SBM

ROOTING FOR TOMORROW'S POSSIBILITIES



SBM Bank (Mauritius) Ltd

Integrated Annual Report
2025

Cautionary statements

In this report, SBM Bank (Mauritius) Ltd has made various forward-looking statements with respect to its financial position, business strategy and management objectives among others. Such forward-looking statements are identified by the use of words such as 'expects', 'estimates', 'anticipates', 'believes', 'intends', 'plans', 'forecasts', 'projects' or words or phrases of a similar nature.

By their nature, forward-looking statements require the Bank to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that predictions and other forward-looking statements may not prove to be accurate. Readers of this report are thus cautioned not to place undue reliance on forward-looking statements as a number of factors could cause future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed therein.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including, but not limited to, interest rate and currency value fluctuations, local and global industry evolution, economic and political conditions, pandemic situations and other force majeure, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the Bank operates, as well as management actions and technological changes. The list of factors is not exhaustive and when relying on forward-looking statements to make decisions with respect to SBM Bank (Mauritius) Ltd, investors and other parties should carefully consider these factors, as well as the inherent uncertainty of forward-looking statements and other uncertainties and potential events. The Bank does not undertake to update any forward-looking statement that may be made, from time to time, by the organisation or on its behalf.

Dear Shareholder and Valued Partners,

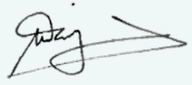
The Directors of SBM Bank (Mauritius) Ltd ('SBM Bank' or the 'Bank') are pleased to present the Integrated Annual Report for the year ended 31 December 2025.

The Board of Directors confirms, to the best of its belief, that the Integrated Annual Report addresses the relevant material matters that impact the performance of the Bank in a fair and transparent manner.

The Board approved and authorised the publication of the SBM Bank (Mauritius) Ltd Integrated Annual Report 2025 in May 2026.



Mr Rundheersing BHEENICK, GOSK
Chairman of the Board
SBM Bank (Mauritius) Ltd



Mr Jean LI WAN PO
Chairman of the Corporate Governance and Sustainability Committee
SBM Bank (Mauritius) Ltd

About us

SBM Bank is a leading banking and financial services provider in Mauritius, with footprint in key economic sectors. The Bank, which has a solid franchise, delivers a comprehensive array of customised financial solutions to help its wide-ranging customers realise their ambitions.

41 branches &
4 counters

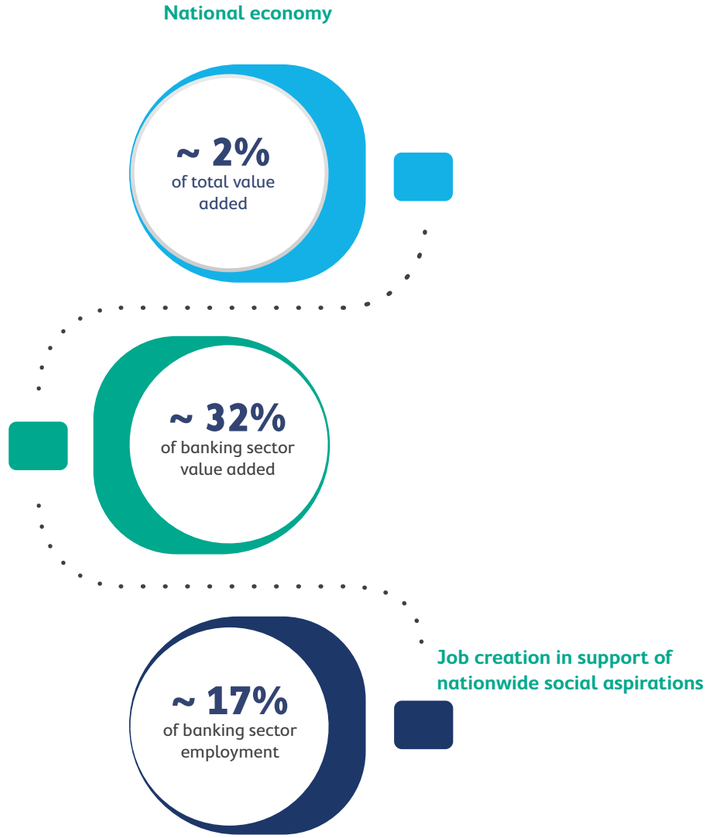
1,735
employees

MUR 322.2 billion
total asset

~569,900
customers

Creating value for our stakeholders

Contribution of SBM Bank (Mauritius) Ltd to the Mauritian economy and society



Wealth generated by the SBM Bank

MUR 2.5 billion
Shareholder and investor community
We provide investors and shareholder with interesting returns

MUR 2.3 billion
Retention for growth
Part of wealth created is retained to assist the Bank in fuelling its growth ambitions

MUR 8.1 billion in FY2025

MUR 0.7 billion
Government and regulators*
We support the authorities by means of our tax payments and help to underpin the progress of societies and communities, notably through our CSR activities

MUR 2.6 billion
Employees
We deliver attractive salaries and benefits to our staff, while underpinning their welfare and career development

**Includes the proportion of our CSR contribution remitted to the Mauritius Revenue Authority*

Notes:

- *The figures above, which pertain to the year 2025, are only indicative and should be treated with caution, insofar as they are high-level estimates produced for the purpose of this report.*
- *The ratios computed have been shaped up on certain assumptions made, while being subject to the availability of data.*

Theme of this Integrated Annual Report

"Harnessing resilient foundations for sustained growth"

Our Integrated Annual Report is founded on the concept of 'Roots of Resilience'. The latter draws on nature's most enduring structures – roots, rings and layered growth – to express SBM Bank's strong fundamentals and well-established ambitions.

The concept, which comes to life in different ways across the different sections of this Report, positions SBM Bank as an institution built on strength and technological innovation while growing confidently into the future.



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Describes our corporate governance approach and framework, notably in accordance with the requirements of the National Code of Corporate Governance for Mauritius (2016)

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Reflections from the Chairman

If we execute with consistency and integrity, SBM Bank will not only restore confidence, but will redefine its relevance in the years ahead.



Dear Valued Stakeholders,

As we reflect on the financial year 2025, we do so with a sober appreciation of both the challenges we have faced and the opportunities that now lie before us.

This year has demanded clarity of thought, steadiness of leadership, and a willingness to undertake the deliberate work of institutional renewal. It has also required us to confront the structural realities that have shaped our recent past: high staff turnover, uneven performance standards, and the cumulative effects of operational and reputational pressure. Yet, it is often through such periods that institutions rediscover their purpose and reaffirm their direction.

This message is not merely a retrospective assessment. It is, more importantly, an articulation of the renewed ambition and disciplined strategy that will reposition SBM Bank (Mauritius) Ltd for a future in which banking itself is transforming and the Mauritian economy is evolving in profoundly significant ways. We are entering a period that obliges us to think differently, recruit differently, and act with a level of foresight befitting the responsibilities we carry.

Re-anchoring the Institution: Trust as the Foundation

Trust remains the bedrock upon which all sustainable banking relationships are built. The events of recent years have underscored that trust cannot be assumed; it must be continuously earned through consistency, transparency, and competence. Throughout 2025, we have therefore focused on strengthening the fundamentals of governance, risk management, and process integrity.

We have tightened our recruitment practices, reinforced procurement oversight, and strengthened decision-making frameworks across the Bank. These interventions are not superficial adjustments. They represent a clear institutional commitment: that rigour is not optional, and that good governance is not merely supportive of performance but inseparable from it. As we advance, we will continue to embed fairness, evidence-based judgment, and accountability into the everyday life of the Bank.

This year has demanded clarity of thought, steadiness of leadership, and a willingness to undertake the deliberate work of institutional renewal. It has also required us to confront the structural realities that have shaped our recent past: high staff turnover, uneven performance standards, and the cumulative effects of operational and reputational pressure. Yet, it is often through such periods that institutions rediscover their purpose and reaffirm their direction.

Strategising with Purpose: A Discipline, Not an Event

One of the central pillars of our renewal is the re-establishment of strategy as a disciplined, continuous practice. Too often, organisations treat strategy as a static document. Our intention is to transform it into a living architecture that guides behaviour, informs decisions, and adapts to changing circumstances.

Our strategic posture rests firmly on three imperatives:

1. Repositioning SBM to where banking is heading

Banking is undergoing a structural evolution marked by digital transformation, data-powered decisioning, heightened cybersecurity demands, and rising customer expectations. Mauritius is not insulated from these trends; in many respects, they shape our competitive landscape more urgently than before. We will therefore invest in technology modernisation, deepen our digital capabilities, strengthen our operational resilience, and redesign customer journeys to deliver services that are intuitive, secure, and reliable.

2. Aligning with the trajectory of the Mauritian economy

Mauritius is transitioning toward a more knowledge-rich, diversified, and globally connected economy. Sectors such as renewable energy, ICT, logistics, healthcare, and modernised tourism require sophisticated financial solutions. Our intention is to build sectoral depth and to deploy capital in a way that meaningfully supports the country's development ambitions while ensuring prudence and resilience.

3. Becoming more relevant to the Mauritius of tomorrow

Relevance or, should I say, genuine relevance, goes beyond presence. It requires understanding the lived realities of households, SMEs, corporates, and public institutions. It demands designing solutions that support the financial inclusion of vulnerable groups, the ambitions of young entrepreneurs, and the aspirations of businesses striving to expand. Our North Star is to become a Bank that not only participates in Mauritius' progress but catalyses it.

Reflections from the
Chairman (cont'd)

Recruiting for the Future We Intend to Build

Strategic ambition is only as credible as the people entrusted with delivering it. Over the past year, we have embarked on a focused recruitment campaign aimed at attracting individuals whose skills and values align with where banking is heading, not where it has been. This includes capabilities in advanced risk analytics, cybersecurity, treasury and markets, digital product development, customer-centric design, and relationship excellence across business segments.

We are tapping into both local talent and the wider Mauritian diaspora, while simultaneously investing in our internal leadership pipeline. Our performance management systems have been strengthened, learning opportunities expanded, and expectations clarified. The essence of our approach is simple: we will build a bench capable of winning tomorrow's contests, not replaying yesterday's.

Governance: Setting the Pace and the Tone

The role of the Board is not operational execution, but the provision of oversight, direction, and principled challenge. Throughout 2025, the Board has actively embraced its responsibility to set both the pace and the tone of the institution's renewal. We remain committed to transparency, independence, and accountability. Our work is anchored in the belief that robust governance is not merely an administrative requirement but the moral contract we uphold with our stakeholders.

Just as importantly, we recognise the wisdom in the French saying ‹‹ À chacun son métier, et les vaches seront bien gardées ››. When each actor performs their proper role with diligence, the organisation prospers. This clarity of mandate between the Board and Management is vital to ensuring institutional stability and effectiveness.

Operational Modernisation: Making Trust Visible

Our transformation extends beyond strategy and talent to the operational systems that underpin trust. In 2025, we accelerated modernisation efforts across technology, cybersecurity, and process simplification. We strengthened risk governance, enhanced first-line accountability, and initiated improvements to customer service both in branches and digital channels.

Reliability remains the most persuasive form of innovation in banking. By improving everyday interactions – shorter queues, faster turnaround time, intuitive digital interfaces – we aim to make trust visible and experiential for our clients.

Our People: Gratitude and Encouragement

I extend my sincere appreciation to our employees across the organisation. Many have navigated significant transitions with professionalism, resilience, and grace. To those who have recently joined us, welcome; you have been selected not only for your expertise but for the values you bring. To those who remained through periods of uncertainty, I thank you for your loyalty and your belief in the institution's potential.

We are committed to building a workplace that rewards merit, nurtures ambition, and treats every colleague with dignity and fairness.

Looking Ahead: Disciplined Optimism

As we delve deeper in 2026, we do so with disciplined optimism. We have a clear strategy, strong financial footing, enhanced governance, and a growing cadre of capable professionals. The work ahead will not be without challenges, but our trajectory is one of steady renewal and purposeful progress.

If we execute with consistency and integrity, SBM Bank will not only restore confidence, but will redefine its relevance in the years ahead.



Mr Rundheersing BHEENICK, GOSK
Chairman of the Board

Message from the
Officer-in-Charge
(from 28 March 2025 to 28 February 2026)



Throughout the year, SBM Bank remained an important economic enabler in Mauritius, continuing to support SMEs, corporates, and retail customers while adapting to both local and global financial developments.

Dear Valued Partners,

Financial year 2025 unfolded within a complex global and domestic environment, yet it also proved to be a year that reaffirmed SBM Bank (Mauritius) Ltd's resilience, agility, and long-term commitment to Mauritius. While the operating context moderated overall performance relative to FY2024, the year marked meaningful progress across several strategic priorities and strengthened the foundations on which the Bank will build renewed and sustained growth.

Strengthening governance, risk, and organisational foundations

Throughout the year, our focus remained clear: to support national development, advance customer experience, and contribute to a more resilient and sustainable future. Our purpose guided us as we navigated emerging challenges, deepened structural reforms, and invested in capabilities that position the Bank on a stronger trajectory.

In a period of evolving expectations, SBM Bank accelerated its efforts to enhance governance and reinforce its risk-management frameworks. We improved policies, strengthened monitoring mechanisms, and deepened controls across key business lines. These initiatives, albeit often less visible externally, represent significant progress in fortifying the Bank's foundations and ensuring long-term financial stability.

FY2025 also provided an opportunity to sharpen leadership accountability and operational discipline. We strengthened oversight practices, clarified delivery expectations, and enhanced early-warning responsiveness, enabling more consistent decision-making. In areas where workflow constraints impacted turnaround time, targeted remedial actions and leadership reinforcement are already driving improvement and preparing teams to deliver with greater speed and confidence.

Advancing digital and operational transformation

Digital transformation remained a central pillar of our strategy. A standout achievement was the rollout of SBM Visa digital cards on SBM Tag, an innovation that expands our mobile-led ecosystem and enhances convenience and security for customers. The integration of SBM Pocket and SBM Amigos features into the unified SBM Tag platform further simplified the digital experience and strengthened customer engagement.

Operational efficiency also advanced meaningfully. Streamlined processes across credit underwriting, customer onboarding, and back-office operations are creating smoother workflows and more predictable turnaround time. These improvements are contributing to stronger customer experience and more consistent service delivery.

At a strategic level, the progress made in data-repatriation and core-systems decoupling is laying the foundation for a more agile, modern, and resilient technology ecosystem. These programmes will continue under the Board-approved strategic reset, driving transformation that will unlock future growth.

Throughout the year, our focus remained clear: to support national development, advance customer experience, and contribute to a more resilient and sustainable future. Our purpose guided us as we navigated emerging challenges, deepened structural reforms, and invested in capabilities that position the Bank on a stronger trajectory.

Customer-centric engagement and new value propositions

SBM Bank continued to strengthen its customer-centric culture in FY2025. Engagement tours, targeted campaigns, and flagship events enhanced visibility and deepened relationships across regions and segments.

The completion of a new Customer Value Proposition (CVP) for the 18-30 years segment marks an important step toward building long-term relationships with younger customers. During 2025, the Bank also intensified direct outreach to small and medium-sized enterprises through a series of SME engagement tours held across the country. These sessions strengthened relationships with business owners, deepened understanding of sector-specific challenges, and reinforced the Bank's commitment to supporting SME growth and financial resilience. In the same vein, Private Banking, Global Business, and relationship-led segments enhanced engagement through both international and local interactions, reinforcing trust and partnership.

Sustainability and responsible finance

Sustainability was yet another core strategic priority. Our renewed partnership with the Agence Française de Développement (AFD) enabled the launch of a new green line of credit supporting Qair's renewable-energy projects, including Stor'Sun I, II, and IV, initiatives strongly aligned with Mauritius' climate-mitigation goals.

Community-level contributions also expanded. Through the "One Account, One Tree" initiative, every new SBM Amigos account opened in the name of a newborn contributes directly to reforestation. The inauguration of the Bank's fourth endemic garden further highlighted SBM's commitment to environmental preservation and national heritage.

Message from the
Officer-in-Charge (cont'd)

Recognition in a challenging operating year

Despite a demanding context, SBM Bank continued to receive prestigious recognitions. Awards such as "Mauritius' Best for HNW", "Outstanding Use of Digital Channels for Improved Customer Experience – Mauritius", and "Mauritius' Best Bank for Customer Experience" reflect the Bank's unwavering customer-centric focus. The Straight-Through Processing (STP) Award from Citigroup additionally demonstrates the Bank's operational excellence.

Financial Performance Overview

The macroeconomic landscape remained challenging in 2025, yet the Bank continued to support households, SMEs, and corporates, contributing to economic resilience across sectors. While external conditions moderated growth and asset-quality pressures affected selected portfolio segments, the Bank maintained a disciplined approach to risk and costs.

The Bank reported a profit of MUR 3.7 billion for the year under review. Gross loans and advances expanded by 9.5% to MUR 147.6 billion, underscoring the Bank's continuous support to retail, SME, and corporate clients. Operating income reached MUR 13.6 billion, supported by strong net interest income and diversification of fee-based revenues, despite external headwinds that moderated growth in some business lines. Non-interest income increased from MUR 3.5 billion to MUR 3.6 billion, from FY2024 to FY2025, driven mainly by higher gain on the sale of financial instruments.

Non-interest expenses stood at MUR 5.9 billion and the Bank reported a cost-to-income ratio of 43.3%. In line with prudent risk management practices and IFRS 9 requirements, and in response to ongoing economic uncertainty, the Bank also undertook a comprehensive review of its portfolios and made corresponding credit impairment provisions. While these provisions impacted short-term profitability, they strengthened the Bank's long-term resilience and affirmed its commitment to protecting customers, shareholders, and the broader financial system.

Throughout the year, SBM Bank remained an important economic enabler in Mauritius, continuing to support SMEs, corporates, and retail customers while adapting to both local and global financial developments.

Looking Ahead: Stability, Resilience, and Renewal

SBM Bank enters FY2026 with clarity, focus, and renewed ambition. Our priorities remain centred on strengthening governance, sharpening risk-return dynamics, accelerating operational efficiency, and leveraging data-driven solutions to deepen customer value. We remain fully committed to advancing our sustainability agenda and supporting national development.

With stronger foundations, a more focused operating model, and a commitment to disciplined execution, SBM Bank is well positioned to rebuild momentum and reinforce long-term value creation for all our stakeholders.

In this context, we are pleased to highlight the appointment of Mr Gervais Gua as Chief Operating Officer in late December 2025, followed by his designation as Officer-in-Charge of the Bank as from the 1st of March 2026. This leadership transition further reinforces the Bank's strategic direction, and we convey our best wishes to Mr Gua in the continued advancement of his professional journey.

Acknowledgements and Appreciation

I also wish to express my sincere gratitude to the whole SBM team and our valued partners for their unwavering dedication throughout the year under review. Their resilience and professionalism ensured continuity and strengthened the Bank's relationships with its customers and stakeholders. I also extend my appreciation to the Board of Directors for their continued guidance and stewardship. Together, we look forward with confidence to a future defined by stability, resilience, and renewed growth.



Mrs Rita GUJADHUR
Chief Financial Management Officer

Message from the Chief Operating Officer/ Officer-in-Charge (as from 01 March 2026)



Together, we will build a more agile, efficient and resilient organisation, one that is fully prepared to seize the opportunities ahead and confidently shape the Bank of the Future.

Dear Valued Partners,

Since joining the organisation, I have been honoured to contribute to the Bank's journey during a period of both significant opportunity and deep transformation. From the outset, it has been clear that our foundation is strong, rooted in committed teams, sound processes and a shared focus on operational excellence and long term value creation.

As we look to the future, our transformation framework of Stabilise, Build and Transform will continue to guide our priorities and actions.

Stabilising our operations remains a critical first step. We will strengthen our core processes, enhance reliability and ensure that our systems and structures are robust enough to support sustainable growth. This includes simplifying workflows, removing friction points and embedding greater discipline and consistency across all functions. A central pillar of this stability agenda is the reinforcement of asset quality. We will enhance credit governance, strengthen early warning and monitoring mechanisms, and apply more rigorous portfolio management practices to ensure disciplined, forward-looking decision-making.

At the same time, we will accelerate the integration of technology to elevate how we manage risk and credit quality. By leveraging advanced analytics, AI supported credit evaluation tools, automated monitoring platforms and real time data insights, we will improve accuracy, responsiveness and consistency across the credit lifecycle. These capabilities will not only protect the health of our asset base but will also serve as key enablers of the "Bank of the Future", an organisation that is more insight driven, agile and technologically intelligent.

As we look to the future, our transformation framework of Stabilise, Build and Transform will continue to guide our priorities and actions.

Once stabilised, we will redouble our efforts to build a more efficient, customer-centric and digitally-enabled organisation. This includes deeper adoption of digital tools, wider use of automation, improved system integration and the expansion of data driven insights to enable faster, more intuitive and secure service delivery. These advancements will enhance our competitiveness and ensure that we remain responsive to an evolving financial landscape and shifting customer expectations.

As we progress, our transformation will extend beyond technology. We will continue to strengthen governance, reinforce risk management and fortify our control environment to ensure operational resilience. Maintaining continuity, reliability and preparedness in the face of emerging challenges remains a core priority as we shape an operating model designed for long-term relevance.

At the heart of all these ambitions are our people. Building a high performing organisation requires continuous investment in talent, capability and leadership. We will prioritise initiatives that empower our teams, foster collaboration and reinforce accountability, while cultivating a culture that is inclusive, purpose driven and aligned with our strategic ambitions. Providing our people with the tools, skills and environment they need will remain essential to sustaining excellence.

Sustainability will continue to be embedded across our operations. We remain committed to responsible resource stewardship, operational efficiency and making a positive contribution to the communities we serve. Integrating environmental and social considerations into our daily decisions is critical to our long-term resilience.

In the months ahead, we will continue aligning our operational priorities to the Bank's strategic direction. With disciplined execution, strengthened asset quality management, and a clear commitment to responsible innovation, we are confident in our ability to deliver meaningful outcomes, drive growth, enhance customer satisfaction and build a resilient, future-proof platform.

I wish to express my sincere appreciation to our teams for their dedication and professionalism. Your commitment has been vital as we stabilise our foundations, build for the future and embrace transformative opportunities. I also thank all our stakeholders for their ongoing trust and support.

Together, we will build a more agile, efficient and resilient organisation, one that is fully prepared to seize the opportunities ahead, and confidently shape the Bank of the Future.

Mr Louis Gervais Franco GUA
Officer-in-Charge


STAYING
TRUE TO
OUR ROOTS

Our Reporting Universe and Philosophy

This section explains what guides the Bank when undertaking its business and creating stakeholder value in the short and longer runs.



Our Reporting Universe and Philosophy

About our Integrated Annual Report

SBM Bank disclosures



Integrated Annual Report



Annual Meeting



Quarterly Financial Results

Access our full reporting suite online at
https://investors.sbmgroup.mu/

Background

Our Integrated Annual Report has been prepared in accordance with relevant rules, guidelines, standards and frameworks. The report has, in various respects, been based on the key principles set out by the International Integrated Reporting Council.

Purpose

The key purpose of this report is to help our stakeholders better understand our performance and how we create sustainable value for their benefit, while tapping into opportunities and risks faced.

This report is intended to inform stakeholder groups that have an impact on or are affected by our business. It aims to provide them with a holistic, balanced, transparent and concise depiction of the performance and positioning of the SBM Bank, including its strategy, achievements and governance framework.

Scope and boundaries

Scope: Operations and positioning of SBM Bank

Period covered: From 01 January 2025 to 31 December 2025. Material events after this date and up to the approval of this report on 11 May 2026 are also catered for in this report.

Pursuing an integrated reporting journey

Scope and purpose

While positioning itself as a purposeful and transparent organisation which is guided by sustainability principles, the SBM Bank has made further headway in its integrated reporting journey when producing this Integrated Annual Report, by adhering to the International Integrated Reporting Council Principles. We have set out to communicate our financial and non-financial progress in an increasingly holistic, structured and transparent manner, thus showing how we are fulfilling our purpose. This report conveys a forward-looking perspective on our business, while demonstrating how, amidst an evolving operating landscape, value is created by means of a well-defined business model.

In this spirit, the Bank shows how it is impactfully engaging with its stakeholders, in line with their expectations, while harnessing its reputation as a resilient, dynamic and purpose-driven organisation.

Looking ahead, SBM Bank is committed to further improving the quality of its reporting, with expanded focus on integrated thinking, strategic value drivers and the creation of shared value.

Navigation toolkit

Read more in this report

Further details on our website

Key principles

The principles guiding information contained in our Integrated Annual Report

Strategic focus and future orientation
Starting point: direction, value and impact

Reliability and completeness
Reliable, credible and timely information. Transparency. Builds trust

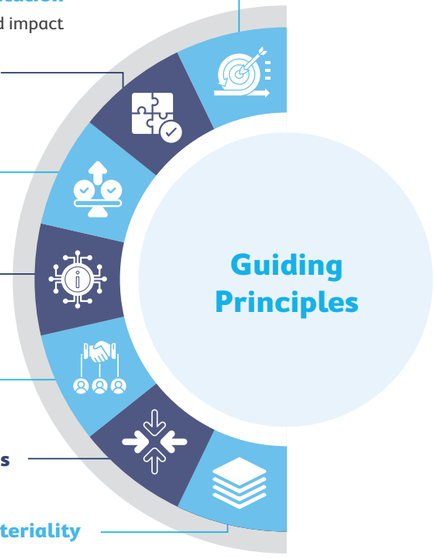
Consistency and comparability
Inspires trust; helps informed decision making

Connectivity of information
Correlates the elements; gives the big picture

Stakeholder relationships
A result of stakeholder engagement; embeds stakeholder needs; builds the brand

Conciseness
Bring better insights into your business; communicate on what matters.

Materiality



Our Reporting Universe and Philosophy (cont'd)

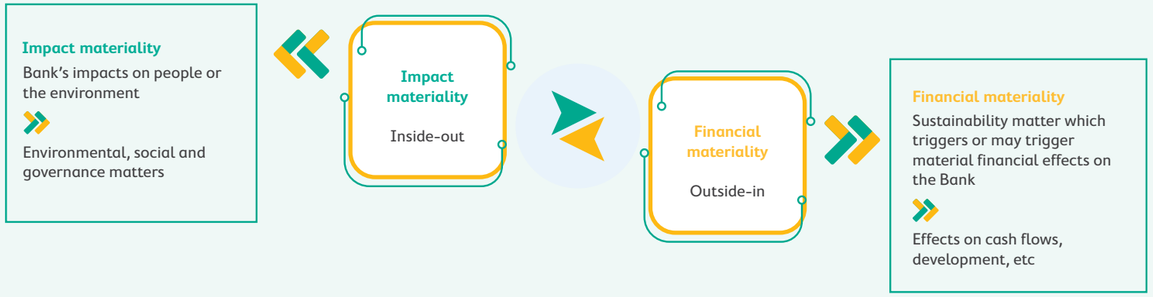
Determination of our material matters

Background

While serving as a basis to reflect the Bank's identity and to strengthen the strategy management process, information disclosed in our Integrated Annual Report is founded on our material matters.

We define material matters as those which can significantly affect our ability to achieve our organisational purpose as well as to create and preserve value for our stakeholders, over both the short and longer runs. These material matters are deemed as being important enough to help achieve the Bank's vision, mission, goals and strategies. We are dedicated to reassessing our material matters on a continuous basis to cater for the fast-changing economic, market and industry environments.

Being guided by the double materiality concept



The Bank's foundational material matters

Economic performance

Refers to the Bank's overall financial health and success, as measured by metrics like revenue, cost of funds, profitability, return on investment, impairment ratio, total assets, cost-to-income ratio and operating income.

Regulatory compliance

Relevant rules, policies, standards, and laws are complied with across operating contexts to maintain licence to operate, including adherence to cybersecurity protocols and data protection regulations. This encompasses the preparedness for changes in legislation, litigation policy, and emerging digital threats, ensuring the security and privacy of sensitive information throughout the organisation's operations.

Customer experience

Customer experience and satisfaction through innovative banking channels and the ability to adapt to change and demand by developing suitable products and services to enhance the customer's experience and meet their legitimate requirements whilst being mindful of critical environmental, social and governance issues.

Employee wellbeing

Employees feel valued, respected and derive meaning from performing their jobs in an environment where transparency and communication are promoted. Physical, emotional and mental wellbeing is prioritised through awareness and the establishment of relevant programmes and support systems.

Diversity, equity and inclusion

The policies and programmes used by the Bank to encourage representation and participation of various groups of people with diverse backgrounds, experiences, skills and expertise, including the diversity of the Board within the Bank while also contributing to the social advancement of individuals in the community through the enhancement of opportunities and providing access to resources, especially for disadvantaged individuals. This includes Foundation and Academy programmes as well as government initiatives.

Climate consciousness

Based on the foundations of ESG principles, it refers to the controlling and reducing of the Bank's carbon footprint through the measurement of tracked carbon emissions (direct, indirect and all other emissions associated with the Bank's activities) and the consideration of other ESG elements.

Social inclusion

Contributing to the improvement of participation in society for all individuals through the enhancement of opportunities and providing access to resources, especially for disadvantaged individuals. This includes Foundation and Academy programmes as well as government initiatives.

Our Reporting Universe and Philosophy (cont'd)

Creating long-term sustainable value in an integrated way

In line with our integrated reporting principles and while catering for our material matters, we interact, through various channels, with multiple stakeholders having a direct or indirect impact on our business. These material topics form the foundation of our strategic response and are embedded across our three core pillars of engagement: Sustainable business, Responsible organisation, and Inclusive communities.

This report sheds light on our regular stakeholder engagement, which enables us to deliver a coherent strategy that drives sustainable value creation on the basis of trustworthy relationships. Towards this end, we demonstrate how we make judicious use of our forms of capital in line with the categories defined by the International Integrated Reporting Council. Along the way, we seek to deliver on our prioritised UN Sustainable Development Goals, through which we believe we can generate the most impactful value. See further details below, supported by navigational icons used throughout the report.

Capitalising on our resources...

Financial capital

Funds that are available for use by the Bank in the production of goods or provision of services, obtained through financing or generated through operations and investments

Manufactured capital

Matters and objects that are available for use by the Bank in the production of goods or provision of services, including buildings, machinery and equipment as well as infrastructures

Intellectual capital

Intangibles, including intellectual property (e.g. patents, copyrights and licences), organisational capital (e.g. tacit knowledge, systems, procedures and protocols) and the brand/reputation of the organisation

Human capital

Competencies, capabilities and experience of the Bank's employees, including their ability to understand, develop and implement its strategy, as well as their motivations to innovate while leading, managing and collaborating

Social and relationship capital

Institutions and relationships established within and between each community, group of stakeholders and other networks towards enhancing individual and collective wellbeing, while promoting shared norms and values and protecting stakeholder interests

Natural capital

Renewable and non-renewable environmental stocks that provide goods and services in support of the current and future prosperity of the Bank, including air, water and land as well as relevant biodiversity structures and ecosystems

... to meet stakeholder expectations ...

Shareholder and investor community

Striving to generate sound and sustainable financial returns

Customers

Delivering relevant financial solutions and service to our customers

Employees

Shaping a competent and engaged workforce that effectively meets our customer needs

Societies and communities

Promoting inclusive and socially advanced nations

Government and regulators

Doing the right business, the right way

Suppliers and strategic partners

Leveraging networks and ecosystems to achieve our ambitions

... while adhering to prioritised UN Sustainable Development Goals

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

10 REDUCED INEQUALITIES

13 CLIMATE ACTION

14 LIFE BELOW WATER

17 PARTNERSHIPS FOR THE GOALS

Our Reporting Universe and Philosophy (cont'd)

Assurance and responsibility

Our reporting process for this Integrated Annual Report is guided by all applicable standards, principles, guidelines, laws and regulations, including The Mauritius Companies Act 2001, Banking Act 2004, The Financial Services Act 2007, Financial Reporting Act 2004, Bank of Mauritius Guidelines, IFRS Accounting Standards Board, The National Code of Corporate Governance for Mauritius (2016), the International Integrated Reporting Framework and several laws and regulations as applicable. We also have an internal assurance model to ascertain that we provide reliable information throughout this Integrated Annual Report.

PricewaterhouseCoopers Ltd, the SBM Bank's External Auditor, has provided independent assurance on the Annual Financial Statements of the SBM Bank for the year ended 31 December 2025 and has expressed an unqualified audit opinion. The full content of the Integrated Annual Report has been reviewed by the External Auditor and the Senior Management Team of SBM Bank and, in line with related mandates, specific reports were also reviewed and recommended to the Board of Directors of SBM Bank for approval by the Corporate Governance and Sustainability, Audit and Risk Management Committees.

The Board of Directors of SBM Bank has reviewed and validated the Integrated Annual Report before its publication.

Your feedback matters
We welcome and value your feedback on our Integrated Annual Report.
Please write to us on **investor.relations@sbmgroup.mu**



GROUNDED IN WHERE WE BEGAN

Overview of the Bank

This section sheds light on our core identity, how we are organised to carry out our business across various segments and the key tenets of our business model.



Overview of the Bank

Who we are

At a glance

Building on its franchise and customer proximity, the SBM Bank is a leading banking and financial services player in Mauritius. It is the mainstay of SBM Holdings Ltd, which is the second largest listed entity on the Official Market of the Stock Exchange of Mauritius.

The Bank strives to meet the highest standards of responsibility and integrity in its functioning and activities. We are dedicated to paving the way for the sustainable growth and prosperity of our multiple stakeholders, while delivering cutting-edge and tailored financial solutions to help our individual, corporate and institutional customers achieve their aspirations.

The Bank helps economic sectors, entrepreneurs and individuals to achieve their financial and growth aspirations, alongside financing key investment projects as well as facilitating trade and capital flows that are essential for sustained socio-economic development.

Key facts and figures

Our stakeholders

Shareholder

We are the mainstay of SBM Holdings Ltd which remains a key player on the local stock market, with a comprehensive shareholding that testifies to the favourable positioning and growth prospects

- **Second largest** listing on the Stock Exchange of Mauritius
- **MUR 20.3 billion** as market capitalisation
- **17,721** Individual and Institutional investors

Customers

Our growth story is built on a diverse and widening customer base, underpinned by our tailored and appealing value proposition.

- **~ 569,900** customers
- **~ 126,111** Mobile Banking registrations
- **~ 186,668** Internet Banking customers
- **~ 127,208** SMS Banking customers
- **~ 685,145** e-Commerce users

Employees

We strongly believe in providing our employees with a stimulating, empowering, fair and inclusive environment to achieve their goals, alongside supporting our business and growth objectives.

- **1,735** employees

Our channels

We serve our valued customers by means of convenient delivery and digital channels, while we seek to continuously strengthen the quality, reach and extensiveness of our various platforms.

- **41** branches and **4** counters
- **138** ATMs
- **5,911** POS terminals

Credentials and accolades

- Leading bank in Mauritius
- Rated Ba1 by Moody's Investors Service

Domestic market shares

- **~ 39%** Highest market share in mortgage
- **~ 25%** Total domestic loans
- **~ 23%** Total rupee deposits

Mauritius' Best Bank for Customer Experience - Euromoney Awards for Excellence 2025

Mauritius' Best for HNW trophy – Euromoney Private Banking Awards 2025

Best SME Bank in Mauritius – Best SME Banks 2026 Awards – Global Finance

Straight-Through Processing Award – CitiGroup

Digital CX Awards 2025 - Outstanding Use of Digital Channels for Improved CX (Mauritius) – The Digital Banker

Overview of the Bank (cont'd)

What is our growth story

Our identity

Vision

To be one of the leading and trusted financial services providers in our geographies of presence driven by innovation and technology

Mission

To achieve strong and sustainable returns for our shareholder, meet the relevant needs of our stakeholders and support the development of the community at large

Values

Customer-centricity
Trustworthiness
Integrity
Prudence
Respect

Our distinctive culture

Our distinctive culture is a crucial lever to drive growth and create long-term value for our customers and the societies in which we are involved, alongside optimising shareholder returns.

We build sustained capabilities to forge a resilient, strong, sustainable and future-ready organisation, while developing our customer-focused franchise.

We strive to meet the highest standards of integrity, corporate responsibility and risk management in our functioning and activities.

Overview of the Bank (cont'd)

Our growth underpinnings



We build strong partnerships and undertake constructive dialogues with our stakeholders to help them achieve their ambitions.

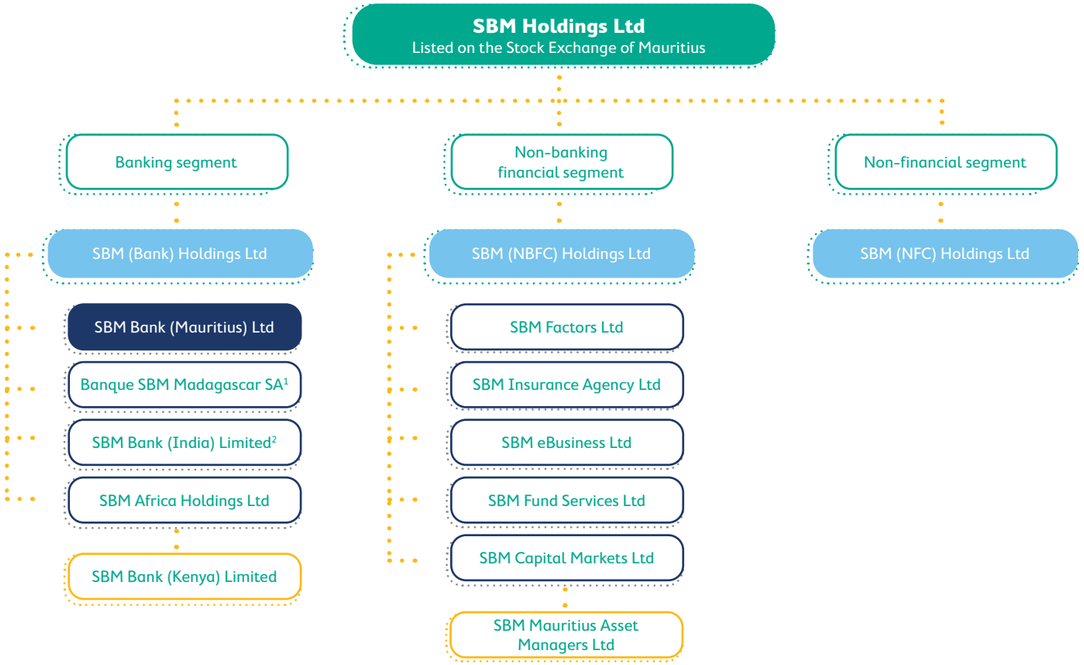
Digitalisation and innovation are integral to our ambitions to transform our productivity levels and business agenda in a nimble and secure manner.

We undertake targeted investments in people, technology and processes to create a smart and successful organisation, amidst prudent cost management.

Our strategic pillars remain our core foundation for business development and stakeholder management, supported by sustained customer-centricity.

What we do

Our 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



ROOTED IN LEGACY, GROWING WITH INTENT

Governance and Leadership



Governance and Leadership

Board of Directors at a Glance

Chairman of the Board

Mr BHEENICK Rundheersing, GOSK

Executive Director

- Mrs GUJADHUR Rita[1]
- Mr GUA Louis Gervais Franco[2]

Independent Non-Executive Directors

- Mr BHUJAN Yajnik
- Mr CHELLEN Thierry Régis Antoine Harold
- Mr GOBURDHUN Avinash
- Mr LI WAN PO Jean
- Ms SAWMY Lavalina D
- Mr SUMPUTH Sachin Kumar

Non-Independent Non-Executive Directors

- Mrs BHANJI Kalindee, GOSK
- Mr GUFFLET Raoul
- Mr KALACHAND Aakash Krishan
- Mr J. NAIKENY Mooneesing (Vimal)
- Mr RAMBARASSAH Veenay

Company Secretary

Ms RAMCHURN Preshnee

1. Mrs GUJADHUR Rita has resigned as Executive Director on 03 March 2026.

2. Mr GUA Louis Gervais Franco has been appointed as Executive Director effective 12 May 2026.

Board Committees Composition

AUDIT COMMITTEE

- Mr SUMPUTH Sachin Kumar (Chairperson)
- Mr BHUJAN Yajnik
- Mr GOBURDHUN Avinash

REMUNERATION & NOMINATION COMMITTEE

- Mr CHELLEN Thierry Régis Antoine Harold (Chairperson)
- Mrs BHANJI Kalindee, GOSK
- Mr GUFFLET Raoul
- Mr LI WAN PO Jean
- Mr SUMPUTH Sachin Kumar

RISK MANAGEMENT COMMITTEE

- Ms SAWMY Lavalina D (Chairperson)
- Mr BHEENICK Rundheersing, GOSK
- Mr BHUJAN Yajnik
- Mr GOBURDHUN Avinash
- Mr GUFFLET Raoul
- Mr LI WAN PO Jean
- Mrs GUJADHUR Rita

STRATEGY COMMITTEE

- Mr GOBURDHUN Avinash (Chairperson)
- Mr CHELLEN Thierry Régis Antoine Harold
- Mr GUFFLET Raoul
- Mrs GUJADHUR Rita
- Mr LI WAN PO Jean
- Mr RAMBARASSAH Veenay

CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE

- Mr LI WAN PO Jean (Chairperson)
- Mrs BHANJI Kalindee, GOSK
- Ms SAWMY Lavalina D
- Mr SUMPUTH Sachin Kumar
- Mr RAMBARASSAH Veenay

CYBER AND TECHNOLOGY RISK COMMITTEE

- Mr BHUJAN Yajnik (Chairperson)
- Mr GUFFLET Raoul
- Mr RAMBARASSAH Veenay
- Mr KALACHAND Aakash Krishan
- Ms SAWMY Lavalina D

PROJECT SENTINEL COMMITTEE (project-based committee)

- Mr KALACHAND Aakash Krishan (Chairperson)
- Mr CHELLEN Thierry Régis Antoine Harold
- Mrs GUJADHUR Rita
- Mr GUFFLET Raoul
- Ms SAWMY Lavalina D
- Mr SUMPUTH Sachin Kumar

The above is effective as at 31 December 2025.

Board of Directors



Governance and Leadership (cont'd)

Board of Directors Profile

Committee Key

- A — Audit Committee
- CG — Corporate Governance and Sustainability Committee
- RN — Remuneration & Nomination Committee
- PSC — Project Sentinel Committee
- RM — Risk Management Committee
- S — Strategy Committee
- CT — Cyber and Technology Risk Committee
- Committee Chairperson



Mr Rundheersing BHEENICK, GOSK

Chairman of the Board

Date of Appointment: 17 September 2025

Background and experience

Mr Bheenick has a long and distinguished career, both in Mauritius and abroad, bringing a wealth of experience and expertise to SBM Bank (Mauritius) Ltd. He began his professional journey as Lecturer at the University of Mauritius in 1968 and thereafter joined the Economic Planning Unit of the Prime Minister's Office. He was then appointed at the United Nations Industrial Development Organisation in Vienna, Austria.

On returning to Mauritius in 1975, Mr Bheenick was appointed Deputy Director of the Ministry of Economic Planning and Development before becoming Director-General in 1980. He was an elected Member of the National Assembly from December 1995 to September 2000, during which he served as Minister of Finance and subsequently as Minister of Economic Planning and Development.

In February 2007, he was appointed Governor of the Bank of Mauritius, serving in this capacity until December 2014. During his tenure, he received the 'Central Banker of the Year for Africa' award from the prestigious The Banker magazine for his stewardship of the economy during the global financial crisis.

