
	2025	2024	2025	2024
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Financial assets measured at amortised cost	-	(32,383)	-	(20,940)

The Group disposed some of its investments held at amortised cost during the year following credit downgrade of these investments. The nominal value of investment disposed amounts to MUR 307.48 million and realised a loss of MUR 11.77 million for the year ended 31 December 2024.

(c). Net gains/(losses) on derecognition of financial assets measured at FVTOCI

	The Group		The Company	
	2025	2024	2025	2024
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Debt securities measured at FVTOCI	381,616	108,567	-	(10,250)

The Group disposed some of these assets due to the risks associated.

30. Other operating income

	The Group		The Company	
	2025	2024	2025	2024
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Gain on disposal of property and equipment	9,729	12,888	-	-
Dividend income from financial assets measured at FVTOCI	287,778	305,568	283,043	249,280
Dividend income from investment in subsidiaries	-	-	2,547,000	2,547,000
Foreign exchange gain	109,308	-	109,269	-
Management support income	-	-	76,824	69,827
Sundry income	26,351	134,146	-	-
	433,166	452,602	3,016,136	2,866,107

Accounting policy

Dividend income is recognised when the Group's and the Company's right to receive the payment is established, which is generally when the dividend is declared.

31. Personnel expenses

Short-term employee benefits include items such as the following, if expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services:

- (a) wages, salaries and social security contributions;
- (b) paid annual leave and paid sick leave;
- (c) bonuses; and
- (d) non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current employees.

When an employee has rendered service to an entity during an accounting period, the entity shall recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

(a) as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, an entity shall recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

(b) as an expense, unless another IFRS Accounting Standard as issued by IASB requires or permits the inclusion of the benefits in the cost of an asset.

	The Group		The Company	
	2025	2024	2025	2024
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Salaries	3,756,821	3,882,551	180,023	175,626
Other social security obligations	35,556	34,889	10,370	10,443
Contributions to defined contribution plans	319,413	323,540	9,218	23,657
Defined benefit plans (Note 13(a))	89,017	76,483	380	628
Residual retirement gratuities (Note 13(b))	66,429	42,751	6,511	11,949
Benefits under early retirement scheme	85,345	126,358	-	-
Staff welfare cost	258,855	195,284	2,535	846
Other staff benefits	192,546	217,912	4,262	8,760
	4,803,982	4,899,768	213,299	231,909

32. Other expenses

	The Group		The Company	
	2025	2024	2025	2024
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Software licensing and other information technology cost	1,934,992	1,750,023	1,012	1,099
Utilities	102,722	105,575	212	199
Professional charges	481,070	553,411	41,914	101,880
Marketing costs	170,673	181,633	(921)	5,266
Rent, repairs and maintenance	376,076	321,630	-	-
Licence and other registration fees	(2,668)	136,964	6,683	5,117
Foreign exchange difference	(388)	205,950	-	215,658
Other operating and administrative costs	975,333	1,134,033	20,944	23,855
	4,037,810	4,389,219	69,844	353,074

33. Credit loss movement on financial assets and memorandum items

The table below shows the movement in credit loss recognised in the statements of profit or loss under IFRS 9 during 2025:

The Group	2025			
	Stage 1	Stage 2	Stage 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Loans and advances to non-bank customers	(31,008)	607,740	2,575,707	3,152,439
Loans and placements with banks*	(2,656)	(1,295)	-	(3,951)
Debt instruments measured at amortised cost and FVTOCI	15,382	96,998	761,684	874,064
Other receivables	-	-	60,863	60,863
Loan commitments	(65,210)	10,533	5,775	(48,902)
Off balance sheet items (Guarantees, Letters of credit, Acceptances)	(5,212)	(3,734)	502,525	493,579
Other financial assets	-	-	53,270	53,270
Total credit loss expense	(88,704)	710,242	3,959,824	4,581,362
Write off				73,650
Bad debts recovered				(1,120,871)
				3,534,141

The Company	2025			
	Stage 1	Stage 2	Stage 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Other receivables	6,942	-	-	6,942

The Group	2024			
	Stage 1	Stage 2	Stage 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Loans and advances to non-bank customers	147,998	(777,065)	1,133,308	504,241
Loans and placements with banks*	87,143	(8,163)	-	78,980
Debt instruments measured at amortised cost and FVTOCI	(8,912)	(142,581)	-	(151,493)
Other receivables	-	-	76,290	76,290
Loan commitments	45,325	1,302	300	46,927
Off balance sheet items (Guarantees, Letters of credit, Acceptances)	11,630	(6,105)	48,550	54,075
Total credit loss expense	283,184	(932,612)	1,258,448	609,020
Bad debts recovered				(177,731)
				431,289

The Company	2024			
	Stage 1	Stage 2	Stage 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Other receivables	-	-	739	739

* ECL movement for cash and cash equivalents are included under loans and placement with banks.

34. Earnings per share

Earnings per share is calculated by dividing profit attributable to equity holders of the parent by the number of shares outstanding during the year, excluding treasury shares.

	The Group	
	2025	2024
Profit for the year	4,213,510	4,338,670
Profit attributable to owners of the Company	4,213,510	4,338,670
Number of shares entitled to dividend (thousands)	2,581,792	2,581,792
Basic and Diluted Earnings per share (cents)	163.2	168.0

35. Related party disclosures

Accounting policy

For the purposes of these financial statements, parties are considered to be related to the Group if they have the ability, directly or indirectly, to control the Group or exercise significant influence over the Group in making financial and operating decisions, or vice versa, or if they and the Group are subject to common control. Related parties may be individuals or other entities.

The Group	Key management personnel including directors	
	2025	2024
	MUR' 000	MUR' 000
Statement of financial position		
(a) <u>Credit facilities</u>		
(i) <i>Loans</i>		
Balance at beginning of year	401,068	395,862
Loans to directors / entities who ceased to be related parties during the year	(42,162)	(53,378)
Existing loans of new related parties	30,426	30,718
Exchange difference	(497)	13,908
Other net movements	(71,724)	13,958
Balance at end of year	317,111	401,068
(ii) <i>Off-balance sheet obligations</i>		
Balance at end of year	-	1,050
(b) Deposits at end of year	498,816	412,549
Statement of profit or loss		
(c) Interest income	16,104	15,109
(d) Interest expense	11,942	10,228
(e) Other income	481	339

Short term benefits amounted to MUR 149.2 million at the reporting date (2024: MUR 136.1 million) and long term benefits was nil at the reporting date (2024: nil).

The Company	Subsidiaries	
	2025	2024
	MUR'000	MUR'000
(a) Cash and cash equivalents at year end	36,059	2,514
(b) Payables	17,273	16,793
(c) Dividend income	2,547,000	2,547,000
(d) Management support income	76,598	69,827
(e) Management support cost	16,722	12,837
(f) Receivables	25,668	96,538
(h) Interest expense	2,993	150

35. Related party disclosures (cont'd)

Related party transactions in relation to SBM Pension Funds are as follows:

	The Group	
	2025	2024
	MUR' 000	MUR' 000
Deposits at end of year	86,952	94,388

Credit facilities to key management personnel and executive directors are as per their contract of employment. All other transactions with key management personnel and directors, whether credit facilities, deposits or purchase of goods and services, are at market terms and conditions and will be settled in cash.

All credit facilities with entities considered as related parties disclosed above are at market terms and conditions and will be settled in cash. Credit facilities are secured except for credit card advances and some personal loans which are granted under an unsecured loan scheme in the normal course of business.

The above mentioned outstanding balances arose in the normal course of business. For the year ended 31 December 2025, the Group has recognised expected credit losses on doubtful debts relating to amounts owed by related parties as per ECL model currently being applied on financial assets. At 31 December 2025, none of the facilities to related parties was non-performing (2024: MUR Nil). In addition, for the year ended 31 December 2025, the Banking Group has not written off any amount owed by related party (2024: MUR Nil).

The Government of Mauritius (GOM), by virtue of board representation, exercises significant influence on SBMH. The transactions with GOM and other entities controlled, jointly controlled or significantly influenced by GOM pertain mainly to investments, loans and advances and deposits. The transactions are individually and collectively not material. None of these transactions are carried out on either non-market terms or outside the normal course of business.

36. Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern and maximise returns to shareholders. It also ensures that adequate capital is maintained to support its growth strategies, its risk appetite and depositors' confidence, while complying with statutory and regulatory requirements. The capital resources of the Group are disclosed in the Statement of changes in equity.

All entities within the Group have met the respective minimum capital requirements set out by the relevant regulatory body and, where applicable, appropriate transfers have also been made to statutory reserves, ranging from 10% to 25% of annual profits.

All Banking entities within the Group have also met their respective minimum capital adequacy ratio requirements. Banks in Mauritius are required to maintain a ratio of eligible capital to risk weighted assets of at least 14.5%, whereas for India, Kenya and Madagascar, the minimum ratio is set at 11.5%, 14.5% and 8.0% respectively.

	The Group	
	2025	2024
	MUR' 000	MUR' 000
Tier 1 Capital	34,076,334	30,503,827
Eligible capital	47,463,179	40,134,166
Risk weighted assets	231,533,226	209,175,339
Capital adequacy ratio (%)	20.5	19.2

Tier 1 Capital also known as going concern capital consists of shareholder's equity less revaluation of fixed assets and regulatory deductions such as intangible assets and deferred tax and Tier 2 Capital also known as the supplementary capital that provides loss absorption of a going concern basis includes 45% revaluation reserves on fixed assets and allowances for credit losses (restricted to 1.25% of total credit risk weighted assets).

37. Other reserves

The Group	Unrealised investment fair value reserve	Translation reserve	Prudential provisions reserve	Restructuring reserve	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
At 1 January 2024	(1,531,707)	(310,065)	822,391	(5,380,340)	(6,399,721)
Other comprehensive income for the year	416,711	773,635	-	-	1,190,346
Transfer from retained earnings	-	-	1,087,036	-	1,087,036
At 31 December 2024	(1,114,996)	463,570	1,909,427	(5,380,340)	(4,122,339)
At 1 January 2025	(1,114,996)	463,570	1,909,427	(5,380,340)	(4,122,339)
Other comprehensive income for the year	1,020,106	(299,527)	-	-	720,579
Transfer from retained earnings	56,632	-	(277,684)	-	(221,052)
At 31 December 2025	(38,258)	164,043	1,631,743	(5,380,340)	(3,622,812)

Unrealised investment fair value reserve

This reserve comprise of fair value movements recognised on financial assets measured at FVTOCI.