Mr Bheenick has consulted widely for organisations such as the African Development Bank, the Asian Development Bank, the European Commission, the International Monetary Fund, the World Bank and the United Nations, among others, in a range of countries from Albania to Zambia, and island States from the Bahamas to Tonga.

Qualifications

- Master of Arts (Oxon) - University of Oxford, United Kingdom
- Bachelor of Arts Honours, School of Philosophy, Politics & Economics (PPE) - Merton College, Oxford, United Kingdom

Directorship in Other Entities

Family Investment Holdings Company - [private].

RM

Governance and Leadership (cont'd)

Board of Directors Profile (cont'd)



Mrs Kalindee BHANJI, GOSK
Non-Executive Director

Date of Appointment: 04 July 2025

Background and experience

Mrs Kalindee Bhanji is a seasoned executive with over 30 years of leadership experience in public administration. Renowned for her integrity, strategic vision, and commitment to good governance, she has built a distinguished career with a proven track record in managing high-profile offices, shaping policy, and addressing international affairs. Currently serving as Senior Chief Executive, she heads and manages the Private Office of the Prime Minister.

Mrs Bhanji plays a pivotal role in the formulation and execution of national policies. She is adept at streamlining operations, leading to enhanced efficiency in Government functions. Her portfolio also includes engagement with international organisations, reinforcing global cooperation and alignment with international standards.

Mrs Bhanji has also served on several governmental and non-governmental boards and committees, including within the banking sector.

Qualifications

- MSc Public Sector Management – University of Technology, Mauritius
- B.A Hons Economics – University of Delhi, India
- Diploma in Public Administration & Management – University of Mauritius

Directorship in Other Entities

None.

RN CG



Mr Yajnik BHUJAN
Independent Director

Date of Appointment: 04 July 2025

Background and experience

Mr Yajnik Bhujan is an IT expert with over two decades of industry experience, including 15 in managerial roles. Known for his strong leadership skills, strategic planning, and innovative approach to project management, he has dedicated his career to providing complex IT solutions tailored to clients' needs across various sectors. As an avid business developer, Mr Bhujan is currently the Managing Director of Anagra Ltd (Mauritius), a consultancy company within the Information Technology marketplace operating across Africa. He started his career in the early 2000s as Systems & Database Engineer at Orinux Mauritius Ltd before being appointed as Regional Director at Orinux Rwanda Ltd. He also held the position of Sales and Business Development Manager within the Orinux Group from 2012 to 2015. In 2016, Mr Bhujan founded Aequasys Ltd and served as its Managing Director till 2023.

Qualifications

- BSc in Information Technology – University of Mauritius
- Diploma in Information Systems – Swami Dayanand Institute of Management

Directorship in Other Entities

NEB2Y Ltd

Anagra Ltd

CT RM A

Governance and Leadership (cont'd)

Board of Directors Profile (cont'd)



Mr Thierry Régis Antoine Harold CHELLEN
Independent Director

Date of Appointment: 04 July 2025

Background and experience

Mr Thierry Chellen is a Barrister practicing in Mauritius since 1995 with extensive experience in legal services in the corporate and financial services sectors. He began his career as from 1989 as legal officer in the banking, insurance and accounting fields.

His areas of practice and experience include providing legal services to and in connection with individuals, corporate entities, local banks, management companies and their clients, specifically Global Business Licence ('GBL') companies, trusts and foundations.

In the course of his practice, Mr Chellen advises individual and corporate clients on their needs and requirements pertaining to drafting, vetting and negotiation of legal documentation, compliance and legal due diligence as well as in civil law and employment matters.

Mr Chellen has been working on cross-border transactions alongside international law firms and advisors, providing advice from a Mauritius law perspective. He has been involved in the drafting of pleadings and has provided advice in connection with international arbitration.

Qualifications

- LLB (Hons) - University of Kent, UK
- Barrister, Bar of the Republic of Mauritius

Directorship in Other Entities

None.

RN S PSC



Mr Avinash GOBURDHUN
Independent Director

Date of Appointment: 04 July 2025

Background and experience

Mr. Avinash Goburdhun is a seasoned executive with over 30 years of international experience in the apparel manufacturing and export sectors, with a strong track record in strategic leadership and business transformation. He is currently the Managing Director of Wensum Ltd, a globally recognised manufacturer of luxury formal wear.

Mr Goburdhun has previously held senior roles in India with Norwest Industries and Forbes Campbell Knitwear, where he drove export growth and international market development across Europe and other global regions. Mr. Goburdhun is the Honorary Consul of the Kingdom of Eswatini in Mauritius. He also plays an active role in export trade advocacy as Vice Chairman of the Mauritius Export Association (MEXA), having served on its Board since 2015.

Qualifications

- LLB (Hons) - University of Lancaster, UK
- Fellow of the Mauritius Institute of Directors

Directorship in Other Entities

Wensum Ltd

Wensum Management Ltd

Mauritius Export Association (MEXA)

S A RM

Governance and Leadership (cont'd)

Board of Directors Profile (cont'd)



Mr Louis Gervais Franco GUA
Executive Director

Date of Appointment: 12 May 2026

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 a Fellow Member of the Association of Chartered Certified Accountants (FCCA), United Kingdom, a Member of the Society of Trust and Estate Practitioners (STEP), United Kingdom and a Chartered Banker with the Chartered Banker Institute, United Kingdom. He has operated under regulatory frameworks including the SEC, FCA, MAS, SEBI, RBI, CSSF, Central Bank of Ireland, CIMA, FSC, and FSRA.

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.

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



Mr Raoul GUFFLET
Non-Executive Director

Date of Appointment: 26 July 2021

Background and experience

Mr. Gufflet is a seasoned banking and finance professional with more than 30 years of international experience across diverse markets and jurisdictions. Over the course of his career, he has developed deep expertise in banking, financial markets, and strategic consulting, advising institutions on banking operations and market development across Europe, Central and Eastern Europe, Africa, and the Indian Ocean region.

He has held senior advisory roles with PwC, where he worked extensively with banks and central financial institutions across France, Central and Eastern Europe, and Africa. He also contributed to research and development initiatives conducted in collaboration with the World Bank and the European Bank for Reconstruction and Development, focusing on strengthening financial institutions in both developing and transition economies.

Prior to joining SBM Group, Mr. Gufflet served as Deputy Chief Executive Officer of a leading bank in Mauritius, where he sat on the boards of subsidiaries operating across Africa and the Indian Ocean region. He played a key role in expanding the bank's international presence, particularly in Structured Finance and Commodities Trade Finance across the African continent.

In addition, he has successfully led transformation initiatives within financial institutions, aligning operations with international best practices, evolving regulatory frameworks, and emerging technological trends. A strong advocate for ESG principles and responsible banking, Mr. Gufflet is committed to promoting sustainable finance practices that support long-term shareholder value creation.

He is also the Vice President of "Les Conseillers du Commerce extérieur de la France (CCEF) – Section Maurice", a global network of 4,500 business leaders and worldwide experts selected for their international proven experience and expertise.

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

Directorship in Other Entities

Banque SBM Madagascar SA

SBM (Bank) Holdings Ltd

SBM Holdings Ltd

SBM Bank (India) Limited

SBM Bank (Kenya) Limited

SBM Capital Markets Ltd

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

RN RM S CT PSC

Governance and Leadership (cont'd)

Board of Directors Profile (cont'd)



Mr Aakash Krishan KALACHAND
Non-Executive Director

Date of Appointment: 07 August 2025

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.

Qualifications

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

Directorship in Other Entities

J Kalachand & Co. Ltd
Mauritius Freeport Development
SBM Holdings Ltd
SBM Mauritius Asset Managers Ltd

PSC CT



Mr Jean LI WAN PO
Independent Director

Date of Appointment: 04 July 2025

Background and experience

Mr Jean Li Wan Po is an experienced business leader and entrepreneur with a strong track record in strategic planning, sustainability, business and organisational development. He co-founded RT Knits Ltd in 2007 where he served as Executive and Managing Director until 2022.

Since January 2023, Mr Li Wan Po has been a Director of Li Wan Po & Co. Ltd, a family-owned enterprise with over a century of operations in the consumer goods sector. As Chairperson of the Audit and Risk Committee of Li Wan Po & Co. Ltd, he has enhanced board effectiveness by promoting transparency, corporate governance, and fostering communication between management and shareholders. Mr Li Wan Po has served as Council Member of the Mauritius Export Association (MEXA), chairing its Textile Subcommittee from 2021 to 2022.

Qualifications

- BSc (Hons) in Economics - University of Warwick, UK

Directorship in Other Entities

Li Wan Po & Co Ltd
RT Knits Ltd
Prochem Ltd

CG RN S RM

Governance and Leadership (cont'd)

Board of Directors Profile (cont'd)



Mr Mooneesing J. NAIKENY (Vimal)
Non-Executive Director

Date of Appointment: 27 November 2025

Background and experience

Mr Naikeny brings to the Board over two decades of senior leadership across banking, central banking and financial services, complemented by deep expertise in the technology fields that increasingly define how banks compete. He represents a new generation of banking leadership: one that pairs sound financial judgement with the digital fluency modern institutions demand.

As Head of Technology and Operations at Standard Bank Group, Mr Naikeny sat at the centre of one of Africa's largest banking franchises, contributing to a 20% increase in revenue and reducing client onboarding time by 40%. His remit covered core banking operations, payments, risk systems and the customer experience platforms that underpin retail and corporate banking across multiple African markets, thus giving him a rare end-to-end view of how a large bank runs.

His tenure as Advisor to Management at the Bank of Mauritius placed him at the heart of the country's financial system. He led the implementation of the National Payment Switch, which materially improved the efficiency and resilience of interbank settlement in Mauritius, and contributed to work undertaken by the Bank of Mauritius on the Central Bank Digital Currency. This gives him a regulator's perspective on prudential supervision, payment system oversight and financial stability, which is an asset on any banking board.

Earlier in his career, Mr Naikeny held senior roles at Huawei Technologies and Emtel Ltd, where his work on Emtel Cash helped extend financial services to underbanked segments of the Mauritian population, which served as an early and concrete contribution to financial inclusion.

Mr Naikeny is a recognised voice on the future of banking, having addressed forums including Mobile World Congress in Barcelona and AfricaCom. He writes regularly on the intersection of financial services, regulation and technology.

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

Directorship in Other Entities

SBM Holdings Ltd

SBM (Bank) Holdings Ltd

SBM Bank (India) Ltd

SBM (NBFC) Holdings Ltd

SBM (NFC) Holdings Ltd

SBM Capital Markets Ltd

SBM Mauritius Asset Managers Ltd



Mr Veenay RAMBARASSAH
Non-Executive Director

Date of Appointment: 07 August 2025

Background and experience

Mr Veenay Rambarassah is a finance professional with over 25 years of experience. He started his career as an accountant in 1998 at the National Pensions Fund, before working at Business Parks of Mauritius Ltd as Project Finance Manager. He also served as an Internal Audit Consultant at the Mauritius Revenue Authority between 2004 and 2006. He served as Senior Analyst and Lead Analyst at the National Pensions Fund before being appointed, in January 2017, Director of Investment at the National Pensions Fund (NPF), where he currently manages the portfolio of the NPF as well as a portfolio of several funds under the administration of the Ministry of Social Security, with an asset under management of around MUR 225 billion (USD 5 billion).

Mr Rambarassah has previously served on several Boards and Committees, including Director of the Port Louis Fund and, as of 2022, Chairman of its Investment Committee. Between 2010 and 2020, he served as a Director in the National Investment Trust (NIT) and chaired its Audit Committee. He was appointed Chairman of the NIT in June 2020. In December 2020, he was appointed Director on the Board of the Eastern and Southern African Trade and Development Bank (currently the Trade and Development Bank – TDB), and in 2022, he served as its Chairman for a period of one year. He is currently serving as Chairman of the Board of the TDB for the second time.

Mr Rambarassah also serves as a Director in the Eastern and Southern African Trade Fund since March 2021.

Qualifications

- MSc Finance and Investment – Open University of Mauritius

Directorship in Other Entities

Port Louis Fund

National Investment Fund

Eastern and Southern African Trade and Development Bank (currently Trade and Development Bank – TDB)

Eastern and Southern African Trade Finance Fund

TDB African Medium Term Trade Fund

TDB Funds VCC

Airport Hotel Mauritius Ltd

S CG CT

Governance and Leadership (cont'd)

Board of Directors Profile (cont'd)



Ms Lavalina D SAWMY
Independent Director

Date of Appointment: 04 July 2025

Background and experience

Ms.Lavalina D Sawmy is a legal practitioner with six years of experience spanning Mauritius and the United Kingdom. Her areas of specialisation include civil and criminal law, particularly financial crimes, as well as employment, family, and medical law. She appears regularly before the Supreme Court, Intermediate Court, District Courts, and specialised tribunals such as the Medical Disciplinary Tribunal. Ms.Sawmy is an ADR-ODR accredited civil and commercial mediator. She is also a co-opted member of the Bar Liaison Committee of the Honourable Society of the Inner Temple. Beyond litigation, she plays an active role in the legal education. She serves as a panellist and speaker for The Inner Temple Insight Online as well as in-person events, where she shares her professional journey and mentors aspiring barristers.

Qualifications

- ODR Training - ADR-ODR International
- ADR-ODR Accredited Civil and Commercial Mediator - ADR-ODR International
- Bar Professional Training Course - University of the West of England, UK
- Law LLB (Hons) - University of the West of England, UK

Directorship in Other Entities

None

RM CG CT PSC



Mr Sachin Kumar SUMPUTH
Independent Director

Date of Appointment: 04 July 2025

Background and experience

Mr Sachin Kumar Sumputh is an actuary with extensive experience, having worked as Head of Actuarial Services at SICOM Ltd, and served as Senior Manager of the Insurance and Pensions cluster of the Financial Services Commission, among other senior managerial positions. He currently holds the position of Consultant at Safelane Insurance Brokers Ltd, part of the ABC Group.

Mr Sumputh's career has been dedicated to applying sound actuarial principles with the goal of providing positive experience and outcomes for the insurance and pension sector in Mauritius. He has contributed to several Government projects, including the Portable Retirement Gratuity Fund and the Crop Insurance Scheme for small farmers. He has also worked as a consultant for several insurance companies and served as Senior Advisor (Project Monitoring) to the Government of Mauritius from 2015 to 2018. Mr Sumputh is an Associate of the UK's Institute of Actuaries.

He has previously served as director on the board of several major companies in Mauritius.

Qualifications

- MSc Actuarial Science – University of Kent, United Kingdom
- B. Bus. Sc. (Hons.) Actuarial Science – University of Cape Town, South Africa
- Certificate in Finance and Investment – Institute and Faculty of Actuaries, United Kingdom

Directorship in Other Entities

Avinya Finserv Ltd

A RN PSC CG

Governance and Leadership (cont'd)

Senior Management - Executive Forum & Management Credit Forum members

Name	Designation
Mr Louis Gervais Franco GUA	Officer-in-Charge / Chief Operating Officer
Mrs Rita GUJADHUR	Chief Financial Management Officer
Mr Ragnish GUJJALU	Head of Payments Solutions/Cards
Mr Deeagarajen Manogaren SOONDRAM	Head of Strategic Planning & Execution
Mr Teddy Kian Lim ALING	Head of Finance and Capital Management
Ms Deorani KHELAWON	Head of Operations Centre

Other Key Members of Management

Name	Designation
Mr Yogendra APPADOO	Acting Head of Private Banking & Wealth Management
Mrs Dimple BHUDOYE	Acting Head of Corporate Institutional Banking
Mr Komal R R GUJADHUR	Head of Marketing
Mr Ravi GUNESS	Senior Officer, Recovery
Mrs Ragini GOWRISUNKUR	Head of Custody
Mr Dharmendranath HURKOO	Head of Business Banking, SME & Microfinance
Mr Nadim IMRIT	Chief Risk Officer
Mrs Sarika Devi JANGI-JUGNAUTH	Head of International Banking - FI & Sovereigns
Mrs Linita Jyoti Sharma KIM CURRUN	Head of Service Excellence
Mr Chandurdeo LUCHMUN	Senior Officer – Human Resources
Mr Samir MATABUDUL	Chief Information & Digital Officer


PROUD OF OUR
RICH HERITAGE

Strategy Report

This section describes our strategic ambitions, initiatives and accomplishments, within the context of the evolving operating environment



Strategy Report

Overview

Our strategy is designed to deliver sustainable, long-term value for our stakeholders while positioning the Bank to thrive in an evolving and increasingly complex environment. Anchored on our purpose and guided by disciplined governance, we continue to align our strategic priorities with market opportunities, customer needs, and emerging risks. During FY2025, we maintained a strong focus on strengthening our core business, enhancing operational efficiency, and accelerating our digital transformation agenda. We have also deepened our commitment to sustainability, embedding environmental, social and governance (ESG) considerations into our decision-making processes and long-term planning.

As we look ahead, we remain confident in the resilience of our business model and our ability to adapt to changing market dynamics. We will continue to execute our strategy with discipline, ensuring that we deliver consistent performance while creating enduring value for our shareholder, customers, employees, and the communities we serve.

The focus of this Strategy Report is on our business growth and achievements (both from customer and operations perspectives). At the same time, we explain that our business growth is achieved together with the continuous promotion of stakeholder interests. Thus, we also describe how we meet the needs and requirements of our multiple stakeholders. While this stakeholder management approach is a key tenet of our Sustainability Agenda, the latter is – owing to its importance and in alignment with our integrated reporting approach – explained, in its full shape and form, in the Sustainability Report that trails this Strategy Report, with comprehensive details on our philosophy and initiatives.

Our operating environment

The context that underpins our business model

We operate in a fast-changing environment that requires us to balance the risks and opportunities of events, trends and dynamics observed. In fact, the economic, market and industry landscapes where the Bank operates are dynamic and, in some instances, complex, thus warranting our sustained focus on assessing the various influences and developments that are or can potentially be relevant to the organisation's operations and functioning. In this light, we ensure that an informed analysis is undertaken of the main factors that tend to influence our strategic priorities and operating paradigms. This allows us to be proactive, to strengthen our response time and be agile enough to take the right decisions, notably in terms of our internal capabilities and our customer relationship management model.



Prize giving ceremony held in November 2025 for Visa Cards Campaigns F1

Our modus operandi



Strategy Report (cont'd)

The economic environment

The global context

As per the IMF World Economic Outlook issued in April 2026, global activity faces a major test from the outbreak of war in the Middle East. The IMF highlighted that, assuming that the conflict remains limited in duration and scope, global growth is projected to slow to 3.1% in 2026 and 3.2% in 2027, while global headline inflation is forecasted to rise modestly in 2026 before resuming its decline in 2027. Risks to the global outlook are on the downside. Indeed, a prolonged conflict, deeper geopolitical fragmentation, disappointment over AI-driven productivity, or renewed trade tensions could weaken growth and unsettle markets. Besides, high public debt and eroded policy buffers add to vulnerability levels.

In the context of the unfolding global environment, the economies of the Group's presence countries have, during the year under review, faced challenging conditions. This situation has, to different magnitudes, impacted the market environment, with repercussions on the demand for credit, while central banks have adopted dynamic monetary policies against the backdrop of economic trends and inflation and growth outlooks. Looking ahead, our presence countries are likely to be exposed to a demanding global context, amidst geopolitical tensions, volatile financial and commodity markets and endogenous challenges. That said, they are likely to maintain their resilience in 2026, supported by dedicated measures by the public and private sectors.

The Mauritian economy

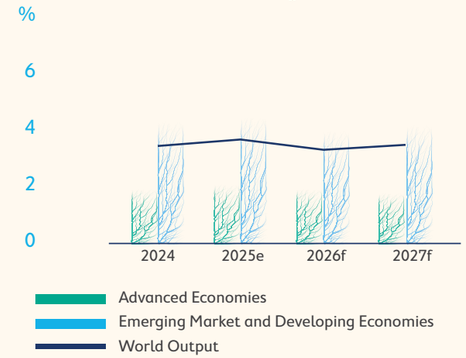
The Mauritian economy has performed encouragingly well recently, notwithstanding pressures linked to a testing global environment and domestic challenges, including climate change impacts. Besides, the fiscal consolidation measures adopted by the Government with the objective of redressing budget balances, reducing public debt and boosting fiscal space need to be monitored given repercussions on aggregate demand. According to Statistics Mauritius, real GDP growth is estimated at 3.2% in 2025, compared to 4.9% in 2024. With regard to 2026, the country's real GDP growth is projected to slow down and attain 3.0%, on account of developments in various sectors as well as the unfolding of public and private investment projects. Importantly, growth will be dependent on the magnitude and duration of the Middle East conflicts and associated supply side shocks. According to Statistics Mauritius, with the outbreak of the conflict in the Middle East, the level of uncertainty has increased substantially in view of the geopolitical instability, the global trade disruptions and the sharp rise in international prices as well as the unknown duration of the conflict. At another level, headline inflation maintained a downtrend for the first quarter of 2025, albeit rising gradually in the later months to reach 3.7% in December 2025 and moving up further in 2026, on the back of domestic price movements and international developments.

The following illustrations provide an overview of macroeconomic trends and forecasts across the Group's presence countries. The forecasts are depicted at a point in time, while they are likely to be reassessed during the course of the year, depending on evolving local and foreign conditions.

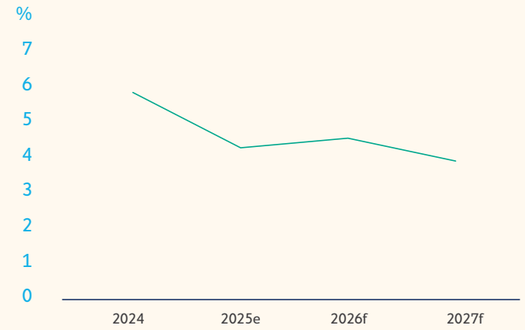
Read more on the Mauritian economy in the Group's flagship publication, SBM Insights, on our website

Global economy

Real GDP growth



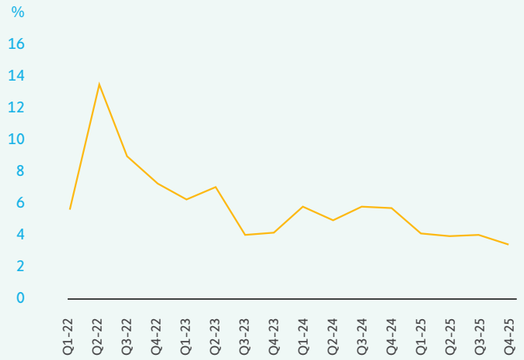
Inflation



Source: IMF World Economic (April 2026)

Mauritian economy

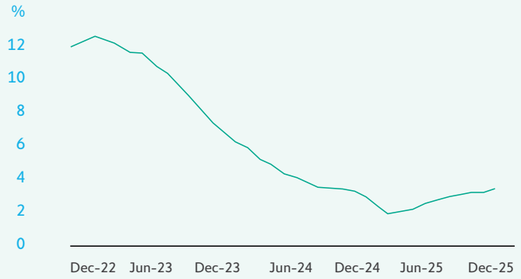
Real quarterly GDP growth (y-o-y)



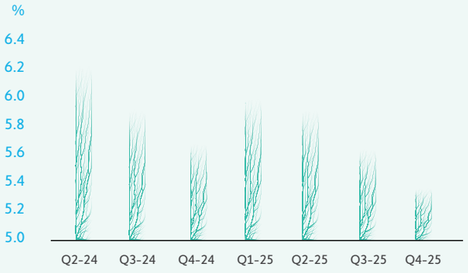
Real GDP growth



Headline inflation



Unemployment – quarterly



Source: Statistics Mauritius

Reacting and adapting to the operating landscape

Personalisation of customer needs and transformation of the society

- Customers are increasingly looking for more convenient, accessible and personalised financial solutions through digital channels, while taking a longer-term approach through dedicated investments. This situation is calling upon banks and other financial institutions to adapt to customer needs, notably via seamless omni-channel platforms. They are expected to remodel their operations and value proposition, in tune with demographic trends as well as the changing socio-economic and age profiles of the customer base. They are also required to accompany customers that are being afflicted by challenging socio-economic conditions, while working cooperatively with the fiscal and monetary authorities to support economic recovery.

Increasingly testing competitive landscape

- Heightened competitive pressures are being driven by evolution in societal behaviours, changing customer expectations, a rise in the number of industry participants, and the continuous enhancement of the value proposition. Non-banking players, including FinTechs, and digital-only and neo-Banks, are disrupting traditional banking models and diversifying the breadth of their financial services (e.g. in the payments and small business segments) to meet customer needs.
- In this context, pricing and margin pressures remain prominent, with clients shopping around for more favourable deals. This requires increasing market vigilance from banks. They are required to deepen their customer engagement and create meaningful customer journeys, alongside investing in technology and innovation as well as generating strategic partnerships. They will benefit from an uncompromising focus on enriched and personalised services, with the forging of trusted customer relationships and sustained brand loyalty.

Rapid pace of technological advancement and digitalisation

- Technological progress is increasing the prominence and need for cutting-edge mobile apps, AI-powered customer service and data analytics. Generative artificial intelligence (GenAI) has the potential to revolutionise banking practices and unlock meaningful value, provided it is leveraged in a secure way. Customer expectations are being shaped by transformative technologies, with requirements for seamless, personalised and on-demand products and services. Competitive pressures are intensifying amidst the accelerated speed of service execution and swifter delivery to market enabled by digital platforms and innovative operating models.
- Financial operators are required to grow their business by modernising their infrastructures, boosting the adoption of AI and enhancing security against potential IT risks and the increasing sophistication of cyber threats, while protecting customer assets and data. Banks can benefit by creating technology ecosystems that can adapt to the evolving industry and financial landscape.

Strategy Report (cont'd)

Reacting and adapting to the operating landscape (cont'd)

Commitment to sustainability

- Stakeholders (e.g. customers, investors and rating agencies) are laying increasing focus on the need for their financial partners to be guided by sustainability principles. The convergence of economic challenges, geopolitical tensions, social issues and climate concerns has led to a re-evaluation of the relevance of sustainability and ESG standards, as vectors for value creation and business growth, alongside meeting the principles of social inclusion and environmental protection in the country at large.
- In addition to deploying business growth initiatives, financial players are called upon to adopt responsible corporate behaviours and help in addressing socio-economic challenges. They need to integrate sustainability in their strategic decision-making model, after ascertaining their likely dependencies and impacts and catering for evolving regulatory stipulations and guidelines. As a key focus area, organisations need to identify risks and opportunities associated with climate change, before embedding climate risk management in their business and governance models. They are called upon to support customers being involved in transition journeys and incurring climate-resilient investments.

Demanding regulatory landscape

- In the wake of the risks linked to the challenging economic and market environments, regulators are laying increased focus on the reach and demands of their regulatory rules and guidelines, while reinforcing their industry monitoring and oversight. An increasing range of guidelines and policies are being comprehensively covered, notably relating to digitalisation, ESG, climate change and sustainability, Anti-Money Laundering and Combating the Financing of Terrorism (AML-CFT), cybersecurity, etc.
- Considering this conjuncture, financial institutions are required to stay ahead of emerging regulations and to strike a proper balance between meeting regulatory stipulations and driving business growth while staying competitive, underpinned by a reinforcement of their control, oversight and reporting capabilities. Financial institutions are expected to work cooperatively with the authorities. They need to ensure that they adopt the necessary business model, internal operations and value proposition that, at the same time, align with regulatory rules and support strategic and business development decisions.

Heightened global geopolitical risks

- Heightened trade wars, geopolitical tensions and regional conflicts are weighing on output creation, trade and investment markets.
- Such dynamics and the associated risks of deglobalisation are, in some ways, disrupting economic activities and supply chains, alongside reshaping capital flows.
- This situation calls upon Banks to reinforce their risk controls, with robust stress testing and sound balance sheet management to shore up resilience against potential external shocks and support clients.

Stiff battles for specialised talents

- Banking sectors are facing high competition to attract and recruit talent, particularly in the technology and sustainability areas, given the attractive salary packages, working conditions and career paths being offered by operators in both the financial and non-financial sectors (domestically, regionally and internationally).
- Banks, therefore, need to act in a smart and fast way and to attract the right talents with attractive incentives, supported by capacity-building and upskilling programmes for both existing employees and new recruits.

Strategy Report (cont'd)

Key strategic planning process

Our strategic planning process

The Bank has a clearly articulated structure and a series of processes which underpin the formulation, execution and review of strategy, with the aim of navigating the operating landscape of the financial services industry and optimising financial performance, alongside also strengthening the Bank's resilience against uncertainties. While the Board is the ultimate governing body, the Bank crafts its own strategy for sustainable growth as per its own specificities and resource levels, in alignment with the directions set by the Board, but also, importantly, with industry best practices, regulatory requirements and the expectations of a diverse range of stakeholders.

The strategic planning process is a year-round and multi-faceted journey which goes through various layers across the Bank, thus forming an integral part of its structure and decision-making. The Board sets the strategic direction for the Bank and monitors progress towards broad-based strategy implementation via its sub-committees, i.e. Strategy Committee, Risk Management Committee as well as Corporate Governance & Sustainability Committee. The approval of strategy by the Board is the culmination of a consultative process, which is enriched by insights from internal stakeholders and recommendations from the Strategy Committee. The latter engages in thorough discussions with the Management team, which conducts appropriate analyses and presents strategic options, thus ensuring that decisions are not only Board approved, but are also grounded on analysis and strategic foresight.



Black Friday Week organised across branches

The overall strategic planning process:

Key stages	Involves...	Concludes into...
1. Strategic analysis	• Comprehensive SWOT analysis • Recent performance analysis & situational analysis • Gap analysis • Internal capabilities and resources • Economic environment, market trends, competitor landscape and regulatory dynamics • Key challenges, risks and opportunities	Presentation by Management to the Strategy Committee
2. Strategy choice and formulation	• Strategic options based on strategic analysis exercise • Strategic priorities aligned with organisational goals • Breakdown of organisational plan into Business Unit plans	Vision, risk appetite and strategic directions via facilitated workshops/ retreats involving Management and the Board
3. Strategy validation	• Input from key stakeholders • Elaboration of chosen strategies • Alignment with long-term goals and risk tolerance • Strategy debrief with management	Approval of Strategic Plan and Budget at different internal stakeholder levels, including CE, Executive Forum, Strategy Committee and Board
4. Strategy communication	• Narrative delivered to staff around common vision and objectives • Cascading down of strategy, using the Balanced Scorecard methodology, from organisational to Business Unit to individual objectives	Balanced Scorecards for employees
5. Strategy implementation	• Implementation plan with specific milestones and timelines • Mobilisation and allocation of resources • Progress monitoring and dealing with challenges	Implementation of strategic initiatives, identification and resolution of risks and issues
6. Strategy evaluation and review	• KPIs to measure achievements • Regular review of progress achieved • Periodic assessments to ensure relevance	Monthly reviews at Management level and quarterly reviews at Board/ Board Committee level

Our value creation model

Value drivers

We deploy our resources to create sustainable value. Our tangible and intangible assets are key to nurturing resilient and dependable foundations for healthy growth

Financial capital
Our diversified and balanced portfolio – underpinned by a pragmatic risk appetite, reinforced capabilities and a focused resource allocation framework – provides us with the necessary resilience, impetus and malleability to manage change, tackle uncertainty and generate business growth

Manufactured capital
Our wide-ranging branch network, diversified delivery channels, improving digital foundations and simplified systems architectures allow us to boost employee experiences, reinforce operational efficiency levels and enrich the quality of client experiences

Intellectual capital
We leverage our strong credentials, impactful brand and dependable customer value propositions to deliver superior outcomes to our stakeholders, supported by our broad scale and reach in Mauritius as well as our continuous growth endeavours

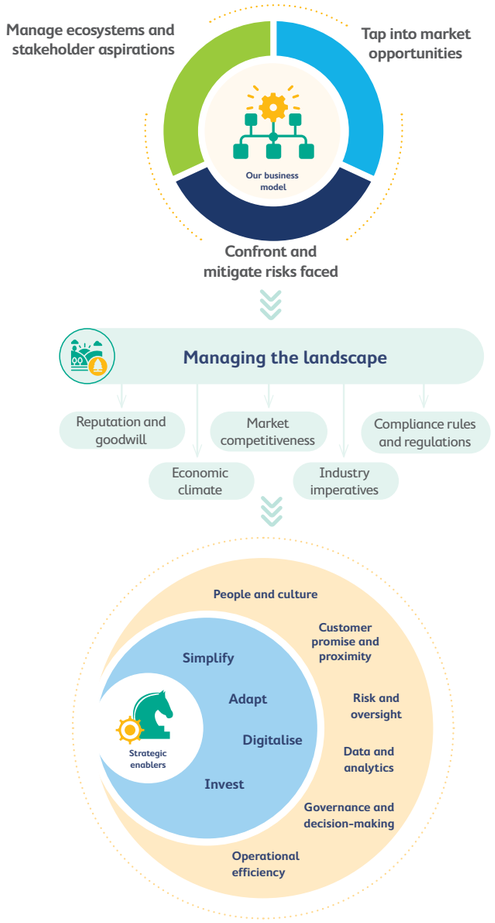
Human capital
Our skilled, engaged and customer-centric employee base enables us to deliver on our strategic and business development objectives in a prompt and effective manner, while we continue to undertake training and incur investments to shape up the mindsets and capabilities of our people

Social and relationship capital
Our trustworthy stakeholder relationship model and strategic collaborations allow us to achieve our growth ambitions, while streamlining our decision-making process, optimising our costs and deepening our client engagements

Natural capital
With the social, economic and environment wellbeing of the Bank in mind, we ensure that our business strategies and operational initiatives are aligned with our strategy to foster nationwide development goals

Value creating strategies

We leverage our business model to boost our market development endeavours, while managing risks faced and making efficient use of our resources and capabilities



Value created

Our strong growth foundations and diversified income streams generate positive outcomes for our stakeholders, backed by the consistency required to deliver on our promises.

Shareholder and investor community
We aim to generate long-term shareholder value through business growth and financial returns

- Shareholder looking for sustainable returns
- Dividend paid to shareholder
- Sizeable market capitalisation

Customers
We seek to deliver convenient and innovative solutions, supported by enduring customer relationships

- Customers served through our solutions, channels and digital capabilities
- Close and life-long relationship with clients, with innovative solutions
- Appealing brand value among banking peers

Employees
We leverage a competent, inclusive and engaged workforce

- Payment to employees in the form of salaries and benefits
- A diverse, inclusive and future-ready employee profile
- Career progression and skill development programmes

Societies and communities
We set out to support societal and environmental value creation through dedicated initiatives

- Social projects financed by the SBM Foundation
- Contribution to the UN Sustainable Development Goals
- Promotion of sustainable habits and initiatives by internal and external stakeholders

Government and regulators
We strive to fulfill our responsibilities, while contributing to nationwide prosperity

- Strict adherence to regulatory requirements
- Solid risk management and control systems
- Support to national socio-economic progress

Suppliers and strategic partners
We partake in effective ecosystems and forge value-generating relationships

- Open, transparent and consistent tendering process
- Accurate and on-time payments
- Sustainable relationships

Strategy Report (cont'd)

Our philosophy and strategic approach

Our foundations

Our strategy is designed to guide the Bank's long-term direction, anchored in the strength of our franchise and our deep proximity to customers. In recognising the specificities of our operating environment and the broader socio economic context, SBM Bank remains committed to driving sustainable and high quality growth.

This ambition is supported by a resilient operating model, disciplined execution, and solid financial foundations that enable long-term value creation for our stakeholders

Our strategic pillars and priorities

Our strategy is anchored on our strategic pillars and enablers …

Growth via diversified income streams

Expanding the Bank's revenue base beyond traditional interest income. It includes scaling fee-based income businesses, developing new products and services, entering growth segments and exploring regional opportunities

Operational efficiency

Our strong internal controls and oversight setup allow us to create positive outcomes for us and for our stakeholders in the right way.

Innovation

We are dedicated to capitalising on advanced technologies to underpin our operational efficiency and the quality of our customer experiences.

Customer-centricity

Placing customer needs, expectations and experiences at the heart of every decision-making. This includes enhancing service quality, personalised interactions, simplifying customer journey and designing solutions that truly address customer pain points

Embedding Sustainability

Basic green offerings and embedded sustainability culture across the Bank

Brand recognition

Our brand equity instils trust. We are a leading banking and financial services player in Mauritius

People

Our people are at the core of delivering on our strategic pillars. We invest in skills development, leadership capability, performance culture and employee engagement while ensuring our Bank remains innovative and customer- focused

Community

Our strong connection to the community builds trust, fosters financial inclusion and enhances the Bank's social impact. Community engagement aligns directly with sustainability and strengthens the SBM brand.

Partnerships

Our business ambitions are anchored in our stakeholder engagement and strategic partnerships, which provide us with added strengths to achieve our objectives.

Strategy Report (cont'd)

Our strategic pillars and priorities (cont'd)

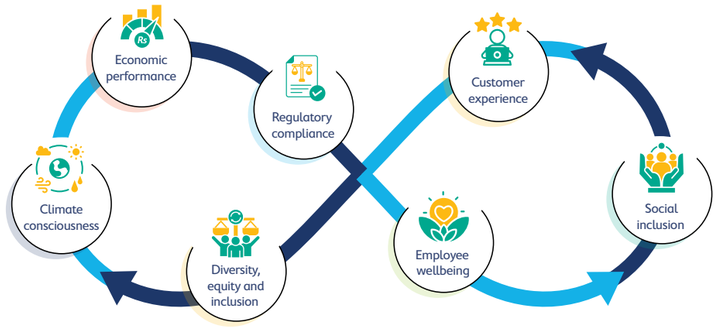
…. while leading to the development and formulation of our main focus areas

For the short and medium terms, a key priotity of the SBM Bank is to strengthen its resilience and position as a leading banking and financial services player, alongside supporting the nationwide socio-economic fabric of Mauritius and its IFC

- Continuously strengthen the financial soundness of the SBM Bank, while gradually leading to enhanced shareholder value
- Address legacy, operational, legal and restructuring challenges, while putting them on sounder footings for growth
- Enhance customer proximity and engagement by delivering seamless banking experiences
- Embed sustainability as a game-changer with respect to the Bank's strategic purpose, functioning and value proposition
- Achieve a leaner and digitally-enabled organisation, with strong focus on technologies
- Further enhance the strategic image, reputation and credentials of SBM Bank

Bank strategic orientations

We seek to forge a resilient and value-creating organisation, while focusing on our material matters …



… which serve as a basis for the articulation of our core strategic orientations …

Bank strategic imperatives and focus areas for the short and medium terms

Financial resilience

- Ensuring balanced profitability contribution
- Diversifying revenue streams, backed by international growth prudently

Tech-led growth model

- Digital transformation and technological innovation
- Improved customer experience and operational efficiency
- Leveraging data analytics and new technologies
- Upskilling and reskilling the workforce

Deleveraged balance sheet

- Reducing SBM indebtedness to more sustainable levels
- Implementing effective capital and asset-liability management
- Exiting non-core assets to improve liquidity and redeploy in higher-earning assets

Sustainable organisation

- Executing the key pillars of the Group Sustainability Agenda
- Embedding sustainable finance as a key growth underpinning
- Addressing critical and emerging climate-related and ESG issues that have an impact on the Bank's operations/positioning

… underpinned by key enablers for sound and sustained growth

- Operating model and business synergies
- Strategic human resources and talent management
- Robust Risk Management framework
- Embedding sustainability at the core of Bank's operations
- Strategic marketing, communication and stakeholder management
- Digital and technology infrastructure

Strategy Report (cont'd)

Our strategy execution journey

Business initiatives and achievements

Key highlights

- Upholding SBM Bank's position as a leading player in the Banking industry and Mauritius IFC
- Advancing initiatives aimed at promoting innovation and digital transformation endeavours
- Continued focus on maintaining high levels of customer service and proximity
- Diversification of revenue streams, while pursuing thoughtful business development
- Active contribution to the sustained socio-economic progress of Mauritius

Strategic initiatives and key enablers

While facing up to various challenges emanating from the economic and market environments, the Bank has made further progress against its strategic objectives and upheld its financial soundness. It has executed its strategic initiatives on different fronts, with a focus on bolstering human capital, pursuing its digital transformation and gearing up its credentials in support of sound and sustained business growth. Initiatives put in place helped to support the resilience of the Bank, alongside reinforcing its growth foundations. Towards those ends, the Bank has capitalised on its healthy and flexible business model, alongside continuously enriching its value proposition and strengthening customer proximity.

Salient observations

With the steadfast commitment, hard work and collaborative spirit of its employees, the Bank has upheld its core values and preserved its status as a prominent player in Mauritius, supported by its sustained growth momentum and business development initiatives across segments. It has consistently pursued its strategic endeavours, grown its balance sheet and diversified its revenue streams, while ensuring that its individual, corporate and institutional customers and partners enjoy a seamless experience, anywhere and anytime. Amongst key initiatives, the Bank entered into an agreement with Agence Française de Développement (AFD) for a new green line of credit, amounting to EUR 45 million. This line of credit is designed to provide dedicated financing for projects aligned with sustainability and environmental objectives. It will support initiatives in areas such as renewable energy, energy efficiency, climate adaptation, and eco-conscious infrastructure development. The new green line of credit enables the Bank to extend financing facilities to its retail, SME and corporate clients. In support of its business ambitions, the Bank laid emphasis on cost optimisation and rationalisation, alongside gearing up its human, physical, risk management and technological capabilities and frameworks. Noticeably, various recruitments have been undertaken, with a key example being the appointment of Officer-in-Charge of the Bank on 1st March 2026, who comes forward as a highly accomplished financial services executive with extensive C-suite leadership experience across banking, wealth management, capital markets, and regulated financial institutions. In another respect, the Bank has further upgraded the reach and appeal of its wide-ranging channels and customer touchpoints. To accompany its business moves, targeted marketing campaigns and networking events in favour of brand image promotion and product awareness were undertaken, supported by increased presence on social media platforms. In a nutshell, the aforementioned endeavours delivered the necessary momentum to the Bank in its quest to enhance market competitiveness and resilience.

In general, the SBM Bank's initiatives stand as a testament to its unwavering commitment to delivering services that not only meet but exceed customer expectations. Its achievements have been reflected through various awards and accolades received during the period under review. Notably, the Bank has been recognised at the Euromoney Awards for Excellence 2025 where it won the coveted 'Mauritius' Best Bank for Customer Experience' title. The Bank won the 'Outstanding Use of Digital Channels for Improved CX – Mauritius' trophy at the Digital CX Awards 2025. This prestigious accolade highlights the Bank's commitment to leveraging innovative digital channels to enhance customer experience. Also, SBM Bank has been honoured with Citigroup's Straight-Through Processing (STP) Award, which speaks volumes about the significant work carried out in the end-to-end transaction process. These distinctions highlight the Bank's focus on innovation and service quality. They position the Bank at the forefront of the financial industry and underscore its impact and industry leadership. In the same vein, the Bank preserved its prominent domestic market shares, which stood at around 39% and 20% with regard to mortgage lending and corporate banking respectively as at December 2025. All along, it remained committed to accompanying customers facing financial challenges and to restructuring files where applicable, while being mindful of its bottom-line financial performance and shoring up NPL recovery efforts where necessary.

Growing and consolidating domestic business

The Bank undertook the disciplined execution of its strategic intents, thus reinforcing and diversifying its involvement in the Mauritian socio-economic landscape in which it remains an influential player.

Individual customers

- In the retail segment, the Bank strengthened its customer value proposition and remained attentive to the needs of its client base across the different segments served, while moving ahead with its marketing and client acquisition campaigns. In line with its modernisation strategy and while leveraging committed investments, the Bank further uplifted its branch network. The Bank's branch renovation programme features amongst the overall initiatives that reflect its endeavour to continuously improve its touchpoints and customer walk-in experiences. To accompany retail clients, the Bank has continuously honed the attractiveness and suitability of its mortgage value proposition and further improved the competitiveness of its pricing, alongside delivering adapted products and services to households and individuals, including targeted solutions and financial assistance plans where need be. The SBM Home Club card is the Bank's brand-new card designed exclusively for its home loan customers, while giving them access to exclusive discounts on lifestyle choices and home must-haves. Furthermore, the value proposition for retail customers across age and income groups has been enhanced in some cases. For instance, the Bank has designed a complete offer for young adults aged between 18 and 30 years, bringing together the best of everyday banking, smart savings and lifestyle benefits that will allow customers to build their future with confidence. This offer reflects the Bank's commitment to meeting the evolving needs of today's generation and empowering young customers through the right tools and guidance for them to make informed financial choices and achieve their ambitions. Besides, the account holders of SBM Amigos – product designed to be the finance management solution for children and teenagers – have benefitted from the Angel Plan of the State Insurance Company of Mauritius Ltd, thus enabling parents to plan for their children's future cost of education via a savings plan that offers flexible investment options, which are personalised as per client needs and budget. On another note, successful deposit mobilisation campaigns have been carried out by the Bank. In the same vein, the Bank launched its Term Deposit e-Advice, which is a step forward in making its services more efficient, sustainable, hassle-free and customer-friendly. In addition, the Bank has remained a prominent player in the Cards and Payments segment, while capitalising on bolstered customer proximity, attractive products and the conduct of various marketing campaigns, which have helped to sustain the rise in new cards issued and drive transactional volumes.
- The Private Banking and Wealth Management cluster has, during the year under review, pursued its growth strategy and boosted its market credentials, mindful of the demands of a challenging and competitive operating environment. It successfully launched several Structured solutions, which are short-term and thematic solutions that are strategically positioned to capture market opportunities, while enhancing fee-based income and diversifying the revenue base. The segment strengthened its regional footprint by revitalising its Madagascar desk for better market prospection and conducting strategic market assessment missions to evaluate High Networth (HNW) client potential and support the cross-border expansion strategy. Furthermore, it expanded and strengthened tie-ups with local real estate promoters bordering the Private Banking partnership networks and enhancing access to curated property investment opportunities for HNW clients. In support of its market endeavours, the segment hosted numerous networking events to strengthen client relationship depth and retention. Some examples are wine tasting, golf tournaments and guest speakers' sessions featuring representatives from leading global institutions such as Goldman Sachs.



SBM Amigos Drawing and Painting Competition Award Ceremony

Strategy Report (cont'd)

Our strategy execution journey (cont'd)

SME clients | Corporate and institutional customers and partners | Financial Markets



SME team organised Regional Hunts across the country throughout the year

- With regard to SMEs, entrepreneurs and micro-enterprises, the Bank has continued to play an active role in supporting their sustainable growth and responding to their changing needs in a proactive manner, aligned with its ambitions to underpin the advancement of the local economy. It enhanced the range and quality of its products and services to accompany its clients in their journeys, alongside revisiting its operating paradigm, restructuring the teams and establishing dedicated sub-segments to service different client profiles. Of note, the commitment to boosting customer proximity has led the Bank to widen its regional presence in earmarked branches with the posting of Relationship Officers. During FY2025, the Bank has undertaken several engagement tours around specific regions of the country to meet up with SMEs and interact with a wide spectrum of business owners, understand the requirements and everyday realities of entrepreneurs who drive economic life in different areas, listen to their challenges and offer its financial solutions while continuing to strengthen SBM Bank's role as a strategic financial partner in their growth trajectory. This initiative is part of a broader mission to empower SMEs, build long-term partnerships and position SBM Bank as a catalyst for growth in communities across the country. Also, the SME and Microfinance teams participated at the Salon des PME 2025 held in October at Flacq. The event brought together entrepreneurs, start-ups and small business owners from across Mauritius, making it a key platform to showcase the Bank's support for the local business ecosystem. Over the three days, the Bank's teams actively engaged with business owners, provided tailored financial solutions, answered queries and offered guidance on how SBM Bank can help them grow, innovate and achieve their business ambitions. The Bank participated in other networking events with a view to further enhancing the visibility of the SME segment and promoting its value proposition, alongside sponsoring some key events. As another key move, the Bank further deployed its 'Bright-HER Future' campaign, which is designed to empower women entrepreneurs in Mauritius and Rodrigues by means of judicious financial solutions, preferential interest rates and charges and tailored advisory services. With regard to micro-enterprises, the Bank has upheld its commitment to support their operations and maturity development by means of dedicated and everyday banking solutions. Market visibility was enhanced, thanks to word-of-mouth and brand trustworthiness, backed by a vast distribution network. The Bank has, thus, continued to guide its customers, while ensuring that they understand the significance and implications of their debt commitments. SBM Bank has been recognised as "Best SME Bank in Mauritius" by Global Finance, underscoring the Bank's commitment to supporting micro, small and medium sized enterprises.



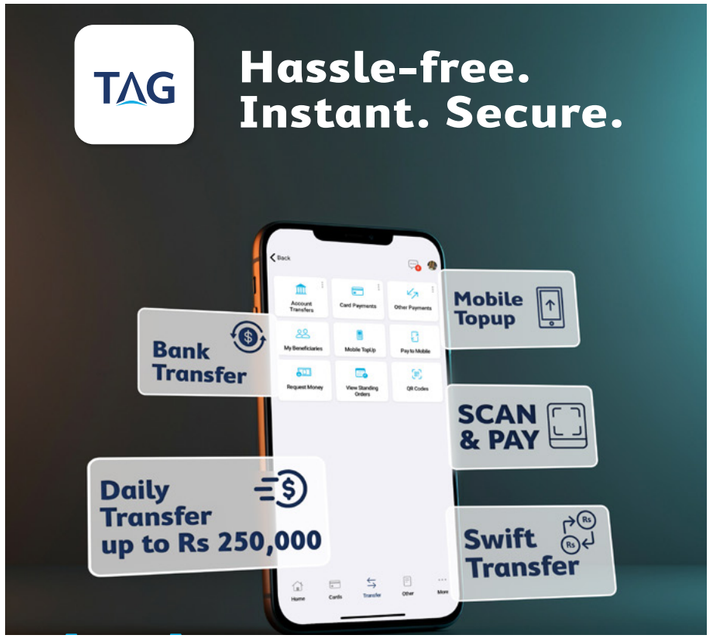
Golf event for Corporate and HNW clients in November 2025

- As gauged by its expanding loan book, the Bank has made further headway in serving large corporates in Mauritius and has continued to support specific projects shaping up the country's economic landscape, backed by the operationalisation of a Deal Structuring Desk, improved operational efficiency, sustained customer proximity, increased market visibility as well as adapted solutions and capacity building, with targeted training programmes conducted. The Bank remained active in accompanying corporates across wide-ranging economic sectors, in line with their growth prospects and the set risk appetite. It assisted its clients with capital finance to fulfill their new projects and working capital facilities to manage their cashflow requirements all year round. As a key achievement, the Bank financed a French green energy specialist to set up 60 MW of new clean energy on the grid of the Central Electricity Board, thus significantly increasing renewable energy capacity and ensuring stable power, thanks to their state-of-the-art storage systems and rapid-response capabilities. In general, the Bank's Corporate Domestic segment has, during the year under review, remained close to its clients across various fields, as, for example, gauged by (i) the assistance provided to textile companies to help them navigate the uncertainties linked to the renewal of the African Growth and Opportunity Act, with modulated trade finance solutions being offered; and (ii) solutions delivered to clients towards meeting their overseas payments requirements amidst a relatively challenging Forex environment. The Bank also financed several major real estate projects which have brought sizeable FDI to the country. To underpin its market development, the Bank organised/sponsored several events for the benefit of its clients, including customer cocktail events, high-profile speaker events and golf competition.
- Regarding the Financial Markets segment, it has remained a key contributor to the bottom-line performance of the Bank by means of its endeavours across three main activities, namely sales of Financial Instruments across assets classes (Foreign exchange, Rates and Credit), structuring of Financial Solutions across assets, and Trading of Financial instruments. A client coverage desk has been set up with the aim to increasing revenue, broaden the spectrum of products and financial solutions and grow market footprint.

Strategy Report (cont'd)

Our strategy execution journey (cont'd)

Building and solidifying customer loyalty | Technological improvements



- While SBM Bank remained dedicated to acting in its clients' best interests, it has set out to build trust through regular and transparent engagements, interactions and endeavours, based on the increasing sophistication of customer needs. Customer-centricity, being a core value, sets the standards by which the Bank prioritises decisions about touchpoints, alongside improving the convenience of solutions offered and hearing the voice of its clients through regular surveys.
- As a major focus area that reflects its growth aspirations amidst an increasingly competitive market environment, the Bank laid sustained emphasis on its gradual technological transformation, with operational efficiency improvements, reinforced business organisation and process engineering, enhanced customer value proposition and enriched channel management. Focus has been laid on digital and IT transformation to pave the way for the appropriate organisational structures, processes, tools and channels that allow the Bank to achieve its aspirations. The Bank has set out to strengthen its IT ecosystem and lay the foundations of its longer-term digital transformation journey.

Steady and prudent growth of international footprint

The Bank pursued its efforts to carefully, yet resolutely, expand its international business across segments, as a means to progressively bolster its resilience and diversify its revenue streams. By setting priorities and policies which are consistent with the Bank's strategic directions as well as its values of prudence and customer-centricity, the Bank has – following a thorough review of the economic and market environments in the jurisdictions in which it is involved – remained guided by its risk appetite and country limits. Specifically, the Bank further attended to the needs of Financial Institutions (FI). In this context, the Bank has (i) delivered steady growth in FI income, supported by increased volumes in cross-border FI & Sovereign lending, trade finance and treasury activities; (ii) expanded correspondent banking relationships and the FI client base, with a focus on sub-Saharan Africa and key global corridors; (iii) enhanced trade finance and risk participation capabilities, supporting clients' cross-border trade flows; (iv) maintained robust risk and compliance standards, while preserving strong correspondent banking partnerships; (v) reinforced SBM Bank's position as a regional bank in the trade and syndication space by actively participating in syndicated facilities with reputed international banks; and (vi) increased visibility through attendance at conferences. As for Structured and Trade Finance, the Bank actively pursued its growth endeavours across market segments, geographies and sectors, as gauged by the notable rise in its client base and its advances over the short and longer-term horizons. Towards this end, the Bank capitalised on its wide range of customer solutions and financing structures, alongside benefitting from its brand visibility and reinforced operational efficiency amidst an improvement of internal frameworks and processes. Regarding the Global Business unit, the Bank further increased its foreign currency (FCY) deposits base on the back of its business development initiatives and the reengineering of internal processes. The Bank focused on the onboarding of International Introducers while targeting key financial markets. It increased its visibility and engagement vis-à-vis Management Companies, with participation in industry events and hosting of client engagement series. Besides, business trips were organised to help in reinforcing client relationships in targeted markets.

Promoting sustainability

While ensuring alignment with the Group Sustainability Agenda, the Bank has implemented various strategic and operational initiatives that reflect its corporate responsibility and ethics, societal engagement and stakeholder management approach. The Bank has set forward to building the necessary expertise and capabilities to fulfill its roles and responsibilities as a caring organisation. In addition to initiatives aimed at achieving environmentally friendly operations, the Bank has supported its customers in their sustainable and renewable energy projects, alongside boosting business interactions with external stakeholders and institutions with a view to underpinning its growth endeavours and learning about best practices. The Bank also takes pride in the positive impacts that it brings to the community through CSR programmes and events conducted during the year, with the valued support of NGOs.



Blood Donation Events held at different branches

Innovation and digital transformation: The Bank's ongoing journey

Advancing a scalable, secure and customer-centric Bank, with focus on digitalisation

In 2025, the Bank continued to execute its digital transformation agenda, building on foundational investments made in prior periods. The Bank strengthened its competitive position through disciplined investment in customer experience, operational efficiency and technology governance, in line with its strategic priorities and robust risk management.

Transforming customer engagement through digital channels

Following its launch in December 2024, SBM Tag, the Bank's next-generation mobile banking application, entered its first full year of operation in 2025 and delivered strong adoption and usage growth. By December 2025, active mobile banking users had increased by approximately 81%, driven by enhanced functionality, intuitive design and improved service reliability. Digital engagement deepened, with monthly transaction volumes increasing by 140%, supported by a 256% increase in transaction counts. Importantly, 44% of transactions were executed using newly introduced features, demonstrating a sustained shift towards digital-first customer interactions.

Customer feedback remained consistently positive, particularly in relation to ease of use and responsiveness, reinforcing the Bank's strategic focus on delivering differentiated digital experiences.

Building a future-ready digital platform

Beyond near-term growth in digital activity, SBM Tag represents a foundational investment in the Bank's long-term digital capability. The platform has been designed as a scalable and modular ecosystem that enables the Bank to:

- Accelerate innovation, through faster deployment of new products and features
- Improve market responsiveness, while significantly reducing time-to-market for customer-centric enhancements
- Support open banking and ecosystem partnerships, via a secure integration framework aligned with international industry standards

This digital platform strengthens the Bank's ability to scale services efficiently, while maintaining high standards of security, resilience and regulatory compliance.

Driving operational excellence through Intelligent Automation

In parallel with customer-facing initiatives, the Bank continued to enhance operational efficiency through the targeted deployment of robotic process automation (RPA) across selected high-volume and risk-sensitive processes. Automation reduced manual intervention, improved processing accuracy and shortened transaction turnaround time. Further optimisation of automated workflows enabled the successful implementation of live inward remittance processing, supporting daily end-to-end transaction processing, including automated fund sighting and due diligence communications. These enhancements reduced operational risk, strengthened compliance, improved scalability and released capacity for higher-value activities such as exception management and customer engagement. Collectively, these initiatives contributed to a more efficient, resilient and cost-effective operating model.

Strategic partnerships and transformation governance

To ensure ongoing alignment with global best practices, the Bank strengthened its digital transformation governance during FY2025 through strategic partnerships. These engagements provided independent assessments of the Bank's digital and operational maturity and identified priority initiatives to modernise the technology stack, enhance efficiency and unlock new sources of value. The outcome is a clearly articulated multi-year digital transformation roadmap, underpinned by data-driven insights and aligned with the Bank's long-term strategic objectives.

Modernising the digital workplace

The Bank continued to modernise its internal operating environment through the enterprise-wide adoption of the Microsoft productivity ecosystem, including Teams, SharePoint and OneDrive. This initiative enhanced collaboration, strengthened information governance and improved delivery timelines across the IT function. More broadly, it supported the transition towards a more agile and digitally-enabled organisational culture, providing a scalable model for adoption across the wider organisation.

Strengthening cyber resilience, data sovereignty and IT governance

In response to the increasing complexity of cyber and technology risks, the Bank reinforced its focus on cyber resilience and data sovereignty, implementing enhanced controls to safeguard customer data. These measures support regulatory compliance and strengthen customer trust.

The Bank further strengthened its IT governance, while embedding robust internal controls, ensuring regulatory compliance and catering for sustainability considerations across its technology estate. To further enhance alignment with regulatory expectations, the Bank appointed a specialised consulting firm in 2025 to conduct a comprehensive review of its IT policies, standards and governance framework in line with the Bank of Mauritius Guideline on Cyber and Technology Risk Management.

The way forward

The Bank's digital transformation programme extends beyond the current reporting period and is guided by a clearly defined multi-year roadmap. Key priorities for the next phase include the continued enhancement of SBM Tag, the expansion of digital functionality and the delivery of a seamless omnichannel customer experience while upholding regulatory compliance and fostering alignment with risk management policies.

Digital onboarding and online account opening will remain strategic priorities, aimed at reducing friction, improving accessibility and supporting customer acquisition. In parallel, continued investment in internal IT capabilities will enhance agility, resilience and technology autonomy, thus positioning the Bank to sustain innovation and support long-term growth.

Strategy Report (cont'd)

Our strategy execution journey (cont'd)

Looking ahead

Over the periods ahead, the Bank aspires to pursue its growth agenda, diversify its revenue streams and strengthen its financial resilience. The Bank is committed to further cementing its leading position in the Mauritian Banking industry and IFC, backed by improved customer proximity and engagement. While analysing and adapting to the dynamic operating environment and financial landscape, the Bank is dedicated to pursuing its business objectives across all segments in a thoughtful manner.

This would allow the Bank to achieve sustained profitability growth, enhance customer loyalty and satisfaction, drive greater efficiency and adaptability in the functioning model, and optimise resource allocation, while championing an agile operating paradigm and fostering a culture of continuous learning and innovation. Alongside adhering to its fundamental principles and capitalising on intra-Group synergies, the Bank will seek to bolster its balance sheet, with an eye on leveraging opportunities in established and emerging markets offering appreciable growth opportunities.

Along with further consolidating and strengthening its foothold in the domestic markets, the Bank is intent on further broadening its sources of revenue through its unique value propositions and enhanced suites of solutions. It will gradually and carefully execute its international banking strategies on the basis of a selective market development approach, backed by bolstered capabilities and a fitting risk appetite. In support of its endeavours, the Bank will be guided by key enablers, including recruitments for key positions, stakeholder management, channel optimisation, training and capacity building, customer relationship management, marketing and communication, and automation and data analytics.

As a major growth catalyst, customer service and proximity will continue to be enhanced through additional branch renovations, innovations on the technological and digital fronts, process reengineering for optimal efficiency and continuous customer survey feedback. The Bank will remain dedicated to pursuing its digital transformation programme and constantly sharpening its capabilities, to ultimately provide a simple and safe customer journey, driven by well-calibrated investments, data management as well as expert advice and guidance. Furthermore, the Bank will keep on treating employee welfare and engagement as high priority, with various planned endeavours. The Bank will move forward to filling in important Management positions, as it further bolsters its capabilities, alongside attracting, developing and retaining key talents across different areas and functions. Importantly, the Bank will also increasingly integrate key sustainability principles across its internal operations, decision-making processes, strategy management, governance model, business development initiatives as well as its risk management framework and practices, with emphasis to be laid on adopting ESG principles.

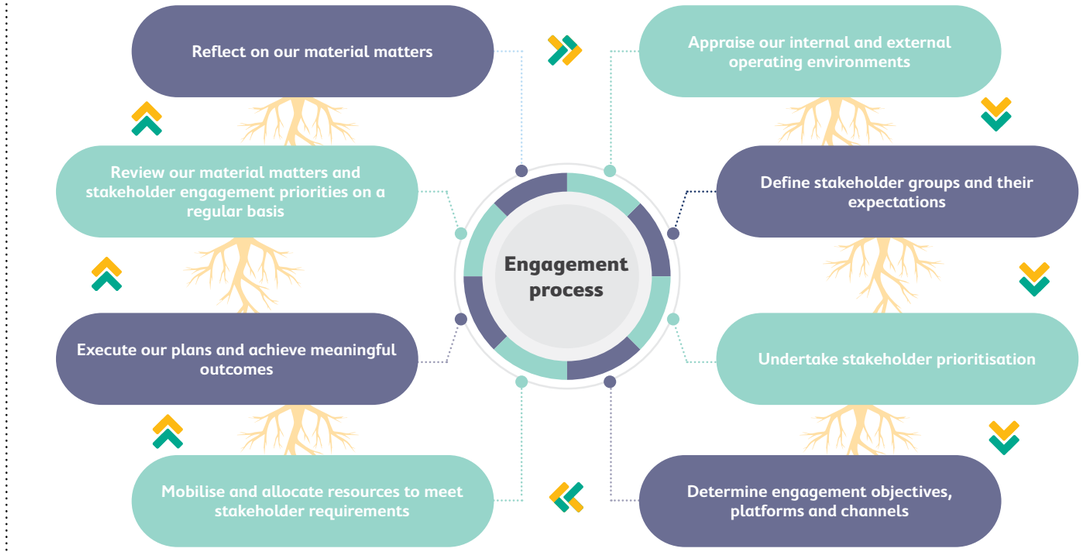
In fine, the Bank will strive to deliver sustained and meaningful value to the economy, the communities that it serves and its multiple stakeholders, while standing as a trusted financial partner.

Our stakeholder model and engagement

Our approach

Since financial institutions play a systematic role in society, our stakeholders expect that these generate value, while supporting sustainable development and growth. Basically, the Bank engages with its stakeholders to understand and respond to their expectations and concerns, thus garnering valuable insights to shape its priorities and strategies. We are continuously adapting to changing operating environments and delivering relevant solutions and tailored support to address the needs and requirements of our stakeholders. While boosting our financial numbers, we also seek to adopt behaviours and initiatives that are material for generating long-term and meaningful value.

Our engagement agenda



Strategy Report (cont'd)

Our stakeholder model and engagement (cont'd)

Our strategic value drivers

- Quality and adaptability of our stakeholder relationships
- Listening and responding to stakeholder feedback and queries
- Open and constructive dialogues with actual and potential stakeholders
- Informed and pragmatic stakeholder prioritisation and selection
- Leveraging effective communication channels and platforms
- Regular engagements, discussions and information sharing

Read more on our stakeholder engagement in the Sustainability Report on pages 125 to 147

Read more on how we manage our business operations in a sound way in the Corporate Governance Report and Risk Management Report on pages 151 to 217 and pages 221 to 277, respectively



Creating value for *our shareholder, and investor community*

Our philosophy

- We seek to optimise our relationships and synergies with the investor community, including shareholder as well as credit rating agencies, while securing the necessary resources to underpin the Bank's growth ambitions.
- We aim to deliver long-term value for our shareholder by boosting our franchise and strengthening our revenue base, while upholding solid capitalisation metrics.

Strategy Report (cont'd)

Creating value for our shareholder and investor community

Main capitals impacted

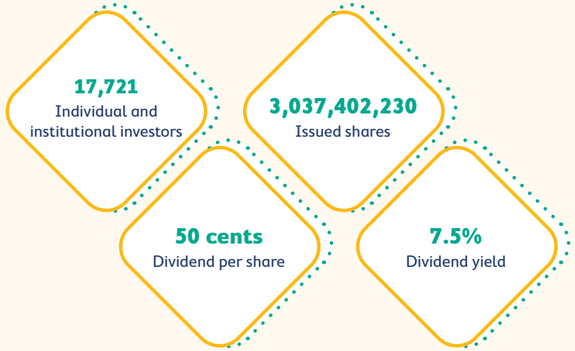


Main material matters impacted



Reference metrics

Stock position of SBM Holdings Ltd



Capital position – SBM Group Total capital: MUR 47.5 billion

SBM Bank (Mauritius) Ltd

Rating profiles

Long term deposit rating	Outlook
Ba1	Stable

Rating agency: Moody's Investors Service

The context

Key trends

- A more knowledgeable and demanding investor community
- Investors focusing on judiciously diversifying their portfolios
- Strict evaluation criteria and processes used by rating agencies
- Heightened market competition faced when seeking external funding

Opportunities and challenges

- Communicating an increasingly compelling growth narrative to current/prospective investors
- Working towards securing an investment-grade credit rating for SBM Bank (Mauritius) Ltd, which should assist the Bank in its international market diversification endeavours
- Sustaining our financial performance to propel our brand equity, while navigating a demanding investment environment and dealing with challenging economic conditions

Taking stock of stakeholder expectations

- Sound and sustained returns on investment
- Robust governance, risk management and compliance frameworks
- Adoption of ethical and responsible behaviours and business conduct
- Endorsement of purposeful sustainability agenda and initiatives
- Reliable and prompt information on the Bank's positioning and performance
- Transparent and regular stakeholder reporting and communication channels
- Access to key representatives where appropriate

Strategy Report (cont'd)

Creating value for our shareholder and investor community (cont'd)

The Bank's engagement

Frequency of dialogue and modes of engagement

- *Regular and well-timed interactions, as per stakeholder requirements*
- *Ad hoc discussions and engagements, depending on the context*

- Frequent engagement with SBM Holdings Ltd on topical matters
- Communications to shed light on Bank's financial results
- Integrated Annual Report, that highlights our positioning and performance
- Annual Meeting with Shareholder
- Regular and close interactions with credit rating agencies
- Frequent discussions with correspondent Banks and foreign investors
- Press releases and corporate announcements
- Ad hoc meetings

Key endeavours during the year under review

- SBM Bank achieving improved core earnings and profitability performance on the back of sharpened competitive edge, market development headway and capacity building initiatives
- Close and regular interactions, discussions and information sharing with Moody's Investors Service to shed comprehensive light on the financial and strategic progress of SBM Bank (Mauritius) Ltd in our attempt to restore the Bank's investment-grade credit rating status
- Initiatives to bolster the capital position and resources alongside ensuring that the capital adequacy ratios comply with set regulatory guidelines
- Pragmatic review of the Bank's strategic intents, where need be, in order to cater for the evolving operating environment as well as the resource levels and risk appetite
- Discussions with investors to demonstrate the resilience and favourable prospects of the Bank
- Participation of Senior Management in conferences and roadshows

Read more on our shareholder relations in the 'Corporate Governance Report' on pages 151 to 217

Read more in the 'Investor Relations' section on our website



Creating value for *our customers*

Our philosophy

- We help our customers achieve their financial and personal goals, thus assisting them in improving their wellbeing and underpinning their growth ambitions over time.
- We aim to create personalised, seamless and secure experiences for our customers, with focus on digitalisation, technology and reinforced capabilities.

Strategy Report (cont'd)

Creating value for our customers (cont'd)

Main capitals impacted



Main material matters impacted



Reference metrics

Channels

- **41** Branches, **4** counters
- **138** ATMs
- **5,911** POS terminals

Business Involvement

- **MUR 147,619 million** — Overall loan book
- **~ 25%** — Market share for credit to domestic economy in Mauritius

Customer service

Customer Satisfaction Index scores

- **~ 84** — Private Banking and Wealth Management
- **~ 82** — SME
- **~ 81** — Retail
- **~ 78** — Corporate

- **~ 98%** — Customer complaints resolution
- **~ 5 days** — Average complaints resolution time

Strategy Report (cont'd)

Creating value for our customers (cont'd)

The context

Key trends

- Demand for credit being influenced by challenging and volatile market conditions
- Banking operators focused on upholding financial soundness, while expanding market shares
- Strong focus laid by financial players on sustainability, to position Mauritius as a sustainable finance hub, while promoting ESG strategies
- Heightened competitive pressures from non-traditional and non-banking operators, thus highlighting, inter alia, the importance of digitalisation, innovation and business transformations

Opportunities and challenges

- Broadening range of individual, corporate and institutional customers to be served, in the wake of growing business/investment activities and the increasing sophistication of the economy
- Market and regional expansion: Mauritius' position as a regional financial hub in Africa is opening up opportunities for banks to expand into neighbouring markets
- Demand for increasingly personalised and accessible solutions by customers, thus unleashing avenues for banking operators to rethink and/or further deepen client relationships
- Ensuring robust security protocols and staying ahead of emerging cyber threats

Taking stock of stakeholder expectations

- Innovative and differentiated products and services
- Digitally-powered channels, platforms and services
- Prompt, seamless and convenient experiences
- Accessible and reliable touchpoints and channels
- Reduction in client waiting times
- Competitive and predictable pricing
- Protection from fraud and cyber-security risks
- Swift resolution of customer complaints

The Bank's engagement

Frequency of dialogue and modes of engagement

- *Everyday interactions, as per stakeholder requirements*
- *Regular undertakings to boost customer relationship management*
- *Ad hoc discussions and engagements, depending on the context*

- Engaging with stakeholders as per their requirements
- Leveraging branches and digital channels
- Implementing initiatives to strengthen customer relationship management
- Maintaining proximity to clients through frequent visits by Relationship Managers
- Visibility through marketing campaigns, notably on social media platforms
- Adopting agile working practices and streamlined decision-making processes for efficiency
- Fostering dedicated customer care and complaints management

Key endeavours during the year under review

- Renewed commitment to further refine product offerings, value propositions and digital solutions as per client demands, alongside strengthening customer proximity and loyalty
- Helping householders to prosper and businesses to establish their operations and expand by means of customised solutions and constant guidance, complemented by fair pricing
- Tailored assistance provided to individual and corporate clients facing hardships and challenges
- Enabling clients to protect and grow their wealth, while trading, investing and transacting
- Improving the financial literacy of our customers and the community through dedicated initiatives
- Renovation of branches and delivery channels, assisted by higher operational efficiency
- Continuous improvement of customer satisfaction levels, aided by improved quality of services, conduct of customer surveys and active internal discussions and synergies
- Connecting clients to national and international engines of growth, trade and innovation
- Achieving timely and effective customer complaints resolution across business segments
- Accompanying clients in their sustainability journeys, while encouraging the financing of environment-friendly projects and renewable energy undertakings, thus contributing to moves aimed at stimulating responsible business practices and activities at the national level
- Delivery of regular, detailed and transparent information on our solutions to customers by means of the press, social media as well as other reporting and communication channels

Read more on the wide range of banking and non-banking financial products and services offered by SBM Bank on our website

Strategy Report (cont'd)

Creating value for our customers (cont'd)

Customer experience as a key focus area

Strategic intents

The Bank's strategy is anchored on reinforcing responsible banking and fair customer treatment, alongside embedding service excellence across customer journeys. The Bank leverages structured quality assessments and feedback mechanisms to drive continuous improvement. It consistently strives to enhance digital experiences to reduce branch footfall and improve first-contact resolution.

Looking ahead, the Bank will continue to expand customer feedback channels across digital platforms and strengthen complaint resolution processes through advanced analytics. As an important objective, the Bank will deepen customer engagement by embedding insights into product and service design. It will drive continuous improvement through recurring quality assessments and staff training.

Functioning and operating model

At SBM Bank, the Service Excellence team comprises the First Impression team – Customer Experience team, which is responsible for first hand assistance to customers through phone, chats and emails and proactive monitoring of cards with a focus on fraud prevention. The quality assurance arm works towards assessing and evaluating customer satisfaction, thus ensuring that focus is laid on the continuous enhancement of the customer journey.

The Complaints cell manages complaints, with emphasis on root cause analysis and prompt remedial actions. In this overall endeavour, the Customer Experience team remains the central point of contact, while ensuring timely assistance and effective complaint handling in line with regulatory and service quality standards. The team's efforts have contributed to reducing branch footfall, resolving customer queries at first contact and mitigating card fraud risks through proactive card management. The team coordinates with business units and the HR division to consistently embed service excellence across all touchpoints.

Service excellence initiatives are undertaken through structured quality assessments and customer feedback mechanisms across key customer journeys. In the retail segment, surveys have been undertaken for loan and card applications, in addition to account opening journeys, complemented by recurring in-branch assessments to drive continuous improvement. Feedback capabilities have been further enhanced with the launch of post-transaction POS Customer Satisfaction Index (CSI) surveys.

Key initiatives and achievements

- Complaints handling:
  98% of customer complaints resolved, depicting effective management
- Average resolution time:
  ~5 days, demonstrating efficiency in handling customer concerns
- Customer satisfaction:
  An increase of 500 basis points in the Index over the past three years
- Fraud mitigation:
  Proactive card management contributing to reduced fraud risks
- Branch footfall:
  Reduction noted on the back of improved first-contact resolution and digital support
- Voice of the Customer:
  Collection of ~7,000 responses across multiple business lines, providing the basis, and paving the way for customer-centric improvements

The Bank's efforts to enhance customer experience through digital innovation and operational excellence were recognised severally during FY2025 by the various awards won as mentioned above.



Creating value for *our employees*

Our philosophy

- We offer a competitive employee value proposition, while supporting Bank's strategic objectives.
- We are dedicated to investing in our people and creating a supportive workplace, where people feel valued and inspired.

Main capitals impacted

- Human
- Intellectual
- Social and relationship
- Natural

Main material matters impacted

- Customer experience
- Employee wellbeing
- Diversity, equity and inclusion
- Social inclusion

Strategy Report (cont'd)

Creating value for our employees (cont'd)

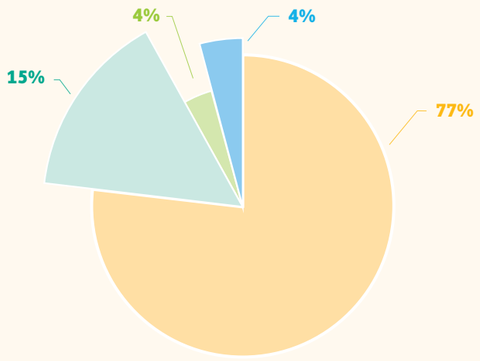
Reference metrics

1,735	~ 65%	93%	7%
Total employee count	Female employees	Employee retention rate	Employee turnover rate

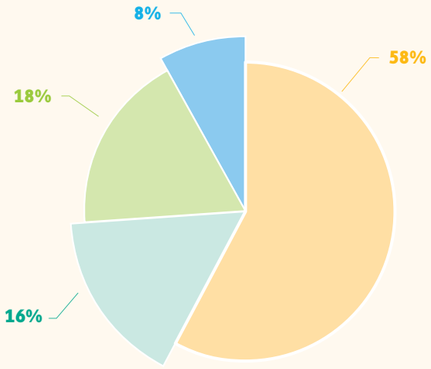
Training Profile

~ 40,324	~ MUR 22.9 million
Training hours	Training cost

No. of Hours

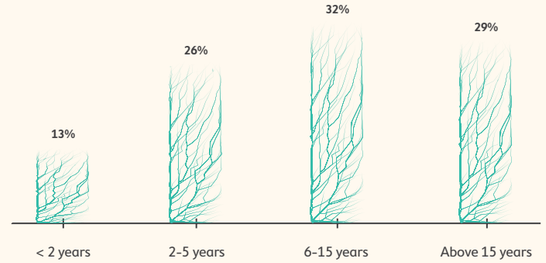


Total Cost



Operational Efficiency · Customer Service · Business Growth · Sustainability

Length of Service of the employee base



The context

Key trends

- Employees looking for flexible, agile and gratifying working conditions and environments
- Employees increasingly looking for wellbeing programmes, including mental health support and flexible work arrangements for achieving appropriate work-life balance
- People valuing a culture of diversity, equity, meritocracy and inclusion, with employees expecting to work in an organisation where they feel valued, empowered and fairly treated
- Talent development and career management being viewed as key to thrive in a fast-changing world, with employees looking for avenues to grow professionally and to develop new skills
- Heightened competition for recruitment of talents, with advent of the offshore and Fintech sectors

Opportunities and challenges

- Systematically reviewing and aligning employee remuneration, bonuses, healthcare coverage and retirement plans with industry trends, market dynamics and business growth imperatives
- Keeping a vigilant eye on the competitive environment in order to retain and nurture talents
- Ensuring that employee skills and expertise are constantly re-assessed and upgraded in view of the changing demands of the financial services sector and to cater for efficiency purposes
- Increased focus on internal talent sourcing by promoting from within and offering upskilling and reskilling programmes so as to nurture and retain in-house talents
- Promoting inclusive leadership and collaborative environments, whereby leaders focus on supporting and empowering their teams as well as promoting teamwork.
- Growing need for expertise in AML/CFT, conduct and compliance as well as cybersecurity, with regulatory expectations for the strengthened specialised training and certification
- Recognised need to strengthen leadership pipelines and succession planning at senior levels
- Strong emphasis on graduate programmes, internships and early career development to strengthen the talent pipeline

Creating value for our employees (cont'd)

Taking stock of stakeholder expectations

- Career development and continuous learning opportunities
- Competitive and equitable remuneration and benefits
- Adherence to meritocracy, fairness and transparency
- A safe, healthy and stimulating work environment
- Regular recognition and constructive feedback
- Ethical leadership and strong commitment to Corporate Social Responsibility (CSR)

The Bank's engagement

Frequency of dialogue and modes of engagement

- Everyday exchanges and communications, as per needs and exigencies
- Regular and ad hoc discussions and engagements, depending on the context

- Regular interactions with Management and HR Partners
- Training and development resources and facilities
- Gap analysis, employee development and succession planning
- Transparency and open communication
- Surveys and interactive workshops
- Performance-based reward
- Staff initiatives including wellness activities
- Cultural events

Key endeavours during the year under review

- Fostering a positive, productive and enabling work environment by equipping employees with the tools, systems and facilities required to achieve their objectives and continuously strengthen their capabilities – supported by well-defined HR policies and programmes aimed at attracting, developing and retaining top talent
- Strengthening talent management and capability building through the SBM Academy, delivering targeted training and development programmes aligned with key focus areas, including customer satisfaction, service excellence, team cohesion and leadership, strategy formulation and execution, compliance and risk mitigation and sustainability
- Embedding a high-performance culture that aligns individual and team contributions with the set strategic objectives and growth ambitions
- Offering fair, competitive and market-aligned remuneration and benefits, consistent with industry standards and internal equity principles
- Implementing a robust and transparent performance management framework to underpin rewards, recognition and career progression
- Enhancing employee engagement and empowerment, while ensuring fair and equitable treatment, strong governance and protection of the Bank's interests
- Adopting flexible working arrangements where feasible, to support employee wellbeing, safety and work-life balance
- Promoting leadership development, self-development, change management and succession planning to ensure organisational continuity and future readiness
- Upholding employee wellbeing and satisfaction through structured and recurring wellness initiatives, including health screenings, sports and cultural activities and wellbeing programmes

Striving for employee engagement, welfare and upskilling

Background

The Bank recognises that employee wellbeing, engagement and inclusion are fundamental to long-term organisational performance. In FY2025, several initiatives were implemented to support physical health, mental wellbeing, team cohesion and a positive workplace culture.

Promoting employee health and wellbeing

Employee health and wellbeing remain a key priority for the Bank, while recognising that a healthy and engaged workforce is essential for long-term organisational performance. Throughout the year, the Bank delivered a structured programme of health and wellness initiatives to support both physical and mental wellbeing.

Regular wellness activities, including Zumba, Tai Chi and Yoga, were offered to encourage active lifestyles and stress management. These were complemented by access to on-site medical and psychological support services. Preventive healthcare measures were further reinforced through seasonal flu vaccination campaigns and targeted health awareness initiatives such as Pink October, promoting early detection and informed health choices among employees. Beyond individual wellbeing, the Bank continued to foster a strong sense of connection and teamwork across the organisation. Participation in a broad range of inter-bank, national and internal sporting events provided opportunities for employees to engage beyond their day-to-day roles, strengthening collaboration, resilience and team spirit across departments and age groups. These initiatives were delivered through a structured calendar of sporting, wellness and social activities throughout the year.

Complementing these initiatives, the Bank organised various social and recognition events aimed at reinforcing organisational culture and employee engagement. Staff and family-oriented activities, end-of-year celebrations and retiree recognition ceremonies provided meaningful opportunities to acknowledge contributions, celebrate milestones and strengthen a shared sense of belonging within the organisation.

Together, these initiatives reflect the Bank's holistic approach to employee wellbeing, combining health, engagement and recognition to support a positive, inclusive and resilient workplace.

Talent management, diversity and retention

The Human Resources function continued to monitor and track key human capital performance indicators to support workforce stability and long-term capability building. In FY2025, targeted engagement and retention initiatives contributed to a strong staff retention rate of 93%. The Bank also maintained a strong focus on gender diversity and inclusion. Female employees represented approximately 65% of the total workforce, while women accounted for 34% of senior and middle management positions, underscoring their meaningful contribution to leadership, decision-making and operational performance across the organisation.

The Bank recognises that continuous learning and skills development are critical to strengthening governance, operational resilience and long-term performance. Through the SBM Academy, the Bank continued to invest in structured training programmes in 2025, thus supporting workforce development across technical, operational, leadership and sustainability-related competencies. A total of 40,324 training hours were delivered across the organisation, supported by an overall training investment of MUR 22.9 million. Training delivery was supported through a blended approach, combining internal expertise with specialised external programmes, while ensuring both scalability and access to targeted professional development.

The training portfolio covered a wide range of strategic themes aligned with evolving priorities, including ethical and compliant business practices, customer service excellence, operational efficiency, risk management and sustainability integration. Sustainability-related learning continued to gain traction through targeted sessions on climate change mitigation and adaptation as well as sustainable financing.

Striving for employee engagement, welfare and upskilling (cont'd)

Looking ahead: The approach to boosting employee engagement and productivity

As the Bank embarks on its 2026 – 2028 Strategic Plan, the role of the Human Resource Division is expected to, in an increasing manner, become a strategic enabler of sustainable growth, regulatory resilience and leadership continuity. The Mauritian banking environment is characterised by heightened regulatory expectations, increased competition for specialised talent, digital transformation pressures and growing governance scrutiny. In this context, the Bank's people strategy is called upon to be forward-looking and aligned with the expectations of the Bank of Mauritius and set internal standards.

Strategic workforce planning and leadership continuity

Over the years ahead, HR will implement a structured workforce planning framework aligned with the Bank's business growth priorities. Key initiatives will include (i) identification of critical and scarce roles; (ii) formalisation of succession planning for executive critical positions; and (iii) development of internal leadership pipelines in line with digitalisation initiatives and reduced reliance on external market profiles. The objective is to ensure leadership continuity and mitigate key-person risk, while building long-term capability.

Executive talent attraction and market competitiveness

Given the small and specialised nature of the Mauritian financial services talent pool, attracting high-calibre and rare profiles requires alignment with industry practices. The Bank will ensure competitive and transparent reward structures, alongside strengthening employer positioning to attract transformation-driven executives. This approach aims to position the Bank competitively within the domestic and regional banking markets.

Performance, accountability and culture

To support sustainable growth, the Bank needs to reinforce further the performance and accountability culture. The aim is to balance performance ambition with prudent banking principles and governance expectations.

Governance and regulatory alignment

All people frameworks will remain fully aligned with the regulatory environment. This includes (i) transparent executive compensation structures; (ii) clear documentation and governance protocols for senior appointments; (iii) risk-aware employment contract frameworks; and (iv) robust compliance with statutory and regulatory obligations. The objective is to ensure that the Bank's people practices withstand regulatory scrutiny while maintaining sufficient flexibility to compete effectively for talent.



Creating value for *societies and communities*

Our philosophy

- We contribute to achieving increasingly healthy and inclusive societies and communities, while helping to safeguard the natural environment and promote sustainable behaviours.
- We collaborate with social and public sector partners to support their efforts aimed at upholding a higher quality of life, anchored on equitable and fair opportunities to prosper.