Translation reserve

The translation reserve is used to record exchange differences arising from the translation of financial statements of foreign subsidiaries and associates.

Prudential provisions reserve

The prudential provision reserve for SBMBK relate to, where impairment losses required as per prudential guidelines exceed those computed under IFRS Accounting Standard issued by the IASB, the excess is recognised as a regulatory loan loss reserve and accounted for as an appropriation of retained profits and the reverse for reduction. Investment fluctuation reserve is 2% of FTVOCI and FVTPL portfolio of investment required to be transferred and profit on investment securities held at amortised cost portfolio required to be appropriated as required by legislation.

SBMBM has appropriated part of its retained earnings to the provision reserve in accordance with the revised Bank of Mauritius Guideline on Classification, Provisioning and Write off of Credit Exposures effective on 30 September 2024.

Restructuring reserve

Restructuring reserve includes unrealized investment fair value reserve of MUR 5,401 million, translation reserve of MUR 646 million and property revaluation reserve of MUR 1,063 million and shall not be reclassified to the statement of profit or loss upon disposal of the related asset.

38. RISK MANAGEMENT

The Board of Directors oversees the risk management framework and ensures decision making is aligned with the Board-driven strategic risk objectives and risk appetite. The board approves the risk policies and a set of prudential limits and risk tolerance limits, besides regulatory limits, within which the Group operates. The Senior Management Team monitors a full spectrum of risks on an ongoing basis and is accountable to ensure its operations are within board approved policies and risk appetite framework besides regulatory limits. Any deviation and non-compliance are reported to Board Risk Committee. The principal risks arising from financial instruments to which the Group is exposed include credit risk, liquidity risk, market risk, operational risk, strategic risk and reputational risk.

a (i) Classification of financial assets and financial liabilities

The following table shows the measurement categories under IFRS 9 for financial assets and financial liabilities:

The Group	Classification and measurement category	2025	2024
		MUR' 000	MUR' 000 (Restated)
Financial assets			
Cash and cash equivalents	Amortised cost	52,608,903	62,287,617
Derivative financial instruments	Fair value through P&L	1,812,406	1,464,946
Loans to and placements with banks	Amortised cost	14,038,281	7,595,289
Loans and advances to non-bank customers	Amortised cost	185,297,918	172,687,378
Investment securities	Amortised cost	66,659,882	81,849,139
Investment securities	Fair value through OCI	65,267,097	67,771,080
Investment securities	Fair value through P&L	17,348,914	19,123,824
Equity investment	Fair value through OCI	5,031,499	5,690,748
Equity investment	Fair value through P&L	2,524,303	1,669,600
Other assets ^{*1}	Amortised cost	4,471,947	3,357,381
Total financial assets		415,061,150	423,497,002
Financial liabilities			
Deposits from banks	Amortised cost	5,499,793	3,963,451
Deposits from non-bank customers	Amortised cost	347,444,343	359,496,028
Derivative financial instruments	Fair value through P&L	1,455,794	1,429,727
Other borrowed funds	Amortised cost	9,166,253	10,523,557
Lease liabilities	Amortised cost	956,031	856,681
Other liabilities ^{*2}	Amortised cost	6,578,045	8,364,650
Subordinated debts	Amortised cost	11,316,586	9,978,148
Total financial liabilities		382,416,845	394,612,242
The Company			
Financial assets			
Cash and cash equivalents	Amortised cost	36,062	2,517
Loans to and placements with banks	Amortised cost	3,187,562	-
Investment securities	Amortised cost	1,106,816	-
Equity investment	Fair value through OCI	4,803,106	4,992,740
Equity investment	Fair value through P&L	2,524,303	1,669,600
Other assets ^{*3}	Amortised cost	47,284	80,163
Total financial assets		11,705,133	6,745,020
Financial liabilities			
Other borrowed funds	Amortised cost	2,058,691	121,946
Other liabilities ^{*4}	Amortised cost	132,922	117,243
Subordinated debts	Amortised cost	10,072,160	8,648,535
Total financial liabilities		12,263,773	8,887,724

^{*1} An amount of MUR 1,166.2 million pertaining to security deposits, prepayments and taxes has been excluded from other assets under the above section. (2024: MUR 1,037 million)

^{*2} An amount of MUR 628.2 million pertaining to taxes has been excluded from other liabilities under the above section. (2024: MUR 617 million).

^{*3} An amount of MUR 0.09 million pertaining to prepayments has been excluded from other assets under the above section. (2024: MUR 0.8 million)

^{*4} An amount of MUR 0.4 million pertaining to taxes has been excluded from other liabilities under the above section. (2024: MUR 0.4 million).

38. RISK MANAGEMENT (CONT'D)

a (ii) Fair values

Accounting policy

The Group measures financial instruments, such as, derivatives at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in note a (ii) below. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Set out below is a comparison of the carrying amounts and fair values of financial instruments held at the reporting date.

	2025		2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
The Group				
Financial assets			Restated	Restated
Cash and cash equivalents	52,608,903	52,608,903	62,287,617	62,287,617
Loans to and placements with banks	14,038,281	14,038,281	7,595,289	7,595,289
Derivative financial instruments	1,812,406	1,812,406	1,464,946	1,464,946
Loans and advances to non-bank customers	185,297,918	185,237,372	172,687,378	172,263,066
Investment securities	156,831,695	153,884,083	176,104,391	172,414,326
Other assets	4,471,947	4,471,947	3,357,381	3,357,381
	415,061,150	412,052,992	423,497,002	419,382,625
Financial liabilities				
Deposits from banks	5,499,793	5,499,793	3,963,451	3,963,451
Deposits from non-bank customers	347,444,343	347,404,491	359,496,028	359,382,095
Other borrowed funds	9,166,253	9,166,253	10,523,557	10,523,557
Derivative financial instruments	1,455,794	1,455,794	1,429,727	1,429,727
Lease liabilities	956,031	956,031	856,681	856,681
Other liabilities	6,578,045	6,578,045	8,364,650	8,364,650
Subordinated debts	11,316,586	11,316,586	9,978,148	9,978,148
	382,416,845	382,376,993	394,612,242	394,498,309
The Company				
Financial assets				
Cash and cash equivalents	36,062	36,062	2,517	2,517
Loans to and placements with banks	3,187,562	3,187,562	-	-
Investment securities	8,434,225	8,434,225	6,662,340	6,662,340
Other assets	47,284	47,284	80,163	80,163
	11,705,133	11,705,133	6,745,020	6,745,020
Financial liabilities				
Other borrowed funds	2,058,691	2,058,691	121,946	121,946
Other liabilities	132,922	132,922	117,243	117,243
Subordinated debts	10,072,160	10,072,160	8,648,535	8,648,535
	12,263,773	12,263,773	8,887,724	8,887,724

Loans and advances to non-bank customers

All the fixed loans and advances maturing after one year have been fair valued based on the current prevailing lending rate.

Investment securities and equity investments

All government bonds and BOM bonds have been fair valued based on the latest weighted yield rate. The equity investments has been fair valued at year end based on net assets value of the investees. The Group fair values its investment in mutual funds using net asset value.

Derivative financial instruments

Derivative products valued using a valuation methodology with market observable inputs include forward foreign exchange contracts, interest rate swaps and option contracts across several asset classes, including but not limited to foreign currencies, commodities, indices and equities. The most frequently applied valuation techniques include forward pricing and swap models, using discounted cash flow methodology based on market conventions. The models incorporate various inputs including foreign exchange spot and forward rates, interest rate curves, market volatilities and other feeds from appointed valuation/calculation agents.

Deposits from non-bank customers

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.

Except for the levels in which the financial assets and financial liabilities are shown in table below, the fair values of the other financial assets and financial liabilities are categorised in level 3.

38. RISK MANAGEMENT (CONT'D)

a (iii) Fair value measurement hierarchy

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 reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	The Group				The Company			
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total	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	MUR' 000	MUR' 000	MUR' 000	MUR' 000
2025								
Derivative financial assets	-	1,812,406	-	1,812,406	-	-	-	-
Investment securities measured at FVTPL								
Debt securities	16,318,436	-	1,030,477	17,348,913	-	-	-	-
Equity securities	-	-	2,524,303	2,524,303	-	-	2,524,303	2,524,303
Investments measured at FVTOCI								
Debt securities	60,693,490	2,627,372	1,946,235	65,267,097	-	-	-	-
Equity securities	71,145	700,060	4,260,294	5,031,499	-	700,060	4,103,044	4,803,104
Total assets	77,083,071	5,139,838	9,761,309	91,984,218	-	700,060	6,627,347	7,327,407
Derivative financial liabilities	-	1,455,794	-	1,455,794	-	-	-	-
Total liabilities	-	1,455,794	-	1,455,794	-	-	-	-
2024								
Derivative financial assets	-	1,464,946	-	1,464,946	-	-	-	-
Investment securities measured at FVTPL								
Debt securities	18,382,045	-	741,779	19,123,824	-	-	-	-
Equity securities	-	689,695	1,669,600	2,359,295	-	689,695	1,669,600	2,359,295
Investments measured at FVTOCI								
Debt securities	62,791,594	2,678,428	2,301,058	67,771,080	-	-	-	-
Equity securities	70,330	-	4,930,723	5,001,053	-	-	4,303,044	4,303,044
Total assets	81,243,969	4,833,069	9,643,160	95,720,198	-	689,695	5,972,644	6,662,339
Derivative financial liabilities	-	1,429,727	-	1,429,727	-	-	-	-
Total liabilities	-	1,429,727	-	1,429,727	-	-	-	-

38. RISK MANAGEMENT (CONT'D)

a (iii) Fair value measurement hierarchy (cont'd)

Fair Value through other comprehensive income

Valuation technique	Significant unobservable inputs	Range of input
P/E Multiples	P/E Multiples	7.9x
	Favourable changes	Unfavourable changes
0.25x change in PE Multiples	149,328	(149,328)