Strategy Report (cont'd)

Creating value for societies and communities

Main capitals impacted

- Manufactured
- Intellectual
- Social and relationship
- Natural

Main material matters impacted

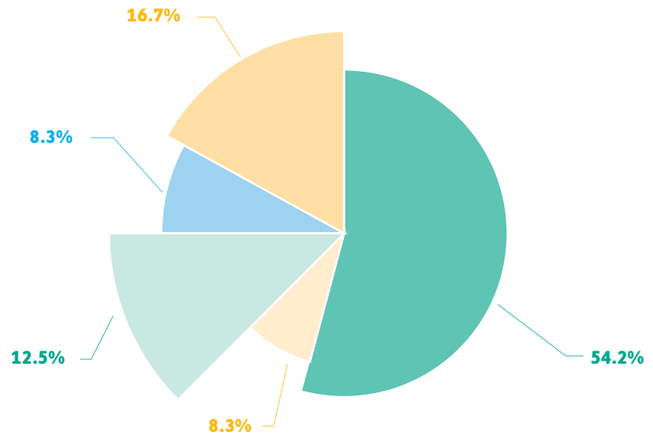
- Diversity, equity and inclusion
- Climate Consciousness
- Social inclusion

Reference metrics

MUR 22.2 million
Total amount disbursed

24
NGOs funded for specific projects

Spending by SBM Foundations on CSR projects



Strategy Report (cont'd)

Creating value for societies and communities (cont'd)

The context

Key trends

- Social and environmental welfare and progress taking centre-stage in the strategic planning, policy making and decision-making stages, as both public and private stakeholders further emphasise on the importance of achieving responsible, inclusive and environment-friendly economic growth
- As more regulations are implemented around sustainability, ethics and social responsibility, the focus remains on preparing for compliance with requirements that create value for society
- Stakeholders looking for customised and continuous Corporate Social Responsibility support, as well as the necessary flexibility to cater for their evolving needs and requirements

Opportunities and challenges

- Becoming an increasingly responsible, purposeful and sustainable organisation, with a more impactful role in propelling the socio-economic progress and success of Mauritius, alongside partaking in job creation, supporting economic pillars and helping local entrepreneurs
- Allocating ample resources to meet social and environmental needs
- Assessing and responding to mounting climate change risks
- Channeling efforts and energies on major topics of interest, including human rights, gender equity, biodiversity, poverty alleviation, education for empowerment and social mobility

Taking stock of stakeholder expectations

- Community development and social welfare objectives of the authorities
- Promotion of eco-friendly behaviours and environment sustainability
- Need for individuals and families to move up the social ladder
- Fostering cultural vibrancy, in support of more fulfilling living standards
- Empowerment of NGOs and social partners to help them fulfill their roles

The Bank's engagement

Frequency of dialogue and modes of engagement

- Systematic exchanges and connections, in line with needs conveyed
- Ongoing and ad hoc discussions and engagements

- Well-defined CSR framework, policies and programmes
- Partnerships with NGOs, suppliers and public sector entities
- Staff support to the efficient conduct of CSR activities
- Sponsorships to promote noble causes
- Consultative workshops and awareness sessions
- Coverage in the press and social media
- Regular progress reviews and monitoring

Key endeavours during the year under review

- Executing the core pillars and the key commitments of the SBM Group Sustainability Agenda
- Supporting nationwide priorities in favour of sound and inclusive growth, by means of products and services, community service as well as our own resource and supply chain management
- Implementing high-impact CSR activities to support vulnerable groups and foster social progress, while focusing on women empowerment, educational achievements and poverty alleviation, under the aegis of the SBM Foundation and backed by staff volunteering activities
- Delivering financial products and services with meaningful social and environmental impacts
- Boosting financial literacy and inclusion vis-à-vis the low-income and vulnerable groups of society and delivering dedicated products and services to specific customer groups (e.g. entrepreneurs, self-employed, SMEs and the local industry) to help them achieve their ambitions
- Supporting nationwide initiatives in favour of a low-carbon, resource-efficient and climate-compatible Mauritian economy, alongside supporting the unfolding of renewable energy projects
- Strengthening controls and policies to manage climate risks and support our customers
- Adherence to recognised standards to underpin responsible business conduct and sustainable development – SBM Bank (Mauritius) Ltd is signatory to the UN Global Compact; SBM Holdings Ltd adheres to the Diversity, Equity and Inclusion Charter, which reflects its commitment to the National Committee on Corporate Governance

Read more on our various sustainability initiatives in the Sustainability Report on pages 125 to 147



Creating value for *Government and regulators*

Our philosophy

- We aim to maintain strong, regular and transparent dialogue and discussions with the authorities and regulatory bodies to support our business agenda and strive to uphold the trustworthy functioning and resilience of the banking and financial systems.
- We, as far as possible, align our strategic intents with the national ambitions to help underpin their sound and sustained socio-economic progress.

Main capitals impacted

- Financial
- Intellectual
- Social and relationship
- Natural

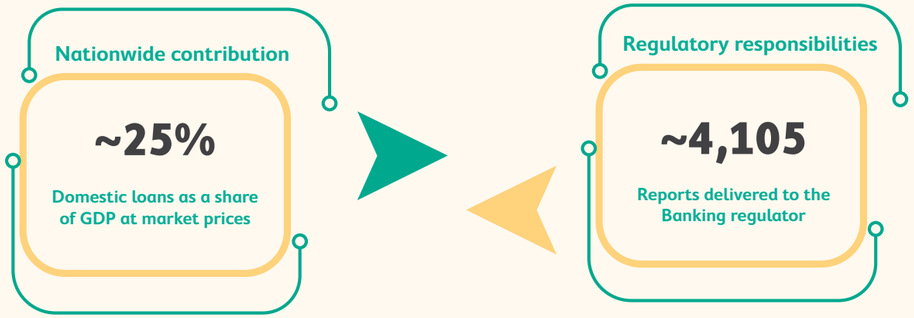
Main material matters impacted

- Economic performance
- Regulatory compliance
- Diversity, equity and inclusion
- Climate consciousness
- Social inclusion

Strategy Report (cont'd)

Creating value for Government and regulators (cont'd)

Reference metrics



The context

Key trends

- Progressive economic recovery in our country, amidst challenges
- Development of new sectors offering appealing avenues for business growth
- Increasingly demanding legal, regulatory and compliance landscapes

Opportunities and challenges

- Ongoing initiatives to spur national investment and sectorial growth
- Growth avenues linked to the development of the Mauritius IFC

Taking stock of stakeholder expectations

- Sound and sustained economic growth and prosperity
- Sustained dependability of the Mauritius IFC
- Compliance with national laws and regulatory stipulations
- Array of financial solutions to support local industries
- Healthy and competitive markets and industries
- Stable and resilient banking and financial systems
- Comfortable capital and liquidity positions
- Contribution to financial inclusion and literacy
- Participation in nationwide debates on financial sectors

The Bank's engagement

Frequency of dialogue and modes of engagement

- Frequent interactions, as per rules, stipulations and expectations
- Regular discussions, as per regulatory agenda

- Filing of returns and reports with the regulators, in line with their demands
- Trilateral and Supervisory College meetings with the Bank of Mauritius
- Visits and inspections by regulatory authorities
- Regular and ad hoc discussions with the authorities and regulators
- Participation in the working committees set by the regulatory authorities
- Discussions as member of the Mauritius Bankers Association
- Attendance to conferences and workshops

Key endeavours during the year under review

- Partaking in nationwide initiatives aimed at strengthening the socio-economic advancement of Mauritius, with emphasis on (i) financing endeavours that play a key role in boosting the performances and maturity development of the country's primary, secondary and tertiary sectors; (ii) deploying CSR initiatives in favour of social progress and community empowerment
- Helping to promote the sustained credibility, image and competitiveness of the Mauritius IFC as a gateway for facilitating and enabling trade and investment into Africa, by delivering tailored solutions to key business players and investment operators
- Accompanying the business community and public sectors in their restructuring and growth-inducing initiatives as they seek to adjust to a volatile and demanding operating environment
- Underpinning the perennity, soundness and resilience of the Bank's operations by ensuring that it is well-equipped to submit regulatory reports in a timely manner and effectively responds to regulatory rules and guidelines, while ensuring compliance with applicable norms and standards
- Establishment of operational and business-related policies and processes as well as governance and risk management frameworks, as advocated by the authorities and regulatory bodies
- Engaging in regular conversations with the authorities and regulators on a broad range of topics; discussing on policies and regulations that are likely to have non-negligible impacts on our functioning and operations, with a view, notably, to (i) understanding the implications thereof, alongside ensuring that the interests of our customers are safeguarded; and (ii) contributing to the reinforcement of the legal and regulatory landscapes in support of healthy financial sectors
- Propelling thought leadership, especially through interviews, social media posts and the Group's flagship publication, SBM Insights, which delves into economic analyses and outlooks

Read more on our controls and frameworks to abide by legal and regulatory stipulations in the Risk Management Report on pages 221 to 277

Strategy Report (cont'd)

Creating value for Government and regulators (cont'd)

Complying with regulatory stipulations and advocated standards

Approach and objectives

The Bank is committed to conducting its operations with the highest level of integrity by complying to relevant laws and regulations, guidelines and contractual obligations. The Bank adopts a robust risk mitigation and control strategy to safeguard its assets and reputation. It operates under the Three Lines of Defence Model:

- First Line of Defence – Lines of Business (LOBs), responsible for identifying and managing risks in their day-to-day operations
- Second Line of Defence – Compliance and Risk functions, responsible for oversight, guidance and monitoring
- Third Line of Defence – Internal Audit, providing independent assurance on the effectiveness of governance, risk management and controls

The Board of the Bank ensures that an appropriate control framework is in place to mitigate the inherent risks to which a systemic Bank such as SBM Bank is continuously exposed. A sound governance structure has been established to ensure the effective functioning of the Three Lines of Defence model.

Governance

Strong governance remains at the core of SBM Bank's control environment. Responsibilities are clearly assigned to various internal committees to ensure accountability and effective oversight. The Bank promotes avoidance of conflicts of interest, adoption of anti-bribery and anti-corruption practices, and independence of the second and third lines of defence. The Bank adheres to regulatory requirements, including the Bank of Mauritius Guideline on Corporate Governance and the National Code of Corporate Governance (2016). It has established clear reporting pathways to ensure proper governance, including timely disclosures under the Whistleblowing Policy and other reporting mechanisms. It also adopts key policies such as the Equal Opportunity Policy to reinforce ethical conduct and responsible business practices.

Compliance Function

The Compliance Function of the Bank serves as the Second Line of Defence and plays a pivotal role in ensuring SBM Bank's sustainability and reputation. Its mandate is to manage compliance risk, defined as the risk of legal or regulatory sanctions, financial loss or reputational damage arising from failure to comply with applicable laws, regulations, codes of conduct and standards of good practice. The function provides for the following: (i) advisory support to internal stakeholders on compliance-related matters; (ii) monitoring and assessment of compliance risks; (iii) independent reviews (health checks) of the effectiveness of risk mitigation controls; (iv) ongoing tracking of regulatory and legal developments; and (v) timely dissemination of regulatory updates across the Bank. The function continuously evolves to align with the Bank's strategic objectives.

Capacity building, training and automation

Automation remains a strategic priority to enhance the mitigation of compliance risks. Key risks, particularly Money Laundering, Terrorism Financing and Proliferation Financing (ML/TF/PF) and sanctions risks, are mitigated through the deployment of automated tools. The Bank continues to explore additional automation opportunities to reduce operational and people-related risks in compliance processes. Given evolving market dynamics and increasingly sophisticated methods used by criminals to circumvent controls, continuous training is essential. The Bank invests in regular training initiatives to strengthen employees' capabilities in identifying, assessing and managing emerging risks.

Engagement with regulators and the authorities

The Bank maintains strong collaboration with regulators, enforcement agencies and statutory bodies. It actively supports both onsite and offsite supervisory engagements and ensures full compliance with regulatory expectations and statutory obligations.

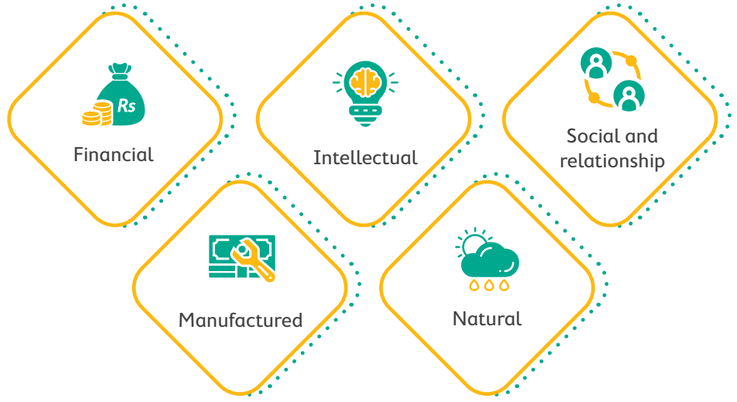


Creating value for *suppliers and strategic partners*

Our philosophy

- We carefully engage with suppliers and partners when undertaking our business activities.
- We ensure that constructive relationships are maintained with suppliers and partners, while providing fair and reasonable contract terms and engaging in responsible procurement practices.

Main capitals impacted



Main material matters impacted



Strategy Report (cont'd)

Creating value for suppliers and strategic partners (cont'd)

The context

Taking stock of stakeholder expectations

- Fair, reasonable contract terms and ethical practices
- Timely payment and renewal of contract

The Bank's engagement

Frequency of dialogue and modes of engagement

- Frequency of interactions depending on projects and undertakings unfolding
- Ad hoc engagements, in line with strategic objectives and internal policies

- Expression of interest
- Expression of interest
- Procurement process
- Contract management and renewal
- Meetings and working sessions
- Incident handling and escalation

Key endeavours during the year under review

- Maintaining fair and responsible procurement practices and aligning with best standards
- Monitoring approval limits with a view to exercising appropriate control and governance
- Maintaining debriefs with regard to tenders to align expectations and provide fair practices to all bid participants


ROOTED
IN WHAT
MATTERS
MOST

Sustainability Report

This section caters for the articulation and execution of the SBM Sustainability Agenda, with emphasis on the governance and operating model as well as key achievements



Sustainability Report

Introduction

Our origins

The Bank was established with a clear goal of broadening access to banking services across Mauritius, ensuring that individuals and businesses, irrespective of wealth or background, could participate in the formal financial system. Since its creation, the Bank has pursued a philosophy of supporting communities while fostering sustainable business growth, embedding financial inclusion, responsible growth and long-term value creation at the core of its strategy. Building on this legacy, and through the SBM Group Sustainability Agenda, the Bank continues to advance its journey by ensuring that sustainability considerations are systematically integrated into its business strategy, governance and operations, and aligned with financial performance, environmental stewardship and social impact.

Our vision

Sustainability is an integral part of our broader strategy and is central to our long-term success. Sustainability shapes the way we operate and create stakeholder value. As a financial institution, we recognise the critical role we play in enabling economic resilience and addressing global challenges such as climate change, social inequality and biodiversity loss.

Our guiding principles

The Bank approaches sustainability as an integral part of how it conducts its business, recognising that its activities have direct and indirect economic, social and environmental implications. Rather than treating sustainability as a standalone consideration, the Bank seeks to balance performance, responsibility and resilience in its decision-making, ensuring that value creation is achieved in a manner that is sustainable over the long term.

This approach has supported the development of a diversified and resilient institution, anchored in strong governance, accountability and ethical conduct. In parallel, the Bank continues to strengthen its operational practices by encouraging more efficient use of resources, reducing its environmental footprint and embedding environmental considerations into everyday activities, in line with its broader sustainability ambitions.

Our specific commitments

Through our alignment with sustainability principles and our prioritised UN Sustainable Development Goals (SDGs), we seek to accelerate our socio-economic impact, create long-term value and ensure that our operations foster an interconnected, inclusive, and resilient future for everyone.

While this is a journey, we strive to embed sustainability in our decision-making structures, business agenda, strategic planning processes, risk management framework and operational paradigms. We thus seek to ensure that growth is responsible, ethical and aligned with the evolving needs of the communities we serve. Towards these ends, we work with industry players and strategic partners, as we aim to be part of an ecosystem where our actions deliver meaningful impact. This implies an informed appraisal and management of sustainability risks and opportunities.

Along with being guided by economic priorities set by the authorities and business development ambitions of private sector operators, the Bank aims to contribute to the low-carbon transition, through its client engagements and financing products. As a systemically important organisation, we acknowledge the urgency of key national and socio-economic dynamics such as climate change. We remain committed to working with our stakeholders in supporting the energy transition, advancing solutions to climate challenges and helping to build a climate-resilient future for everyone. In the same vein, we embed the identification, assessment, monitoring, management and reporting of climate risks in our risk management frameworks and policies, to underpin a healthy growth path. While achieving our sustainability objectives, we are, at the same time, exploring new business growth avenues, boosting our market credentials and generating a more resilient financial future.

Governance Framework

Enabling foundations and mechanisms

The Bank's activities are supported by established governance structures and a strong culture of ethical business conduct. Its corporate governance framework ensures transparent oversight and accountability, while embedding sustainability considerations into decision-making processes across the organisation. While governance continues to evolve in response to emerging expectations, the Bank has in place a structured operating model that provides clear oversight, strategic direction and alignment of sustainability priorities across business lines and functions.

The Bank continuously strengthens its governance arrangements, policies and procedures to promote responsible conduct, transparency and ethical practices. A central element of this framework is the Corporate Governance & Sustainability Committee, which oversees the implementation of sustainability initiatives, monitors ESG-related matters and supports alignment with regulatory and strategic requirements. In parallel, targeted training and awareness sessions were delivered to Senior Management and relevant teams to enhance understanding of sustainability-related risks and opportunities, complemented by participation in industry forums and conferences. Together, these measures support informed governance, responsible banking practices and the Bank's long-term value creation objectives.

Group Sustainability Forum

The Group Sustainability Forum is a Functional Forum chaired by the Group Chief Strategy Officer (CSO) and also in charge of Group sustainability management. It comprises members overseeing sustainability in their respective operating entities. The primary objectives of the Forum are to (i) ensure alignment and a consistent approach to the execution of the Group Sustainability Agenda; and (ii) promote regular dialogue with stakeholders on sustainability and Environment, Social and Governance (ESG) matters. The Forum assists the Corporate Governance, Conduct Review & Sustainability Committee – a sub-committee of the Board of SBM Holdings Ltd – in discharging its duties relating to the implementation of the Group Sustainability Agenda and the related strategies. It has an important role to play as regard information sharing and encouraging constructive discussions for the ultimate benefit and progress of the operating entities and SBM Holdings Ltd.

Corporate Governance and Sustainability Committee

Amongst its core functions, the Committee oversees the implementation of the Bank's Sustainability Agenda as approved by the Board, while receiving regular updates and reports from Management and the Strategy team on the Bank's performance against the sustainability agenda and targets. Besides, the Committee ensures that both itself and the Board are kept apprised of any regulatory changes in relation to sustainability which may impact the business of the Bank and its Sustainability Agenda.

Sustainability Report (cont'd)

Articulation of our Sustainability Agenda

The SBM Group Sustainability Agenda continues to serve as the overarching framework guiding the Bank's sustainability priorities and actions. Building on its adoption in previous years, the Agenda provides a consistent structure through which sustainability considerations are embedded across business strategy, governance arrangements and day-to-day operations. It is organised around three core pillars — Sustainable Business, Responsible Organisation and Inclusive Communities — and aligned with six UN Sustainable Development Goals (SDGs) that frame the Bank's approach to sustainable value creation.

During FY2025, the focus was on deepening the implementation of the Sustainability Agenda and strengthening its integration within core business activities. This involved consolidating the Bank's position in the sustainable finance market, reinforcing partnerships with Development Finance Institutions (DFIs) to support climate mitigation and adaptation projects, and progressively integrating environmental and social considerations into credit assessment and investment decision-making processes.

In line with established regulatory expectations, the Bank continued to apply the Bank of Mauritius Guideline on Climate-related and Environmental Financial Risk Management, reinforcing the integration of climate risk considerations within policies, procedures and portfolio assessments, and supporting long-term financial resilience.

Beyond financing activities, the Sustainability Agenda also focused on initiatives to strengthen social impact and operational responsibility. Throughout the year, the Bank continued to promote financial inclusion, education and empowerment. These efforts were supported by established governance mechanisms, including the Corporate Governance & Sustainability Committee, which oversees sustainability priorities, monitors progress against key indicators and ensures alignment with the Bank's broader strategic objectives.

Looking ahead, the Bank remains focused on consolidating and further operationalising its Sustainability Agenda, ensuring that sustainability continues to be embedded in decision-making and performance management. Supported by a workforce of 1,735 employees, the Bank is committed to advancing responsible business practices, contributing to a more resilient and inclusive financial system, and supporting Mauritius' long-term development while safeguarding the interests of future generations.

Our pillars and commitments

The Group Sustainability Agenda reflects its mission, core values and deep-rooted philosophy of driving positive impact for society and the economy. This agenda guides all entities of the Group towards responsible business practices, sustainable finance and inclusive growth.

At the Bank level, these commitments are embedded across all operations, governance structures and financial products. By integrating sustainability into lending decisions, fostering financial inclusion and supporting climate-driven programmes, the Bank ensures that sustainability remains at the core of its business strategy and stakeholder engagement efforts.

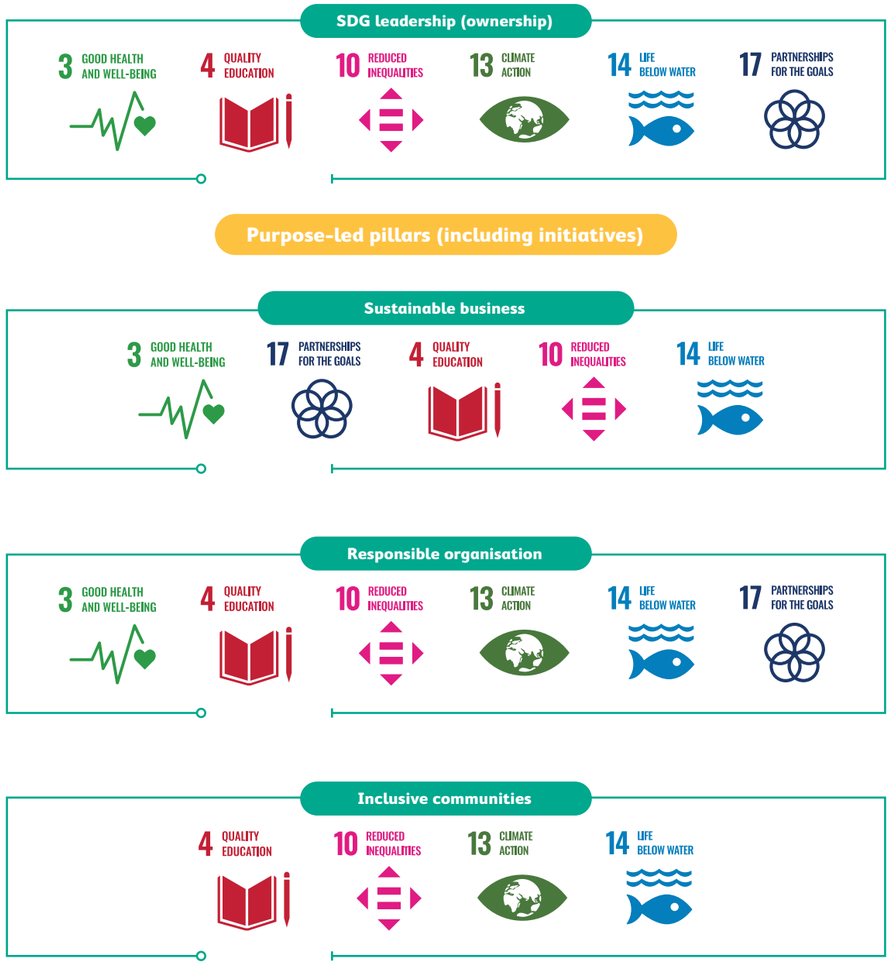






Sustainability Report (cont'd)

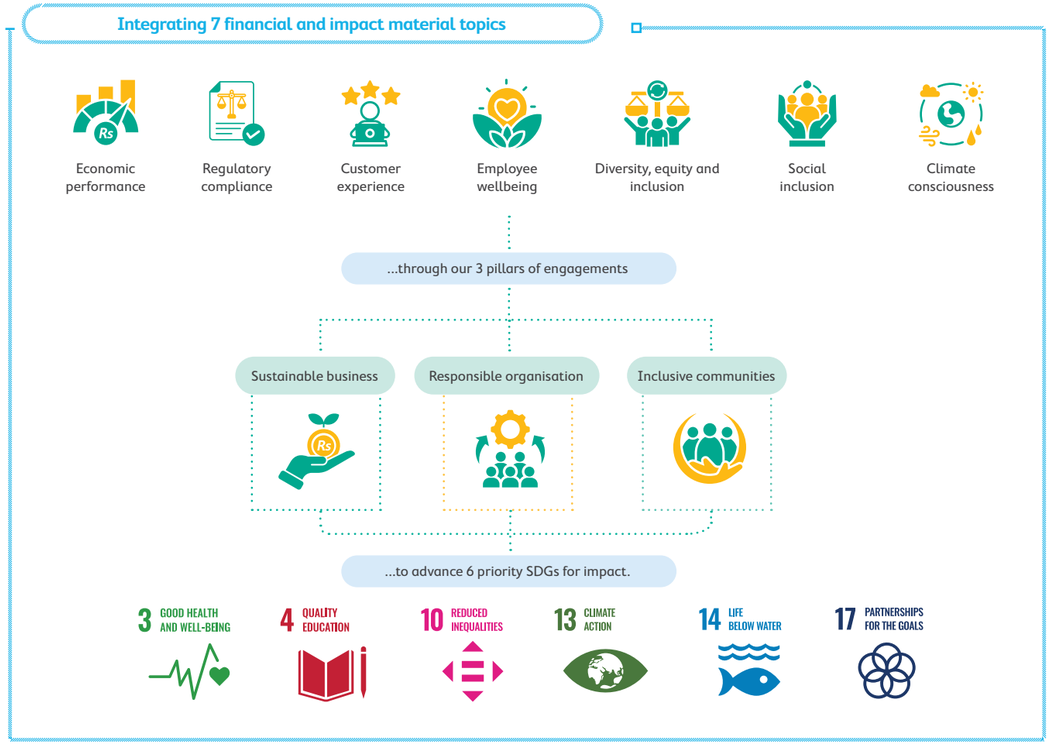




Sustainability Report (cont'd)

Material matters

The strategic business model of the Bank is structured to address key areas of influence through its Material Matters, which play a fundamental role in shaping its corporate sustainability approach. These Material Matters have been meticulously identified through stakeholder engagement, regulatory assessments and global sustainability trends, ensuring that the Bank's sustainability efforts remain relevant, impactful and future-focused.



These material topics serve as a guiding framework, shaping our sustainability commitments across our pillars of engagement (Sustainable Business, Responsible Organisation and Inclusive Communities). To ensure strategic clarity, we aligned each material topic with our three pillars of engagement, as outlined in the illustration below. By embedding these material topics into our sustainability pillars, we ensure a direct link between stakeholder priorities and strategic action, reinforcing our role as a financial enabler of inclusive, resilient and responsible markets.

During FY2025, the Bank made headway in addressing its material matters, with dedicated initiatives across entities, as depicted throughout this Integrated Annual Report.

These Material Matters cascade across all business units, ensuring that sustainability is embedded into the Bank's credit policies, investment framework, corporate governance mechanisms and operational strategies. The determination of these Material Matters is continuously reassessed through stakeholder engagement, workshops, industry benchmarking and internal evaluations, ensuring that they remain aligned with emerging sustainability risks and global best practices.

Adherence to international norms and standards

Commitment to the Diversity, Equity and Inclusion (DEI) charter

In 2023, the SBM Group endorsed the DEI Charter, championed by the National Committee on Corporate Governance (NCCG). This commitment underscores the ongoing efforts to assess and enhance diversity, equity, and inclusion across all levels of the Group. The accompanying commitments and reporting metrics are primarily adhered to by the Bank, reinforcing a structured approach to tracking progress. By implementing the DEI Charter, the Bank not only aligns with evolving societal expectations but also strengthens its ability to serve a diverse customer base, foster innovation, attract top-tier talent, and ensure regulatory compliance.

The Bank's alignment with the United Nations Global Compact (UNGC)

Following its adherence to the UNGC, the Bank continues to strengthen the integration of the UNGC's Ten Principles across its governance framework, business strategy and day-to-day operations. Building on the successful completion of its first Communication on Progress in June 2024, the Bank's FY2025 reporting reflects a transition from commitment to implementation, with sustainability principles increasingly embedded across decision-making processes and stakeholder engagement.

Throughout the year, the Bank maintained an inclusive and transparent approach to sustainability governance, ensuring that relevant stakeholders were engaged in advancing responsible business practices aligned with the UNGC. This ongoing commitment supports the Bank's broader sustainability agenda and reinforces its role in promoting ethical conduct, environmental stewardship and social responsibility within the financial sector.

By embedding the UNGC principles into its corporate strategy and operational frameworks, the Bank continues to:

- Promote ethical labour practices, diversity and inclusion across its workforce.
- Strengthen environmental stewardship through sustainable and green financing solutions.
- Enhance transparency, accountability and anti-corruption measures within its governance structures.
- Uphold and respect human rights by fostering fair, responsible and constructive stakeholder relationships.

As a UNGC signatory, the Bank remains committed to upholding internationally recognised sustainability standards and contributing to positive economic, social and environmental outcomes. This commitment underpins the Bank's long-term value creation strategy and supports its objective of building a resilient, responsible and future-ready financial institution.

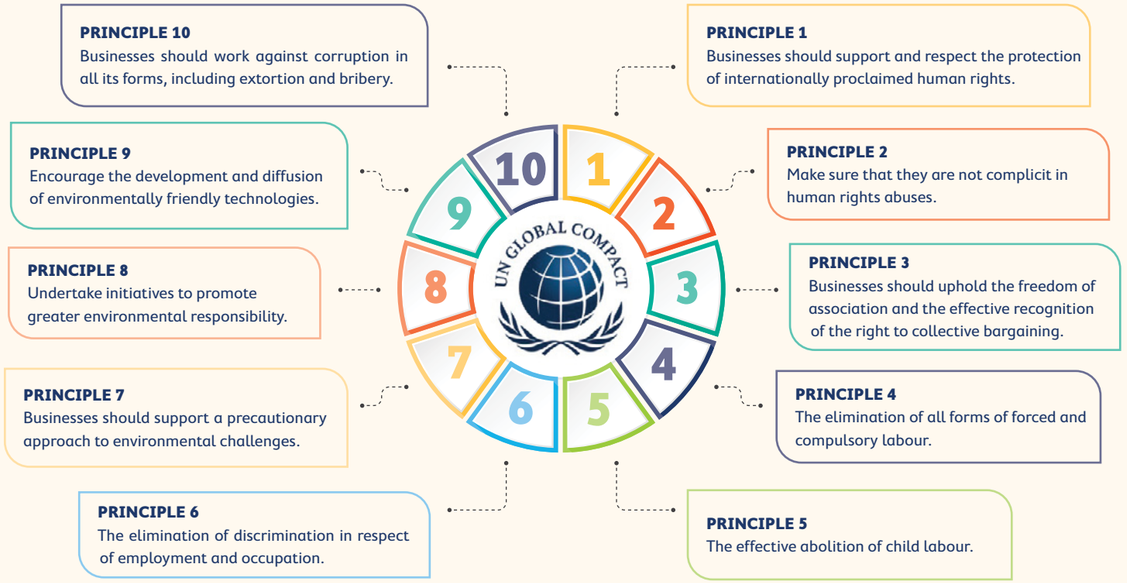
Understanding the United Nations Global Compact

The UNGC is the world's largest corporate sustainability initiative, calling on businesses to align their strategies and operations with ten universal principles covering human rights, labour, environment and anti-corruption. Launched in 2000, the UNGC provides a framework for responsible business practices, helping organisations integrate sustainability into their core operations while contributing to the broader United Nations Sustainable Development Goals.

Sustainability Report (cont'd)

The Ten Principles of the United Nations Global Compact

The Ten Principles of the UNGC serve as the foundation for ethical and sustainable business practices:



Stakeholder engagement

Engagement with stakeholders is essential to the Bank's sustainability journey. By maintaining open and constructive dialogue with stakeholders who are impacted by, or have an interest in, the Bank's activities, the Bank seeks to better understand expectations, emerging risks and opportunities, and areas where it can create shared value.

Through a structured and well-calibrated stakeholder engagement approach, the Bank builds long-term relationships that guide decision-making, support responsible business growth and contribute to the achievement of its sustainability objectives and broader development goals.



Launch of SBM Amigos "One Account, One Tree" initiative with Forestry Services of Mauritius



Launch of Endemic Gardens within Bank premises in partnership with Forestry Services of Mauritius



SBM Blood Drives across branches over the island



Sustainability Report (cont'd)

Overview of specific initiatives

Initiatives aligned with pillar 1: Sustainable business

Delivering a seamless, intuitive and customer-centric experience remains a strategic priority for the Bank. During FY2025, significant progress was achieved through continued investment in digital channels, service quality enhancements and cross-functional collaboration, reinforcing the Bank's commitment to placing customers at the heart of its operations.

Strengthening digital customer journeys

In line with its digital transformation agenda, the Bank continued to enhance customer journeys through the rollout and adoption of SBM Tag, its next-generation mobile banking application. During FY2025, the Bank initiated the phased retirement of its previous mobile banking application, ensuring a smooth transition for customers towards a more secure, user-friendly and feature-rich digital platform.

SBM Tag offers customers an intuitive interface, enhanced security features and improved performance for everyday banking needs. To support adoption, the Bank implemented internal awareness campaigns and customer support mechanisms, ensuring accessibility and continuity of service across all customer segments.

In parallel, the Bank introduced the Term Deposit e-Advice, enabling customers registered for e-Statements to receive their term deposit advice electronically. This initiative reduced reliance on printed documentation, accelerated service delivery and minimised issues related to delayed or lost postal communications, while also supporting the Bank's broader sustainability objectives.

Sustainable Finance

Our strategy and approach

Sustainable finance is a core component of the Bank's business strategy and reflects its commitment to supporting long-term economic development while generating positive environmental and social outcomes. Through its sustainable finance activities, the Bank supports projects and initiatives that contribute to climate action, environmental protection, financial inclusion and inclusive economic growth.

During FY2025, the Bank's sustainable finance activities focused on two complementary dimensions:

- Inclusive and socially responsible financing, aimed at improving access to finance and supporting underserved segments of the economy.
- Climate and environmental financing, aimed at supporting the transition towards a low-carbon and climate-resilient economy.

This balanced approach ensures that sustainability considerations are embedded across both the Bank's social impact objectives and its climate and environmental priorities.

Inclusive and socially responsible financing

Building on the momentum generated by the launch of the Bright-HER Scheme in 2024, the Bank further strengthened its support to women-led enterprises during Financial Year 2025. The initiative continues to play a key role in promoting financial inclusion by providing women entrepreneurs with access to tailored financing solutions across various economic sectors.

Through this initiative, the Bank strengthens its responsible lending approach and credit practices, while contributing to inclusive economic growth and Mauritius' broader sustainable development agenda.

Climate and environmental financing

The Bank's climate and environmental financing activities support investments that contribute to both emission reduction and enhanced resilience to the physical impacts of climate change.

Climate mitigation financing

Climate mitigation financing refers to financial support provided to projects and initiatives that aim to reduce greenhouse gas emissions and accelerate the transition towards a low-carbon economy. Such activities include:

- Renewable energy
  - Solar photovoltaic (PV) installations and other renewable energy solutions supporting the decarbonisation of the energy mix.
- Clean Transportation
  - Financing initiatives supporting the transition towards electric vehicles and low-emission transport solutions.

Climate adaptation financing

Climate adaptation financing refers to financial support for projects designed to enhance resilience to the physical impacts of climate change, including increased frequency and severity of extreme weather events. Adaptation financing may cover a broad range of resilience-building initiatives, including:

- Flood and stormwater management infrastructure
  - Drainage systems, canals and stormwater management works aimed at mitigating flooding and extreme rainfall impacts
- Resilient water and wastewater infrastructure
  - Water supply, sewerage and wastewater networks supporting service continuity, environmental protection and public health
- Climate-resilient urban infrastructure
  - Infrastructure works designed to improve slope stability, erosion control and resilience of the built environment to climate-related hazards

Sectoral alignment of sustainable finance activities

In practice, the Bank's sustainable finance activities often span multiple objectives and sectors. Climate and environmental financing initiatives are frequently delivered through projects in key economic sectors that contribute to environmental stewardship, resource efficiency and social resilience, in line with national development priorities such as:

- Agriculture and agri-business

  The Bank supports agricultural and agri-business activities that promote productivity, resilience and responsible land and resource use, thus enhancing food security, supporting the long-term sustainability of the agricultural sector.
- Environmental infrastructure and resource management

  Financing activities also support projects with water management, waste and wastewater services, and infrastructure improvements that contribute to environmental protection, public health and more efficient use of natural resources.

Long-standing commitment to sustainable finance

Our involvement and progress

The Bank's engagement in sustainable finance is underpinned by a long-standing commitment to green financing initiatives. The Bank was the first bank in Mauritius to sign the SUNREF I programme in 2009 and reaffirmed its leadership through participation in the SUNREF III programme, supported by Agence Française de Développement (AFD) and the European Union, to finance renewable energy and sustainability projects.

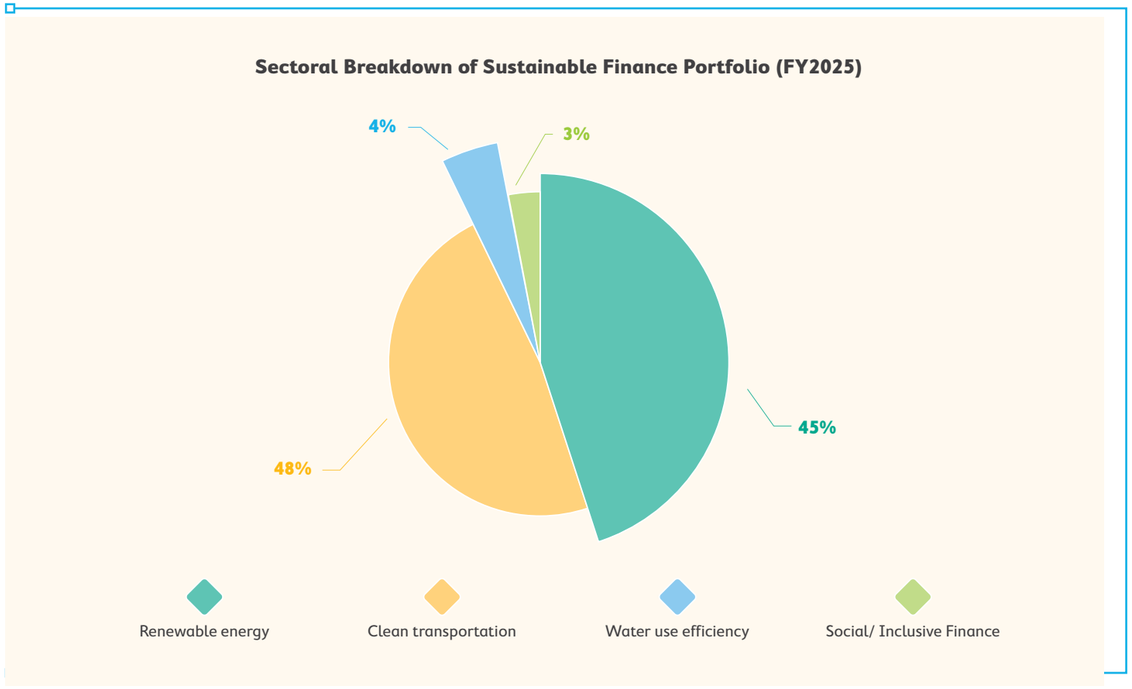
Building on this legacy, the Bank further strengthened its sustainable finance offering with the signature of a EUR 45 million Green Line of Credit with Agence Française de Développement (AFD) on 25 April 2025, dedicated to financing climate mitigation and adaptation projects. The first drawdown was successfully completed in November 2025, marking an important milestone in the operationalisation of the facility.

Sustainability Report (cont'd)

Initiatives aligned with pillar 1: Sustainable business (cont'd)

Sustainable finance performance — FY2025

During FY2025, the Bank supported a diverse portfolio of sustainable finance projects contributing to greenhouse gas emissions reduction, enhanced climate resilience and improved environmental performance, in line with Mauritius' sustainable development objectives.



Within this portfolio, retail sustainable finance activity was driven primarily by climate mitigation solutions offered through the Bank's Eco-Loan and Eco-Auto Lease products. Eco-Loans supported investments in energy-efficient solutions, while Eco-Auto Lease facilities facilitated the adoption of electric and hybrid vehicles, reflecting sustained customer demand for low-emission mobility solutions and the Bank's continued role in advancing greener consumer financing.

Climate adaptation financing activities were primarily concentrated on water use efficiency initiatives, supporting responsible resource management and strengthening long-term resilience to climate-related water stress.

Initiatives aligned with pillar 2: Responsible organisation

The Bank is committed to upholding strong governance, ethical business practices and environmental responsibility, while fostering a diverse, healthy and inclusive work environment. By integrating sustainability considerations into corporate decision-making, risk management and workforce development, the Bank ensures that it operates in a manner that is both financially sound and socially responsible.

Ethics, trust and transparency

Ethical conduct, regulatory compliance and transparency form the foundation of the Bank's Responsible Organisation pillar. The Bank operates with high standards of corporate governance, ensuring accountability across all levels and maintaining trust with regulators, customers and other stakeholders.

The compliance function remains closely aligned with developments in the financial services landscape, including the emergence of new legal and regulatory obligations at both local and cross-border levels. Compliance activities operate under a well-established and tested framework that enables the identification, tracking and implementation of regulatory and counterparty requirements. This framework is supported by the continuous enhancement of internal processes, service level agreements (SLAs), policies, targeted training programmes and regular engagement sessions across the organisation.

During FY2025, all relevant legal, regulatory and counterparty obligations applicable to the Bank were successfully implemented and adhered to. These efforts supported the Bank's licence to operate, reinforced sound governance practices and ensured continued alignment with regulatory expectations and ethical standards.

Employee wellbeing, engagement and talent management

The Bank recognises that employee wellbeing, engagement and inclusion are fundamental to long-term organisational performance. During FY2025, a range of initiatives were implemented to support physical health, mental wellbeing, team cohesion and a positive workplace culture.

Promoting employee health and wellbeing

Employee health and wellbeing remain a key priority for the Bank, recognising that a healthy, engaged workforce is essential to long-term organisational performance. Throughout the year, the Bank delivered a structured programme of health and wellness initiatives designed to support both physical and mental wellbeing.

Regular wellness activities, including Zumba, Tai Chi and Yoga, were offered to encourage active lifestyles and stress management. These were complemented by access to on-site medical and psychological support services. Preventive healthcare measures were further reinforced through seasonal flu vaccination campaigns and targeted health awareness initiatives such as Pink October, promoting early detection and informed health choices among employees.

Beyond individual wellbeing, the Bank continued to foster a strong sense of connection and teamwork across the organisation. Participation in a broad range of inter-bank, national and internal sporting events provided opportunities for employees to engage beyond their day-to-day roles, strengthening collaboration, resilience and team spirit across departments and age groups.

Sustainability Report (cont'd)

Initiatives aligned with pillar 2: Responsible organisation (cont'd)

These initiatives were delivered through a structured calendar of sporting, wellness and social activities throughout the year, including the following:

Sports Events	Welfare Initiatives
FMSC Futsal Tournament 2025 (Men)	Zumba and Tai chi
FMSC Badminton Championships 2025	Company psychologist & doctor
FMSC Football League Championship 2025	Yoga
FMSC Omnisports 2025	Inoculation against seasonal flu
FMSC Volleyball Super Cup Championship 2025	Pink October
SBM staff & MCB staff Football Match	Kids' Party
Mauritius Finance Annual Sports Days 2025	Staff End-of-Year Party
FMSC Football 7 ASIDE Veteran (Men) 2025	Retirees Awards Ceremony 2025
Standard Chartered Cup 2025	SBM Staff Christmas Decorations Award 2025

Strengthening sustainability governance and internal capacity

Throughout the year under review, the Bank continued to strengthen internal sustainability governance and capacity across its operations. Sustainability and sustainable finance training programmes were delivered across branches and lines of business, focusing on building awareness and practical understanding of climate-related risks, sustainable lending principles and other ESG considerations.

As a result, over 75 staff were trained on sustainability and sustainable finance topics during the year, supporting more informed decision-making and consistent application of sustainability principles across business activities.

The Bank also participated in several sustainability-focused external conferences and capacity-building programmes, including AFD-led conferences and training sessions. These engagements enhanced internal expertise and facilitated knowledge-sharing on international best practices in sustainable finance and climate risk management.

Training and capability building

The Bank recognises that continuous learning and skills development are critical to strengthening governance, operational resilience and long-term sustainability performance. Through SBM Academy, the Bank continued to invest in structured training programmes during FY2025, supporting workforce development across technical, operational, leadership and sustainability-related competencies.

The Bank's training portfolio covered a wide range of strategic themes aligned with its evolving priorities, including ethical and compliant business practices, customer service excellence, operational efficiency, risk management and sustainability integration. Sustainability-related learning continued to gain traction through targeted sessions on climate change mitigation and adaptation as well as sustainable financing.

Overall, FY2025 reflects a renewed strengthening of training delivery and investment, reinforcing the Bank's continued commitment to workforce development and institutional capacity building.

Promoting an inclusive, ethical and responsible workplace

During FY2025, the Bank continued to reinforce a culture of responsibility and sustainability through internal awareness initiatives, including communications aligned with Earth Day and World Environment Day. These initiatives contributed to strengthening environmental consciousness and encouraging responsible behaviour across the organisation.

In parallel, the Bank continued to promote ethical conduct, transparency and inclusivity through internal engagement and capacity-building initiatives aligned with corporate governance and DEI objectives. These efforts contribute to fostering a workplace culture grounded in accountability, continuous learning and shared responsibility.

Managing the Bank's environmental footprint

The establishment of a structured approach to monitoring electricity and water consumption represents an important milestone in strengthening internal environmental accountability. Going forward, the Bank is reviewing and enhancing its internal processes, systems and governance arrangements for environmental data management, with the objective of establishing reliable baselines and supporting the identification of efficiency opportunities and resource reduction initiatives over time. This approach reflects the Bank's commitment to progressively integrating environmental considerations into its day-to-day operations and decision-making processes.

Embedding environmental responsibility into everyday banking: One Account, One Tree initiative

As part of its commitment to responsible business practices, the Bank strengthened its sustainable client value proposition with the launch of the "One Account, One Tree" initiative in September 2025, linked to newborn SBM Amigos account opening.

Through collaboration with the Forestry Service, the initiative aims to plant 2,500 trees over two years at the Beemanique Remembrance Forest, integrating environmental responsibility into everyday banking activities. This initiative reflects the Bank's approach to embedding sustainability into its operations and customer engagement, while contributing to biodiversity conservation and climate consciousness.

Fostering Inclusion through Responsible Banking

As a key player in the Mauritian financial sector, the Bank recognises its responsibility in driving financial inclusion and supporting underprivileged communities. It continues to develop tailored financial literacy programmes, enhance access to banking for SMEs and provide targeted financial solutions that empower individuals and businesses. In parallel, the Bank's corporate social responsibility initiatives support education, entrepreneurship and social development projects that uplift communities and contribute to national economic growth.

Initiatives aligned with pillar 3: Inclusive communities

The Bank continues to contribute to inclusive and sustainable communities through initiatives that promote environmental stewardship, biodiversity conservation and community wellbeing. These actions complement the Bank's broader sustainability agenda and support engagement with employees, communities and public-sector partners. In parallel, the Bank actively engages in community-driven initiatives through direct sponsorships and structured programmes led by the SBM Foundation, its dedicated Corporate Social Responsibility (CSR) entity.

During FY2025, these efforts were anchored in strong employee engagement and cross-functional collaboration, ensuring that community impact remains embedded within the Bank's broader sustainability agenda and aligned with its SDG priorities.

Sustainability Report (cont'd)

Initiatives aligned with Pillar 3: Inclusive communities (cont'd)

Sponsored initiatives

As part of its ongoing commitment to sustainability, health, sports, and technological innovation, the Bank actively supports initiatives that contribute to social development, wellbeing, and financial inclusion. The Bank's sponsorships in 2025 reflect its dedication to fostering inclusive growth, reinforcing its role as a key partner in national progress.

Biodiversity and community-oriented initiatives

During FY2025, the Bank implemented the Mini Endemic Gardens Programme across selected SBM premises to promote biodiversity, climate consciousness and employee and community wellbeing. As part of this initiative, four mini endemic gardens were launched at SBM Park, St Pierre, Rose Belle and Montagne Longue.

In collaboration with the SBM Foundation and the Forestry Service of the Ministry of Agro-Industry, Food Security, Blue Economy and Fisheries, the programme was complemented by endemic tree planting activities, with 75 endemic trees planted within SBM premises during the year. Together, these actions contribute to biodiversity conservation, environmental awareness and climate resilience, while fostering inclusive communities through the creation of shared green spaces and long-term sustainability outcomes.

Supporting SME development and financial inclusion at community level

In FY2025, the Bank intensified its direct engagement with entrepreneurs through a nationwide series of SME and Microfinance business engagement tours. Led by the SME/Microfinance teams and supported by colleagues from Retail Banking and POS, these outreach initiatives aimed to bring financial solutions closer to business owners and better understand the realities faced by SMEs across regions.

Business engagement tours were successfully conducted in Flacq, Rose Belle, Quatre Bornes and Goodlands, covering the eastern, southern, central/western and northern regions of the island. Through one-on-one interactions, the Bank shared tailored financial solutions, provided advisory support and reinforced its role as a trusted partner in the growth journey of local enterprises.

In addition, the Bank participated in the Salon des PME 2025, a key national platform bringing together entrepreneurs, start-ups and small business owners. Over the three-day event, the Bank showcased its SME and microfinance offerings and provided guidance on financing options to support business growth and innovation.

Together, these initiatives contributed to strengthening financial inclusion, reducing access barriers for SMEs and reinforcing long-term partnerships with local entrepreneurs.

Community health, solidarity and social resilience

Health and social solidarity remained central to the Bank's community engagement efforts in FY2025. In collaboration with the National Blood Transfusion Service of the Ministry of Health and Quality of Life, the Bank organised a series of blood drives across multiple regions, including Flacq, Vacoas, Triolet and Rose Belle.

Thanks to strong employee participation and volunteer support, approximately 410 pints of blood were collected during the year. These initiatives directly contributed to national healthcare needs while fostering a strong culture of compassion, civic responsibility and collective action among staff members.

Beyond blood donation initiatives, the Bank also supported community wellbeing through partnerships with NGOs and social organisations, including visits organised in collaboration with the SBM Foundation to vulnerable communities. These engagements focused on human connection, care and reinforcing the Bank's commitment to inclusive social development.

Education, youth empowerment and social awareness

The Bank continued to support initiatives that give a voice to young people and promote positive social values. In FY2025, SBM Bank sponsored the "Slam against bullying" initiative organised by the Rotary Club of Bagatelle, providing a creative platform for children and adolescents to express themselves and raise awareness on bullying.

Through this sponsorship, the Bank encouraged youth expression, confidence-building and advocacy for kindness and empathy. Account opening vouchers were offered to winners across age categories, reinforcing early financial inclusion alongside social awareness.

In parallel, education outreach initiatives, including engagements hosted through SBM Academy, provided students with exposure to the Mauritian financial sector and sustainable finance practices, contributing to knowledge sharing and skills development.

Partnerships and collective impact

Across all community initiatives in FY2025, collaboration remained a defining feature. The Bank worked closely with public institutions, NGOs, educational bodies and civil society organisations to maximise impact and ensure initiatives were responsive to real community needs.

By leveraging partnerships and engaging employees as active contributors, SBM Bank continues to strengthen its role as a catalyst for inclusive growth, social resilience and sustainable development across Mauritius.

Sustainability Report (cont'd)

Initiatives aligned with Pillar 3: Inclusive communities (cont'd)

About the SBM Foundation

Introduction

The SBM Foundation, which was set up in 2016, drives the Corporate Social Responsibility (CSR) agenda within the SBM Group. The strategy revolves around supporting high impact sustainable projects, targeted at needy and vulnerable groups, with a focus on education and empowerment, providing tools, promoting employability and combatting social ills, the ultimate goal being poverty alleviation.

The purpose of the SBM Foundation revolves mainly around the following:

(a) alleviation of poverty;

(b) advancement of education of vulnerable groups;

(c) provision of scholarships to bright and needy students;

(d) education of school drop-outs and low achievers;

(e) protection of the environment.

As a general rule, NGO partners should have a legal status and operate on a non-profit making basis along with a proven track record of activities with sound financial management and good governance. There is also an exclusion list which includes political parties or bodies, religious organisations, sponsorships to individuals, medical research and medical charities, academic research, overseas travel and student exchange programmes, and charity dinners, amongst others. The Foundation operates in a transparent and independent manner in the pursuance of its set objectives.

Initiatives and impact

Category	Description of Activities (FY2025)	No. of Initiatives / Engagements
Elderly Care and Social Support	Community outreach activities at residential care homes, including the provision of food, gifts and social interaction, led by SBM staff and the SBM Foundation	2
Child Welfare and Youth Support	Engagements focused on children from vulnerable backgrounds, including recreational activities, meals and gift distribution	1
Environmental Awareness and Biodiversity Conservation	Implementation of endemic planting and mini green space initiatives across SBM premises, in collaboration with the Forestry Service	4
Employee Engagement and Volunteering	Staff-led CSR initiatives involving cross-functional teams contributing time and resources to community and environmental activities	7

The SBM Foundation is convinced that education is a powerful means of empowerment, enabling individuals to become active participants in the transformation of society and serve as an essential pathway out of poverty. In this context, we have been focusing on the unique SBM Scholarship Scheme for bright and needy students, in addition to funding projects by social partners.

SBM's CSR initiatives are spread into 3 main categories, namely:

I. The SBM Scholarship Scheme for bright and needy students;

II. Funding of projects by NGO partners (in the field of education and empowerment);

III. SBM staff involvement initiatives.

I. The SBM Scholarship Scheme for bright and needy students

The SBM Scholarship Scheme for bright and needy students was set up in 2010 with the aim to provide bright students from low-income households with the opportunity to pursue further studies and aspire for a brighter future.

The SBM Scholarship Scheme is the flagship CSR initiative of the SBM Group. We are the largest single provider of scholarships in the Republic of Mauritius. To date, we have allocated more than 2,600 scholarships (including some 60 students from Rodrigues Island). The scholarship covers full-time undergraduate courses in Higher Education Commission (HEC) recognised institutions in Mauritius as well as vocational courses run at any of the Mauritius Institute of Training and Development (MITD) centres.

II. Funding of projects from NGO partners (in the field of education and empowerment)

The SBM Foundation also recognises the importance of NGOs and, as such, has provided funding and assistance to various projects by social partners and NGOs across the following themes:

A. Learning through play: Making use of sports, music and culture as learning tools to break the cycle of poverty;

B. Women's empowerment and childcare;

C. Provision of educational facilities for children with disabilities;

D. Provision of educational facilities for out-of-school youth;

E. Environment.

A. Learning through play: Making use of sports, music and culture as learning tools to break the cycle of poverty

Projects under this category use areas of interest to the child (e.g. sports or music) as pedagogical tools to impart knowledge. The concept is based on 'learning through play.' In addition, an educational support system can be added to this concept to ensure follow-up of academic results at school, as well as a social support system to the family members. The SBM Foundation supports several projects benefitting nearly 700 children.

B. Women Empowerment and Childcare

Under this category, the SBM Foundation supports nearly 200 children, aged from 3 months to 3 years, through kindergarten projects run by various NGOs in the provision of childcare services to infants and toddlers while promoting the employability of mothers.

Young mothers, especially those with limited skills from low-income families, often cannot undertake employment as the cost of nursery care is disproportionate to their expected income. To help break the vicious cycle of poverty, qualified nursery facilities are provided free of charge, thus enabling these mothers to undertake employment and support their families financially.

In addition, as confirmed by professionals, providing quality care at a younger age has a positive impact on the educational possibilities of a child. Working with their parents from an early age also helps build trust, supporting and solving social issues as well as enabling educational follow-up in the long-term.

C. Provision of Educational Facilities to Children with Disabilities

The provision of education for children with disabilities has its own specificities. Our support catered mainly for the provision of professional services, such as occupational therapists, physiotherapists and psychologists, addressing a current gap in the disability sector. At present, we support more than 1,200 children through 10 NGOs. We also expect this support to help these NGOs improve the services provided.

Sustainability Report (cont'd)

Initiatives aligned with Pillar 3: Inclusive communities (cont'd)

D. Provision of Educational Facilities to Out-Of-School Youth

The youth represent the future of the country and it is essential to support the out-of-school children in addition to the scholarships provided to the vocational sector through the MITD. Therefore, the SBM Group has moved one step further by supporting associations that prepare students to these centres.

We support 7 different NGOs, including a network of 17 such schools, all working towards providing education to nearly 1,000 out-of-school youth. We ensure a consistent approach in the pedagogy through their umbrella organisation. In one of the projects, attendance raised from below 35% to over 85%. At the end of the educational cycle, these students have the opportunity to pursue further studies through the SBM Scholarship Scheme.

E. Environment

In line with the SBM Group's Sustainability Agenda, the SBM Foundation is committed environmental protection. Through one of our NGO partners, we provide training in bio-farming to help women lift themselves out of poverty. This NGO runs backyard and kitchen gardening programmes for women from underprivileged regions adopting a holistic approach that addresses both food security and women's empowerment. The SBM Foundation has also engaged with an NGO to transform 5 acres of bare grassland into a native forest. This project is in line with the SBM Group Sustainability Agenda of adapting to climate change and contributing directly to carbon sequestration by reforestation actions.

III. SBM staff involvement initiatives

As part of its strategy, SBM Bank encourages its employees to share their time and skills with local communities through a matching scheme and time-off opportunities. 7 such activities have already been organised by the Bank's staff members in 2025.



CSR activities organised by SBM Team at NGO RCI la Marguerite



CSR activities organised by SBM team at NGO BPS Residential Care Home



Flag Raising day at Southern Handicapped Association



Afternoon by SME team in Calebasses with the Residence of the women's home


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FUTURE

Corporate Governance Report

This section describes our corporate governance approach and framework, notably in accordance with the requirements of the National Code of Corporate Governance for Mauritius (2016)



Corporate Governance Report

Introduction

SBM Bank (Mauritius) Ltd, a public interest entity, recognises that sound corporate governance supports trust, financial resilience and the sustainable creation of value over time. The Bank's governance framework is guided by, and applies the principles of, the National Code of Corporate Governance for Mauritius (2016) (the "Code").

This Corporate Governance Report explains how the Bank has applied the eight principles of the Code during the year under review. These principles provide a framework to guide the Board and Management in discharging their respective governance responsibilities, taking into account the Bank's operating environment, strategic priorities and sustainability considerations.



The Eight Principles of the Code

The Bank's approach to corporate governance is guided by eight fundamental principles set out in the Code:



These principles guide the Board's oversight arrangements, decision-making processes and approach to transparency, integrity and accountability, and provide the basis for the governance structures and practices described in this report.

Corporate Governance Report (cont'd)

Principle One - Governance Structure

Our Governance Philosophy and Framework

The Bank is committed to applying sound corporate governance practices and recognises that effective, transparent and proportionate governance is fundamental to supporting the Bank's resilience and sustainability over the short, medium and long term. The Bank operates within a Board-approved governance framework, which defines clear mechanisms for accountability, oversight and decision-making across the organisation.

This framework is underpinned by core values, policies, processes and ethical standards that promote responsible and competitive business conduct while safeguarding the interests of stakeholders. Through this governance framework, the Board provides direction and oversight to support the effective formulation and disciplined execution of the Bank's strategic priorities.

During the year under review, the Bank operated in a particularly challenging environment marked by leadership changes, organisational transition and heightened oversight requirements. The Bank sought to apply the principles of the National Code of Corporate Governance for Mauritius (2016), the Bank of Mauritius Guidelines on Corporate Governance and relevant practices, taking into account the Bank's specific circumstances during the year. The full reconstitution of the Board in the third quarter of 2025, together with the absence of a fully-constituted Senior Management team for part of the year, required the Board to exercise enhanced oversight. In limited and exceptional circumstances arising from the absence of a fully-constituted executive team, the Board intensified its oversight role and, where necessary, provided interim governance direction to ensure continuity of operations and effective control. In this context, governance was applied not merely as a compliance exercise, but as a stabilising framework to support continuity, accountability and responsible decision-making.

Notwithstanding these challenges, governance remained a core pillar of the Bank's operating framework, supporting effective oversight, risk management and regulatory compliance during a period of transition, while safeguarding the interests of stakeholders. The Governance Framework illustrates the Bank's approach to leadership, oversight and accountability and supported enhanced Board and Committee engagement during 2025, while preserving clear role distinction between the Board and Management.



The Board and its Committees

The Board

The Bank operates under a unitary Board structure, with the Board setting the tone from the top in respect of governance, ethical conduct, risk culture and accountability. The roles, responsibilities, authority and functioning of the Board and its Committees are governed by a Board-approved Board Charter, which supports clear accountability, effective delegation and sound decision-making. The Board is responsible for providing strategic direction and oversight, and for overseeing the Bank's performance, risk governance framework, internal control environment and sustainability agenda. The execution of the Board's responsibilities involves a combination of direct oversight and delegation through its Committees and Senior Management, enabling focused attention on key governance areas while ensuring comprehensive oversight of the Bank's activities.

The day-to-day management and operations of the Bank are ordinarily entrusted to the Chief Executive (CE). Following the suspension of the Chief Executive in March 2025, the Board designated an Officer-in-Charge (OIC) to oversee the Bank's operations on an interim basis. The CE/OIC, supported by the Executive Forum and the Management/Leadership team, remains accountable for the execution of the Board-approved strategy and policies, and for the effective operation of the Bank's management structures, risk management systems and internal controls.

Board Committees

To support a structured governance framework, the Board of Directors of SBM Bank has established a system of Board Committees to facilitate focused oversight and structured decision-making. Board Committees are constituted by the Board and operate under Board-approved terms of reference, which set out their mandate, composition, delegated authority and reporting arrangements. This supports detailed review at Board Committee level, while the Board retains overall accountability within the governance framework.

The Board has established permanent Committees to assist it in overseeing key governance areas relevant to the Bank's operations as a regulated banking institution. These permanent committees form part of the Bank's standing governance structure and operate on an ongoing basis to support continuous Board oversight of key governance areas. As at 31 December 2025, six permanent Board Committees form part of the Bank's standing governance structure and operate on an ongoing basis.

Permanent Board Committees

- **Audit Committee**
- **Cyber and Technology Risk Committee**
- **Corporate Governance and Sustainability Committee**
- **Remuneration & Nomination Committee**
- **Risk Management Committee**
- **Strategy Committee**

During the year, the establishment of the Cyber and Technology Risk Committee (CTRC) was approved by the Board with effect from October 2025. Furthermore, the Board had resolved not to re-establish the Board Supervisory Committee (BSC), whilst noting that the BSC was not a mandatory Committee under the prevailing regulatory and governance framework of a banking institution in Mauritius. A review of the mandate and/or re-establishment of the BSC may be undertaken in future if circumstances so require.

Project-based Committees may also be set up by the Board, where required, to provide focused and time-bound oversight over specific matters of heightened sensitivity, regulatory importance or strategic urgency. As at 31 December 2025, one project-based Committee, namely Project Sentinel Committee, has been established to exercise temporary oversight over designated areas requiring enhanced governance attention. This project-based Committee is expected to operate on a temporary basis for a period of six to twelve months, unless otherwise determined by the Board. If the assigned objectives are achieved earlier, this project-based Committee will be formally dissolved.

All Board Committees report to the Board through structured mechanisms, including Committee Chairperson reports and circulation of Committee minutes, ensuring transparency, alignment and continuity within the overall governance framework. Permanent Committees provide ongoing oversight, while project-based Committees deliver focused, temporary governance support.

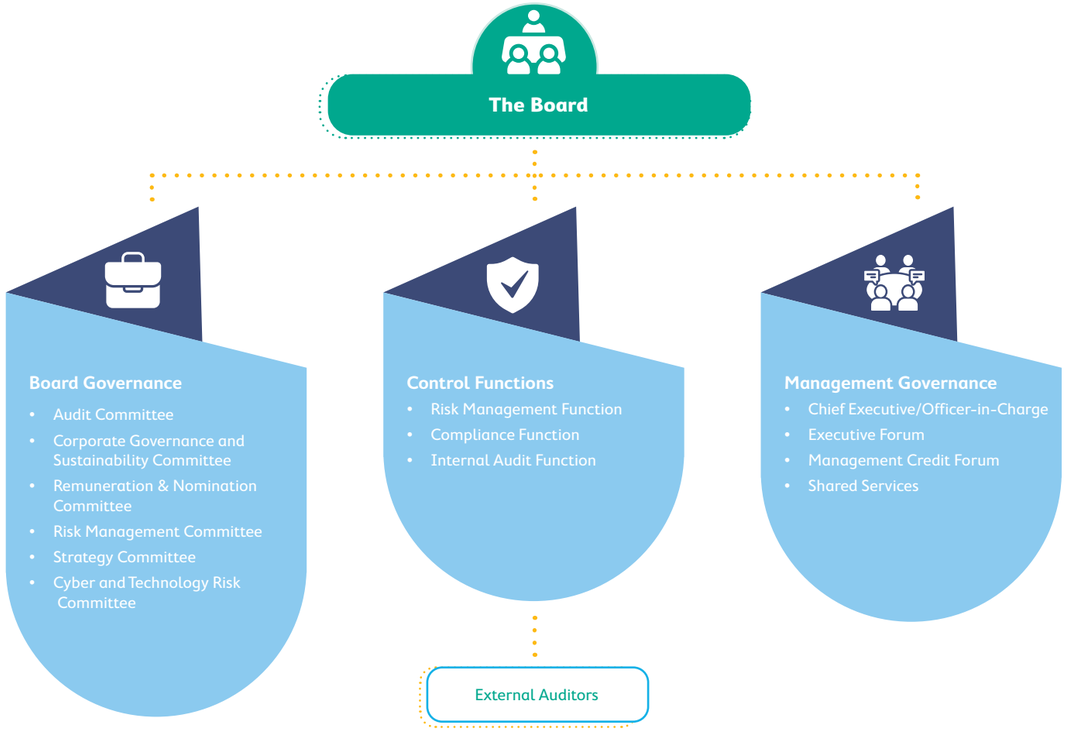
The Board Charter and the Terms of Reference of the Committees are reviewed by the Board annually to ensure they remain up to date and fit for purpose.

Corporate Governance Report (cont'd)

Principle One - Governance Structure (cont'd)

Governance Structure

The Bank's governance structure is built on a structured framework comprising of the Board, its Committees, Executive Management and the Control Functions. This framework supports oversight, accountability and decision-making across the Bank. The Board operates within a governance framework that enables appropriate delegation of authority to its Committees and Executive Management, while relying on timely and independent reporting from the Control Functions and the External Auditors to support sound governance and effective internal control.



Control Functions

Operate independently of Management to provide objective assurance and reporting on operations, risk governance and internal control.
Alongside the External Auditors, they maintain direct reporting lines to the Board and relevant Committees in line with a Board-approved structure that safeguards their independence.

Chief Executive/ Officer-in-Charge

Accountable to the Board, the Chief Executive / Officer-in-Charge is responsible for leading the Bank, delivering financial and operational outcomes, and shaping and implementing strategy.
Board oversight is supported by the independent Risk Management and Compliance functions, which furnish reports to the Board and related Committees on a quarterly basis.
Proposals are submitted to Board and its Committees by Management upon recommendation by the Chief Executive / Officer-in-Charge or EF or MCF, as applicable.

Executive Forum (EF)

The Bank's primary executive body, meeting weekly to manage the business matters and make day-to-day operational decisions, excluding credit sanctioning and monitoring.
Established sub-forums support its mandate to execute the strategy defined by the Board.

Management Credit Forum (MCF)

Comprising of Senior Management and meeting twice weekly, the Bank's principal credit sanctioning authority reviews and approves credit proposals in accordance with the Bank's Credit Policy.

Shared Services

Through agreed arrangements, the Bank extends shared services—namely Compliance, HR, IT, Internal Audit, Legal and Marketing—to the holding entity and certain Group affiliates.
Management maintains appropriate oversight to safeguard the Bank's resources and to ensure that shared services delivery remains fully consistent with, and does not compromise, the Bank's strategy and performance objectives.

Corporate Governance Report (cont'd)

Principle One - Governance Structure (cont'd)

Key Governance Positions

The Board recognises that certain governance roles are fundamental to the effective functioning of the Board, the integrity of decision-making and the maintenance of robust governance standards across the Bank. These key governance positions support accountability, transparency and sustainable value creation.

The Job Description for each Key Governance Position is reviewed and approved by the Board and is available on the Bank's website.

The following table outlines the Bank's key governance positions and their respective roles within the governance and control framework:

Governance Layer	Key Role Holders	Core Accountability	Primary Responsibilities and Focus Areas
Board Oversight	Board of Directors	Collectively responsible for providing overall leadership, governance oversight, and strategic direction of the Bank, and for ensuring, thorough and effective oversight, so that the Bank is managed in a prudent, sustainable, and compliant manner.	• Strategic direction and oversight • Risk governance and internal control framework • Governance effectiveness • Stakeholder accountability • Approval of matters reserved to the Board and delegation of authority to Board Committees and Senior Management • Independent challenge and objective judgement
Board Leadership	Chairperson of the Board	Provides leadership to the Board and ensures its overall effectiveness, independence, and integrity. Sets the tone for Board conduct and facilitates effective, open and informed decision-making.	• Board leadership and effectiveness • Setting Board agenda and priorities • Facilitating open, informed, and constructive Board discussions • Ensuring effective Board performance • Promoting high standards of governance and ethical conduct • Shareholder and key stakeholders engagement
Board Committees	Chairpersons of the respective Board Committees	Overall responsibility for providing leadership to their respective Board Committees, ensuring effective oversight, independent challenge, and the proper discharge of the Committees' responsibilities in accordance with approved Terms of Reference and delegated authority of the Board.	• Oversight of matters within the Committee's delegated mandate • Independent challenge and objective judgement • Review of key risks, controls, and governance matters relevant to the Committee • Ensuring effective committee performance and decision-making • Escalation of material issues and making recommendations to the Board
Executive Leadership	Chief Executive/Officer-in-Charge of the Bank	Accountable for the day-to-day management of the Bank and for leading the implementation of the Board-approved strategy, policies and risk appetite, while ensuring effective governance, risk management and internal control arrangements.	• Responsible for operational and financial performance • Responsible for implementing and delivering the Board-approved strategy • Implementation of Board and Committee decisions • Implementation and effective operation of risk management and internal control systems • Regulatory compliance • Leadership of Senior Management • Active stakeholder engagement and relationship management
Executive Management	Executive Management Team	Collective executive leadership responsible for the operational management of the Bank and for first-line ownership of risks. Overall, accountable for translating the Board-approved Bank-wide strategy into functional and operational plans, budgets and initiatives, and for managing the Bank's operations within the approved risk appetite, policies and limits.	• Execution and delivery of Bank-wide strategic objectives • Functional and operational planning aligned to the Board-approved strategy • Performance management, including achievement of budgets and key performance indicators • Risk ownership and management (first line of defence) • Effective implementation of internal controls within day-to-day operations • Implementation of policies, procedures and controls • Regulatory compliance and conduct • People management and organisational culture
Second Line of Defence (Control Functions)	Chief Risk Officer and Head of Compliance	Independent monitoring and advisory oversight over risk management and compliance frameworks, supporting effective implementation by Management and escalation of material issues.	• Independent risk monitoring and reporting • Compliance with applicable laws, regulations and internal policies • Framework development and guidance • Identification and escalation of control weaknesses with recommendations • Follow up on the remediation of identified weaknesses • Advisory support to the Board and Committees on risk and compliance matters
Third Line of Defence (Assurance/Control Functions)	Head of Internal Audit	Independent and objective assurance to the Board and its Committees on the adequacy and effectiveness of governance, risk management and internal control systems including follow up on audit recommendations.	• Assessment of the adequacy and effectiveness of internal controls • Independent assurance activities • Evaluation of governance, risk and controls • Audit reporting to the Board / Audit Committee • Tracking and follow-up of audit findings
Governance Support	Company Secretary	Statutory Governance Compliance and provision of governance support to the Board and its Committees.	• Supporting Board effectiveness, induction, and ongoing training • Board and Committee administration and support • Corporate records and minutes • Advisory Governance to the Board and Committees • Maintenance of statutory registers and Board records • Statutory filings, certifications, and governance disclosures

Corporate Governance Report (cont'd)

Principle One - Governance Structure (cont'd)

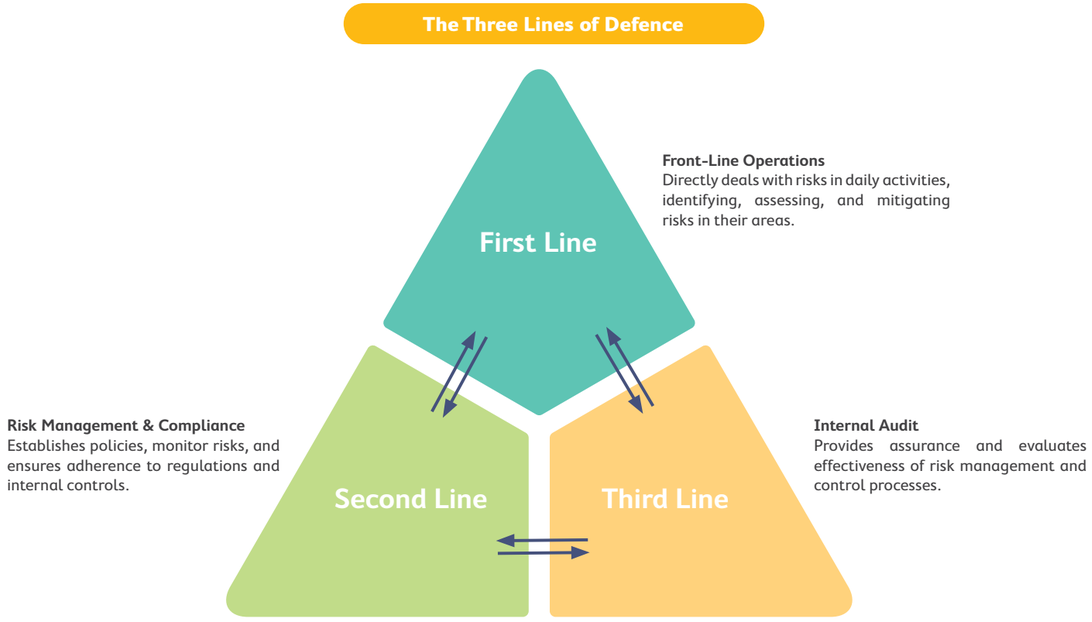
Control Functions

The Board has established three independent control functions to support the effective oversight, governance and long-term sustainability of the Bank:

1. Risk Management Function
2. Compliance Function
3. Internal Audit Function

These functions underpin the Board's oversight responsibilities by providing independent oversight and assurance. Collectively, they support robust risk identification, monitoring, and control across the Bank's activities and operations, including during periods of heightened change.

The Bank operates in accordance with the Three Lines of Defence Model, which defines roles and responsibilities for risk ownership, oversight and independent assurance. While resourcing constraints affected parts of the year, each control function operated with the authority and independence required and maintained direct reporting lines to the Board or the relevant Board Committees, supporting objective oversight and constructive challenge.



Risk Management Function

The Risk Management Function forms part of the Bank's second line of defence and is responsible for providing independent risk oversight and challenge. The function supports the Board and its Risk Management Committee in overseeing the Bank's risk profile, risk appetite and risk management framework, while maintaining appropriate independence from business and revenue-generating activities. The Risk Management Function operates with functional independence from business and revenue-generating activities and reports functionally to the Risk Management Committee, and supports the Committee in fulfilling its oversight responsibilities.

Area of Focus	Key Responsibilities
Independence and Governance	Maintain independence from business and revenue-generating units, with direct access to the Risk Management Committee and the Board, to avoid conflicts of interest or undue influence.
Risk Framework	Develop, implement and maintain a comprehensive risk management framework supported by effective policies, processes and controls.
Risk Appetite and Strategy	Assess and recommend matters impacting the Bank's risk appetite and risk strategy for review and approval by the Risk Management Committee and the Board.
Risk Identification and Monitoring	Identify, assess and monitor principal risks including credit, market, liquidity, operational and reputational risks.
Reporting and Oversight	Submit periodic risk reports and provide independent risk oversight and challenge, including monitoring and reporting on the effectiveness of the risk management framework to the Risk Management Committee and the Board.
Credit and Lending Oversight	Review and recommend changes to the delegated credit sanctioning matrix, including sanctioning mandates of approving authorities, to the Risk Management Committee and the Board.
Risk Mitigation	Recommend appropriate actions to mitigate existing and emerging risks.
Disclosure and Transparency	Prepare the Risk Management Report for inclusion in the Annual Report, ensuring transparency and alignment with regulatory and governance disclosure requirements.

Corporate Governance Report (cont'd)

Principle One - Governance Structure (cont'd)

Compliance Function

The Compliance Function forms part of the Bank's second line of defence and is responsible for providing independent compliance oversight across the organisation. The function supports the Board and the Audit Committee by monitoring compliance in line with applicable laws, regulations and supervisory requirements, promoting a strong compliance culture, and reporting on the effectiveness of the Bank's compliance risk management and governance framework. The Compliance Function operates with functional independence from business and revenue-generating activities and reports functionally to the Audit Committee, and supports the Committee in fulfilling its oversight responsibilities.

Area of Focus	Key Responsibilities
Independence and Governance	Operate with functional independence from business and revenue-generating units, with direct access to the Audit Committee and the Board.
Compliance Risk Management	Coordinate the identification, assessment and management of compliance risk across the Bank.
Regulatory Compliance	Support the Board and Management in ensuring compliance with applicable laws, regulations and supervisory requirements.
Internal Controls	Monitor the adequacy of internal controls from a compliance perspective and recommend enhancements where weaknesses are identified.
Reporting and Oversight	Submit periodic compliance reports, at least quarterly, to the Audit Committee and the Board on the effectiveness of the compliance risk management and governance framework.
Remediation Tracking	Monitor and track Management's implementation of corrective actions arising from compliance findings.
Compliance Culture	Promote a strong culture of integrity and ethical conduct throughout the Bank.
Regulatory Change Management	Ensure timely dissemination and implementation of regulatory changes and monitor ongoing compliance.

Internal Audit Function

The Internal Audit Function is an independent assurance function forming part of the Bank's third line of defence. It provides objective and independent assurance to the Board and the Audit Committee on the adequacy and effectiveness of the Bank's internal controls, risk management and governance processes. The Internal Audit Function operates independently of Management, reports functionally to the Audit Committee, and supports the Committee in fulfilling its oversight responsibilities.

Area of Focus	Key Responsibilities
Independence and Objectivity	Maintain full independence from Management and business operations, with direct reporting to the Audit Committee.
Audit Planning	Develop and execute a risk-based audit plan covering all activities of the Bank over a rolling three-year period.
Independence Assurance	Provide independent assurance to the Board and Audit Committee on the effectiveness of internal controls, corporate governance and risk management.
Control Effectiveness	Assess whether internal controls are adequate and effective in mitigating risks in line with the Bank's risk appetite.
Governance and Performance	Evaluate the effectiveness and efficiency of governance processes and achievement of organisational objectives.
Recommendations	Recommend improvements to internal controls, governance frameworks and operational processes.
Issue Tracking	Track and monitor the closure of audit findings and corrective actions by Management.
Fraud and Irregularities	Advise on the prevention and detection of fraud and other irregularities.
Whistleblowing Oversight	Oversee the whistleblowing framework and recommend enhancements to the Audit Committee.
External Audit Coordination	Coordinate with External Auditors and monitor implementation of agreed action points.

Corporate Governance Report (cont'd)

Principle One - Governance Structure (cont'd)

Leadership Team and Management Forums

The Bank's leadership and management arrangements are designed to support the effective execution of the Board-approved strategy and the orderly management of the Bank's operations. During FY2025, the Bank operated in a period of transition, with vacancies at executive management level and interim arrangements in place. In this context, emphasis was placed on maintaining operational continuity, adhering to Board-approved priorities, and reinforcing structured decision-making, risk management discipline and regulatory responsiveness.

In line with the governance framework established by the Board of Directors, authority for the day-to-day management of the Bank is delegated to the Chief Executive / Officer-in-Charge. This authority is exercised within clearly defined parameters and subject to applicable laws, regulations and internal policies. During the year under review, enhanced escalation and oversight arrangements were applied where appropriate, ensuring that significant matters were addressed through the relevant governance channels.

To support consistent, transparent and timely decision-making, a structured system of Management Forums operates within the Bank's executive management framework, under the overall accountability of the Chief Executive / Officer-in-Charge. These management-level forums have been established to support effective coordination, decision-making and execution within the parameters of the Board-approved governance framework. They operate within delegated authorities and provide formal platforms for executive discussion and consideration of matters relating to strategy execution, credit, risk and operational performance and matters. They form part of the Bank's management governance framework and support alignment with the Bank's strategic objectives and risk appetite.

Key Management Forums

Executive Forum (EF)

EF brings together key members of Senior Management to:

- Shape and deliver strategy, including approval of operating plans
- Track operating and financial performance against targets and drive corrective actions where required
- Oversee risk assessment and controls across the organisation
- Supervise performance across all operating areas
- Take significant operational decisions within approved authority levels

Credit Forums

Two dedicated Forums

- Management Credit Forum (MCF)
- CUT Forum

Both Forums review and approve credit applications and requests in accordance with delegated sanctioning authority established in the Board-approved Credit Policies

Risk Management Forums

Under the Risk Management function, three forums provide oversight and monitoring of key areas:

- Credit Portfolio & Monitoring Forum (CPMF)
- Operational Risk & Compliance Forum (ORCF)
- Asset & Liability Forum (ALCO)

Company Secretary

The Company Secretary plays a crucial role in ensuring the application of good governance principles at Board level. All Directors have access to the services of the Company Secretary.

Profile of the Company Secretary

Ms Preshnee RAMCHURN, FCG

Ms Preshnee Ramchurn serves as the Company Secretary of SBM Bank (Mauritius) Ltd, where she supports the Board and its Committees on governance matters and oversees the Bank's Corporate Affairs function. She reports to the Board through the Chairperson on governance matters and, administratively, to the Chief Executive / Officer-in-Charge. Ms Ramchurn is a Fellow of the Chartered Governance Institute UK & Ireland (CGI), a Member of the Mauritius Institute of Directors (MIoD), and a member of the SBM Group Governance Forum.

Governance Information Available on Our Website

In accordance with the National Code of Corporate Governance for Mauritius (2016), the Bank makes key governance documents and selected policies available on its corporate website to support transparency and access to information.

These documents support the Bank's governance framework and provide stakeholders with visibility on the Bank's governance arrangements. They are updated and refreshed on a periodic basis, taking into account regulatory developments, emerging good practices and the Bank's evolving priorities, recognising that enhancements may be implemented progressively during periods of organisational transition.

Key governance documents available on the Bank's website include:

- Organisational Chart
- Terms of Reference of Permanent Board Committees
- Code of Ethics and Business Conduct
- Job descriptions of Key Governance positions
- Information security policy
- Group Whistleblowing and Complaints handling policy

Access
our governance framework

By publishing its key governance documents online, the Bank provides stakeholders with accessible and up-to-date information outside the annual reporting cycle. This supports transparency and informed engagement, and contributes to the ongoing strengthening of ethical standards and risk governance as the Bank continues to embed sustainable and responsible banking practices.

Corporate Governance Report (cont'd)

Principle Two – The Structure of the Board and its Committees

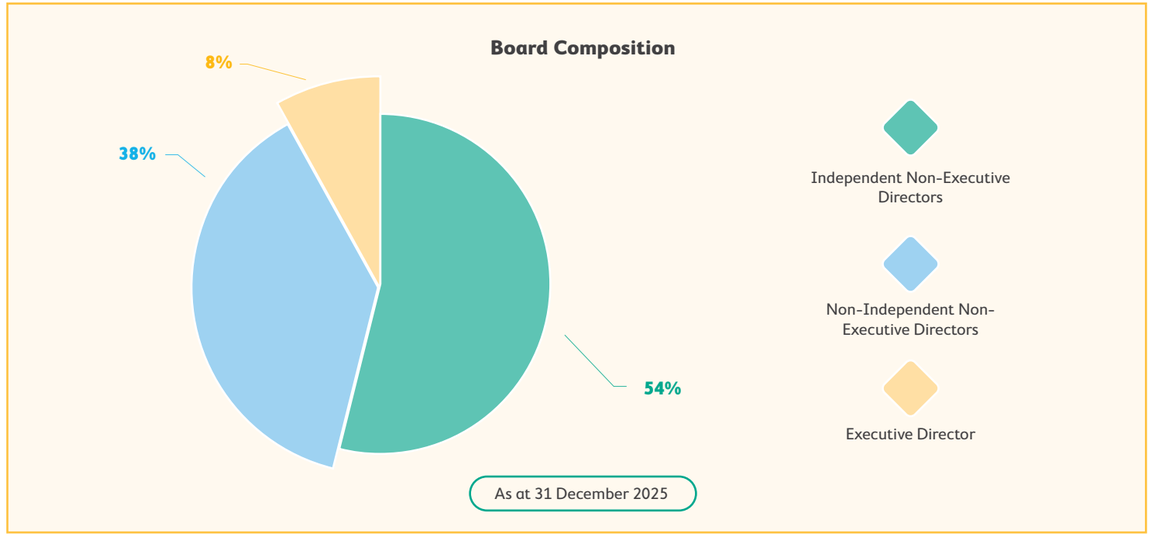
A Balanced and Diverse Board

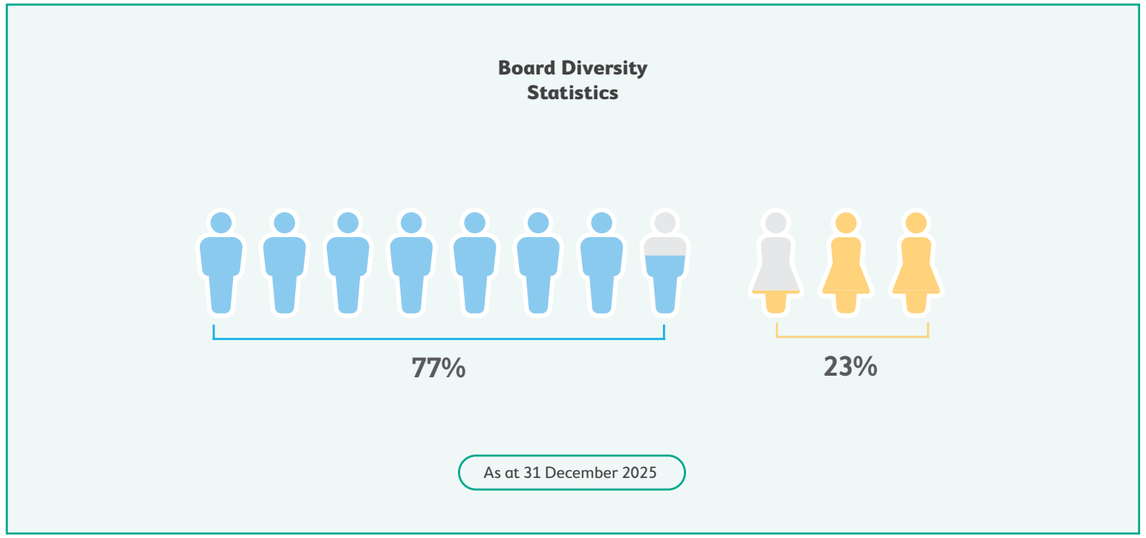
SBM Bank (Mauritius) Ltd is governed by a unitary Board, which has overall responsibility for setting the strategic direction of the Bank, overseeing performance and ensuring sound governance, in line with the Bank of Mauritius Guidelines on Corporate Governance and the National Code of Corporate Governance for Mauritius (2016).