Fair Value through profit or loss

Valuation technique	Significant unobservable inputs	Range of input
P/E Multiples	P/E Multiples	1.09x
	Favourable changes	Unfavourable
0.25x change in PE Multiples	217,175	(217,175)

The Group

Reconciliation of level 3 assets:

Balance at 01 January 2025
Additions
Disposals
Foreign exchange adjustment
Movement in fair value
Balance at 31 December 2025

Investment securities measured at FVTPL	Investment securities measured at FVOCI	Total
MUR' 000	MUR' 000	MUR' 000
741,779	8,901,382	9,643,161
232,332	-	232,332
(64,968)	(932,868)	(997,836)
(13,139)	60,321	47,182
134,473	701,998	836,471
1,030,477	8,730,833	9,761,310

Balance at 01 January 2024
Additions
Disposals
Foreign exchange adjustment
Movement in fair value
Balance at 31 December 2024

Investment securities measured at FVTPL	Investment securities measured at FVOCI	Total
MUR' 000	MUR' 000	MUR' 000
398,049	9,425,736	9,823,785
709,563	-	709,563
(461,067)	(442,786)	(903,853)
26,978	2,067	29,045
68,256	(83,635)	(15,379)
741,779	8,901,382	9,643,161

There was no transfer between level 1 and 2 during the year.

b Credit risk

The Group is exposed to credit risk through its lending, trade finance, treasury, asset management and leasing activities. Credit risk is the risk of loss arising from the failure of a counterparty to fulfil its contractual or financial obligations to the Group as and when they fall due. The Group's credit risk is managed through a portfolio approach with prudential limits set across country, sovereign, bank, single and group of connected counterparties concentration, industry and asset quality. The risk management team, independent of the origination process, ensures the accumulation of assets within acceptable risk norms using internal and external rating systems for the standardisation of credit assessment. The Group has a tiered credit sanctioning process depending on the credit quality, exposure type and amount. Credit exposures and risk profile are monitored by the Risk Management team and reported regularly to the Board Risk Management Committee. The Group has also enhanced its credit risk policy to reinforce its controls on non-resident lending.

38. RISK MANAGEMENT (CONT'D)

b Credit risk (cont'd)

(i) Maximum credit exposure

The maximum exposure to credit risk at the reporting date without taking account of any collateral held and other credit enhancements is as disclosed below:

	The Group		The Company	
	2025	2024	2025	2024
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
<u>Fund-based exposures:</u>		Restated		
Cash and cash equivalents	48,782,912	57,726,737	36,062	2,517
Loans to and placements with banks	14,126,204	7,670,399	3,194,248	-
Derivative financial instruments	1,812,406	1,464,946	-	-
Loans and advances to non-bank customers	195,378,470	180,676,376	-	-
Investment securities	157,185,679	176,180,609	8,434,978	6,662,340
Other assets	4,471,947	3,357,381	47,284	80,163
	421,757,618	427,076,448	11,712,572	6,745,020
<u>Non-fund based exposures:</u>				
Acceptances, guarantees, letters of credit, endorsements and other obligations on account	39,833,715	38,845,786	-	-
Credit commitments	38,280,624	29,054,248	-	-
	78,114,339	67,900,034	-	-

An analysis of the Group's maximum exposure to credit risk per class of financial asset, internal rating and 'stage', at the reporting date, without taking account of any collateral held and other credit enhancements have been disclosed in the respective notes 9 and 10.

An analysis of credit exposures, including non-fund based facilities, for loans and advances to non-bank customers that are neither past due nor impaired using the Group's credit grading system is given below:

The Group	2025	2024
	MUR' 000	MUR' 000
Grades:		
1 to 3 - High Grade	96,374,253	67,808,639
4 to 6 - Standard	90,528,894	78,269,136
7 to 10 (including unrated) - Sub standard	37,894,009	58,100,340
	224,797,156	204,178,115

Grade 1 includes customers with low credit risk factors, strong financial conditions and excellent repayment capacities whereas grade 10 includes weak category clients and unrated customers who have been defaulted to 10 on a prudent basis. The Group also have an internal policy to downgrade internal ratings which are based on outdated financials depending on the date of the last available financials. For non bank exposures, internal ratings are used except for some corporates which have external ratings.

Overview of modified loans

From a risk management point of view, once an asset is modified, the Group continues to monitor the exposure until it is completely and ultimately derecognised.

The table below shows the gross carrying amount and ECL of modified financial assets for where modification did not result in derecognition. No modification gains/losses were recognised as amounts were not material.

	2025		2024	
	Gross carrying amount	ECL	Gross carrying amount	ECL
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Modified loans	3,104,131	70,882	15,659,710	481,132

38. RISK MANAGEMENT (CONT'D)

b Credit risk (cont'd)

(ii) Credit risk assessment

The credit risk management framework is further supported by the policies and procedures in place to appropriately maintain and validate models to assess and measure ECL. (Expected Credit Loss)

The Group uses a combination of credit rating (internal and external) and statistical regression analyses to determine the probability of default. Statistical regression is derived using an analysis of historical data, whereby the Group has estimated relationships between macro-economic variables, credit risk and credit losses.

Governance and post model adjustments

The IFRS 9 parameters PD, EAD and LGD models are subject to the provisioning policy that stipulates periodic model monitoring, periodic re-validation and defines approval procedures and authorities according to model materiality. Post model adjustments (PMAs) are applied where necessary to incorporate the most recent data available and are made on a temporary basis ahead of the underlying model parameter changes being implemented.

Internal credit risk ratings

In order to minimise credit risk, the Group has recourse to external international providers of credit rating scorecards that grades the corporate and SME clients according to their degree of risk of default. The Group also has internal acquisition scorecards for its retail facilities. The Group's credit risk grading framework comprises different categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

The credit risk grades are designed and calibrated to reflect the risk of default as credit risk deteriorates. As the credit risk increases the difference in risk of default between grades changes. Each exposure is allocated to a credit risk grade at initial recognition, based on the available information about the counterparty. All exposures are monitored and the credit risk grade updated to reflect current information. The monitoring procedures followed are both general and tailored to the type of exposure.

The following data are typically used to monitor the Group's exposures:

- Payment record and ageing analysis;
- Extent of utilisation of granted limit;
- Changes in business, financial and economic conditions;
- Credit rating information supplied by external rating agencies; and
- For retail exposures internally generated data of customer behaviour or other metrics.

The Group uses credit risk grades as a primary input into the determination of the term structure of the PD for exposures. The Group collects performance and default information about its credit risk exposure analysed by type of products and borrower as well as by credit risk grading. The information used is both internal and external depending on the portfolio assessed. The table below provides a mapping of the Group's internal credit risk grades to external ratings.

Group's credit risk grades	BOM external rating grade	Standard & Poor's Global Rating	Moody's Investors Services	Fitch Rating	Description
1 - 3	1	AAA to AA-	Aaa to Aa3	AAA to AA-	High Grade
4	2	A+ to A -	A1 to A3	A+ to A -	Standard
5	3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	Standard
6-7	4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	Standard
8-9	5	B+ to B-	B1 to B3	B+ to B-	Sub-standard
10	6	CCC+ to D	Caa1 to D	CCC+ to D	Sub-standard

The Group analyses all data collected using statistical models and estimates the remaining lifetime PD of exposures and how these are expected to change over time by using macroeconomic forecasts to adjust estimates of PDs.

38. RISK MANAGEMENT (CONT'D)

b Credit risk (cont'd)

Internal credit risk ratings (Cont'd)

(ii) Credit risk assessment (Cont'd)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Group has reasonable and supportable information that demonstrate otherwise.

The Group has monitoring procedures in place to ensure that the criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted or when the asset becomes 30 days past due unless the Group has reasonable and supportable information that demonstrate otherwise. The Group has monitoring procedures in place to ensure that the criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted or when the asset becomes 30 days past due.

1. Inputs, assumptions and techniques used in estimating ECL

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is a compounded element of the LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a partial derecognition of the financial asset.

The Group calculates ECLs based on three scenarios (baseline, upside and downside) to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the Group expects to receive.

Loan commitments are assessed along with the category of loan the Group is committed to provide, i.e. commitments to provide corporate loans are assessed using similar criteria to corporate loans.

Stage 1: The 12mECL is calculated as the portion of LTECLs that represents the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%. Of note, for the year under review, the Group also abides by the Bank of Mauritius Guideline on Classification, Provisioning and Write-off of credit exposure effective 30 September 2024.

38. RISK MANAGEMENT (CONT'D)

b Credit risk (cont'd)

(ii) Credit risk assessment (Cont'd)

2. Incorporation of forward-looking information

The Group incorporates forward looking information that is available without undue cost and effort into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on analysis from the economic experts and consideration of a variety of external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome.

When estimating the macro-economic variables used in ECL calculation, the Group considers three scenarios (a base case, an upside and a downside). These economic scenarios are subject to different assumptions with the base scenario being the best estimate. These estimates are taken from reputable external providers based on econometrics methods.

Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of increasing the severity of the weights assigned to the downside scenarios or taking higher percentile of downside scenarios. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk and credit losses. The following key indicators were considered:

- National Accounts: Real Gross Domestic Product
- National Accounts: Nominal Gross Capital Formation
- National Accounts: Real Private Consumption Expenditure
- National Accounts: Real Gross Capital Formation
- National Accounts: Real Government Consumption Expenditure
- National Accounts: Real Domestic Demand
- Implicit Price Deflator: Government Consumption
- Balance of Payments: Current Account Balance
- Labor Force Survey Employment – Total
- Real Gross Domestic Product - Market exchange rate

In the prior financial year, the Group adopted a conservative stance within its Expected Credit Loss ("ECL") framework, applying a 100% weighting to the downside scenario. This reflected heightened macroeconomic uncertainty, as well as additional information regarding the outlook of Moody's Investors Service on Mauritius that was not yet fully incorporated into the macroeconomic variable forecasts underpinning IFRS 9 parameters.

During the year, macroeconomic conditions have stabilised, supported by fiscal consolidation and structural reforms, with Moody's maintaining the sovereign rating and outlook of Mauritius. This has provided greater confidence in the baseline scenario.