Following the reconstitution of the Board in the third quarter of 2025, and in accordance with the Bank's Constitution, as at 31 December 2025, the Board comprised thirteen (13) Directors, consisting of seven (7) Independent Non-Executive Directors, five (5) Non-Executive Directors and one (1) Executive Director, all of whom are Mauritian residents. This composition provides a balanced mix of independence and executive insight, supporting objective judgement, constructive challenge and effective Board oversight.

The Board collectively brings a broad range of industry exposure, skills and professional experience relevant to the Bank's operating environment. Directors have expertise across banking and financial services, risk and compliance, audit and finance, technology and digital transformation, strategy, sustainability and regulatory affairs. The Board is also composed of both male and female directors, reflecting an appropriate level of gender diversity within its overall composition. This diversity of perspectives enhances the quality of Board deliberations and supports informed decision-making. The Board, through the Remuneration & Nomination Committee, keeps the collective skills, experience and composition of the Board under regular review and is assessing, on an ongoing basis, the need to further strengthen banking and financial services experience to support effective oversight as the Bank continues to evolve.

The size and structure of the Board are considered appropriate to the nature, scale and complexity of the Bank's activities, enabling the Board to discharge its fiduciary duties effectively and to provide robust oversight in the interests of the Bank and its stakeholders.





Board Changes During the Year 2025

With effect from July 2025, the governance arrangements of SBM Bank (Mauritius) Ltd were strengthened following the reconstitution of the Board of Directors. This resulted in the appointment of a reconstituted Board and the subsequent reconfiguration of all Board Committees to support effective oversight.

The Board reconstitution was implemented through a phased and structured appointment process during the second half of 2025, enabling continuity, stability and the orderly allocation of oversight responsibilities across Board Committees.

The reconstituted Board assumed its responsibilities during the second half of the year and focused on establishing effective Board and Committee processes. Priority was given to familiarisation with the Bank's business model, risk profile, strategic priorities and regulatory obligations, as well as to reviewing Committee mandates, leadership roles and membership to ensure appropriate balance of expertise, independence and oversight.

Throughout the period, the Board adopted a measured and structured approach to governance, maintaining continuity in decision-making while progressively embedding its working practices. Enhancements to governance arrangements were implemented on a phased basis, consistent with the Board's oversight responsibilities.

Further details of the Board composition changes are provided in Section:

Board, Committees and Attendance - At a Glance (page 172-175).

Corporate Governance Report (cont'd)

Principle Two – The Structure of the Board and its Committees (cont'd)

Board Leadership Changes

The former Chairman of the Board, Mr Ranapartab Tacouri, GCSK, resigned with effect from 07 August 2025.

Mr Rundheersing Bheenick, GOSK, was appointed as Chairman of the Board on 17 September 2025.

During the intervening period between 07 August 2025 and 17 September 2025, Board and Committee meetings continued to be held as required. In the absence of a formally appointed Chairman, Mr Aakash Kalachand, a Director nominated by the Board presided over all Board meetings and assumed the responsibilities ordinarily exercised by the Chairman, in accordance with established governance arrangements. This ensured continuity of leadership, effective oversight, and the orderly conduct of Board proceedings.

Executive Representation on the Board

Executive representation at Board level forms part of the Bank's governance framework and supports the flow of executive insight into Board and Committee deliberations, as appropriate to the agenda and in accordance with the Code of Corporate Governance.

Pursuant to the Bank's Constitution, the Chief Executive serves as an ex officio member of the Board. Mr Premchand Mungar, the Bank's Chief Executive, remained a Director on the Board until the termination of his contract on 02 December 2025. Following his suspension from executive duties on 28 March 2025, he did not attend Board or Committee meetings thereafter.

To ensure continuity of executive leadership and effective executive representation at Board level, Mrs Rita Gujadhur was designated by the Board as Officer-in-Charge on 28 March 2025. From that date, she attended Board and Committee meetings, supported by the Senior Management Team as appropriate, to ensure continuity of executive representation at Board level. Mrs Rita Gujadhur was subsequently appointed as Executive Director in July 2025, following which she continued to participate in Board and Committee meetings in her capacity as an Executive Director.

As at 31 December 2025, executive representation on the Board was provided through Mrs Rita Gujadhur, who served as the sole Executive Director at the reporting date.

Enhanced Board Engagement During the Transition Period

Following the reconstitution of the Board in July 2025 and subsequent leadership changes, the Bank operated during a period of transition within an evolving operating and regulatory environment. This period was characterised by changes in executive leadership arrangements, the appointment of interim management, vacancies at Senior Management level, and an increased volume of governance, risk and conduct-related matters requiring Board attention.

In these circumstances, the Board considered it appropriate to adopt a more engaged oversight posture to support continuity of governance, safeguard the integrity of the control environment, and ensure well-informed decision-making during the transition and settling-in phase. This approach was applied in a structured, measured and time-bound manner, consistent with the Board's fiduciary responsibilities, the principles of sound corporate governance, and the requirements of the Code.

The enhanced engagement was directed at strengthening the Board's understanding of key strategic, operational, risk and governance matters, while maintaining effective oversight arrangements during a period of heightened uncertainty. Particular emphasis was placed on ensuring timely information flow, appropriate escalation of issues, and clarity of roles and accountabilities across the organisation.

During this period, the engagement of Non-Executive Directors remained firmly focused on governance oversight, constructive challenge and advisory input. Where necessary, the Board exercised heightened oversight on a limited basis in respect of specific matters, including matters relating to leadership transitions, risk management, internal control, regulatory compliance, investigations and issues raised through whistleblowing and other reporting channels. Such engagement was undertaken within established governance frameworks and safeguards and did not alter Management's accountability for the day-to-day operations of the Bank.

In practice, the Board's enhanced engagement was reflected through a combination of formal and informal interactions, aimed at ensuring continuity of governance and effective stewardship during the transition period. This included increased Board-level focus, with more in-depth deliberations and more frequent discussions on strategic priorities, transformation initiatives, and key risk and control matters, including sustainability-related considerations.

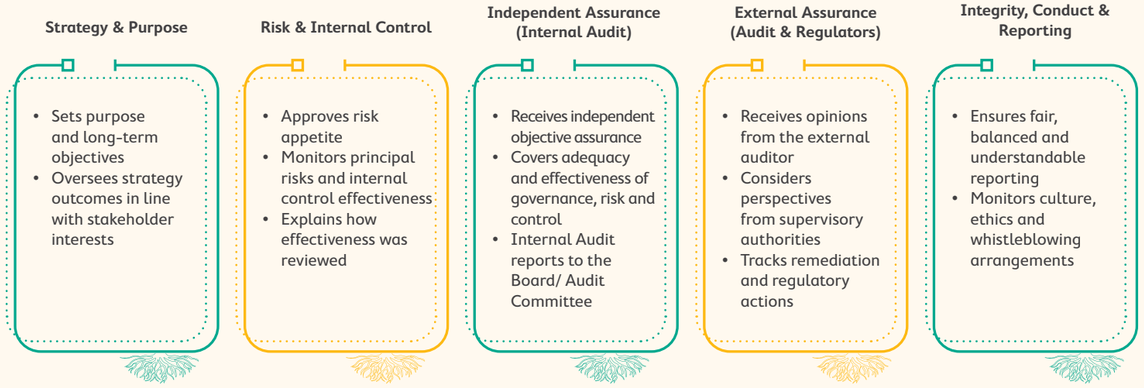
In addition, the Board and its Committees engaged more regularly with Senior Management, control functions and relevant assurance providers through scheduled meetings and, where necessary, ad-hoc engagements. These engagements were intended to address emerging risks, support issue resolution, and ensure appropriate follow-up and remediation actions, while preserving a clear distinction between governance oversight and executive management responsibilities.

Through this approach, the Board sought to preserve continuity of governance, maintain appropriate challenge and oversight, and strengthen the foundations for the effective discharge of its responsibilities during a period of transition. Given the continued transitional nature of the Bank's management structure, including ongoing interim leadership and vacancies at Senior Management level, the Board has maintained an appropriate level of enhanced engagement, calibrated to the prevailing circumstances and subject to ongoing review.

Board Assurance Framework

The Board supports sound governance by setting the Bank's strategic direction and risk appetite, overseeing the effectiveness of the internal control framework, and promoting an appropriate risk culture across the organisation. During 2025, which was characterised by changes in executive leadership and management arrangement, the Board obtained assurance through a well-established assurance framework.

As illustrated in the diagram below, the Board Assurance Framework begins with the Board's oversight of strategy and purpose, including the setting of long-term objectives and the alignment of strategic outcomes with stakeholder interests. This is supported by the risk and internal control framework, through which the Board approves the Bank's risk appetite and oversees the management of principal risks and the effectiveness of internal controls.



Corporate Governance Report (cont'd)

Principle Two – The Structure of the Board and its Committees (cont'd)

Board Assurance Framework (cont'd)

Management assurance is provided through the Risk Management and Compliance functions, which support the identification, monitoring and reporting of risks, regulatory compliance and control effectiveness, and facilitate timely escalation of matters to Senior Management, Board Committees and the Board, as appropriate.

Independent assurance is provided through the Internal Audit function, which operates under an approved charter and provides objective assurance on the adequacy and effectiveness of governance, risk management and internal control processes, reporting functionally to the Audit Committee. Additional independent assurance is obtained from the External Auditors and Regulators, whose opinions, supervisory feedback and regulatory actions are considered by the Board and inform ongoing oversight and remediation activities.

The framework is complemented by arrangements relating to integrity, conduct and reporting, including financial and prudential reporting and whistleblowing mechanisms, which support transparency and accountability across the Bank. Together, these elements provide the Board with a comprehensive view of the Bank's assurance landscape and control environment, enabling effective oversight, informed decision-making and the safeguarding of the Bank's long-term sustainability.

Meetings of the Board and its Committees

The Bank recognises that effective meetings are a critical component of strong governance, well-informed decision-making and regulatory compliance. During FY2025, the Board applied a structured meeting lifecycle designed to promote focused deliberation and appropriate oversight.

Following the reconstitution of the Board and in the context of ongoing management and operating transitions, the Board and its Committees convened meetings with increased frequency during certain periods to address emerging matters, ensure continuity of oversight and support informed decision-making. Board and Committee meetings are conducted in accordance with the approved Board Charter and the relevant Committee Terms of Reference, which are reviewed and approved by the Board periodically and at least annually, including where circumstances require.

Meeting Lifecycle: Before, During and After the Meeting

The structured meeting lifecycle continues to support effective oversight before, during and after meetings, notwithstanding the need for flexibility during periods of transition.

Before the Meeting

- The Board and its Committees discharge their responsibilities through a structured programme of meetings aligned with the Bank's strategic objectives, regulatory requirements, and governance framework.
- Meeting agendas are developed under the direction of the Chairperson, with the support of the Company Secretary, to ensure clarity of purpose and appropriate coverage of key matters.
- Meeting frequency and scheduling are designed to facilitate timely deliberation on significant issues while enabling Directors to attend and participate effectively, with flexibility to respond to emerging matters and periods of heightened activity.
- Directors are generally expected to attend meetings in person to promote robust engagement; however, participation via audio or virtual means is permitted where physical attendance is not feasible.
- Directors who are unable to attend are required to formally notify the Chairperson and/or the Company Secretary in advance. The appointment of alternates is discouraged to maintain accountability and continuity of oversight.
- Agendas remain flexible to accommodate emerging topics, urgent matters, or additional meetings convened in response to evolving business or regulatory developments.
- Board and Committee papers are prepared to support informed decision-making, with a focus on strategy, performance, risk oversight, and governance effectiveness.
- Meeting materials are made available to Directors through a dedicated digital portal within prescribed timelines, taking into account the nature and urgency of matters under consideration, to facilitate appropriate review.
- Members of Senior Management, external advisers, and subject-matter experts may be invited to attend meetings for specific agenda items to provide relevant insights and expertise.

During the Meeting

- Meetings are conducted in accordance with the Board Charter and the relevant Committee's Terms of Reference.
- The Chairperson leads the meetings.
- Management is required to support the Board and its Committees by adhering to established governance processes, conducting the necessary evaluations and analysis, and submitting substantiated recommendations, where applicable. Management remains fully responsible and accountable for the quality, accuracy and completeness of information, analysis and recommendations presented, on which the Board and its Committees rely in reaching its informed decisions.
- Discussions are guided by the approved agenda to ensure focused deliberation.
- Management presentations and proposals are critically reviewed, with due consideration given to strategic alignment, risk implications, and regulatory expectations.
- The Company Secretary attends meetings and is responsible for accurately recording the deliberations, decisions, and action items.
- Minutes are prepared to reflect key discussions and resolutions. The draft Minutes are reviewed by the Directors to ensure accuracy and completeness.
- Approved minutes are retained as official records and are made available, where required, to Regulators, Auditors, and relevant Control functions.

Corporate Governance Report (cont'd)

Principle Two – The Structure of the Board and its Committees (cont'd)

Meeting Lifecycle: Before, During and After the Meeting (cont'd)

After the Meeting

- Key decisions and agreed action items are reviewed by the Chairperson and formally communicated by the Company Secretariat to the Chief Executive / Officer-in-Charge and relevant members of Management.
- Upon communication of decisions, Management assumes responsibility for taking all necessary and appropriate actions to implement approved resolutions, in accordance with the Board's directions and within agreed timelines.
- Clear ownership, accountabilities and timelines are assigned to action items to support effective and timely execution.
- Progress on action items, including those arising from regulatory engagements, is subject to structured follow-up, status reporting and, where necessary, escalation to the Board or relevant Committees.
- Matters are actively tracked to closure, with the Board and its Committees maintaining oversight of progress and requiring updates on actions that extend beyond agreed timelines.
- Feedback, outcomes and lessons arising from follow-up actions are incorporated into future agendas, contributing to continuous improvement in governance practices and oversight effectiveness.

Board, Committees and Attendance - At a Glance

To enhance transparency and accessibility, the governance framework is presented through a 'Governance at a Glance' overview, providing stakeholders with a concise snapshot of the Board composition, independence status, Board Committee structure, committee membership and chairs, as well as Directors' attendance at Board and Committee meetings held during the year.

In view of the Board's reconstitution in July 2025, two tables are presented setting out the membership, chairmanship and meeting attendance of Directors for meetings held during each Director's tenure:

Chair	C	Independent Non-Executive Director	INED
Member	M	Non-Executive Director	NED
Not Applicable		Executive Director	ED
Meetings attended/ Meetings held	x/y		

Table A – Directors in office and their respective meeting attendance record for period January to June 2025

Attendance figures reflect meetings held during each Director's period of appointment and tenure on the Board and relevant Committees. Following the reconstitution of the Board and during periods of transition, the Board and its Committees met with increased frequency to address emerging matters and ensure continuity of oversight. Attendance should therefore be read in the context of the heightened meeting cadence and changes in Board composition during the year.

#	Name of Director	Status	BOD[1]	Board Committees					
				AC[2]	SC[3]	RMC[4]	REMCO[5]	CGSC[6]	BSC[7]
1.	Mr TACOURI Ranapartab, GCSK – Chairman (Resigned on 07 Aug 2025)	INED	C 16/16						C 3/3
2.	Mr AROUFF Jean Paul Emmanuel (Resigned on 04 July 2025)	NED	M 16/16		M 2/2		M 5/5	C 3/3	
3.	Mr GUFFLET Raoul[10]	NED	M 16/16		M 2/2	M 3/3			M 3/3
4.	Mrs KICHENIN Imalambaal (Resigned on 04 July 2025)	INED	M 11/16	C 3/3	M 2/2		M 4/5		
5.	Mr MUNGAR Premchand[11] (Suspended as from 28 Mar 2025)	ED	M 8/16		M 1/2	M 1/3	M 3/5	M 2/3	M 2/3
6.	Mr RAMPERTAB Rajcoomar, CSK (Resigned on 04 July 2025)	INED	M 15/16	M 3/3			C 5/5		
7.	Mr SALEHMOHAMED Muhammad Azeem (Resigned on 04 July 2025)	NED	M 16/16		C 2/2	M 3/3		M 3/3	
8.	Ms SIBARTIE Oumila (Resigned on 04 July 2025)	INED	M 15/16	M 3/3			M 5/5	M 3/3	M 3/3
9.	Mr WONG TAK WAN Lawrence Eric (Resigned on 04 July 2025)	INED	M 13/16			C 3/3			

Attendance is reported only for meetings held during the relevant Director's period of office. Resignations, suspensions and changes in committee membership have been reflected accordingly.

Corporate Governance Report (cont'd)

Principle Two – The Structure of the Board and its Committees (cont'd)

Table B – Directors in office and their respective meeting attendance record, for period July to December 2025

Attendance figures reflect meetings held during each Director's period of appointment and tenure on the Board and relevant Committees. Following the reconstitution of the Board and during a period of executive and management transition, the Board and its Committees met with increased frequency during certain periods to address emerging matters and ensure continuity of oversight. Attendance should therefore be read in the context of the heightened meeting cadence and changes in Board and Committee composition during the year.

#	Name of Director	Status	BOD[1]	Board Committees						
				AC[2]	SC[3]	RMC[4]	REMCO[5]	CGSC[6]	CTRC[8]	PSC[9]
1.	Mr TACOURI Ranapartab, GCSK – Chairman[12] (Resigned on 07 Aug 2025)	INED	C[12]							
2.	Mr BHEENICK Rundheersing, GOSK – Chairman[13] (Appointed on 17 Sept 2025)	INED	C[13] 14/14			M 1/1				
3.	Mrs BHANJI Kalindee, GOSK (Appointed on 04 July 2025)	NED	M 16/21				M 5/6	M 1/1		
4.	Mr BHUJAN Yajnik (Appointed on 04 July 2025)	INED	M 21/21	M 6/6		M 3/3			C 4/4	
5.	Mr CHELLEN Thierry Régis Antoine Harold (Appointed on 04 July 2025)	INED	M 21/21		M 1/1		C 6/6			M 3/3
6.	Mr GOBURDHUN Avinash (Appointed on 04 July 2025)	INED	M 21/21	M 6/6	C 1/1	M 3/3				
7.	Mr GUFFLET Raoul[10]	NED	M 19/21		M 1/1	M 3/3	M 4/6		M 3/4	M 2/3
8.	Mrs GUJADHUR Rita[14] (Appointed on 09 July 2025)	ED	M 19/21		M 1/1	M				M 3/3
9.	Mr KALACHAND Aakash Krishan (Appointed on 07 Aug 2025)	NED	M 21/21						M 4/4	C 3/3
10.	Mr LI WAN PO Jean (Appointed on 04 July 2025)	INED	M 20/21		M 1/1	M 3/3	M 6/6	C 1/1		
11.	Mr MUNGAR Premchand[11] (Suspended as from 28 Mar 2025)	ED	M 0/21							
12.	Mr J. NAIKENY Mooneesing (Vimal)[15] (Appointed on 27 Nov 2025)	NED	M 2/3							
13.	Mr RAMBARASSAH Veenay (Appointed on 07 Aug 2025)	NED	M 20/21		M 1/1			M 1/1	M 4/4	
14.	Ms SAWMY Lavalina D (Appointed on 04 July 2025)	INED	M 21/21			C 3/3		M 1/1	M 4/4	M 3/3
15.	Mr SUMPUTH Sachin Kumar (Appointed on 04 July 2025)	INED	M 20/21	C 6/6			M 6/6	M 1/1		M 3/3

Attendance is reported only for meetings held during the relevant Director's period of appointment. Changes in Board and Committee membership, including appointments, resignations and suspensions, have been reflected accordingly.

Mr Premchand Mungar was suspended from executive duties with effect from 28 March 2025 and did not attend Board or Committee meetings thereafter. Attendance has been reported accordingly.

Total number of Board and Board Committee meetings, January 2025 to December 2025

The below Table sets out the total number of Board and its Committee meetings held from January 2025 to December 2025. As the Board was reconstituted in July 2025, no Board meetings were held during that month.

Total Number of Meetings Held (January to December 2025)								
BOD[1]	AC[2]	SC[3]	RMC[4]	REMCO[5]	CGSC[6]	BSC[7]	CTRC[8]	PSC[9]
37	9	3	6	11	4	3	4	3

Abbreviations and Explanatory Notes for the above 3 tables:

[1] BOD refers to the Board of Directors.

[2] AC refers to the Audit Committee.

[3] SC refers to the Strategy Committee.

[4] RMC refers to the Risk Management Committee.

[5] REMCO refers to the Remuneration & Nomination Committee.

[6] CGSC refers to the Corporate Governance and Sustainability Committee.

[7] BSC refers to the Board Supervisory Committee, which was discontinued as from 09 September 2025.

[8] CTRC refers to the Cyber and Technology Risk Committee, which was operational as from October 2025.

[9] PSC refers to the Project Sentinel Committee, a project-based committee, established as from 17 September 2025.

[10] Mr Raoul Claude Nicolas Gufflet is the Group Chief Executive Officer (GCEO) of SBM Holdings Ltd.

[11] Mr Premchand Mungar was the Chief Executive of SBM Bank , who was suspended as from 28 March 2025 and ceased to be a Board member as from 02 December 2025.

[12] Mr Ranapartab Tacouri, GCSK was the Chairman of SBM Bank up to 07 August 2025. No meetings were held from July 2025 till the date he ceased to be a Board member.

[13] Mr Rundheersing Bheenick, GOSK was appointed as Chairman of the Board effective as from 17 September 2025. He was appointed as a Member of the RMC effective as from 14 October 2025.

[14] Mrs Rita Gujadhur, is the Officer-in-Charge (OIC) of SBM Bank. She was appointed by the Board, as OIC on 28 March 2025 following the suspension of Mr Premchand Mungar, the CE. She was appointed by the Board, as additional member of RMC on 24 November 2025. No RMC meetings were held since her appointment date till 31 December 2025.

[15] Mr Mooneesing J. Naikeny (Vimal) is the Deputy GCEO of SBM Holdings Ltd.

Corporate Governance Report (cont'd)

Principle Two – The Structure of the Board and its Committees (cont'd)

Board Key Focus Areas

During the financial year 2025, the Board prioritised matters aimed at maintaining governance effectiveness and operational stability during a period of transition. Acting primarily through its Committees, and supported by the full Board where required, the Board's focus areas reflected the need to ensure continuity of leadership, strengthen governance and control frameworks, and support the organisation's resilience and sustainability. The principal areas of focus during the year under review are summarised below, grouped by theme:

1. Leadership and Succession – Continuity maintained during transition



Interim Leadership Arrangements

The Board oversaw the establishment and operation of interim leadership arrangements to support continuity, minimise disruption and maintain clear accountability during periods of executive transition. Oversight of leadership changes and related processes was exercised with due regard to governance discipline, due process and regulatory engagement.

Executive recruitment and appointments

The Board provided oversight of structured and transparent recruitment processes for key executive roles, including the approval of the appointment of a Chief Operating Officer and the acceleration of recruitment for other critical positions, in line with governance and merit-based principles.

Succession planning oversight

Succession planning frameworks were reviewed to assess leadership pipeline readiness and alignment with the organisation's strategic and operational needs.

2. Governance Architecture – Oversight enhanced



Board and Committee structure

The Board reviewed and refined Board and Committee structures to enhance clarity of mandates, focus areas and effectiveness of oversight.

Governance discipline and processes

Governance practices, including expectations relating to Board and Committee paper submissions and decision-making protocols, were strengthened to support effective deliberation and informed decision-making.

Accountability and transparency

The Board reinforced clearer ownership of governance processes and disclosures to enhance transparency and responsiveness to regulatory and stakeholder expectations.

Corporate Governance Report (cont'd)

Principle Two – The Structure of the Board and its Committees (cont'd)

Board Key Focus Areas (cont'd)

3. Risk and Compliance – Control environment strengthened

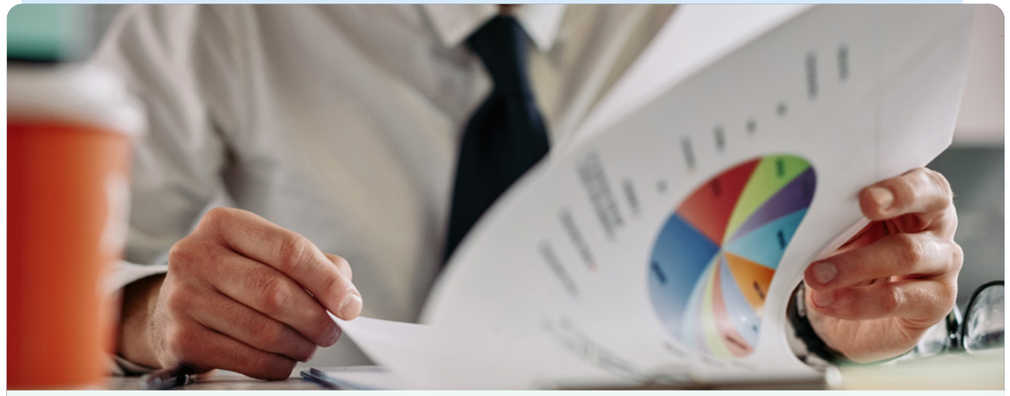


Enterprise Risk Oversight
The Board oversaw the identification, assessment and monitoring of principal risks across the enterprise, with a focus on strengthening the control environment and risk governance practices.

Risk Assessment and Remediation
Key enterprise-wide and institutional risk assessments were reviewed, with attention given to the articulation of risk exposures, remediation priorities and progress monitoring.

Resourcing and Expertise
Oversight was exercised over initiatives to reinforce risk and compliance capabilities through targeted resourcing and the use of specialist expertise where required.

4. Credit Risk Oversight – Credit discipline reinforced



Credit Governance and Monitoring
The Board maintained focus on credit governance and the monitoring of significant credit exposures, supported by structured reporting and portfolio reviews.

Policy Enhancements
The credit policies were reviewed to, amongst other, strengthen cross-border transaction controls and risk measurement practices.

Recovery and Accountability
Oversight was exercised over roles, responsibilities and processes relating to credit underwriting and recovery activities to promote consistent management of distressed exposures.

Corporate Governance Report (cont'd)

Principle Two – The Structure of the Board and its Committees (cont'd)

Board Key Focus Areas (cont'd)

5. Technology and Cyber Risk – Resilience strengthened



Cyber and Technology Risk Oversight
The Board established a dedicated Cyber and Technology Risk Committee in line with the Bank of Mauritius Guideline on Cyber and Technology Risk Management, enabling enhanced oversight of technology risk, cyber security, and system resilience.

IT Strategy
The Board approved the principles of the IT strategy focused on system and data repatriation and reinforced governance over technology procurement through structured request-for-proposal processes and independent quality assurance.

Data and System Repatriation
Through the Cyber and Technology Risk Committee, the Board exercised oversight of the phased data-centre repatriation programme, with Management accountable for disciplined execution, effective risk mitigation, and regulatory compliance.

Technology Governance and Resilience
Technology governance was further strengthened through enhanced Board oversight and challenge of major IT initiatives and technology arrangements, including outsourced services, with a focus on robust governance, disciplined approvals, and controls to ensure appropriate execution and value for money on significant technology investments.

6. Procurement and Third-Party Governance – Sourcing discipline strengthened



Enhanced Procurement Oversight
The Board strengthened its oversight of major procurement activities to enhance transparency, fairness, and internal control discipline. Governance accountability and reporting mechanisms were reinforced to ensure procurement decisions align with approved policies, risk appetite, and regulatory expectations.

Open Tendering Adoption
The Board endorsed open tendering as the preferred sourcing approach, promoting competitive bidding and process integrity. Closed tendering was permitted only in justified circumstances, subject to defined safeguards and documented approvals.

Standardising Legal Services
The Board mandated the standardisation of legal engagements through formal engagement letters, defined fee structures with a quote prior to any engagement with legal advisers, and unique referencing protocols, enhancing cost transparency, traceability, and governance control over external legal spend.

Corporate Governance Report (cont'd)

Principle Two – The Structure of the Board and its Committees (cont'd)

Board Key Focus Areas (cont'd)

7. People and Culture – Performance and fairness focus



Strengthening Fairness and Equity

The Board directed the rollout of a job-grading framework and refreshed key performance indicators to support equitable pay structures, clear role expectations, and consistent people-management practices.

Aligning Performance with Goals

The Board emphasised the development of a structured Human Resources roadmap to strengthen alignment between individual performance objectives and business priorities, enhance the consistency and quality of performance assessments, and support disciplined people-management practices.

Transparent Leadership Recruitment

Recognising capacity constraints arising from vacant roles, the reconstituted Board urged Management to accelerate recruitment for leadership positions and reinforced the requirement for open internal and external selection processes, in line with policy and legal considerations, to support fairness, transparency, and merit-based outcomes. Management was tasked with implementation, with progress monitored through the Remuneration & Nomination Committee.

Capability Building and Succession

To address critical capacity gaps and strengthen organisational resilience, the Board prioritised filling key vacancies and enhanced oversight of recruitment progress through the Remuneration & Nomination Committee. The Board also supported strengthening the Human Resources division through the appointment of a senior HR leadership role and, where appropriate, the engagement of external expertise to support recruitment and people-management processes.

8. Regulatory Engagement – Engagement maintained



Proactive Regulatory Relationships

The Board maintained open and constructive engagement with supervisory authorities, including ongoing interactions with the Bank of Mauritius and a structured process for responding to regulatory correspondence. The Board also ensured that statutory and regulatory filings were prioritised and that clear accountability was maintained for regulatory communications.

Structured Remediation Roadmap

In response to matters identified through supervisory engagement, the Board emphasised the need for a comprehensive remediation roadmap with clearly defined actions, ownership, and timelines. While progress took longer than initially anticipated, the Board, through the Project Sentinel Committee, exercised active oversight and challenge, reinforcing expectations around delivery discipline and monitoring progress against regulatory commitments and broader governance enhancements.

Governance and Skills Oversight

The Board focused on aligning Board composition and committee structures with regulatory expectations, including the reconstitution of Board Committees, progression of a dedicated Cyber and Technology Risk Committee, and addressing identified skills and capacity requirements at Board and Management levels.

Corporate Governance Report (cont'd)

Principle Two – The Structure of the Board and its Committees (cont'd)

Board Key Focus Areas (cont'd)

9. Customer and Sustainability – Customer outcomes and impact



Enhanced Customer Experience Oversight

The Board prioritised customer protection and service resilience during the period of interim leadership and management capacity constraints. Governance attention was directed towards key areas impacting customer outcomes, including complaint handling, transaction monitoring, data protection, and anti-money laundering controls, with an emphasis on maintaining service continuity, fairness, and regulatory compliance.

Strengthened Customer Trust

Recognising the importance of trust and transparency in a period of heightened scrutiny, the Board applied enhanced governance over sensitive matters through the establishment of a time-bound Project Sentinel Committee. The Board also supported and reinforced arm's-length decision-making in related-party matters and disciplined engagement with external advisers through formalised terms of engagement, supporting integrity, consistency, and stakeholder confidence.

Board Committees

To support the Board in the effective discharge of its governance and oversight responsibilities, the Board has established a number of Committees. Each Committee operates under a Board-approved Terms of Reference (ToR), which defines its mandate, responsibilities, composition, quorum, and meeting requirements. Each Committee Chairperson reports to the Board on the activities of the Committee at least quarterly, with additional updates provided as required. Through this governance framework, the Board ensures focused oversight of key areas while retaining overall responsibility for governance and decision-making.

Committee structure – FY 2025 Updates

During the year 2025, the Board reviewed and refined its Committee architecture to strengthen oversight in specific areas and to provide focused, time-bound governance over matters of heightened sensitivity and strategic importance, particularly in light of the Bank's operating context.

1. **Cyber and Technology Risk Committee (CTRC)** – Established

   The Board established the Cyber and Technology Risk Committee to enhance oversight of technology-related risks and digital initiatives. The Committee supports the Board in overseeing cyber security, information technology, and technology risk management, as well as monitoring system resilience and related control frameworks.

2. **Project Sentinel Committee (PSC)** – Established (project-based)

   The Project Sentinel Committee was established to provide focused and temporary oversight over designated areas of heightened sensitivity, regulatory importance, and strategic urgency. The Committee ensures that matters requiring an elevated level of governance and control are subject to enhanced scrutiny, monitoring, and reporting. The Committee is time-bound and will be dissolved upon completion of its designated oversight mandate.

3. **Board Supervisory Committee (BSC)** – Discontinued

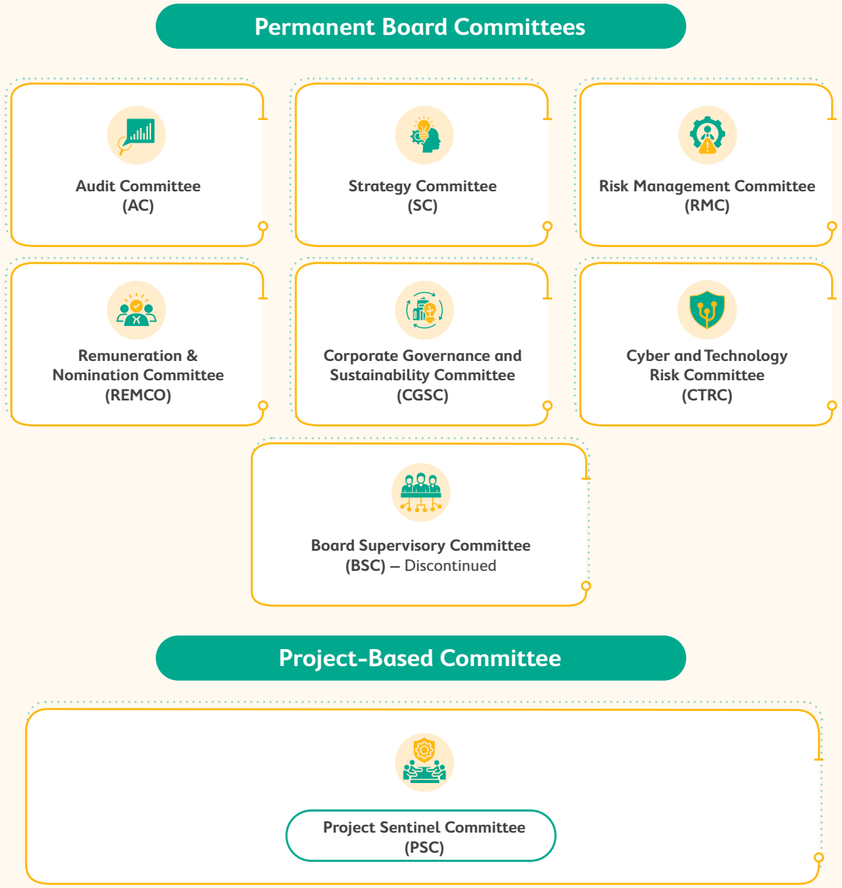
   As part of the reconfiguration of the Board's Committee structure, the Board Supervisory Committee was discontinued in September 2025.

Corporate Governance Report (cont'd)

Principle Two – The Structure of the Board and its Committees (cont'd)

Board Committees (cont'd)

The Board Committees of the Bank are set out below:



Board Committees – Composition, Mandates and Activities

The tables below provide an overview of each Committee's composition, mandates, meeting frequency and key areas of focus for the financial year 2025. The tables reflect the composition of the respective Committees as at 31 December 2025.

Audit Committee

Composition	Number of Members: 3 Independent Non Executive Directors only, possessing strong financial literacy, commercial judgement, relevant experience. In Attendance (as required): Chief Executive / Officer-in-Charge, External Auditors, members of Senior Management and Control Functions.
Key Mandates	To oversee the integrity of the Bank's financial reporting processes. To provide oversight of the Internal Audit and Compliance functions, including review of their annual plans, independence and effectiveness. The Committee's detailed responsibilities are set out in the Board-approved Terms of Reference, which are reviewed annually and are available on the Bank's website.
Meetings	Frequency: Quarterly, and on an ad-hoc basis as required. The Committee holds separate sessions, on a quarterly basis or when required, with the External Auditors, Head of Internal Audit and Head of Compliance, in the absence of Management, to reinforce independence, assurance and transparency. Refer to the Tables under section "Board, Committees and Attendance - At a Glance".
Key Focus Areas in FY 2025	During the year, the Audit Committee: • Reviewed and recommended to the Board for approval the quarterly, half-yearly and full-year financial statements. • Held meetings with the External Auditors, Head of Compliance and Head of Internal Audit in the absence of Management, to discuss matters pertinent to the Bank. • Reviewed the External Auditors' reports and audit plan. • Recommended to the Board the proposed dividend for the year ended 31 December 2024. • Reviewed and recommended the engagement of the External Auditors for the provision of non-audit services, subject to applicable policies and safeguards, and having satisfied itself that auditor independence was not impaired. • Recommended to the Board the appointment of PwC as Statutory Auditors for the financial year 2025. • Reviewed plans, reports and recommendations from the Control Functions, including Internal Audit and Compliance. • Received assurance from the Control Functions on various areas, including the adequacy and effectiveness of key controls and governance processes. • Reviewed the financial section of the Integrated Annual Report prior to its submission to the Board. • Considered the appropriateness of the Internal Audit operating model and recommended the separation of the investigation function from Internal Audit, to strengthen independence, focus and effectiveness. • Received updates and reporting on investigation-related matters, including the status and oversight of ongoing and concluded investigations.

Corporate Governance Report (cont'd)

Principle Two – The Structure of the Board and its Committees (cont'd)

Board Committees – Composition, Mandates and Activities (cont'd)

Strategy Committee

Composition

Number of Members: 6

Majorit y of Independent Non-Executive Directors

Key Mandates

To oversee and advise the Board on the Bank's strategic direction, ensuring alignment with an evolving operating environment.

To monitor progress against Board-approved strategic priorities and initiatives.

The Committee's detailed responsibilities are set out in the Board-approved Terms of Reference, which are reviewed annually and are available on the Bank's website.

Meetings

Frequency: Quarterly, and on an ad-hoc basis as required.

Refer to the Tables under the section "Board, Committees and Attendance - At a Glance".

Key Focus Areas in FY 2025

During the year, the Strategy Committee:

- Monitored strategic initiatives aimed at rebuilding deposit momentum, enhancing pricing competitiveness, accelerating loan book growth and improving cost efficiency in a highly competitive environment.
- Oversaw strategic actions relating to the management of elevated impaired balances, including initiatives to strengthen collateral valuation discipline, credit governance and asset quality stabilisation.
- Reviewed and guided targeted strategies across key business segments, including Corporate Domestic Banking, Small and Medium Enterprises (SME), Private Banking, Global Business and Structured Trade Finance, to address performance gaps and support market share recovery.
- Provided oversight of digital transformation initiatives, including mobile, payments and tokenisation, with a focus on service reliability and strategic enablement.
- Considered the integration of sustainability and ESG considerations into strategic initiatives, including initiatives such as the Agence Française de Développement (AFD) Green Line Credit.
- Reviewed strategic responses to critical staffing gaps, attrition trends and leadership continuity, including oversight of initiatives such as the job grading and career architecture programme to support execution capability.
- Focused oversight of the Bank's financial performance and strategic implications, including profitability trends, asset quality, impairment levels, sustainability of earnings, strategic growth opportunities and critical review of the Bank's strategic planning framework.

Risk Management Committee

Composition

Number of Members: 7

Majority of Independent Non-Executive Directors

Key Mandates

To assist the Board in overseeing the Bank's enterprise wide risk management framework, including policies and practices for credit, market (covering funding, liquidity and price), operational, legal, compliance and capital management risks.

The Committee reviews independent assurance reports from the Risk Management function and ensures that the function operates independently of Executive Management.

The Committee's detailed responsibilities are set out in the Board-approved Terms of Reference, which are reviewed annually and are available on the Bank's website.

Meetings

Frequency: Quarterly, and on an ad-hoc basis as required.

Refer to the Tables under section "Board, Committees and Attendance - At a Glance".

Key Focus Areas in FY 2025

During the year, the Risk Management Committee:

- Reviewed and recommended to the Board, the enhancement and formalisation of the Bank's risk governance framework, including the introduction of the Bank's first formal Risk Charter, which clearly defined the mandate, authority and responsibilities of the Risk Management Team as the second line of defence, reinforcing strong internal processes and governance structures. In addition to the Risk Charter, the RMC recommended to the Board a refresh of the Bank's enterprise risk management framework (ERMF).
- Received quarterly updates from Senior Members of the Risk Management Team and the Chief Risk Officer on the performance, progress and implementation of the revised risk management architecture, including updates on governance changes, policy reviews and emerging risk areas - together with the actions taken to mitigate these, ensuring that oversight remained consistent with regulatory expectations and aligned to the strengthened second-line framework.
- Reviewed and recommended risk policies, inter alia the International Banking Credit Policy, Credit Risk Policy, Related Party Transactions Policy and Liquidity Risk Policy. All policies were endorsed for Board approval, strengthening the Bank's risk governance foundations. Took note of the changing environment in international banking and other relevant sectors and reflected the changes in Policies so that the Bank look at a promising future.
- Took note of the forthcoming establishment of a Permanent Control Function within the second line of defence, introduced to address gaps in proactive, independent control testing and strengthen overall control assurance as recommended by the Chief Risk Officer and that this development would enhance the Bank's risk management framework, ensuring more systematic control testing and clearer escalation pathways to the Committee and subsequently to the Board.
- Reviewed and recommended to the Board, the enhancements of the organisational structure of the Risk Management Team, with the inclusion of two new critical positions—Senior Credit Management Analyst and Sustainability Risk Lead. Acknowledged the importance of these roles for advanced risk analytics, sustainability risk integration and overall risk governance. Received assurance that governance channels for the new roles were compliant with the Risk Charter, ensuring that structural changes strengthen second-line oversight without encroaching on operational responsibilities.

Corporate Governance Report (cont'd)

Principle Two – The Structure of the Board and its Committees (cont'd)

Board Committees – Composition, Mandates and Activities (cont'd)

Remuneration & Nomination Committee

Composition

Number of Members: 5

Majority of Independent Non-Executive Directors

Key Mandates

To review and recommend remuneration policies, including salary structures, bonuses and retention schemes for the Executive Director and Senior Management.

To ensure remuneration across the Bank aligns with its strategy and policy.

The Committee's detailed responsibilities are set out in the Board-approved Terms of Reference, which are reviewed annually and are available on the Bank's website.

Meetings

Frequency: Quarterly, and on an ad-hoc basis as required.

Refer to the Tables under the section "Board, Committees and Attendance - At a Glance".

Key Focus Areas in FY 2025

During the year, the Remuneration & Nomination Committee:

- Strengthened governance over Senior Management appointments, including oversight of recruitment processes and ensuring that recommendations were supported by complete, accurate and timely documentation.
- Analysed and recommended to the Board, the performance-based remuneration, based on the Bank's goals and objectives for staff.
- Reviewed and recommended to the Board, the Board Sub-Committee structure.
- Reviewed and recommended decisions related to the Senior Management recruitment, and other staff related matters.
- Recommended to the Board, adjustments to remuneration, bonuses, benefits and other terms of staff.
- Improved discipline and effectiveness within HR governance processes, including requiring standardised templates, clear remuneration matrices, signed assessment reports, and escalation where submissions were incomplete or delayed.
- Enhanced accountability and transparency in REMCO decision-making, by deferring recommendations where governance standards were not met and requiring corrective actions prior to approval.

Corporate Governance and Sustainability Committee

Composition

Number of Members: 5

Majority of Independent Non-Executive Directors

Key Mandates

To oversee governance and sustainability initiatives, receives performance updates, advises on best practice governance, and reviews conflict of interest and complaint reports with assurance on controls.

The Committee's detailed responsibilities are set out in the Board-approved Terms of Reference, which are reviewed annually and are available on the Bank's website.

Meetings

Frequency: Quarterly, and on an ad-hoc basis as required.

Refer to the Tables under section "Board, Committees and Attendance - At a Glance".

Key Focus Areas in FY 2025

During the year, the Corporate Governance and Sustainability Committee:

- Reviewed and recommended the Integrated Annual Report of 2024 to the Board.
- Reviewed and recommended the Key Governance Positions within the Bank to the Board.
- Considered the outcome of the Board Evaluation exercise for the financial year 2024.
- Oversaw the implementation of the SBM sustainability Agenda, based on reports submitted by Management.
- Received assurance reports from the Compliance Division regarding matters of Conflicts of Interest and Gift Disclosures.
- Received report from Management on key complaints and their mitigants.
- Shared their observations and made recommendations to improve the process and resolve complaint in a more effective way.

Corporate Governance Report (cont'd)

Principle Two – The Structure of the Board and its Committees (cont'd)

Board Committees – Composition, Mandates and Activities (cont'd)

Cyber and Technology Risk Committee

Composition

Number of Members: 5

Majority of Independent Non-Executive Directors

Key Mandates

To provides oversight of the Bank's cyber, digital and technology agenda.

To monitor cyber and technology risk frameworks.

To oversee key technology initiatives, ensures resilience of systems, and promotes cyber awareness and responsible technology use.

The Committee's detailed responsibilities are set out in the Board-approved Terms of Reference, which are reviewed annually and are available on the Bank's website.

Meetings

Frequency: Quarterly, and on an ad-hoc basis as required.

Refer to the Tables under the section "Board, Committees and Attendance - At a Glance".

Key Focus Areas in FY 2025

Effective from October 2025, the Cyber and Technology Risk Committee:

- Oversaw the IT Strategy, System and Data Repatriation
- Strengthened Regulatory Engagement and Compliance
- Reviewed the governance of Technology Projects and Infrastructure Renewal
- Oversaw Vendor Management and Third Party Dependence
- Monitored Cybersecurity Risk, Resilience and Incident Preparedness
- Followed Up on IT Operating Model, Structure and Capability Building
- Oversaw Budget for Technology and Cyber Investments
- Started discussion and relevant work for the implementation of the Project – Strategic, Program Aimed at Regaining Control (SPARC Project).

Project Sentinel Committee *(project-based committee)*

Composition

Number of Members: 6

Majority of Independent Non-Executive Directors

Key Mandates

To provide focused and temporary oversight over areas of heightened regulatory or strategic importance, ensuring appropriate scrutiny, remediation and reporting, while operating for a defined period without prejudice to the Board's statutory responsibilities.

The Committee's detailed responsibilities are set out in the Board-approved Terms of Reference, which are reviewed annually and are available on the Bank's website.

Meetings

Frequency: Monthly, and on an ad hoc basis as required

Refer to the Tables under section "Board, Committees and Attendance - At a Glance".

Key Focus Areas in FY 2025

Effective from October 2025, the Project Sentinel Committee:

- Reviewed gaps and weaknesses identified through a preliminary investigation
- Mandated Management to put in place appropriate remediation plans to address identified issues
- Continued monitoring and escalation of delays to the Board, where necessary.
- Oversaw supervisory issues, regulatory gaps and observations raised by Regulators

Corporate Governance Report (cont'd)

Principle Two – The Structure of the Board and its Committees (cont'd)

Board Committees – Composition, Mandates and Activities (cont'd)

Board Supervisory Committee
(discontinued as from 09 September 2025)

Composition

Number of Members: 4

Majority of Independent Non-Executive Directors

Key Mandates

To oversee the overall management of the Bank, ensuring that executive decision making aligns with the Bank's strategies and internal policies, while supervising Senior Executives to ensure sound administration and controls, without involvement in day to day operations.

The Committee's detailed responsibilities are set out in the Board-approved Terms of Reference, which are reviewed annually and are available on the Bank's website.

Meetings

Frequency: Bi-monthly (every 2 months), and on an ad hoc basis as required

Refer to the Tables under the section "Board, Committees and Attendance - At a Glance".

Key Focus Areas in FY 2025

During the year, the Board Supervisory Committee:

- Oversaw structured management reporting and follow through on prior actions, including written Chief Executive / Officer-in-Charge reports and escalation where needed.
- Strengthened second-line assurance by requiring Risk and Compliance reports to include clear recommendations, owners, and closure dates, tracked to completion.
- Scrutinised credit governance: covenant compliance, deviations from credit policy, differences between decisions of Credit Underwriting team and Management Credit Forum, and adherence to delegated authorities.
- Monitored impaired assets and recoveries.
- Oversaw customer complaint trends and root cause fixes.
- Promoted disciplined regulatory engagement by reviewing complaint related correspondence with the Bank of Mauritius and encouraging timely, well founded responses.

Corporate Governance Report (cont'd)

Principle Three – Director Appointment Procedures

Context and Application of Principle 3

During the year under review, the Board placed heightened emphasis on director appointment and succession procedures, recognising their critical role in maintaining governance effectiveness, independence, and leadership continuity during a period of transition. Following the reconstitution of the Board in July 2025 and changes at executive leadership level, the Board applied Principle 3 of the Mauritius Code of Corporate Governance in a disciplined, proportionate, and context-specific manner. In doing so, the Board ensured that formal appointment processes, legal and regulatory requirements, and governance standards continued to be upheld despite operational and timing challenges.

The Board regards the nomination, appointment, and succession of Directors as fundamental to effective oversight, institutional stability, and long-term sustainability. Accordingly, these matters are approached with rigour and sound judgement, balancing the need for timely appointments with the importance of preserving independence, diversity of thought, and full compliance with regulatory and governance expectations.

Board Member Appointment

The Board of SBM Bank is committed to upholding sound standards of governance in the discharge of its responsibilities, in alignment with its Board Charter and the Code. Effective Board stewardship is supported by a balanced composition of Directors who collectively contribute a broad range of skills, experience, expertise, and professional judgement. The nomination and appointment of Directors therefore remain a core responsibility of the Board and is exercised with due diligence, independence, and care.

At SBM Bank, the nomination and appointment of Directors is governed by a structured and transparent process designed to ensure that the Board remains appropriately constituted at all times, taking into account regulatory requirements, strategic priorities, and evolving governance needs. This process is intended to support continuity and stability while enabling the Board to refresh its composition where necessary.

To assist the Board in fulfilling this responsibility, a dedicated sub-committee, the REMCO, has been established. The REMCO has been mandated to oversee the nomination and appointment process by reviewing Board size and composition, assessing current and future capability requirements, and identifying and evaluating eligible candidates for directorship. In carrying out its mandate, the Committee ensures adherence to applicable regulatory requirements, including fit-and-proper criteria prescribed by the Bank's regulators.

The REMCO places strong emphasis on diversity at Board level, including diversity of skills, experience, expertise, independence, gender, age, and time commitment. The REMCO has formalised procedures for the appointment of Directors, which are applied consistently and with appropriate judgement.



Once appointed, Directors are expected to demonstrate independence of mind, integrity, and a willingness to challenge constructively, thereby supporting balanced decision-making and reinforcing overall Board effectiveness.

During the FY2025, the Bank welcomed several newly appointed Directors. Detailed disclosures regarding these appointments are provided under Principle 2 of the Corporate Governance Report.

With respect to Executive Directors, including the Chief Executive, directorship is held only for the duration of their tenure as Executives of the Bank. During the year under review, the employment contract of Mr Premchand Mungar was terminated 02 December 2025, resulting in his cessation as an Executive Director with effect from that date. Mrs Rita Gujadhur was appointed as the Bank's Officer-In-Charge in March 2025 and as the Executive Director in July 2025. Further information on the Board composition and changes effected during the year are disclosed under Principle Two of the Corporate Governance Report.

Directors' Induction and Ongoing Development

Induction Programme for Newly Appointed Directors

Newly appointed Directors participate in a structured induction programme designed to familiarise them with the Bank's governance framework, operations, and strategic priorities. The induction programme provides an overview of Directors' legal duties, the Bank's organisational structure, risk profile, and key regulatory and operational considerations, enabling Directors to contribute effectively to Board deliberations from the outset.

Given the number of new appointments during the year under review, the Company Secretary coordinated several induction sessions. Each Director received a comprehensive induction handbook comprising the Constitution, Board Charter, Group structure, Board and Committee composition, Terms of Reference of Board Committees, the latest Annual Report, recent financial statements, and other relevant governance documentation.

In addition, dedicated induction meetings were arranged with key functions across the Bank. These sessions provided Directors with a clear understanding of departmental roles and responsibilities and facilitated engagement with Senior Management. Induction sessions covered areas including governance, compliance, internal audit, risk management, information technology, credit sanctioning processes, large exposures, and legal and recovery affairs.

Continuous Professional Development of Directors

In an environment characterised by regulatory evolution and market change, it is essential for Directors to maintain an appropriate level of knowledge and awareness to discharge their responsibilities effectively. The Board therefore recognises continuous professional development as an important element of effective governance and Board performance.

Under the leadership of the Board Chairperson and the Corporate Governance and Sustainability Committee, and with the support of the Company Secretary and SBM Academy, a structured framework is in place to identify Directors' development needs and support ongoing learning. Directors may also request training aligned with their responsibilities and areas of interest. The Company Secretary coordinates the training framework and maintains individual training records.

Following the reconstitution of the Board during the year under review, Director development activities in 2025 focused primarily on induction and familiarisation programmes, enabling newly appointed Directors to gain a comprehensive understanding of the Bank's governance framework, operations, and risk environment. Broader continuous professional development programmes are scheduled for phased implementation from 2026 onwards, once the Board composition stabilised.

In the interim, Directors will continue to receive targeted briefings and updates, as required, on key regulatory and legislative developments, including new or amended Bank of Mauritius guidelines and other matters relevant to the banking and financial services sector.

In addition to Bank-specific induction and briefings, Directors also had access to selected training sessions and governance updates organised at SBM Group level. These group-wide programmes provided additional exposure to regulatory, governance, and industry developments of relevance across the SBM Group and were considered complementary to the Bank's own director development framework.

Corporate Governance Report (cont'd)

Principle Three – Director Appointment Procedures (cont'd)

Succession Planning

Succession Planning at Board level

In addition to overseeing the nomination and onboarding of Directors, the Board bears ultimate responsibility for succession oversight at Board and executive leadership level, including the position of Chief Executive. This responsibility is exercised with the close involvement of the Board Chairperson and the REMCO, with a clear focus on maintaining leadership continuity, safeguarding governance effectiveness, and ensuring that the Board and executive leadership collectively retain the competencies required to meet the Bank's strategic and regulatory obligations.

Succession planning at SBM Bank is underpinned by principles of good governance, long-term organisational sustainability, and regulatory compliance. It is approached as an ongoing and deliberate governance process, enabling the Board to anticipate changes in leadership requirements, respond to evolving strategic and regulatory expectations, and preserve an appropriate balance of skills, experience, independence, and diversity across the Board.

The Board recognised that the reconstitution of the Board in July 2025, which resulted in the appointment of a predominantly new cohort of Directors, significantly heightened the importance of succession and continuity planning at Board level. In this context, succession planning extended beyond future appointments to include stabilisation measures aimed at preserving institutional knowledge, ensuring continuity of oversight, and progressively embedding the reconstituted Board. Particular emphasis was placed on structured induction, phased committee re-composition, clarity of roles and responsibilities, and ongoing assessment of Board capability and effectiveness.

REMCO's succession-related responsibilities include reviewing current and anticipated vacancies arising from resignations or other changes, and proactively assessing the Board's future succession needs. The Committee also evaluates Directors' eligibility for re-election and reappointment and makes recommendations to its shareholder at the Annual Meeting, thereby promoting continuity while retaining the flexibility to refresh Board composition where required. In carrying out its mandate, REMCO considers the Board's composition in line with the Bank's Constitution, regulatory expectations, and the organisation's strategic objectives.

During the year under review, and in compliance with the Bank of Mauritius Guideline on Cyber and Technology Risk Management, the Board strengthened its cyber and technology oversight capabilities by appointing two additional Non-Executive Directors with relevant expertise in these areas.

Following changes at executive leadership level during the year, the Board appointed an Officer-in-Charge to ensure continuity of leadership and operational stability. During this transition period, the Non-Executive Directors convened additional meetings to exercise enhanced oversight and provide governance guidance on complex and urgent matters arising, within appropriate governance boundaries.

Succession Planning at Senior Management level

Succession planning at Senior Management level is overseen by the Board and REMCO, primarily guided by inputs from the Chief Executive / Officer-in-Charge and the Human Resources division. This structured and transparent approach is intended to support leadership continuity while remaining aligned with the Bank's strategic direction, risk profile, and regulatory obligations.

The Bank's approach to Senior Management succession focuses on identifying leadership needs, anticipating future capability requirements, and progressively strengthening organisational capacity. Key elements include structured promotion processes, targeted recruitment for specialised roles, cross-functional exposure, and capability development initiatives. Recommendations for Senior Management appointments are subject to suitability and fit-and-proper assessments by Management and REMCO prior to submission to the Board for approval.

The Human Resources division has the responsibility to monitor vacancies arising from staff movements, resignations, restructuring, departmental revisions, or retirements and formulates recommendations for review by the Chief Executive, REMCO and the Board. Vacancy updates are reviewed regularly to maintain continuity in critical roles and to enable the Board to monitor progress, provide direction, and reinforce accountability for delivery.

Leadership continuity is further supported through talent development initiatives, including targeted recruitment for key roles, internal progression pathways, structured learning programmes, and on-the-job development. Departmental succession planning is ensured at the level of Management and is reinforced through mentorship and knowledge-transfer arrangements, supporting operational continuity and longer-term readiness.

Where specific expertise is required, the Bank may engage external consultants to support the search and selection process, ensuring access to a broad and suitably qualified talent pool while preserving objectivity, independence, and rigour throughout the appointment process.

During FY2025, the Bank continued to experience a number of vacancies at Senior Management level, some of which had remained open for an extended period. The Board regarded these vacancies as a material governance and operational risk and issued clear direction to Management to prioritise their resolution. While progress was made in addressing some critical roles, the pace of execution was, in certain instances, slower than anticipated.

In response, the Board reinforced its oversight of succession and recruitment through REMCO, intensified monitoring of progress against agreed actions, and elevated leadership capacity as a standing governance priority. The Board continues to actively monitor succession outcomes, reinforce management accountability, and drive momentum towards stabilising the senior leadership structure in a manner consistent with the Bank's strategic objectives, risk appetite, and regulatory expectations.

In light of the existing vacancies at Senior Management level, interim leadership arrangements have been put in place to ensure continuity of operations. Pending the appointment of permanent incumbents, the second-in-line or a suitably senior officer of the Bank has been assigned responsibility for providing interim leadership within the affected departments. These arrangements are intended to maintain operational stability, decision-making continuity and effective oversight during the transition period.

Corporate Governance Report (cont'd)

Principle Four – Director Duties, Remuneration and Performance

Director Duties and Ethical Responsibilities

Legal Duties

The Board recognises that the effective discharge of Directors' duties is fundamental to sound governance, particularly in a year marked by Board reconstitution, leadership transition, and heightened regulatory scrutiny. All Directors are required to act with due care, skill, and diligence, and to exercise independent judgement in accordance with the Companies Act 2001, the Bank's Constitution, and applicable legal and regulatory requirements.

These duties are formally introduced during the Directors' induction programme and reinforced through professional development activities, ongoing governance briefings and updates. The Board places emphasis on collective responsibility and individual accountability, particularly in relation to oversight of strategy, risk, compliance, and conduct. Further details on the induction and continuous development programmes are provided under Principle Three of the Corporate Governance Report.

The Board recognises that the effective discharge of Directors' duties is underpinned by a robust governance ecosystem. While Directors are individually and collectively accountable for the stewardship of the Bank, the proper discharge of their duties relies on the timely provision of accurate, complete, and reliable information, the effectiveness of management execution, and the independence and rigour of the Bank's control functions.

In this context, the Board has made clear its expectation that the Chief Executive / Officer-in-Charge, and the Senior Management and Control Functions — including Risk Management, Compliance, Internal Audit, Strategy, Human Resources, Legal, and Finance—operate within their defined mandates and discharge their respective responsibilities diligently, transparently, and in alignment with Board-approved frameworks and policies. The Board provides strategic direction and oversight, sets the tone from the top, and holds Management accountable for execution, while respecting the clear separation between governance and day-to-day management.

To support Directors in fulfilling their statutory and fiduciary duties, the Board has reinforced governance structures, information flows, and escalation mechanisms, ensuring that matters of risk, compliance, conduct, and performance are brought to the Board's attention in a timely and structured manner. Where gaps or delays are identified, the Board has exercised its oversight role by issuing clear direction, strengthening monitoring, and escalating matters through the appropriate Committees, while preserving Management's accountability for operational delivery.

Code of ethics

The Board considers ethical conduct to be a core pillar of the Bank's governance framework and essential to maintaining trust with regulators, customers, shareholder, and other stakeholders. In a year characterised by organisational transition, the Board reinforced the importance of ethical leadership and consistent standards of conduct across the Bank.

SBM Code of Ethics and Business Conduct sets out the values, principles, and behaviours expected of all Directors and employees, regardless of seniority or function. The Code of ethics emphasises integrity, accountability, professionalism, and compliance as non-negotiable standards underpinning the Bank's operations.

The Code of ethics, developed by Management under the oversight of the Board, is communicated to all Directors and employees, together with the consequences of non-compliance. The Board, through its Committees and control functions, monitors adherence to the Code of ethics and receives regular updates on matters relating to conduct, ethics, and culture. Where required, the Board has directed enhanced scrutiny and follow-up to ensure that ethical standards are consistently applied and reinforced across the organisation.

The Board notes that the Bank's Code of Ethics and Business Conduct was last formally reviewed in 2023. Following the reconstitution of the Board in July 2025, and in light of evolving regulatory, conduct, and organisational considerations, the Board has directed that a review of key human resources governance documents be undertaken during the course of the year. Pending completion of the review, the Board continues to oversee adherence to the existing Code of Ethics and Business Conduct through its Committees, the Executive Forum and Control Functions and expects full compliance by all Directors, the Chief Executive / Officer-in-Charge, Management, and employees.

*Read more on the existing Code of Ethics and Business Conduct on the Bank's website.

Conflict of Interest

The Board maintains a clear approach to unmanaged conflicts of interest and considers effective conflict identification, disclosure, and management to be a fundamental safeguard of independence, integrity, and sound decision-making. The Board recognises that conflicts of interest may arise at different levels of the organisation and has therefore adopted a differentiated framework for Directors and Employees, reflecting their respective roles, responsibilities, and fiduciary obligations.

Directors

In accordance with the Companies Act 2001 and the Bank's Conflict of Interest policy, Directors are required to avoid situations where actual or potential conflicts of interest may arise and to act at all times in the best interests of the Bank. Given that Non-Executive Directors may hold external business interests or other directorships, the Board has established formal disclosure, review, and control mechanisms to manage real or perceived conflicts in a transparent and consistent manner.

Directors are required to disclose any actual or potential conflicts to the Board, the Chairperson, or the Company Secretary, as prescribed under the policy. Declarations of interest are recorded in the Register of Interests maintained by the Company Secretary. Where a conflict is identified in relation to a matter under consideration at Board/Committee meetings, the Director concerned is required to abstain from deliberations and decision-making in respect of the relevant item.

Through these measures, the Board seeks to preserve independence of judgement, protect the integrity of Board decisions, and reinforce accountability at Director level.

Employees

Employees are likewise required to disclose any actual or potential conflicts of interest in accordance with the Bank's Conflict of Interest policy. Such disclosures are recorded in a dedicated register maintained by the Head of Compliance and are subject to review and appropriate management action.

Employees are required not only to disclose any actual or potential conflicts of interest, but also to take reasonable steps to avoid or appropriately manage such conflicts in the performance of their duties. Where a conflict cannot reasonably be avoided, employees are expected to act at arm's length, refrain from influencing related decisions, and comply with any mitigation measures prescribed under the Bank's Conflict of Interest Policy or as directed by the Human Resources and Compliance divisions.

Periodic reports on conflicts of interest are submitted by the Head of Compliance to the Corporate Governance and Sustainability Committee, enabling Board oversight of emerging trends and control effectiveness. Due to the sensitive nature of such disclosures, the Conflict-of-Interest Policy is not published externally.

Corporate Governance Report (cont'd)

Principle Four – Director Duties, Remuneration and Performance (cont'd)

Board Effectiveness

Scope

The Board regards regular evaluation of its effectiveness as an essential component of good governance. Through the Corporate Governance and Sustainability Committee, the Board oversees the evaluation of its own performance, that of its Committees, and the contribution of individual Directors, with the objective of strengthening oversight, decision-making, and collective effectiveness.



In line with the Guidance notes of the Code, the Board undertakes:

- an externally facilitated Board evaluation at least once every three years; and
- internally facilitated evaluations in intervening years.



Board evaluations typically assess, among other areas:

- Board and Committee composition, dynamics, and leadership;
- Clarity of roles, responsibilities, and decision-making processes;
- Effectiveness of oversight of risk, governance, and strategy;
- Quality of information and reporting to the Board;
- Succession planning and people oversight; and
- Ethical leadership, culture, and conduct.

External Evaluation

In December 2023, an external Board effectiveness review was conducted by Value Alpha Limited, a UK-based consultancy specialising in Board evaluations, represented by Mr Seamus Gillen, FCIS/FCG. The external evaluator was appointed by the Board, and the evaluation process was coordinated under the oversight of the Chairman of the Board and the Chairman of the Corporate Governance Committee.. The process included structured interviews with Directors, quantitative and qualitative assessments, and confidential feedback mechanisms. The findings were presented to the Board, providing independent insight into Board performance and areas for enhancement.

Internal Evaluation

In light of the reconstitution of the Board in July 2025, the internally facilitated evaluation for the financial year 2025 is currently being conducted in the first quarter of 2026. This timing was deliberately adopted to allow sufficient time for the reconstituted Board to embed, operate collectively, and be assessed on an informed and meaningful basis. The evaluation is being undertaken using structured evaluation questionnaires.

Following completion of the evaluation, an action plan will be developed, supported by a tracker assigning clear ownership and timelines for implementation. Progress against the action plan will be monitored by the Board, through the Corporate Governance and Sustainability Committee, to support continuous enhancement of Board effectiveness.

The diagram below illustrates the performance evaluation cycle for the last 3 financial years:



Remuneration

The Board recognises that a disciplined and transparent remuneration framework is a critical component of effective governance, supporting independence of judgement, accountability, and alignment with the Bank's long-term objectives. In exercising its oversight responsibilities, the Board seeks to ensure that remuneration practices are fair, proportionate, and aligned with regulatory expectations, while remaining appropriate to attract and retain Directors and senior leaders of the requisite calibre.

Remuneration decisions are made with due regard to the Bank's strategic priorities, risk profile, and the respective roles and responsibilities of Directors and Senior Management.

Remuneration of Non-Executive Directors

The remuneration of Non-Executive Directors is determined by the Board within a framework approved by the Bank's shareholder and is guided by the following governance principles:

- **Alignment with Market Practice**

  The remuneration structure for Non-Executive Directors is benchmarked against relevant market standards. The level and composition of remuneration are designed to be commensurate with the responsibilities assumed, the time commitment required, and attendance at Board and Committee meetings, while preserving independence of judgement.

- **Shareholder-Approved Fee Structure**

  Non-Executive Directors' remuneration is determined in accordance with the fee schedule approved by the Bank's shareholder.

- **Group Policy Alignment**

  The Non-Executive Directors who are already in executive positions within the SBM Group do not receive additional remuneration as Board members, in line with the Group's policy.

Corporate Governance Report (cont'd)

Principle Four – Director Duties, Remuneration and Performance (cont'd)

Remuneration (cont'd)

Remuneration of Non-Executive Directors (cont'd)

In their capacity as Non-Executive Directors of the Bank, the Non-Executive Directors did not receive any performance-linked bonuses, share options, or other incentive-based remuneration during the year under review.

Details of the remuneration and benefits received by the Non Executive Directors (excluding those who hold executive positions within the SBM Group) for the financial year 2025 are set out in the tables below:

Table A – Remuneration Paid Before the Board's Reconstitution

Non-Executive Directors	Amount paid (MUR'000)*
Mrs KICHENIN Imalambaal	980
Mr RAMPERTAB Rajcoomar	860
Mr TACOURI Ranapartab	1,360
Mr AROUFF Jean Paul Emmanuel	1,040
Mr SALEHMOHAMED Muhammad Azeem	1,040
Ms SIBARTIE Oumila	1,040
Mr WONG TAK WAN Lawrence Eric	700
TOTAL	**7,020**

**Amounts are shown at gross value, prior to statutory deductions.*

This table includes Directors who served at any point prior to the Board reconstitution in July 2025, as well as Directors whose tenure extended briefly thereafter.

Table B – Remuneration Paid post Board's Reconstitution (as from July 2025)

Non-Executive Directors	Amount paid (MUR'000)*
Mr BHEENICK Rundheersing, GOSK	700
Mrs BHANJI Kalindee, GOSK	580
Mr BHUJAN Yajnik	920
Mr CHELLEN Thierry Régis Antoine Harold	850
Mr GOBURDHUN Avinash	880
Mr KALACHAND Aakash Krishan	760
Mr LI WAN PO Jean	960
Mr RAMBARASSAH Veenay	620
Ms SAWMY Lavalina D	990
Mr SUMPUTH Sachin Kumar	1,030
TOTAL	**8,290**

**Amounts are shown at gross value, prior to statutory deductions.*

During the financial year, the Board underwent a reconstitution, with changes to its composition taking place at different points in time. As a result, Non-Executive Directors served for varying durations during the year. Remuneration paid to Non-Executive Directors reflects fees earned strictly in respect of their actual period of service on the Board and relevant Board Committees.

Corporate Governance Report (cont'd)

Principle Four – Director Duties, Remuneration and Performance (cont'd)

Remuneration (cont'd)

Remuneration for Executive Directors

In alignment with the Bank's remuneration philosophy, Executive Directors are not entitled to receive directors' fees.

The remuneration structure for the Executive Management team comprises a basic salary, variable performance-related bonuses, and other benefits. In keeping with sound governance practices, no Executive Director or prescribed officer participates in decisions relating to their own remuneration. The Board, through the REMCO, is responsible for reviewing and approving the remuneration packages of Senior Management.

The Chief Executive of the Bank serves as an ex officio member of the Board in accordance with the Bank's Constitution.

The table below provides a summary of the remuneration paid to the Executive Directors during Year 2025:

Executive Directors	Year 2025 (MUR'000)
Mr MUNGAR Premchand	20,577
Mrs GUJADHUR Rita	5,965
TOTAL	26,542*

**During the year under review, the Executive Directors comprised Mr MUNGAR Premchand, who ceased to hold office in December 2025, and Mrs GUJADHUR Rita, who was appointed as Executive Director in July 2025. The remuneration disclosed above represents remuneration paid to the Executive Directors only in respect of the periods during which they held office as Directors during the financial year. Remuneration earned in any other capacity, including prior to appointment or following cessation of office as a Director, has been excluded.*

Directors & Officers Liability

SBM Bank maintains a Directors & Officers (D&O) Liability Insurance policy that provides protection to individual Directors and Officers, as well as to the Bank, in respect of liabilities arising from the discharge of their duties. The policy reimburses the Bank for any loss it has paid on behalf of a Director or Officer in respect of claims first made against them and also covers loss incurred directly by a Director or Officer in connection with such claims.

As part of the Bank's Directors' induction programme, newly appointed Directors are apprised of the scope and coverage of the D&O Liability Insurance, ensuring that they have a clear understanding of the protection available to them under the policy.

The policy expressly excludes coverage for any deliberately dishonest or fraudulent act, or for the deliberate gaining of profit or advantage to which the insured is not legally entitled.

Information Technology Governance

IT Governance Framework

The Board recognises that information technology, digital systems and cyber resilience are critical to the Bank's operational continuity, data integrity, customer trust and regulatory compliance. Accordingly, the Board ensures oversight of information and technology risk, while delegating the implementation and day-to-day management of technology controls to Management within an approved governance framework.

The Bank operates under a comprehensive IT Governance Framework comprising policies, standards, controls and processes designed to ensure the secure, reliable and effective use of information technology across the organisation. The framework is anchored by the Information Security Policy, which establishes the overarching principles for cyber security, data protection and technology risk management, and is supported by a suite of subsidiary policies and standards addressing related domains.

Board Oversight of Cyber and Technology Risk

The Bank's approach to cyber and technology risk management is guided by the Bank of Mauritius Guideline on Cyber and Technology Risk Management.

The Bank initiated a comprehensive review of its IT Governance Framework, policies, standards and supporting processes with the objective of achieving full alignment with the Bank of Mauritius Guideline on Cyber and Technology Risk Management. This review included the identification of gaps and enhancements required to strengthen governance, risk management and control arrangements. Implementation of the revised framework, processes and documentation is scheduled to be completed in 2026.

Prior to the establishment of a dedicated committee, oversight of cyber and technology risks formed part of the mandate of the Risk Management Committee, which ensured that such risks were identified, assessed, monitored and reported as part of the Bank's enterprise risk management framework.

In recognition of the increasing complexity and materiality of cyber and technology risks, and building on the oversight previously exercised by the Risk Management Committee, the Board established a dedicated Cyber and Technology Risk Committee in the fourth quarter of 2025 to provide enhanced and focused oversight of the Bank's cyber, digital and technology agenda.

The Board, through its committees, seeks regular reporting from Management and relevant control functions on the status of implementation and the level of compliance with applicable regulatory requirements, policies and standards. This enables the Board and its Committees to assess the adequacy and effectiveness of the Bank's cyber and technology risk management arrangements and to exercise informed oversight in support of the Board.

The Risk Management function provides independent risk oversight and reporting on cyber and technology risks, including the identification, assessment and monitoring of key risks, material developments and emerging threats. Through this second-line role, the Risk Management function supports the Board, the Risk Management Committee and the Cyber and Technology Risk Committee in the effective discharge of their governance responsibilities.

Material cyber and technology risks, together with progress on regulatory compliance, are escalated to the Board through the Cyber and Technology Risk Committee, as appropriate.

Corporate Governance Report (cont'd)

Principle Four – Director Duties, Remuneration and Performance (cont'd)

Information Technology Governance (cont'd)

IT Governance Responsibilities

All IT-related policies and standards are reviewed periodically to ensure continued relevance in light of emerging threats, technological developments and evolving regulatory expectations, and are approved at Board level.

Management is responsible for the effective implementation of the approved IT Governance Framework and for ensuring ongoing compliance with applicable regulatory requirements, internal policies and standards. As part of this governance structure, significant IT initiatives and material technology change requests are subject to a structured approval process, which includes review by the Bank Executive Forum, the Procurement Forum and, where applicable, the Board. Relevant control functions — including Risk Management, Compliance, Internal Audit, Business Continuity Planning and the Data Protection Office — are engaged at appropriate stages to ensure alignment with regulatory requirements, the Bank's risk appetite and internal control standards.

The Management team and relevant personnel have received appropriate training on the Cyber and Information Technology framework to support disciplined service management practices, enhance operational efficiency and promote continuous improvement.

Access to systems and environments is managed by Management through a process, incorporating defined approval workflows, documentation of approved deviations, and periodic access reviews. These controls are designed to ensure that system access is authorised, appropriately monitored, and aligned with the Bank's internal control standards and risk appetite. Management also oversees the governance of IT expenditure through established processes. Procurement decisions are subject to Management review to ensure that vendor proposals meet requirements for compliance, value for money and alignment with the Bank's strategic objectives.

Technology and Digital Transformation Initiatives

During FY2025, and continuing into 2026, the Bank pursued a number of strategic technology and digital transformation initiatives aimed at strengthening cyber resilience, enhancing operational efficiency and improving customer experience. These initiatives were implemented under the oversight of Senior Management and included:

- **Digital Banking Platform (SBM Tag)**

  Ongoing enhancements to the Bank's mobile and internet banking platforms to improve functionality, performance and user experience.

- **Card Embosser Modernisation**

  Replacement of existing card embossing equipment with next-generation technology to enhance debit and credit card personalisation capabilities.

- **Tokenisation Enablement**

  Implementation of tokenisation services to facilitate secure payments through mobile phones and wearable devices, in line with evolving customer preferences and security standards.

- **Bank of Mauritius Data Security Programme**

  Deployment of additional data security controls across the Bank's technology environment in response to updated regulatory guidance.

- **Windows Upgrade Programme**

  Bank-wide upgrade from Windows 10 to Windows 11 to strengthen cyber resilience and ensure continued vendor support and compatibility.

- **Review of IT Policies and Standards**

  Comprehensive review of IT governance documentation is underway to align with emerging risks, regulatory expectations and industry best practices.

- **Data Repatriation Programme**

  Migration and repatriation of data centres, systems and data from India to Mauritius to reinforce data sovereignty, regulatory oversight and operational control.

- **Customer Onboarding Enhancement**

  Redesign of the customer onboarding process to promote digital adoption and deliver a more seamless customer experience.

- **Board Application Replacement**

  Implementation of a new Board application to enhance functionality and usability for end users.

- **PABX and Contact Centre Upgrade**

  Modernisation of telephony and contact centre infrastructure to improve scalability, resilience and customer service capabilities.

Principle Five – Risk Governance and Internal Control

Risk Management and Internal Control

Risk management and internal control are fundamental to the governance, management and operations of the Bank. The Bank accepts the risks inherent in its core business activities and seeks to manage and diversify these risks through the scale of its operations, the range of products and services offered, and the channels through which they are delivered.

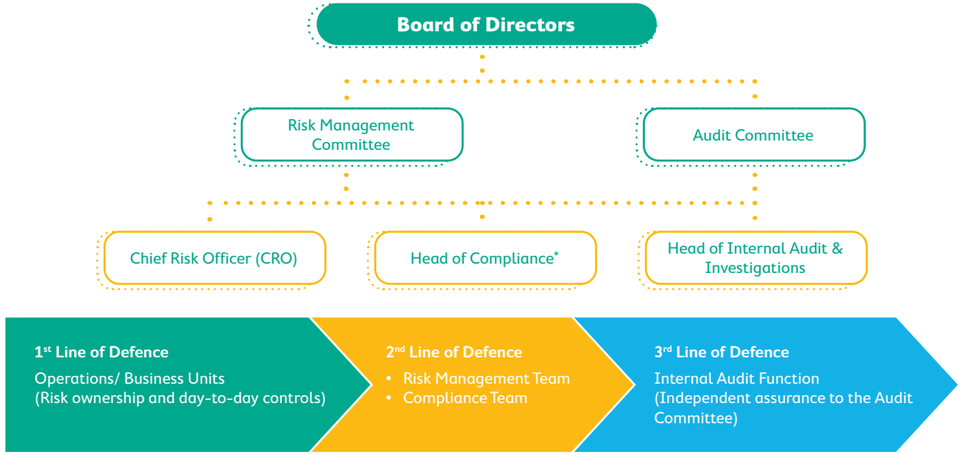
In accordance with the Bank's risk management framework, the Board of Directors provides oversight of the system of risk management and internal control. The system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to support the reliability of reporting, the orderly conduct of operations and compliance with applicable laws, regulations and internal policies.

The Board, through the Risk Management Committee, oversees the Bank's risk management activities to ensure that decision-making is aligned with the Board-approved strategies, policies and risk appetite. The Board is further supported by the Audit Committee, which provides assurance on the effectiveness of internal control systems across the Bank.

Senior Management is responsible for the identification, assessment, mitigation and ongoing monitoring of risks arising from the Bank's operations, with the support of subject matter experts across the business. Significant risks and material developments are escalated to the Risk Management Committee and the Board, as appropriate, and are assessed in the context of the Bank's overall risk tolerance.

The Bank's risk management framework is intended to align strategy, policies, people, processes and enabling technology to support consistent risk identification, assessment, management and reporting. The framework is based on the Three Lines of Defence model and is anchored to the Bank's risk appetite as approved by the Board.

The diagram below summarises the Bank's Risk Governance and Internal Control Framework and illustrates how the Board receives oversight and assurance through defined accountability structures, independent assurance and key controls across the Bank.



Further details on the Bank's risk management framework and principal risks are set out in the Risk Management Report.

Corporate Governance Report (cont'd)

Principle Five – Risk Governance and Internal Control (cont'd)

In a nutshell,

- the Board is assisted in its responsibilities by the RMC – which provides recommendations on the risk appetite of the Bank and the related policies, and Audit Committee – which oversees the effectiveness of the Bank's internal control systems. Processes are in place at Management level to monitor the effectiveness of internal control, identify and report any significant issues, and ensure that timely and appropriate corrective actions are taken.
- the RMC reviews the Bank's principal risks (credit, market, liquidity, financial, strategic, operational, legal, compliance and reputational), monitors the risk profile versus appetite and recommends frameworks, limits and policies to the Board.
- the Audit Committee reviews both internal and external audit reports on systems, controls and governance processes in place to manage those risks. It also periodically evaluates the findings following compliance reviews undertaken by Compliance division of the Bank, thereby providing assurance to the Board on the adequacy and effectiveness of the Bank's internal control system.
- Business & Support Units / Management (first line of defence): Own and manage risks associated with day-to-day operational activities, implementing corrective actions to address process and control deficiencies.
- Risk Management & Compliance teams (second line of defence): Provide independent oversight, advice and challenge; set frameworks and policies; monitor and report risk profile versus appetite.
- Internal Audit team (third line of defence): Deliver independent assurance over governance, risk management and internal controls.

1) Risk Management

Risk management is embedded within the Bank's culture through the commitment of the Board and Senior Management. The objective of risk management is to protect and enhance value for the Bank and its stakeholders by supporting the achievement of the Bank's strategic objectives within an approved risk appetite.

Risk Management Committee

The Risk Management Committee assists the Board in ensuring that appropriate structures, processes and methodologies are in place for the identification, assessment and management of the risks faced by the Bank. The Committee reviews the principal risks affecting the Bank and maintains an enterprise-wide view of risks, including credit, market, liquidity, financial, strategic, operational, legal, compliance and reputational risks.

Assisted by the Risk Management function, the Committee monitors the effectiveness of risk mitigation actions and ensures that risks are managed in accordance with Bank of Mauritius guidelines and policies approved by the Board. The Committee makes recommendations to the Board on risk-related matters, including the risk appetite framework and key risk limits.

2) Internal Control

The Board is supported by its Committees in overseeing the effectiveness of the Bank's system of internal control. The relevant Committees provide assurance to the Board on the adequacy and effectiveness of controls within their respective areas of responsibility through regular reporting.

Audit Committee and Risk Management Committee

The Audit Committee receives regular reports from External Auditor, Head of Internal Auditor and Head of Compliance, providing assurance and/or oversight on the effectiveness of the system of internal control and its adequacy in mitigating risks in line with the Bank's risk appetite.

The Risk Management Committee reviews and recommends risk-related policies for Board approval and monitors the Bank's risk profile against approved limits, with deviations and material issues reported on a timely basis. In parallel, the Audit Committee reviews internal and external audit findings relating to systems and controls supporting risk management.

The Audit Committee and the Risk Management Committee are supported by the Bank's key assurance functions — Internal Audit, Risk Management and Compliance — which operate within a three-lines-of-defence model. These functions provide independent oversight and assurance that Management is taking appropriate and timely corrective action to address control weaknesses and instances of non-compliance with laws, regulations, policies and procedures.

Roles of Assurance and Oversight Functions

Risk management function

The Bank has a dedicated Risk Management function, which provides independent oversight of risk management activities and promotes a strong risk culture across the organisation. The function is responsible for developing and maintaining risk management practices in line with the Bank's risk policies and for ensuring that appropriate controls are in place across all material risk categories. Risk Management team facilitates and monitors the implementation of effective risk management practices by Management and assist business units in defining the risk exposure and reporting adequate risk-related information throughout the organization, while promoting a strong risk culture across the Bank.

The Risk Management function maintains its objectivity through independence from operational activities. The Chief Risk Officer has direct and unrestricted access to the Risk Management Committee.

The effectiveness of the Risk Management function is subject to regular review. Internal Audit provides independent assurance on the adequacy and effectiveness of the Bank's risk management, governance and internal control processes.

Compliance function

Compliance team operates as an independent second line of defence, safeguarding the Bank's integrity and customers while embedding a strong compliance culture. It maintains a risk-based compliance framework covering regulatory compliance, financial crime (AML/CFT/PF and sanctions), conduct risk and data protection. Key activities include: (i) maintaining regulatory inventories and advising on new/revised requirements; (ii) enterprise-wide and thematic compliance risk assessments; (iii) monitoring and testing programmes; (iv) oversight of transaction monitoring and other financial crime controls; (v) coordination of regulatory engagements and remediation; (vi) targeted training and awareness; and (vii) periodic reporting to Senior Management, the Audit Committee and Risk Management Committee.

The Head of Compliance has a functional reporting line to the Audit Committee, through which it provides independent assurance, oversight and reporting.

Internal Audit function

Internal Audit team provides comprehensive assurance to the Senior Management, the Audit Committee and the Board based on the highest level of independence and objectivity within the Bank. Internal Audit team provides assurance on the effectiveness of governance, risk management, and internal controls, including the manner in which the first and second lines of defence achieve risk management and control objectives. More information is provided on page 213 under Principle 7 – Audit.

Whistleblowing

The Bank is committed to promoting a culture of openness, integrity and accountability, and to maintaining high standards of ethical conduct across the organisation. In support of this commitment, the Bank has established a Whistleblowing Policy that provides confidential reporting channels for employees, customers, suppliers, contractors and outsourced service providers.

The Whistleblowing Policy is designed to encourage the reporting of concerns in good faith and to enable such reports to be made without fear of retaliation, victimisation, discrimination or disadvantage.

Oversight of relevant matters arising from whistleblowing reports was exercised through appropriate Management and Board Committee channels. Some matters remained under review as at 31 December 2025.