Notwithstanding this improvement, global risks remain elevated, particularly geopolitical tensions in the Middle East, ongoing trade uncertainties, and external geopolitical developments. Accordingly, the Group has revised its macroeconomic scenario weightings to 70% baseline and 30% downside, with no weighting assigned to the upside scenario. This reflects a balanced yet prudent view of the operating environment.

In addition, targeted post-model overlays have been applied to selected exposures where emerging risks are not yet fully captured in internal ratings, ensuring that ECL provisions remain forward-looking and appropriately conservative. Conversely, the overlay previously applied to the retail portfolio, based on recomputed debt-to-income ratios exceeding policy thresholds in anticipation of rising interest rates, has been removed, as the Group did not observe a corresponding deterioration in asset quality or peak in impairments within this segment.

Overall, these adjustments ensure that ECL provisions remain forward-looking, risk-sensitive, and appropriately calibrated to both evolving macroeconomic conditions and observed portfolio performance.

3. Significant increase in credit risk

The Group monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of default that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information.

For the year under review, one of the subsidiaries, SBMBM has revised its approach to SICR criteria for corporate clients. Previously, downgrade in credit rating and outdated financials were automatic SICR triggers for movement to stage 2. However, such events do not always indicate a genuine increase in credit risk, particularly when they are temporary or do not materially affect the client's ability to meet their financial obligations. As such, these criterias were adopted into a watchlist process where the Group ensures that decisions are made based on a more comprehensive evaluation considering the client's overall risk profile, external conditions and any mitigating circumstances. The watchlist process warrants clients being classified as high risk and these are reviewed on a quarterly basis by the Credit Portfolio and Monitoring Forum (Senior Management Risk Forum) prior movement to stage 2. The Group has however maintained clients rescheduled over the last 12 months as criteria of SICR.

The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products. This is based on shifts in the customer's internal credit grade, but greater emphasis is also given to qualitative factors such as changes in usage.

Forward-looking information includes the future prospects of the industries in which the Group's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information. The Group allocated its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

38. RISK MANAGEMENT (CONT'D)

b Credit risk (cont'd)

(ii) Credit risk assessment (Cont'd)

3. Significant increase in credit risk (Cont'd)

- the remaining lifetime PD at the reporting date; with
- the remaining lifetime PD for the point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

The PDs used are forward looking and the Group uses the same methodologies and data used to measure the loss allowance for ECL. The qualitative factors that indicate a significant increase in credit risk are reflected in PD models on a timely basis. However the Group still considers separately some qualitative factors to assess if credit risk has increased significantly, such as, creditworthiness of counterparty which has deteriorated. As a back-stop when an asset becomes 30 days past due (rebuttable presumption), the Group considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products. This is based on shifts in the customer's internal credit grade, but greater emphasis is also given to qualitative factors.

For the year under review, the Group has also considered classification requirements under the BoM Guideline on Classification, Provisioning and Write-Off of Credit Exposures.

4. Measurement of ECL

The calculation of ECLs, including the estimation of the expected period of exposure and discount rate is made at a facility level for all credit exposures.

The key inputs into the measurement of ECL are the following:

(i) Probability of default (PD);

The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

(ii) Loss given default (LGD);

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

(iii) Exposure at default (EAD).

The EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

These parameters are derived from trusted external sources based on internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD Estimates

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. For other segments, different internal variables such as industry, line of business, product, month on book are considered. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

Retail, Corporate and SME PD models all use the logistic regression framework to model monthly default rates. For the different segments, different features including macro-economic variables have been chosen for inclusion in the logit models based on their statistical significance in explaining defaults as well as intuitiveness of the coefficients.

For Banks, external default data from Standard & Poor's (S&P) is used. The PD models convert the through-the-cycle transition matrices (and TTC Default rates) from Standard & Poor's into point-in-time estimates that reflect economic conditions observed at reporting date. The forward looking factor is quantified by a scalar factor arrived by a difference if two economic regressions (with Macroeconomic variables and without Macroeconomic variables).

For sovereigns, historical default rates from Moody's is used together with correlated Global MEVs. The average 12-month rating transition matrix is converted into point-in-time (PIT) transition matrix using the Vasicek Transformation.

LGD

Loss Given Default ("LGD") represents the magnitude of the expected loss in the event of default. The Group estimates LGD parameters based on historical recovery experience on defaulted exposures, including observed recovery and cure rates. LGD models incorporate key factors such as the nature and value of collateral, as well as costs associated with recovery processes, where such collateral is integral to the financial asset.

38. RISK MANAGEMENT (CONT'D)

b Credit risk (cont'd)

(ii) Credit risk assessment (Cont'd)

4. Measurement of ECL (Cont'd)

LGD (Cont'd)

Retail, Corporate and SME LGD model use the work-out LGD framework. In this methodology, LGD estimates are based on the historical data after discounting the cash flows (of the contracts in default) that are recorded through the recovery & workout stage at the reference time. Two possible outcomes are considered: Cure (Facility defaults, but goes back to active without loss, LGD close to zero) and No cure (Facility defaults, does not cure, LGD between 0% and 100%). A logit model is fitted to the work-out LGD and the different features for inclusion in the model are chosen based on their statistical significance as well as the intuitiveness of the coefficients. The Group considers different scenarios for LGD to reflect possible changes in the forecasted LGD figures.

For banks and sovereign exposures, in the absence of internal data, Basel F-IRB unsecured recovery rates for senior claims are used for the LGD parameter.

EAD

Exposure at Default ("EAD") represents the expected exposure in the event of a default. The Group derives EAD from the current on-balance sheet exposure and expected changes to the exposure over time, including contractual amortisation. For financial assets, EAD corresponds to the gross carrying amount. For lending commitments and financial guarantees, EAD includes both the drawn amount and an estimate of future drawdowns, based on historical utilisation patterns.

In measuring Expected Credit Losses ("ECL"), the Group considers the risk of default over the maximum contractual period to which it is exposed to credit risk, including any borrower extension options. For exposures where credit risk has not significantly increased, a 12-month Probability of Default is applied. The maximum contractual period is defined as the period up to which the Group has the contractual right to demand repayment or to cancel the commitment or guarantee.

However, for loans with a funded component, the Group measures ECL over a period longer than the maximum contractual period if the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Group can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Group becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Group expects to take and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

For corporates, segmentation has been done based on local and cross-border categories with credit rating as internal variable. SME has been modelled separately with industry and line of business as internal parameters. Retail on the other hand has been segmented at a product level with different internal parameters such as month-on-book and line of business as suited by the models.

Revolving products use segment specific (Retail, SME, Corporate) credit conversion factors (CCF) to project EAD values. Amortising products use an amortising schedule, where the expected cash flows from the Bank's IT system are used to project EAD values at each point-in-time.

With the exception of credit cards and other revolving facilities, for which the treatment is separately set out below, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has the legal right to call it earlier.

Loan commitments and letters of credit: When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cashflows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

Financial guarantee contracts: The Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit or loss, and the ECL provision. For this purpose, the Group estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The ECLs related to financial guarantee contracts are recognised within other liabilities.

38. RISK MANAGEMENT (CONT'D)

b Credit risk (cont'd)

(ii) Credit risk assessment (Cont'd)

4. Measurement of ECL (Cont'd)

Credit cards and other revolving facilities: The Group's product offering includes a variety of corporate and retail overdraft and credit cards facilities, in which the Group has the right to cancel and/or reduce the facilities with one day's notice. The Group does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Group's expectations of the customer behaviour, its likelihood of default and the Group's future risk mitigation procedures, which could include reducing or cancelling the facilities. In the case of credit cards, the most significant judgement is to reflect the operational practice of card reissuance and the associated credit assessment as enabling a formal re-origination trigger. As a consequence, a capped lifetime approach of 12 months is used for overdraft balances since limit are renewed on a yearly basis. For credit cards, an estimate of the behavioural lifetime is considered by segment (36 months for retail cards and 20 months for corporates and SME).

For credit cards and revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognised within other liabilities.

Individually assessed allowances

The Group determines the allowances to be appropriate for each facility assessed on an individual basis. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance once a financial difficulty has arisen, projected receipts and the expected dividend payout should bankruptcy ensue, the availability of other financial support, the realisable value of collateral and the timing of the expected cash flows. The impairment losses are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

Regulatory provision

Regulatory provision is conducted in accordance with the Bank of Mauritius Guideline on The Guideline on 'Classification, Provisioning and Write offs which require the Group to take a minimum level of general provisioning as follows:

- Exposures with bullet repayment with remaining maturity of more than 2 years (other than those to sovereigns, central banks, Multilateral Development Banks and banks) : 1.5%
- Exposures to or guaranteed by counterparties whose rating is investment grade or better: 0.5% (The ratings should be issued by an Eligible External Credit Assessment Institution (ECAI) as per the Guideline on the Recognition and Use of External Credit Assessment Institutions. The guarantee should meet the minimum requirements stipulated in the Guideline on Standardised Approach to Credit Risk.)
- All other performing exposures: 1%

Additional portfolio provision is also required as a macroprudential policy measure ranging between 0.5% to 1% depending on the sectors.

For SBM Bank (Kenya) Limited, the following minimum percentage amounts for provisioning are to be maintained according to assigned classifications as described below:

- (i) for loans classified as 'Normal' minimum 1% portfolio provision
- (ii) for loans classified as 'Watch' minimum 3% portfolio provision
- (iii) for loans classified 'Substandard' 20% applied on net balances after deduction of realisable value of security and interest in suspense.
- (iv) for loans classified 'Doubtful' 100% applied on net balances after deduction of realisable value of security and interest in suspense.
- (v) for loans classified 'Loss' 100% applied on net balances after deduction of realisable value of security and interest in suspense.

Collateral valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Group's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models.

Collateral repossessed

The Group's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Group's policy.

In its normal course of business, the Group does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are recorded on the statement of financial position.

5. Modified financial asset

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

38. RISK MANAGEMENT (CONT'D)

b Credit risk (cont'd)

(ii) Credit risk assessment (Cont'd)

5. Modified financial asset (Cont'd)

The Group renegotiates loans to customers in financial difficulties to maximise collection opportunities and minimise the risk of default. Under this policy,

A restructured standard exposure should continue to be designated as a restructured exposures until it performs satisfactorily for a continuous period of at least 12 months. A non-performing exposure should be upgraded to a standard exposure when:

- all arrears of interest and principal are paid by the counterparty in full and the customer meets the terms and conditions of the existing loan for a continuous 'observation' period as specified in the table below;
- the counterparty has resolved its financial difficulty such that full repayment is expected according to original or modified terms; and
- the reduction in credit risk is considered sustainable.

The observation period for each type of exposure is listed below:

- Non-Performing Exposure : 3 months
- Restructured (included repeated restructuring) non-performing exposure : 6 months
- Non-performing bullet facility: 12 months

(iii) Collateral and other credit enhancements

The use of credit risk mitigants is an integral part of the credit risk management process and is documented in the Group Credit Risk policy. The amount and type of collateral required depend on the counterparty's credit quality and repayment capacity. The principal collateral types taken include:

- Fixed / floating charge on assets of borrowers;
- Pledge of deposits / securities / life insurance policy / shares;
- Government guarantee / bank guarantee / corporate guarantee / personal guarantee;
- Lien on vehicle; and
- Letter of comfort.

The Group holds collateral and other credit enhancement against certain of its credit exposure. The following table sets out the principal types of collateral held against different types of financial assets.

Type of credit exposure	2025	2024	Principal Type of collateral held
The Group	MUR' 000	MUR' 000	
Fund-based exposures:		<i>(Restated)</i>	
Cash and cash equivalents	48,782,912	57,726,737	<i>Unsecured</i>
Loans to and placements with banks	14,126,204	7,670,399	<i>Unsecured</i>
Derivative financial instruments	1,812,406	1,464,946	<i>Unsecured</i>
Loans and advances to non-bank customers	195,378,470	180,676,376	<i>Residential/ Commercial property/Floating charge on assets</i>
Investment securities	157,185,679	176,180,609	<i>Unsecured</i>
Other assets	4,471,947	3,357,381	<i>Unsecured</i>

38. RISK MANAGEMENT (CONT'D)

b Credit risk (cont'd)

(iii) Collateral and other credit enhancements (Cont'd)

Type of credit exposure	2025	2024	Principal Type of collateral held
The Group	MUR' 000	MUR' 000	
Non-fund based exposures:			
Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers	39,833,715	38,845,786	<i>Fixed/Floating charge on assets</i>
Credit commitments	38,280,624	29,054,248	<i>Unsecured</i>

The Company

The Fund-based exposures are unsecured

In addition to the collateral included in the table above, the Group holds other types of collateral and credit enhancements, such as second charges and floating charges for which specific values are not generally available.

There was no change in the Group's collateral policy during the year.

(iv) Ageing of loans and advances to non-bank customers

Under the Group's monitoring procedures, a significant increase in credit risk is identified before the exposure has defaulted, and at the latest when the exposure becomes 30 days past due. The table below provides an analysis of the gross carrying amount of receivables by past due status:

	The Group			
	2025		2024	
	Gross Carrying Amount	Loss Allowance	Gross Carrying Amount	Loss Allowance
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
0-30 days	172,579,267	1,398,784	162,391,965	1,068,535
31-60 days	4,125,079	185,245	2,358,344	91,361
61-89 days	1,658,890	205,503	1,344,907	65,857
Total	178,363,236	1,789,532	166,095,216	1,225,753

38. RISK MANAGEMENT (CONT'D)

b Credit risk (cont'd)

(v) Impaired financial assets

Loans and advances are deemed as impaired when objective evidence, such as default or delinquency in interest or principal payments, significant financial difficulty of the counterparty or evidence that the borrower will enter bankruptcy or financial re-organisation, indicate that the account may be impaired.

The carrying amount of impaired financial assets and specific allowance held are shown below:

	The Group	
	2025	2024
	MUR' 000	MUR' 000
Loans and advances (note 9c)	17,015,234	14,581,160
Specific allowance held in respect of impaired advances (note 9c)	8,291,020	6,763,245
Fair value of collaterals of impaired advances	11,688,788	8,062,826

(vi) Credit concentration of risk by industry sectors

Total outstanding credit facilities, net of deposits and claims with rights of set off, extended by the Bank to any one customer or group of closely-related customers for amounts aggregating more than 10% of its capital base, classified by industry sectors:

	The Group	
	2025	2024
	MUR' 000	MUR' 000
Portfolio		
Agriculture	-	4,706,844
Traders	4,776,121	5,469,270
Real estate	8,248,810	8,535,478
Financial Institutions	7,202,495	-
Services	3,437,725	3,244,846
Tourism	14,629,514	7,741,570
	38,294,665	29,698,008

(vii) Offsetting financial instruments

Loans and advances to customers

The Group holds cash collateral and marketable securities to mitigate the credit risk of securities lending.

Derivative financial instruments

The Group enters into derivatives bilaterally under International Swaps and Derivatives Association (ISDA) master netting agreements. ISDA Master Netting agreements give either party the legal right of offset on termination of the contract or on default of the other party. The Bank executes a credit support annex in conjunction with each ISDA agreement, which requires the Group and each counterparty to post collateral to mitigate credit risk. Collateral is also posted as per terms of Credit Support Annex (CSA) in respect of derivatives transacted on exchanges.

c Liquidity risk

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

Liquidity risk is the risk that the Group is unable to meet its obligations as they fall due. The Group manages this risk by maintaining sufficient stock of high-quality liquid assets (HQLA), to meet expected and stressed cash outflows. A contractual maturity analysis is presented in accordance with IFRS 7 and is supported by qualitative disclosures of liquidity management across time buckets. Short-term liquidity (up to 1 month) is managed through HQLA holdings, including cash and central Group balances. Medium-term liquidity (1–12 months) is managed through expected inflows from assets and the stability and rollover of customer deposits. Long-term liquidity (>1 year) is supported by stable funding sources and alignment of asset and liability maturities. The contractual maturity profile does not fully reflect expected cash flows; accordingly, behavioural assumptions are applied, particularly for customer deposits. The Group also conducts regular stress testing and maintains a contingency funding plan. The Assets and Liabilities Management Team monitors liquidity on an ongoing basis, with a focus on short-term buckets. The Group's strong HQLA position provides a robust buffer against liquidity stress.

38. RISK MANAGEMENT (CONT'D)

c Liquidity risk (cont'd)

(i) The tables below show the expected timing of cash flows for financial assets and liabilities of the Group, slotted as per the rules defined by the Bank of Mauritius.

	Up to 1 month	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Non-Maturity Bucket *	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
The Group								
2025								
<u>Financial assets</u>								
<u>Non-derivative cash flows</u>								
Cash and cash equivalents	49,375,216	1,017,489	499,084	838,272	731,669	151,025	1,615	52,614,370
Loans to and placements with banks	947,431	791,285	691,741	4,317,499	8,305,281	-	-	15,053,237
Loans and advances to non-bank customers	21,683,107	15,477,107	10,916,685	13,558,399	61,167,111	128,579,814	5,760,729	257,142,952
Investment securities	29,307,397	6,114,324	9,768,015	8,841,057	39,018,879	94,493,540	7,451,131	194,994,343
Other assets	5,059	1,134	1,045	49,217	54,820	1,005	10,806,708	10,918,988
Total non-derivative cash flows	101,318,210	23,401,339	21,876,570	27,604,444	109,277,760	223,225,384	24,020,183	530,723,890
<u>Derivative cash flows</u>								
Derivative financial instruments	200,338	213,349	319,775	87,998	280,752	167,662	542,532	1,812,406
Total derivative cash flows	200,338	213,349	319,775	87,998	280,752	167,662	542,532	1,812,406
Total financial assets	101,518,548	23,614,688	22,196,345	27,692,442	109,558,512	223,393,046	24,562,715	532,536,296
<u>Financial liabilities</u>								
<u>Non-derivative cash flows</u>								
Deposits from banks	2,432,264	1,835,736	394,679	813,792	102,949	-	-	5,579,420
Deposits from non-bank customers	264,319,813	21,797,540	14,553,480	24,947,134	22,397,807	2,851,218	25,000	350,891,992
Other borrowed funds	3,517,036	1,652,665	2,572,666	298,050	330,831	1,124,802	-	9,496,050
Subordinated debts	-	-	357,738	294,668	4,791,934	10,571,169	-	16,015,509
Lease liabilities	-	-	-	-	-	-	956,031	956,031
Other liabilities	63,299	-	-	134,646	35,819	-	6,027,157	6,260,921
Total non-derivative cash flows	270,332,412	25,285,941	17,878,563	26,488,290	27,659,340	14,547,189	7,008,188	389,199,923
<u>Derivative cash flows</u>								
Derivative financial instruments	94,544	200,421	169,166	55,012	207,653	213,492	515,506	1,455,794
Total derivative cash flows	94,544	200,421	169,166	55,012	207,653	213,492	515,506	1,455,794
Total financial liabilities	270,426,956	25,486,362	18,047,729	26,543,302	27,866,993	14,760,681	7,523,694	390,655,717
On Balance Sheet	(168,908,408)	(1,871,674)	4,148,617	1,149,140	81,691,519	208,632,365	17,039,021	141,880,579
Off balance sheet	775,266	109,608	97,138	(100,138)	(200,356)	(330,619)	(33,128,534)	(32,777,635)
Liquidity gap	(168,133,142)	(1,762,066)	4,245,754	1,049,002	81,491,163	208,301,746	(16,089,513)	109,102,944

Non-maturity bucket includes ECL provisions, investment in shares having no maturity, non-performing loans whose maturity date have been exceeded, derivatives, other assets and liabilities with undetermined maturity dates.

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38. RISK MANAGEMENT (CONT'D)

c Liquidity risk (cont'd)

	Up to 1 month	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Non-Maturity Bucket *	Total
THE GROUP	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
2024	<i>(Restated)</i>	<i>(Restated)</i>	<i>(Restated)</i>	<i>(Restated)</i>	<i>(Restated)</i>	<i>(Restated)</i>	<i>(Restated)</i>	<i>(Restated)</i>
<u>Financial assets</u>								
<u>Non-derivative cash flows</u>								
Cash and cash equivalents	58,696,809	1,510,346	931,540	575,978	755,824	268,503	157,054	62,896,054
Loans to and placements with banks	3,370	60,764	171,570	3,708,205	4,382,299	-	-	8,326,208
Loans and advances to non-bank customers	31,092,557	9,645,522	10,004,604	13,717,834	56,360,270	114,017,360	6,105,241	240,943,388
Investment securities	21,100,322	4,206,448	19,018,825	13,080,127	50,714,208	86,305,959	7,691,461	202,117,350
Other assets	27,106	592	779	81,187	545	244	3,329,130	3,439,583
Total non-derivative cash flows	110,920,164	15,423,672	30,127,318	31,163,331	112,213,146	200,592,066	17,282,886	517,722,583
<u>Derivative cash flows</u>								
Derivative financial instruments	40,133	121,342	296,471	256,059	119,151	123,823	507,967	1,464,946
Total derivative cash flows	40,133	121,342	296,471	256,059	119,151	123,823	507,967	1,464,946
Total financial assets	110,960,297	15,545,014	30,423,789	31,419,390	112,332,297	200,715,889	17,790,853	519,187,529
<u>Financial liabilities</u>								
<u>Non-derivative cash flows</u>								
Deposits from banks	2,132,910	1,422,818	181,492	394,994	407,317	-	-	4,539,531
Deposits from non-bank customers	273,711,889	24,597,403	22,166,622	16,464,723	18,595,533	5,761,008	-	361,297,178
Other borrowed funds	7,427,501	373,156	388,062	1,083,252	508,971	444,821	-	10,225,763
Subordinated debts	101,810	-	3,919,710	141,402	908,518	7,274,330	-	12,345,770
Lease liabilities	-	-	-	-	-	-	856,681	856,681
Other liabilities	-	-	-	-	39,400	-	8,288,012	8,327,412
Total non-derivative cash flows	283,374,110	26,393,377	26,655,886	18,084,371	20,459,739	13,480,159	9,144,693	397,592,335
<u>Derivative cash flows</u>								
Derivative financial instruments	25,829	141,830	301,980	380,508	67,285	47,294	465,001	1,429,727
Total derivative cash flows	25,829	141,830	301,980	380,508	67,285	47,294	465,001	1,429,727
Total financial liabilities	283,399,939	26,535,207	26,957,866	18,464,879	20,527,024	13,527,453	9,609,694	399,022,062
On Balance Sheet	(172,439,642)	(10,990,193)	3,465,923	12,954,511	91,805,273	187,188,436	8,181,159	120,165,467
Off balance sheet	15,891	40,074	28,594	15,992	(8,290)	16,352	-	108,613
Liquidity gap	(172,423,751)	(10,950,119)	3,494,517	12,970,503	91,796,983	187,204,788	8,181,159	120,274,080

38. RISK MANAGEMENT (CONT'D)

c Liquidity risk (cont'd)

	Up to 1 month	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Non-Maturity *	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
The Company								
2025								
<u>Financial assets</u>								
<u>Non-derivative cash flows</u>								
Cash and cash equivalents	36,062	-	-	-	-	-	-	36,062
Loans to and placements with banks	1,350,000	-	1,884,669	-	-	-	-	3,234,669
Investment securities	635,895	229,998	251,157	-	-	-	6,472,706	7,589,756
Other assets	-	-	-	47,620	-	-	-	47,620
Total non-derivative cash flows	2,021,957	229,998	2,135,826	47,620	-	-	6,472,706	10,908,107
<u>Financial liabilities</u>								
<u>Derivative cash flows</u>								
Subordinated debts	-	-	294,668	294,668	4,564,558	8,821,373	-	13,975,267
Other borrowed funds	2,058,691	483,250	-	-	-	-	7,553	2,549,494
Other liabilities	-	-	-	132,922	-	-	-	132,922
Total derivative cash flows	2,058,691	483,250	294,668	427,590	4,564,558	8,821,373	7,553	16,657,683
Liquidity Gap	(36,734)	(253,252)	1,841,158	(379,970)	(4,564,558)	(8,821,373)	6,465,153	(5,749,576)
2024								
<u>Financial assets</u>								
<u>Non-derivative cash flows</u>								
Cash and cash equivalents	2,517	-	-	-	-	-	-	2,517
Investment securities	-	-	-	-	-	-	6,662,340	6,662,340
Other assets	-	-	-	-	-	-	80,163	80,163
Total non-derivative cash flows	2,517	-	-	-	-	-	6,742,503	6,745,020
<u>Financial liabilities</u>								
<u>Non-derivative cash flows</u>								
Subordinated debts	-	-	3,805,603	141,402	672,434	5,424,362	-	10,043,801
Other borrowed funds	-	-	121,945	-	-	-	-	121,945
Other liabilities	-	-	-	-	-	-	117,243	117,243
	-	-	3,927,548	141,402	672,434	5,424,362	117,243	10,282,989
Liquidity Gap	2,517	-	(3,927,548)	(141,402)	(672,434)	(5,424,362)	6,625,260	(3,537,969)

* Non-maturity bucket includes ECL provisions, investment in shares having no maturity, non-performing loans whose maturity date have been exceeded, derivatives, other assets and liabilities with undetermined maturity dates

38. RISK MANAGEMENT (CONT'D)

d 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.

(i) Interest rate risk

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

The table below analyses the Group's interest rate risk exposure in terms of the remaining period to the next contractual repricing date or to the maturity date, whichever is the earlier. The 'up to 3 months' column include the financial assets and liabilities which have floating rates of interest that do not reprice at set dates, but rather reprice whenever the underlying interest rate index changes.

THE GROUP	Up to 3 months	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Non-interest sensitive	Total
2025	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Financial assets								
Cash and cash equivalents	12,151,444	-	-	-	-	-	40,457,459	52,608,903
Loans to and placements with banks	12,031,900	2,038,946	-	-	-	-	(32,565)	14,038,281
Derivative financial instruments	625,512	405,455	80,966	47,522	110,420	-	542,531	1,812,406
Loans and advances to non-bank customers	158,365,294	9,009,151	10,256,457	7,301,958	7,184,500	6,618,985	(13,438,427)	185,297,918
Investment securities	13,803,101	15,331,236	9,163,906	14,914,345	43,772,735	50,954,001	8,892,371	156,831,695
Other assets	6,193	1,045	49,217	54,820	1,004	-	4,359,668	4,471,947
Total assets	196,983,444	26,785,833	19,550,546	22,318,645	51,068,659	57,572,986	40,781,037	415,061,150
Financial liabilities								
Deposits from banks	2,702,321	461,821	772,699	68,599	31,891	-	1,462,462	5,499,793
Deposits from non-bank customers	195,923,220	15,134,907	22,032,291	11,776,941	7,593,503	141,785	94,841,696	347,444,343
Other borrowed funds	7,255,147	1,592,687	155,250	155,250	-	-	7,919	9,166,253
Derivative financial instruments	604,634	254,828	52,178	341	28,307	-	515,506	1,455,794
Lease liabilities	-	-	-	-	-	-	956,031	956,031
Subordinated debts	-	-	-	-	401,839	7,011,640	3,903,107	11,316,586
Other liabilities	63,299	-	134,646	-	35,819	-	6,344,281	6,578,045
Total liabilities	206,548,621	17,444,243	23,147,064	12,001,131	8,091,359	7,153,425	108,031,002	382,416,845
On balance sheet interest rate sensitivity gap	(9,565,177)	9,341,590	(3,596,518)	10,317,514	42,977,300	50,419,561	(67,249,965)	32,644,305
Off balance sheet interest rate sensitivity gap	(6,693,571)	24,603	145,069	2,267,510	4,103,845	(230,164)	-	(382,708)
	(16,258,748)	9,366,193	(3,451,449)	12,585,024	47,081,145	50,189,397	(67,249,965)	32,261,597

38. RISK MANAGEMENT (CONT'D)

d Market risk (Cont'd)

(i) Interest rate risk (Cont'd)

THE GROUP	Up to 3 months	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Non-interest sensitive	Total
2024	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Financial assets	<i>Restated</i>	<i>Restated</i>	<i>Restated</i>	<i>Restated</i>	<i>Restated</i>	<i>Restated</i>	<i>Restated</i>	<i>Restated</i>
Cash and cash equivalents	34,593,271	-	-	-	-	-	27,694,346	62,287,617
Loans to and placements with banks	5,695,342	1,941,986	-	-	-	-	(42,039)	7,595,289
Derivative financial instruments	186,624	348,544	255,914	92,328	73,569	-	507,967	1,464,946
Loans and advances to non-bank customers	138,552,213	6,508,310	7,570,912	5,715,884	9,436,928	7,420,191	(2,517,060)	172,687,378
Investment securities	14,398,480	24,043,600	13,299,283	23,036,078	42,171,246	50,585,266	8,570,438	176,104,391
Other assets	786	-	-	3,755	995	-	3,351,845	3,357,381
Total assets	193,426,716	32,842,440	21,126,109	28,848,045	51,682,738	58,005,457	37,565,497	423,497,002
Financial liabilities								
Deposits from banks	1,578,043	178,239	371,615	357,275	19,905	-	1,458,374	3,963,451
Deposits from non-bank customers	208,167,343	20,979,386	14,703,336	9,115,368	8,093,995	196,262	98,240,338	359,496,028
Other borrowed funds	8,151,396	259,687	1,098,710	322,392	161,196	-	530,176	10,523,557
Derivative financial instruments	181,510	332,584	380,367	60,086	10,176	-	465,004	1,429,727
Lease liabilities	-	-	-	-	-	-	856,681	856,681
Subordinated debts	49,254	48,620	3,579,225	-	-	6,301,049	-	9,978,148
Other liabilities	74,801	-	-	-	39,000	-	8,250,849	8,364,650
Total liabilities	218,202,347	21,798,516	20,133,253	9,855,121	8,324,272	6,497,311	109,801,422	394,612,242
On balance sheet interest rate sensitivity gap	(24,775,631)	11,043,924	992,856	18,992,924	43,358,466	51,508,146	(72,235,925)	28,884,760
Off balance sheet interest rate sensitivity gap	359,016	(987,150)	85	454	1,015,972	(336,475)	-	51,902
	(24,416,615)	10,056,774	992,941	18,993,378	44,374,438	51,171,671	(72,235,925)	28,936,662

38. RISK MANAGEMENT (CONT'D)

d Market risk (Cont'd)

(i) Interest rate risk (Cont'd)

THE COMPANY	Up to 3 months	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Non-interest sensitive	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
2025								
Financial assets								
Cash and cash equivalents	-	-	-	-	-	-	36,062	36,062
Loans to and placements with banks	1,350,000	1,844,248	-	-	-	-	(6,686)	3,187,562
Investment securities	860,645	246,924	-	-	-	-	7,326,656	8,434,225
Other assets	-	-	47,284	-	-	-	-	47,284
Total assets	2,210,645	2,091,172	47,284	-	-	-	7,356,032	11,705,133
Financial liabilities								
Other borrowed funds	2,058,691	-	-	-	-	-	-	2,058,691
Subordinated debts	-	-	-	-	3,060,520	7,011,640	-	10,072,160
Other liabilities	-	-	132,922	-	-	-	-	132,922
Total liabilities	2,058,691	-	132,922	-	3,060,520	7,011,640	-	12,263,773
On balance sheet interest rate sensitivity gap	151,954	2,091,172	(85,638)	-	(3,060,520)	-	7,356,032	(558,640)
Off balance sheet interest rate sensitivity gap	-	-	-	-	-	-	-	-
	151,954	2,091,172	(85,638)	-	(3,060,520)	-	7,356,032	(558,640)
2024								
Financial assets								
Cash and cash equivalents	-	-	-	-	-	-	2,517	2,517
Investment securities	-	-	-	-	-	-	6,662,340	6,662,340
Other assets	-	-	-	-	-	-	80,163	80,163
Total assets	-	-	-	-	-	-	6,745,020	6,745,020
Financial liabilities								
Other borrowed funds	-	-	114,394	-	-	-	7,552	121,946
Subordinated debts	-	-	3,579,225	-	-	5,069,310	-	8,648,535
Other liabilities	-	-	-	-	-	-	117,243	117,243
Total liabilities	-	-	3,693,619	-	-	5,069,310	124,795	8,887,724
On balance sheet interest rate sensitivity gap	-	-	(3,693,619)	-	-	(5,069,310)	6,620,225	(2,142,704)
Off balance sheet interest rate sensitivity gap	-	-	-	-	-	-	-	-
	-	-	(3,693,619)	-	-	(5,069,310)	6,620,225	(2,142,704)

38. RISK MANAGEMENT (CONT'D)

d Market risk (cont'd)

(i) Interest rate risk (cont'd)

Various scenarios are used to measure the effect of the changing interest rates on net interest income including the standardised approach of 200bp parallel shock over a 12-month period assuming a static balance sheet, as shown below.

	2025	2024
	MUR' 000	MUR' 000
Increase in profit	(184,708)	(296,459)

Interest rate sensitivity

The following table demonstrates the sensitivity of a 2% change in interest rates in the different countries:

	2025	2024
	MUR' 000	MUR' 000
Mauritius	288,008	60,743
India	(179,302)	2,993
Madagascar	(5,211)	12,189
Kenya	(306,438)	(339,671)
Others	18,235	(32,713)
	(184,708)	(296,459)

38. RISK MANAGEMENT (CONT'D)

d Market risk (cont'd)

(ii) Fair value hedges

	2025				2024			
	Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged items		Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged items	
	Assets MUR' 000	Liabilities MUR' 000	Assets MUR' 000	Liabilities MUR' 000	Assets MUR' 000	Liabilities MUR' 000	Assets MUR' 000	Liabilities MUR' 000
Micro fair value hedges								
Fixed rate corporate loans	273,261	-	-	2,641	303,924	-	-	10,242

The following table provides information about the hedging instruments included in the derivative financial instruments line items of the Bank's statement of financial position:

	2025			2024		
	Notional Amount	Carrying Amount		Notional Amount	Carrying Amount	
	MUR' 000	Assets MUR' 000	Liabilities MUR' 000	MUR' 000	Assets MUR' 000	Liabilities MUR' 000
Micro fair value hedges						
Interest rate swaps	228,547	3,028	-	254,645	10,716	-

The below table sets out the outcome of the Bank's hedging strategy, set out in Notes 8 and 9, in particular, to changes in the fair value of the hedged items and hedging instruments in the current year and the comparative year, used as the basis for recognising ineffectiveness:

Hedged items	Hedging instruments	2025			2024		
		Gain / (loss) attributable to the hedged risk	Hedge ineffectiveness		Gain / (loss) attributable to the hedged risk	Hedge ineffectiveness	
		Hedged items	Hedging instruments	Hedge ineffectiveness	Hedged items	Hedging instruments	Hedge ineffectiveness
Micro fair value hedge relationships hedging assets							
Fixed rate corporate loans	Interest rate swaps	(2,641)	3,028	387	(10,242)	10,716	474
Total micro fair value hedge relationship		(2,641)	3,028	387	(10,242)	10,716	474

The maturity profile of the hedging instruments used in micro fair value hedge relationships is as follows:

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	TOTAL
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
At 31 December 2025:						
Fixed rate corporate loans						
Interest rate swap (Notional amount)	-	-	-	-	228,547	228,547
At 31 December 2024:						
Fixed rate corporate loans						
Interest rate swap (Notional amount)	-	-	-	-	254,645	254,645

38. RISK MANAGEMENT (CONT'D)

d Market risk (cont'd)

(iii) Currency risk

Foreign exchange risk arises from open and imperfectly offset or hedged positions. Imperfect correlations across currencies and international interest rate markets pose particular challenges to the effectiveness of foreign currency hedging strategies. The Group exercises strict control over its foreign currency exposures. The Group reports on foreign currency positions to the Central Bank and has set up conservative internal limits in order to mitigate foreign exchange risk. To manage their foreign currency exposures, dealers operate within prudential limits approved by the Board including intraday/overnight open exposures, stop loss and authorised currencies. These trading limits are reviewed at least once annually by the Board / Board Risk Management Committee. The Middle Office closely monitors the Front Office and reports any excesses and deviations from approved limits to the Market Risk Forum and to the Board Risk Management Committee.

The tables below show the carrying amounts of the monetary assets and liabilities:

THE GROUP	MUR	USD	GBP	EURO	INR	KES	OTHER	TOTAL
2025	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
FINANCIAL ASSETS								
Cash and cash equivalents	18,461,074	16,006,944	714,373	2,522,114	11,139,594	1,197,147	2,567,657	52,608,903
Loans to and placements with banks	862,175	11,982,658	-	1,193,448	-	-	-	14,038,281
Derivative financial instruments	118,957	415,585	-	-	1,269,875	-	7,989	1,812,406
Loans and advances to non-bank customers	94,294,479	32,448,743	807,831	15,751,970	29,702,696	11,071,798	1,220,401	185,297,918
Investment securities	93,606,111	37,622,902	-	1,695,053	10,797,878	12,490,034	619,717	156,831,695
Other assets	1,815,800	1,199,675	1,957	81,321	845,339	519,148	8,707	4,471,947
Total monetary financial assets	209,158,596	99,676,507	1,524,161	21,243,906	53,755,382	25,278,127	4,424,471	415,061,150
FINANCIAL LIABILITIES								
Deposits from banks	547,315	1,284,053	16,654	275,122	3,365,859	9,300	1,490	5,499,793
Deposits from non-bank customers	167,028,264	98,071,451	4,183,670	14,317,373	35,261,632	22,532,270	6,049,683	347,444,343
Other borrowed funds	301,878	5,579,730	-	1,139,336	729,055	1,416,254	-	9,166,253
Derivative financial instruments	414,880	65,775	-	-	940,946	-	34,193	1,455,794
Subordinated debts	10,072,160	-	-	-	1,244,426	-	-	11,316,586
Lease liabilities	175,548	-	-	-	422,901	308,608	48,974	956,031
Other liabilities	3,266,566	1,781,554	51,865	111,459	1,096,902	144,161	125,538	6,578,045
Total monetary financial liabilities	181,806,611	106,782,563	4,252,189	15,843,290	43,061,721	24,410,593	6,259,878	382,416,845
On balance sheet position	27,351,985	(7,106,056)	(2,728,028)	5,400,616	10,693,661	867,534	(1,835,407)	32,644,305
Off balance sheet position	-	-	-	-	-	-	-	-
Net currency position	27,351,985	(7,106,056)	(2,728,028)	5,400,616	10,693,661	867,534	(1,835,407)	32,644,305

38. RISK MANAGEMENT (CONT'D)

d Market risk (cont'd)

(iii) Currency risk (cont'd)

THE GROUP	MUR	USD	GBP	EURO	INR	KES	OTHER	TOTAL
2024	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
FINANCIAL ASSETS								
Cash and cash equivalents	18,438,298	33,631,020	486,680	914,108	6,243,959	1,129,438	1,444,114	62,287,617
Loans to and placements with banks	(75,110)	5,740,672	-	1,929,727	-	-	-	7,595,289
Derivative financial instruments	200,753	271,520	5,090	24	984,727	-	2,832	1,464,946
Loans and advances to non-bank customers	89,684,318	29,495,571	818,729	15,037,035	25,696,122	10,710,409	1,245,194	172,687,378
Investment securities	90,751,889	56,938,771	-	1,532,608	14,624,963	11,685,919	570,241	176,104,391
Other assets	709,851	979,034	1,666	342,341	481,939	840,381	2,169	3,357,381
Total monetary financial assets	199,709,999	127,056,588	1,312,165	19,755,843	48,031,710	24,366,147	3,264,550	423,497,002
FINANCIAL LIABILITIES								
Deposits from banks	550,211	822,256	12,717	147,972	2,419,606	4,175	6,514	3,963,451
Deposits from non-bank customers	162,599,796	127,196,905	3,021,510	14,053,935	29,378,039	17,909,312	5,336,531	359,496,028
Other borrowed funds	427,982	358,457	-	637,190	2,179,516	6,920,412	-	10,523,557
Derivative financial instruments	193,278	240,750	-	-	993,405	-	2,294	1,429,727
Subordinated debts	5,069,310	3,579,225	-	-	1,329,613	-	-	9,978,148
Lease liabilities	227,207	-	-	-	273,958	295,734	59,782	856,681
Other liabilities	3,946,422	4,206,885	(325,883)	238,906	910,657	511,023	(1,123,360)	8,364,650
Total monetary financial liabilities	173,014,206	136,404,478	2,708,344	15,078,003	37,484,794	25,640,656	4,281,761	394,612,242
On balance sheet position	26,695,793	(9,347,890)	(1,396,179)	4,677,840	10,546,916	(1,274,509)	(1,017,211)	28,884,760
Off balance sheet position	-	-	-	-	-	-	-	-
Net currency position	26,695,793	(9,347,890)	(1,396,179)	4,677,840	10,546,916	(1,274,509)	(1,017,211)	28,884,760

THE COMPANY

The Company is exposed to currency risk only in its USD balances in relation to cash and cash equivalents (Financial assets) amounting to MUR 15 million (2024 : MUR 2.5 million) and other borrowed funds (financial liabilities) amounting to MUR 2,058.7 million (2024: MUR Nil).

Currency risk sensitivity

The following table demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, and the impact on the Group's profit and Equity.

	Impact on Group's profit after tax and Equity					
	USD	GBP	EURO	INR	KES	OTHER
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
2025						
5%	(355,303)	(136,401)	270,031	534,683	43,377	(91,770)
-5%	355,303	136,401	(270,031)	(534,683)	(43,377)	91,770
2024						
5%	(467,395)	(69,809)	233,892	527,346	(63,725)	(50,861)
-5%	467,395	69,809	(233,892)	(527,346)	63,725	50,861

38. RISK MANAGEMENT (CONT'D)

d Market risk (cont'd)

(iii) Currency risk (cont'd)

Value-at-Risk Analysis

The Group uses Value-at-Risk (VAR) to estimate the potential foreign exchange loss arising from adverse movements in an ordinary market environment. To calculate VAR, the Group uses the historical method which assumes that historical changes in market values are representative of future changes. The VAR is based on the previous 12 months data. The Group calculates VAR using 10 days holding period and an expected tail-loss methodology, which approximates a 99% confidence level. This would mean that only once in every 100 trading days, The group would expect to incur losses greater than the VAR estimates, or about two to three times a year. The use of 10 days holding period and a one-year historical observation period are in line with the Basel II recommendation.

The Group's VAR amounted to:

	2025	2024
	MUR' 000	MUR' 000
Minimum for the year		
SBM Bank (Mauritius) Ltd	2,941,000	2,875,000
SBM Bank (India) Ltd	1,184	12,825
Banque SBM Madagascar S.A	2	47
SBM Bank (Kenya) Limited	102,583	234,179
Maximum for the year		
SBM Bank (Mauritius) Ltd	14,475,000	20,747,000
SBM Bank (India) Ltd	6,654	2,513,025
Banque SBM Madagascar S.A	393	3,934
SBM Bank (Kenya) Limited	3,569,099	3,273,178
Year end		
SBM Bank (Mauritius) Ltd	4,696,000	4,187,000
SBM Bank (India) Ltd	3,349	2,513,025
Banque SBM Madagascar S.A	197	1,383
SBM Bank (Kenya) Limited	354,992	801,141

(iv) Equity price sensitivity analysis

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than for trading purposes and the Group does not actively trade in these investments. Changes in prices/valuation of these investments are reflected in the statement of comprehensive income, except for impairment losses which are reported in the statements of profit or loss. Changes in prices of held-for-trading investments are reflected in the statements of profit or loss. The valuation of equity investments is performed on a periodic basis by the management and reviewed by the Board of Directors. Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to relevant documents and market information

A 5% increase in the price of equities held at the reporting date would have resulted in an unrealised gain to the statement of comprehensive income or statements of profit or loss as reflected below. A 5% decrease would have resulted in an equivalent loss being booked.

	The Group		The Company	
	2025	2024	2025	2024
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Statements of comprehensive income	251,575	284,537	240,155	249,637
	251,575	284,537	240,155	249,637

e Accounting policies

Details of the accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability and equity instruments are disclosed in *Note 3* to the financial statements (summary of accounting policies).

39. Segment information

The Group

Accounting policy

Segmental reporting is based on the internal reports regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess their performance. The operating segments are the banking, the non-bank financial institution, the non-financial institutions and the other institutions segments. Only the banking segment is a reportable segment.

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker i.e the Group Chief Executive Officer in order to allocate resources to the segments and to assess their performance.

The Group has only one reportable operating segment based on its business activities, which is the Banking segment. Its revenues mainly arise from advances to customers and banks, investment in gilt-edged securities and equity instruments, bank placements, services provided on deposit products, provision of card and other electronic channel services, trade finance facilities, trading activities and foreign currency operations.

The accounting policies of the operating segment are the same as those described in the notes to these financial statements.

(a). Information about the reportable segment profit, assets and liabilities

Information about the reportable segment and the reconciliation of the reportable segment information to Group total is shown below:

	Banking	Non-bank financial institutions	Non financial institutions	Other institutions	Intersegment adjustments	Group Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
2025						
Interest income from external customers	25,580,477	66,812	-	83,925	-	25,731,214
Non-interest income from external customers	5,233,785	369,391	3,114	1,359,842	(26)	6,966,106
Revenue from external customers	30,814,262	436,203	3,114	1,443,767	(26)	32,697,320
Interest income from internal customers	143,200	-	-	-	(143,200)	-
Non interest income from internal customers	2,497,000	350,402	-	2,550,000	(5,397,402)	-
Revenue from other segments of the entity	2,640,200	350,402	-	2,550,000	(5,540,602)	-
Total gross revenue	33,454,462	786,605	3,114	3,993,767	(5,540,628)	32,697,320
Interest and fee and commission expense to external customers	(13,218,906)	(45,887)	-	(545,860)	142,817	(13,667,836)
	(13,218,906)	(45,887)	-	(545,860)	142,817	(13,667,836)
Operating income	20,235,556	740,718	3,114	3,447,907	(5,397,811)	19,029,484
Depreciation and amortisation	(1,508,142)	(15,212)	-	(716)	-	(1,524,070)
Other non-interest expenses	(8,415,394)	(305,380)	(1,031)	(285,986)	165,999	(8,841,792)
Net impairment loss on financial assets	(3,545,681)	(1,515)	-	(7,365)	20,420	(3,534,141)
Profit before income tax	6,766,339	418,611	2,083	3,153,840	(5,211,392)	5,129,481
Tax expense	(849,238)	(64,028)	-	(2,705)	-	(915,971)
Profit for the year	5,917,101	354,583	2,083	3,151,135	(5,211,392)	4,213,510
Segment assets	449,859,076	2,330,370	156,378	43,665,180	(70,682,911)	425,328,093
Segment liabilities	378,325,638	1,053,746	328	12,289,261	(6,793,361)	384,875,612
Additions to tangible and intangible assets	913,712	2,785	-	1,617	-	918,114

39. Segment information (cont'd)

The Group

(a). Information about the reportable segment profit, assets and liabilities (cont'd)

	Banking	Non-bank financial institutions	Non financial institutions	Other institutions	Intersegment adjustments	Group Total
<u>2024</u>	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Interest income from external customers	23,248,466	82,036	-	12,370	-	23,342,872
Non-interest income from external	4,908,938	382,049	2,040	292,043	(5)	5,585,065
Revenue from external customers	28,157,404	464,085	2,040	304,413	(5)	28,927,937
Interest income from internal customers	49,506	-	-	-	(49,506)	-
Non interest income from internal	2,497,000	242,096	-	2,550,000	(5,289,096)	-
Revenue from other segments of the entity	2,546,506	242,096	-	2,550,000	(5,338,602)	-
Total gross revenue	30,703,910	706,181	2,040	2,854,413	(5,338,607)	28,927,937
Interest and fee and commission expense	(11,820,955)	(57,818)	-	(464,252)	49,506	(12,293,519)
	<u>(11,820,955)</u>	<u>(57,818)</u>	<u>-</u>	<u>(464,252)</u>	<u>49,506</u>	<u>(12,293,519)</u>
Operating income	18,882,955	648,363	2,040	2,390,161	(5,289,101)	16,634,418
Depreciation and amortisation	(1,313,073)	(16,349)	-	(619)	-	(1,330,041)
Other non-interest expenses	(8,536,799)	(300,201)	(1,828)	(594,249)	144,090	(9,288,987)
Net impairment loss on financial assets	(415,058)	(53,194)	-	(739)	37,702	(431,289)
Profit before income tax	8,618,025	278,619	212	1,794,554	(5,107,309)	5,584,101
Tax expense	(1,209,212)	(34,759)	437	(1,897)	-	(1,245,431)
Profit for the year	<u>7,408,813</u>	<u>243,860</u>	<u>649</u>	<u>1,792,657</u>	<u>(5,107,309)</u>	<u>4,338,670</u>
Segment assets	457,143,944	2,844,901	139,762	38,683,896	(65,170,118)	433,642,385
Segment liabilities	388,996,599	1,153,960	147	8,921,664	(2,066,586)	397,005,784
Additions to tangible and intangible assets	<u>1,170,406</u>	<u>6,789</u>	<u>-</u>	<u>1,171</u>	<u>-</u>	<u>1,178,366</u>

39. Segment information (cont'd)

The Group

(b). Information about the reportable segment revenue from products and services

	Banking	
	2025	2024
	MUR' 000	MUR' 000
Revenue from external customers arising from the following products and services:		
Loans and advances to non-bank customers	632,872	632,872
Loans to and placements with banks	533,099	1,049,298
Net trading income	1,689,844	1,689,844
Card income	439,060	439,060
Trade finance services	3,144,490	3,144,490
Deposit and other products /services	279,626	280,262
	6,718,991	7,235,826

(c). Information about revenue of the reportable segment by geographical areas

	Banking		
	Mauritius	Other	Total
	MUR' 000	MUR' 000	MUR' 000
2025			
Revenue from external customers	14,428,037	11,152,440	25,580,477
Tangible and intangible assets	4,124,378	649,609	4,773,987
2024			
Revenue from external customers	11,872,303	11,376,163	23,248,466
Tangible and intangible assets	4,424,919	787,769	5,212,688

40. Subsequent events

No other events have occurred after the reporting period, 31 December 2025 that would require adjustment to, or disclosure in, the audited financial statement in accordance with IAS 10 Events After the Reporting Period.