Corporate Governance Report (cont'd)

Principle Six – Reporting with Integrity

Financial matters

The Directors affirm their responsibility for the preparation of the Bank's financial statements in accordance with International Financial Reporting Standards (IFRS) and the Mauritius Companies Act 2001. An external auditor, appointed by the shareholder, provides an independent opinion on the financial statements and certain other disclosures prepared by the Directors, including whether the financial statements present a true and fair view of the Bank's financial position and performance.

In fulfilling these responsibilities, the Finance function plays a critical operational role. Management, through the Finance Team, is responsible for the preparation of the annual financial statements and for ensuring that accounting records, disclosures and supporting documentation are accurate, complete and compliant with IFRS and applicable regulatory requirements. The Finance Team also supports the external audit process by providing timely access to relevant documentation, explanations and working papers, thereby facilitating an effective and efficient audit.

The Directors oversee compliance with the provisions of the Mauritius Companies Act 2001, the Banking Act 2004, and the Financial Reporting Act 2004. In fulfilling this responsibility, the Directors are supported by the Bank's system of internal control, the work and confirmation of Senior Management, and the assurance provided by internal and external audit functions, which together support the integrity of the Bank's financial reporting.

The financial review is presented on page 281 of the Integrated Annual Report.

Non-Financial Matters

The Bank places strong emphasis on non-financial disclosures, reflecting its commitment to transparency, sustainability and responsible banking practices. Non-financial reporting supports stakeholders' understanding of how the Bank manages its broader responsibilities beyond financial performance, including matters relating to people, the environment, health and safety, and social responsibility.

SBM Bank reports comprehensively on key non-financial areas, including Human Capital, Environmental, Health and Safety, Corporate Social Responsibility initiatives, and engagement with social partners and non-governmental organisations. These disclosures are set out in the Strategy Report and Sustainability Report sections of this Integrated Annual Report.

Human Capital

Human Capital is recognised as a key asset of SBM Bank and a cornerstone of its long-term sustainability. The Bank's people strategy is designed to cultivate a capable, engaged and future-ready workforce that is aligned with its strategic priorities, customer expectations and regulatory obligations.

During FY2025, the Bank continued to strengthen its approach to attracting and retaining talent through transparent, merit-based recruitment processes, internal mobility initiatives and succession planning efforts. The year was nevertheless marked by elevated staff turnover and vacancies in certain Senior Management roles, which necessitated interim arrangements and enhanced focus on leadership continuity, retention and capability building.

Employee engagement and wellbeing initiatives were maintained to support organisational stability, reinforce a speak-up culture and sustain performance. These initiatives were complemented by targeted actions aimed at strengthening organisational cohesion and promoting work-life balance.

Employee development remained central to the Bank's Human Capital agenda. Through the SBM Academy and partnerships with external subject matter experts, the Bank delivered learning programmes focused on technical capability, regulatory knowledge and leadership development. Structured development pathways, cross-functional exposure and on-the-job learning supported succession planning and strengthened the internal talent pipeline.

These combined efforts support the development of a resilient, skilled and engaged workforce, contributing to the Bank's ability to deliver sustainable value to its stakeholders.

Other Non-Financial Matters

Further details on the Bank's non-financial performance, sustainability initiatives, environmental impact management and stakeholder engagement are set out in the Strategy Report and Sustainability Report of this Integrated Annual Report.

Principle Seven – Audit

Oversight by the Audit Committee

During FY2025, changes occurred in the composition of the Audit Committee. Further details on Board and Committee changes are disclosed under Principle 2 of the Corporate Governance Report.

The current members of the Audit Committee were appointed by the Board in August 2025. The Audit Committee discharges its responsibilities through collective expertise, structured processes, and access to appropriate management and assurance functions, enabling it to exercise independent judgement and provide effective oversight of the Bank's financial reporting processes, internal control environment and audit arrangements.

Throughout the year, the Audit Committee considered significant matters relating to the financial statements, including areas involving significant judgement and estimation, such as credit impairment assessments, provisioning methodologies, and the classification and measurement of financial instruments. These matters were reviewed through structured engagement with Management and the External Auditors, consideration of supporting analyses, and monitoring of management actions. The Committee satisfied itself that such matters were subject to appropriate governance, challenge and follow-up, noting that certain items remained subject to ongoing monitoring at year-end.

The Audit Committee held regular and structured engagements with the External Auditors to discuss key areas of audit focus. In line with good governance practice, the Committee also met with the External Auditors without Management present, facilitating open and independent dialogue.

An evaluation of the effectiveness of the external audit process was conducted, taking into account factors such as auditor independence, audit planning and execution, professional scepticism, and the quality and timeliness of audit communications. Based on this evaluation, the Committee concluded that the external audit would be conducted in accordance with applicable auditing standards and thereby approved the audit plan.

Where non-audit services were provided by the External Auditors, the Audit Committee ensured that appropriate safeguards were applied to preserve auditor independence. These included the monitoring of the ratio of non-audit fees to audit fees and the receipt of independence confirmations from the External Auditors.

Corporate Governance Report (cont'd)

Principle Seven – Audit (cont'd)

External Audit

In October 2024, the Bank's ultimate holding entity, SBM Holdings Ltd initiated a Request for Proposal covering the entire SBM Group. Following a comprehensive and competitive evaluation process concluded in the first quarter of 2025, PricewaterhouseCoopers (PwC) was selected as the preferred audit firm.

PwC was subsequently appointed as the Statutory Auditor of the Bank for an initial term of three financial years, commencing with the audit of the financial year ended 31 December 2025, with the possibility of renewal for a total tenure of up to five years. The appointment remains valid until the next Annual Meeting of Shareholder in 2026 and was carried out in compliance with the requirements of the Banking Act 2004, including mandatory audit firm rotation.

Prior to PwC's appointment, Deloitte served as the Bank's statutory auditor for a five-year period up to 31 December 2024, thereby completing the maximum tenure permitted under applicable regulatory requirements.

Following their appointment, PwC presented their audit strategy and scope to the Audit Committee, outlining key areas of focus and planned audit procedures. The Audit Committee engaged constructively with both the External Auditors and Management.

The table below sets out the fees payable to the Bank's External Auditors in respect of statutory audit services and other permitted services for the financial years presented. The Audit Committee reviewed and approved the external audit fees and any non-audit services in accordance with the Bank's policies and applicable regulatory requirements, with appropriate safeguards applied to preserve auditor independence.

Auditors' fees and fees for other services

	2025	2024	2023
	MUR'000 (including taxes)	MUR'000 (including taxes)	MUR'000 (including taxes)
SBM Bank (Mauritius) Limited – External Auditors	PwC	Deloitte	Deloitte
Statutory Audits and quarterly reviews	23,775	20,033	17,883
Other Services	1,726*	437	428
The report of PwC, External Auditors is annexed to the Financial Statements.			

**Other services include review of the AML/CFT (MUR 949,900), dividend review for 1 exercise (MUR 316,250) and tax compliance fees (MUR 460,000).*

Internal Audit

The Internal Audit division of SBM Bank provides independent and objective assurance and advisory services designed to strengthen the Bank's governance, risk management and internal control environment. Through a systematic and disciplined approach, Internal Audit evaluates the adequacy and effectiveness of key processes and controls, thereby supporting the Bank in the achievement of its strategic objectives. The function operates in accordance with an Internal Audit Charter, which is reviewed and approved by the Audit Committee.

To preserve independence and ensure robust oversight, the Head of Internal Audit reports functionally to the Audit Committee. The Audit Committee maintains direct oversight of the Internal Audit function, including through regular private meetings with the Head of Internal Audit, in the absence of Management. Internal Audit does not participate in operational activities and has unrestricted access to personnel, records, systems and information necessary to discharge its mandate.

The Internal Audit division is organised into specialised audit areas, including Credit, Operations, IT Audit and Other Reviews, each led by an Audit Lead reporting to the Head of Internal Audit. The function is supported by a team with appropriate professional skills and experience, combining banking knowledge with audit expertise.

In accordance with the Group Internal Audit Policy, the Internal Audit division also provides audit services to entities within the SBM Group. Ongoing coordination with Group Internal Audit teams supports alignment of methodologies, consistency of standards and effective oversight across the Group.

The annual audit plan is developed using a risk-based approach, aligned with the Bank's risk profile and approved by the Audit Committee. During the financial year 2025, the audit plan covered a broad range of processes and activities across the Bank and was substantially completed. Findings and recommended remedial actions were reported periodically to the Audit Committee, with open findings subject to enhanced follow-up by the Internal Audit team; with Senior Management to support timely remediation.

To further strengthen governance and mitigate potential conflicts of interest, the Bank has formalised a clear separation between Internal Audit and Investigation activities, including the clarification of respective mandates, reporting lines and organisational structures. Accordingly, the former combined "Internal Audit & Investigation" function has been re-segregated into two independent roles. Each function operates autonomously and reports directly to the Audit Committee, providing regular updates within their respective remits. This separation reinforces independence, objectivity and accountability, and enhances the effectiveness of oversight, ethical conduct and risk management across the Bank.

In line with the Bank's internal audit strategy, the Internal Audit division continues to focus on capacity building and capability enhancement, including targeted recruitment and increased use of technology and data analytics. These initiatives are intended to enhance audit efficiency, expand coverage and support the continuous strengthening of the Bank's internal control environment.

Corporate Governance Report (cont'd)

Principle Eight – Relations with Shareholders and Other Key Stakeholders

The Bank recognises that constructive, transparent and timely engagement with its shareholder and other key stakeholders supports effective corporate governance and the sustainable creation of long-term value. The Board of Directors and Executive Forum provide oversight of how stakeholder interests are identified, considered and reflected in the Bank's strategic direction, risk governance and decision-making, having regard to the Bank's operating context during the year.

Stakeholder engagement is conducted within a structured governance framework designed to promote accountability, transparency and responsiveness. Management is responsible for day-to-day engagement, while the Board and its Committees exercise oversight through regular reporting, review and challenge. This enables the Board to develop an informed understanding of stakeholder expectations, emerging risks and opportunities, and their potential implications for the Bank's financial resilience, reputation and sustainability priorities, particularly during a period of transition.

In discharging its fiduciary duties, the Board seeks to balance the interests of its shareholder with the Bank's broader responsibilities to customers, employees, regulators and society. Further information on the Bank's stakeholder engagement mechanisms, material matters and sustainability-related initiatives, and how stakeholder considerations are reflected in strategic execution, is set out in the Strategy Report and Sustainability Report of this Integrated Annual Report.

Key Stakeholders of the Bank

The table below summarises the Bank's principal stakeholder groups and the governance focus applied by the Board and Management:

Stakeholder Group	Governance Focus
Shareholder and Investor Community	Sustainable financial returns, capital strength, equitable treatment, transparent reporting and timely disclosures.
Customers	Fair outcomes, responsible product governance, service quality, data protection, financial inclusion and preservation of trust.
Employees	Ethical and performance-driven culture, diversity and inclusion, talent development, succession planning and employee wellbeing.
Government and Regulators	Regulatory compliance, proactive supervisory engagement, prudent risk management and contribution to financial system stability.
Suppliers and Strategic Partners	Ethical procurement, operational resilience, third-party risk oversight and alignment with governance and sustainability expectations.
Societies and Communities	Responsible corporate citizenship, socio-economic contribution, inclusive growth and sustainable development initiatives.

Statement of Compliance

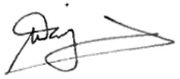
Name of Public Interest Entity: SBM Bank (Mauritius) Ltd

Reporting Period: 1 January 2025 to 31 December 2025

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



Rundheersing BHEENICK, GOSK
Chairman – Board



Jean LI WAN PO
Chairman – Corporate Governance and Sustainability Committee

Company Secretary's Certificate

We certify to the best of our knowledge and belief that the Bank has filed with the Registrar of Companies all such returns as are required of the Bank under the Mauritius Companies Act 2001 in terms of Section 166 (d).



Preshnee RAMCHURN
Company Secretary



NEVER FAR
FROM OUR
ROOTS

Risk Management Report

This section outlines how we identify, monitor, mitigate and manage the risks that impact our operations and business, in alignment with our set risk appetite.



Risk Management Report

Overview

The Bank's strategy is built on a commitment to meet the evolving needs of our clients while conducting business with integrity and discipline, supported by sound governance and effective risk management.

We maintain an enterprise-wide approach to risk management that addresses both financial and non-financial risks across all business activities. This approach is set out in our Enterprise Risk Management Framework (ERMF), which defines the principles, methodologies and accountabilities for identifying, assessing, managing and reporting risk.

Risk management is a collective responsibility across the organisation. Ultimate oversight rests with the Board, which sets the Bank's risk appetite, defining the levels and types of risk the Bank is willing to accept in pursuit of its strategic objectives.

Governance of the risk management process is exercised through dedicated Board and management committees. During the year, the Board was reconstituted and the charters of Board sub-committees were refreshed to reflect emerging risk priorities. Notably, a Cyber Risk & Technology Committee was established at Board level to provide focused oversight of cyber and technology risks. The Board also approved a Risk Charter, which formalises the independent mandate of the Risk Management function, establishing clear reporting lines, access rights and accountability mechanisms designed to protect the function's independence from management influence.

Executive Management sets the overall risk appetite in consultation with the Risk Management function. This is reviewed by the Risk Management Committee and recommended to the Board for approval. Risk limits are established to ensure adherence to the defined appetite, and business units are expected to operate within these limits. The Risk Management function monitors the risk profile on an ongoing basis and reports to Senior Management through risk forums, the Risk Management Committee and the Board. Internal Audit provides independent assurance to the Board on the effectiveness of governance, risk management and internal controls.

The Bank's risk framework, risk appetite, policies, procedures, controls and reporting mechanisms are subject to regular review to ensure alignment with legal and regulatory requirements, corporate governance standards and sound industry practice.

Year under Review

The year was marked by fiscal pressures affecting Mauritius' sovereign credit profile, ongoing macroeconomic uncertainty in key markets where the Bank maintains cross-border exposures, and an operating environment characterised by elevated interest rates and foreign exchange volatility. Regulatory expectations continued to intensify, particularly in relation to credit risk governance, stress testing and cyber resilience. Against this backdrop, the Bank maintained a disciplined approach to risk management, strengthening governance structures, refining risk frameworks and enhancing oversight capabilities across principal risk areas.

Key initiatives and developments during the year included:

- Credit risk governance and assessment capabilities strengthened through deployment of additional specialised credit rating scorecards covering project finance, non-bank financial institutions and holding companies. Independent risk reviews of large credit exposures were enhanced to provide clearer identification of key risks and support more informed credit decision-making.
- Market risk exposures maintained within risk appetite throughout the year in the decreasing interest rate environment and despite the elevated volatility in foreign exchange markets. Risk monitoring and reporting capabilities were enhanced, including improved sensitivity and stress-testing analyses across key risk factors.
- Liquidity and funding position remained sound, with regulatory metrics (LCR, NSFR) and internal liquidity ratios maintained above Board-approved and regulatory minimums. Liquidity monitoring, cash-flow gap analysis and stress-testing capabilities were strengthened to support timely management action under stressed conditions.
- Cyber and technology risk oversight elevated through the establishment of a dedicated Cyber Risk & Technology Committee at Board level. A revised Cyber Technology Risk Management Framework was developed to align cybersecurity, technology risk and operational resilience. Cyber awareness training, phishing simulations and incident response capabilities were enhanced across the organisation.
- Operational risk management strengthened through targeted risk awareness sessions, ongoing internal communications to reinforce risk culture, and development and implementation of new Key Risk Indicators to support earlier identification of emerging issues.
- Compliance framework reinforced with continued focus on anti-money laundering and combatting the financing of terrorism (AML/CFT), conduct risk management, and regulatory engagement. Compliance monitoring, testing and control assurance activities were enhanced across first-line and second-line of defence functions.
- Governance structures recalibrated following the appointment of a new Board of Directors and the refresh of Board sub-committee charters. A Risk Charter was approved, formalising the independent mandate of the Risk Management function and establishing clear accountability and reporting lines to the Board.

Risk Management Report

Key Risk Areas

Increasing risk | Stable risk

Risk Types	Considerations	Key mitigating actions
Credit risk Risk of financial loss resulting from a counterparty failing to fulfil its financial or contractual obligations or from a decrease in counterparty credit quality. Includes obligor risk, concentration risk, settlement risk and country risk. **Trends:**	High interest rates and cost pressures continue to impact borrower cash flows and debt servicing capacity across key markets. On the other hand, some rate cuts relieved the tensions. Geopolitical tensions and foreign exchange volatility present heightened challenges for cross-border exposures. Fiscal pressures affecting sovereign credit profiles, including Mauritius, increase sensitivity to government debt levels and macroeconomic conditions. Data limitations for specialised and structured exposures add complexity to credit assessments. **Capitals impacted:** Financial, Intellectual **Material matters impacted:** Economic performance, Regulatory compliance	• Ongoing review and update of credit policies, risk appetite limits and delegated authorities to reflect evolving risk environment. • Enhanced independent risk reviews of large credit exposures, providing clearer identification of key risks and supporting informed credit decision-making. • Deployment of specialised credit rating scorecards for project finance, non-bank financial institutions and holding companies to strengthen risk assessment capabilities. • Proactive monitoring of credit portfolios with focus on regulatory and prudential limits, concentration risks and delinquency trends. • Regular stress testing to evaluate portfolio resilience under adverse conditions, with particular focus on interest rate shocks and cross-border exposure scenarios. • Incorporation of interest rate stress buffers in underwriting standards and regular review of variable-rate exposures. • Conservative limits maintained on sovereign and state-related exposures, with close monitoring of fiscal and macroeconomic indicators. • Risk mitigation through collateral, guarantees and covenants, subject to regular valuation and enforceability review.
Market Risk Risk of loss arising from adverse changes in market variables such as interest rates, foreign exchange rates, equity prices, commodity prices, credit spreads or changes in the volatility of these risk factors. **Trends:**	The high interest rate environment and the elevated volatility in foreign exchange markets resulted in more frequent limit utilisation and heightened monitoring requirements throughout the year. Geopolitical tensions and monetary policy uncertainty continue to drive potential for abrupt market repricing. Data and system constraints limit the granularity of scenario-based risk metrics, while model limitations may not fully capture non-linear risks under extreme but plausible market conditions. **Capitals impacted:** Financial, Intellectual **Material matters impacted:** Economic performance, Regulatory compliance	• Clearly defined risk appetite and Board-approved limits, supported by regular review and timely escalation of limit breaches or near-breaches. • Daily independent monitoring of market risk exposures, with enhanced focus on sensitivities and stress scenarios during periods of heightened volatility. • Stress testing and scenario analysis to assess the impact of extreme but plausible market movements and inform management actions. • Strong governance framework, including regular oversight by ALCO and senior management. • Independent validation and periodic review of market risk methodologies, assumptions and key models. • Ongoing engagement with business units to ensure risks are understood, appropriately priced and aligned with approved risk appetite.

Risk Management Report (cont'd)

Key Risk Areas (cont'd)

Risk Types	Considerations	Key mitigating actions
Liquidity & Funding Risk Risk that the Bank is unable to meet its payment obligations as they fall due or lacks the appropriate amount, tenor and composition of funding and liquidity to support its assets under both normal and stressed conditions. **Trends:** 	Market uncertainty and heightened interest rate volatility continue to drive fluctuations in funding costs and deposit behaviour, creating a more dynamic and sometimes unpredictable liquidity environment. Rapid changes in market conditions, including shifts in investor sentiment and funding availability, require constant monitoring and proactive management. **Capitals impacted:** Financial Intellectual  **Material matters impacted:** Economic performance Regulatory compliance 	• Clearly articulated liquidity risk appetite, supported by Board-approved limits and early warning indicators. • Regular monitoring of liquidity positions, funding concentrations and key behavioural assumptions. • Robust liquidity stress-testing framework covering institution-specific, market-wide and combined stress scenarios. • Well-defined contingency funding plan, including identified management actions, governance and communication protocols. • Sustainable maintenance of a high-quality liquid asset (HQLA) buffer appropriate to the Bank's risk profile and stress outcomes. • Strong governance and oversight through ALCO and senior management, with periodic review of liquidity risk methodologies and assumptions.

Risk Types	Considerations	Key mitigating actions
Capital Risk Risk of inadequate level (quantity) or composition (quality) of capital to support its normal business activities and to meet its regulatory capital requirements under normal and stressed conditions. **Trends:** 	Multiple factors impacting our capital position such as stringent regulatory requirements, sovereign rating downgrades, earnings volatility, stressed macroeconomic context and adverse changes in exchange rates. **Capitals impacted:** Financial Intellectual  **Material matters impacted:** Economic performance Regulatory compliance 	• Conduct regular stress testing to ensure a sufficient level of capital is available to withstand potential loss from significant exposures and that adequate buffer is in place in respect of regulatory ratios requirements • Assess capital adequacy in alignment with the risk profile and appetite framework, ensuring capital levels are commensurate with the risks undertaken, including under stress scenarios. • Actively monitoring the economic outlook and rating of countries below investment grade • Continuous monitoring of capital forecasts and considerations of capital headwinds aiding in prompt decision making

Risk Management Report (cont'd)

Key Risk Areas (cont'd)

Risk Types	Considerations	Key mitigating actions
Strategic and Business Risk Risks arising from making inappropriate strategic choices, ineffective business strategy execution, or failure to respond in a timely manner to changes in the regulatory, macroeconomic or competitive environment. **Trends:**	Delays or shortcomings in executing the Bank's strategic initiatives or achieving anticipated business and financial performance arising from unexpected changes in the intensity or nature of competition, adverse changes in stakeholders' sentiment or unexpected changes in laws and regulations. **Capitals impacted:** Financial, Natural, Intellectual, Social and relationship, Human, Manufactured **Material matters impacted:** Economic performance, Regulatory compliance, Customer experience, Climate consciousness	• Proactively assess the impact of changes in the operating environment on our strategic ambitions • Maintain a clear, well-defined business strategy with measurable objectives and contingency plan. • Ensure the focused execution of key priorities through established governance and execution platforms. • Strengthen our internal capabilities such as investment in new technologies and talent, improving customer experience • Maintain active engagement with regulators, rating agencies and other key stakeholders to stay ahead of compliance requirements and industry best practices • Diversify revenue streams to reduce dependence on specific markets, products or customer segments • Add aspects of continuous reviews at Bank level
Operational Risk Risk of inadequate or failed processes, people and systems as a result of changes in internal or external factors. **Trends:**	Operational risk is inherent in all products, activities, processes and systems across the Bank. These risks are complex, difficult to anticipate and quantify, and evolve rapidly with significant overlap with other risk types. Heightened regulatory emphasis on data quality and completeness increases operational demands. Despite ongoing awareness campaigns, customers remain vulnerable to scams, exacerbated by limited digital literacy in some segments. **Capitals impacted:** Natural, Human, Intellectual **Material matters impacted:** Economic performance, Regulatory compliance	• Proactive identification and assessment of risks and controls through Risk Control Self-Assessments (RCSAs) and Key Risk Indicators (KRIs) to determine the design strength and reliability of processes. • Management of operational risks within risk appetite thresholds to protect against material loss or damage to the Bank. • Maintenance of robust systems, adequate processes and recovery capabilities to contain operational disruptions arising from technology infrastructure failures, third-party service unavailability, cyber-security attacks and data protection incidents. • Embedding of a strong risk culture through targeted risk awareness sessions, internal communications and clear accountability for risk management across all business and support functions. • Strong due diligence processes maintained at various stages of the client lifecycle. • Well-embedded complaint management process with effective root cause analysis and prompt resolution. • Development and implementation of enhanced Key Risk Indicators to support earlier identification of emerging issues.

Risk Management Report (cont'd)

Key Risk Areas (cont'd)

Risk Types	Considerations	Key mitigating actions
Cybersecurity & IT Risk Risk to the Bank's assets, operations and personnel arising from potential unauthorised access, use, disclosure, disruption, modification or destruction of information assets and systems. **Trends:** 	The cyber threat landscape continues to evolve rapidly, with increased sophistication in ransomware, phishing and targeted attacks. The emergence of AI-driven exploitation techniques and zero-day vulnerabilities heightens the risk of successful breaches. Increased dependency on external providers introduces systemic risks that extend beyond the Bank's direct control. Regulatory expectations have intensified around safeguarding personal and sensitive data, mandatory risk assessments, enterprise governance, cyber-resilience capabilities and third-party risk controls **Capitals impacted:** Financial  Human  Intellectual  Manufactured  **Material matters impacted:** Economic performance  Customer experience  Regulatory compliance 	• Establishment of a Cyber Risk & Technology Committee at Board level to provide dedicated oversight of cyber and technology risk management strategies. • Development and implementation of a revised Cyber Technology Risk Management (CTRM) Framework aligning cybersecurity, technology risk and operational resilience. • Deployment of AI-driven, cloud-based technology to detect and stop cyberattacks in real time, supported by improved detection capabilities, behavioural analytics and use of threat-intelligence feeds. • Regular red-team activities, tabletop exercises and incident response capabilities through the Security Operations Centre (SOC). • More frequent vulnerability scans, faster remediation efforts and risk-based prioritisation of security weaknesses. • Ongoing cyber awareness training, phishing simulations and communications to strengthen the human element of cyber defence. • Formalised risk acceptance processes with clear accountability and regular reviews. • Strengthened governance through strict maker-checker separation of responsibilities for critical systems and changes.

Risk Types	Considerations	Key mitigating actions
Model Risk Potential loss arising from decisions based on model outputs, due to errors in the development, implementation or use of models, or from misestimation of risk parameters. **Trends:** 	Model risk remains inherent in key business processes, including credit risk assessment, financial risk measurement and valuations of some specific financial instruments. The deployment of additional specialised credit rating scorecards during the year expanded the model inventory and reinforced the need for robust model governance. Complexities in the operating environment, including macroeconomic volatility and data limitations, continue to challenge model performance and may lead to inaccurate outputs if not properly managed. Model risk could result in financial losses, erroneous reporting, suboptimal business decisions or reputational damage. **Capitals impacted:** Natural  Human  Intellectual  **Material matters impacted:** Economic performance  Regulatory compliance 	• Initiative to strengthen model risk management practices, guided by regulatory expectations and industry best practices, with a focus on clear ownership, accountability, and oversight. • Independent model validation processes to assess model conceptual soundness, performance and appropriate use, with findings escalated to senior management and relevant committees. • Ongoing model monitoring, backtesting and periodic review to identify performance deterioration and trigger timely remediation or recalibration. • Application of management overlays where models may not fully capture current conditions or emerging risks, subject to appropriate approval and documentation. • Regular assessment of data quality, completeness and consistency to ensure model inputs remain fit for purpose. • Fundamental model risk training will be provided to model developers, users and validators to strengthen awareness and appropriate model use.

Risk Management Report (cont'd)

Key Risk Areas (cont'd)

Risk Types	Considerations	Key mitigating actions
Compliance Risk Risk of legal or regulatory sanctions and other actions, financial loss, damage to reputation or impairment of integrity or any other financial or non-financial impact that may arise due to non-compliance with legal, regulatory and other compliance obligations in the jurisdictions the Bank conducts its operations **Trends:**	Increasing pace and evolving complexity of regulatory and statutory requirements across the Bank's markets impact the current business model coupled with heightened scrutiny of regulators **Capitals impacted:** Manufactured, Intellectual Social and relationship **Material matters impacted:** Economic performance Regulatory compliance	• Robust and effective internal control environment and adequate infrastructure ensure that the Bank conducts its business in compliance within the parameters of the laws, regulations and supervisory expectations • Frameworks, policies and controls in place continuously being reviewed to ensure adherence to relevant laws and regulations with Board oversight • Enhance the design and operating effectiveness of the control environment to ensure the Bank continues to operate in conformity with legal and regulatory requirements. • Consolidated Enterprise-Wide Risk Assessment (EWRA) aiding with the identification of new and emerging risks underway • Strengthen the culture of sound regulatory compliance across the Bank through tailored training programmes and awareness campaigns • Initiate the implementation of technological solutions to enhance operational efficiencies and streamline processes (e.g. transaction monitoring, alerts management, automation of reports) • Integration of an Operational Compliance team to capitalise on synergy within the function ranging from reporting, managing financial institutions relations to training & awareness
Reputational Risk Risk of potential or actual damage to the Bank's standing arising from any event, behaviour, action or inaction that may adversely impact stakeholder confidence, profitability or sustainability. **Trends:**	Reputational risk arises from failure to meet stakeholder expectations and can result from operational failures, compliance breaches, governance issues or perceived misconduct. The year was marked by heightened stakeholder and regulatory scrutiny, reinforcing the importance of transparency, effective governance and timely communication. Social media amplifies reputational events, increasing the speed and scale at which negative sentiment can spread and impact customer confidence, investor perceptions and regulatory relationships. Reputational damage can lead to client attrition, revenue loss, regulatory action, erosion of market confidence and difficulties in accessing capital or recruiting talent. **Capitals impacted:** Intellectual Social and relationship **Material matters impacted:** Economic performance	• Proactive monitoring of media coverage across all channels—local, regional, international and social media—supported by structured escalation processes to address potential reputational risks promptly. • Strong governance oversight ensuring business activities are appropriately assessed, managed and subject to robust Board and management oversight. • Proactive engagement with regulatory authorities, industry bodies and key stakeholders to maintain credibility, transparency and open communication. • Well-embedded complaint management process with effective root cause analysis, prompt resolution and escalation to senior management where appropriate. • Sound due diligence processes maintained at various stages of the client lifecycle to mitigate association with inappropriate or high-risk counterparties. • Clear communication protocols to ensure consistent, accurate and timely messaging during periods of heightened stakeholder attention. • Regular assessment of reputational risk exposures through governance forums, with escalation of material risks to the Risk Management Committee and Board.

Risk Management Report (cont'd)

Key Risk Areas (cont'd)

Risk Types	Considerations	Key mitigating actions
Climate Risk Potential for financial loss and non-financial detriments arising from climate change and society's response to it, encompassing both physical risks (extreme weather events, chronic environmental shifts) and transition risks (policy changes, technological disruption, market sentiment shifts). **Trends:** 	Climate risk remains a priority focus for the banking industry, driven by regulatory expectations, stakeholder demands and the increasing materiality of climate-related impacts on credit, operational and strategic risks. Data availability and methodological challenges persist, particularly in assessing long-term climate scenarios and quantifying financial impacts. Supervisory attention on climate-related and environmental risk considerations within credit risk assessment and portfolio management continues to intensify. **Capitals impacted:** Human  Manufactured  Social and relationship  **Material matters impacted:** Regulatory compliance  Climate consciousness 	• Development and refinement of methodologies to identify, measure and manage physical and transition risks across operations, suppliers, clients and markets. • Integration of climate risk considerations into strategy, risk management processes and risk appetite frameworks. • Incorporation of climate risk scenarios into ICAAP stress testing to monitor potential impacts on capital adequacy under adverse climate conditions. • Conduct of materiality assessments and development of climate risk heatmaps to capture sectoral and geographical exposure. • Enhanced transaction screening and due diligence processes to ensure climate-related risks are considered in lending and investment decisions. • Training and awareness sessions delivered as part of the wider sustainability agenda to build understanding of climate risks across the organisation.

Managing Our Risks

Our risk management approach provides a structured and effective framework for identifying, assessing and managing risks, ensuring clear accountability and strong oversight.

Our Enterprise Risk Management process encompasses the identification of risks across our business operations, coupled with analysis of the key factors shaping our operating environment. The Enterprise Risk Management Framework establishes the overarching principles for risk management by defining frameworks, policies, standards, objectives and key responsibilities across the Bank.

Specifically, the ERMF:

- Identifies the principal financial and non-financial risks faced by the Bank.
- Establishes clear requirements for ownership, transparency, accountability and independence in risk management.
- Defines the risk management process, outlining the activities, tools, techniques and operating model necessary for the effective management of material risks.
- Implements a clear three lines of defence model ensuring appropriate segregation of duties and robust risk oversight.

The framework is structured around five core pillars:

1

Risk Identification & Appetite

Identifying and assessing risks in alignment with the Bank's strategic objectives and operational activities, while defining the acceptable level and nature of risk exposure in line with strategic goals. Risk appetite reflects our ability to absorb potential losses while continuing to meet obligations under both normal and stressed conditions.

2

Governance & Policy Framework

Establishing robust governance structures and policies to oversee risk-taking and management. Clear allocation of responsibilities across the Bank ensures decisions are made at appropriate levels, aligned with stakeholder mandates and strategic objectives.

3

Risk Measurement & Reporting

Implementing clear methodologies to assess, report and communicate risks effectively, supported by accurate risk information and robust data infrastructure to enable informed decision-making and ongoing monitoring.

4

Risk Mitigation & Controls

Deploying risk controls and mitigation strategies to enhance resilience, developing proactive measures to anticipate and manage risk, minimize residual exposures and turn potential challenges into strategic advantages.

5

Stress Testing & Scenario Analysis

A forward-looking risk management process designed to assess the potential impact of changes in financial and non-financial performance under both normal and stressed conditions.

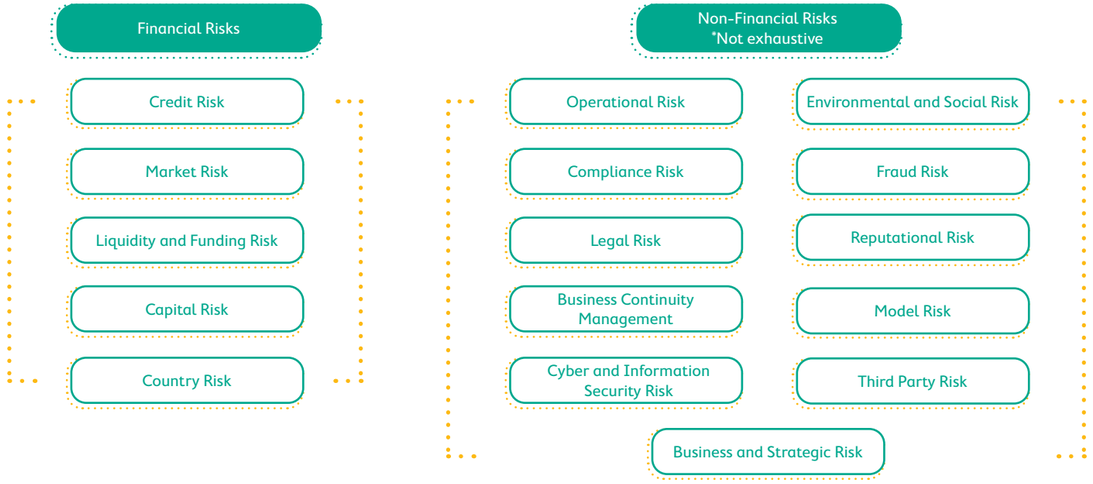
The ERMF is continuously reassessed and refined to ensure its effectiveness in addressing the challenges of our dynamic operating environment, while maintaining alignment with evolving regulatory requirements and industry best practices.

Risk Management Report (cont'd)

Risk Universe

Our risk universe encompasses the core risks inherent to our business. These risks are categorized as financial and non-financial risks, with ongoing identification of top and emerging risks that require heightened management attention due to their potential material impact on our strategic objectives.

To ensure continued relevance, we proactively monitor and assess the external environment for evolving risk dynamics. The risk universe is managed through a comprehensive risk lifecycle, spanning identification, assessment, mitigation and reporting. Our approach includes robust risk quantification under both normal and stressed conditions, extending to recovery and resolution planning to safeguard the Bank's resilience and sustainability.



The risk universe is managed through the risk lifecycle process encompassing identification, assessment, mitigation and reporting.

Risk Lifecycle

Identify
Outlining the methodology and tools for identifying material products, activities, processes and systems.

Assess
Applying qualitative and quantitative measures to define probability and exposure to risk.

Manage
Choose most effective controls based on analysis and formulate plans to either avoid, transfer, mitigate or accept the risk.

Monitor
Periodically review risk mitigation plans to ensure effectiveness and monitor trends.

Report
Provide relevant information/ escalation to Executive Management/relevant Committees.

Risk Appetite

Risk exposures are actively managed through a range of strategic techniques and continuously monitored against a defined risk appetite aligned with our business objectives. We ensure the efficient allocation of capital to drive sustainable growth and maximize shareholder value while maintaining full compliance with regulatory capital requirements.

Our long-term sustainable growth and profitability are underpinned by a strong alignment between our risk appetite and strategic objectives, ensuring an optimal balance between risk and return.

Risk appetite defines the level and nature of risk the Bank is willing to assume in pursuit of our financial and strategic goals. It is articulated through qualitative risk principles and preferences, outlining the types of risks the Bank actively pursues, accepts or avoids. The maximum level of risk the Bank is willing to assume is quantified using key metrics across credit, market, liquidity and non-financial risks.

Our risk appetite framework operates across three levels:

Risk capacity
The maximum level of risk that the Bank can sustain in pursuit of business objectives with existing resources and capabilities.

Risk appetite
The overall level and type of risk the Bank is prepared to accept in executing its activities, balancing opportunities against potential threats.

Risk limits
Defined thresholds established to monitor and control deviations from the desired risk exposure, ensuring adherence to the approved appetite.

The Board reviews and approves the Bank's risk appetite and capacity on an annual basis, or more frequently in response to significant changes in the risk environment. This ensures alignment with the Bank's strategic objectives, business landscape, regulatory requirements and stakeholder expectations.

Stress Testing

In an evolving and uncertain macroeconomic environment, stress testing serves as an essential tool to detect vulnerabilities and strengthen risk management practices.

Given the market volatility across the Bank's operating regions, stress testing methodologies are systematically employed to assess the Bank's resilience and vulnerability to adverse conditions. Insights derived from these assessments enable management to optimize capital and liquidity through the Internal Capital Adequacy Assessment Process (ICAAP), practice proactive risk mitigation, refine decision-making and enhance the Bank's ability to navigate an increasingly dynamic economic landscape.

Stress testing encompasses a range of scenarios, including macroeconomic shocks, market disruptions, credit deterioration and operational events, designed to evaluate the Bank's capacity to withstand severe but plausible stress conditions. Results inform risk appetite calibration, capital planning and contingency measures.

Strategic recommendations, informed by stress testing outcomes, are presented to the Board to ensure the Bank's strategy remains aligned with its established risk appetite and long-term sustainability objectives.

Risk Management Report (cont'd)

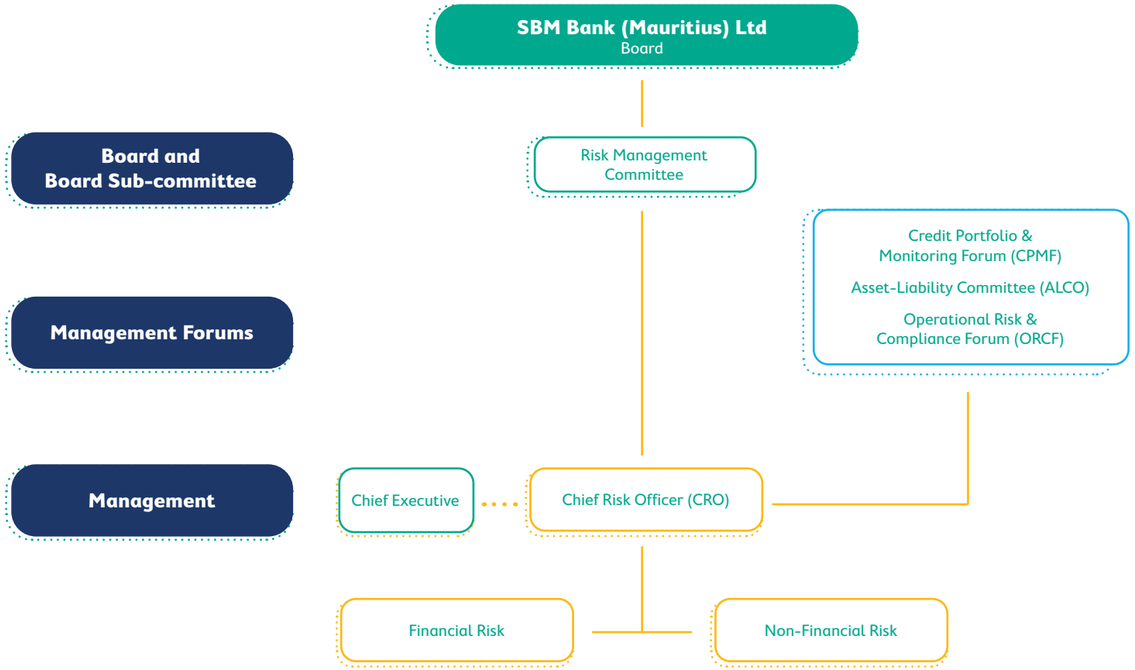
Risk Governance

Our risk management system is overseen by governance committees operating under clearly defined mandates at both Board and management levels. Committee mandates and delegated authorities are subject to regular review to ensure continued relevance and effectiveness.

To ensure effective identification, measurement and monitoring of key risks, the Bank has established a robust governance framework supported by clearly defined responsibilities, reporting structures and oversight mechanisms. The ERMF provides strategic guidance, ensuring a consistent and integrated approach to risk management.

The Bank maintains ownership of the risks inherent to its operations, managing its risk and compliance functions within its governance framework.

The risk management governance structure is illustrated below:



The Board holds ultimate responsibility for risk management, serving as the highest decision-making authority on matters of strategic, financial, regulatory, risk management and reputational significance. During the year, the Board was reconstituted and Board sub-committee charters were refreshed, including the establishment of a Cyber Risk & Technology Committee to provide dedicated oversight of cyber and technology risks. The Board remains accountable for ensuring that risks are effectively identified, assessed and mitigated.

The Bank maintains an independent risk management function led by a Chief Risk Officer (CRO) who provide risk assessments to Management Forums monthly and to the Risk Management Committee quarterly. The Board approved a Risk Charter during the year, formalising the independent mandate of the Risk Management function and establishing clear reporting lines and accountability mechanisms to protect the function's independence.

The CRO is responsible for implementing a comprehensive risk management framework encompassing the identification, measurement, monitoring, mitigation and reporting of both financial and non-financial risks, while fostering a strong risk culture across all levels of the Bank. The CRO provides independent quarterly reports to the Risk Management Committee, offering critical insights, challenges and recommendations to strengthen the Bank's risk governance framework.

Our Three Lines of Defence

The Bank adopts a Three Lines of Defence model which fosters transparency, accountability and consistency through the proactive identification and assessment of actual and potential risks.

This model ensures a prudent and disciplined approach to risk management across the Bank. It ensures the clear identification and segregation of risks while facilitating the effective coordination of risk and control activities. All staff across the Bank are responsible for understanding and managing risks within the scope of their respective roles and responsibilities.

Risk Culture

We leverage the Three Lines of Defence model to cultivate and sustain a strong risk culture, emphasising key drivers that enhance risk awareness and reinforce our commitment to conducting business with integrity and accountability.

Risk culture reflects our collective awareness, attitudes and behaviours toward risk management across the Bank. It underpins our commitment to ensuring that risks are consistently identified, escalated and managed in alignment with our strategic objectives. As the risk landscape continues to evolve, we remain focused on enhancing our risk management practices to navigate challenges effectively.

The Bank's risk culture establishes clear guiding principles for expected behaviours in risk management, applicable to all employees regardless of their role, function or location. Every staff member is expected to adopt a comprehensive view of risks associated with their actions, understand potential implications and manage them effectively within the Bank's defined risk appetite. This commitment is reinforced through mandatory training programmes and risk awareness initiatives designed to enhance understanding and accountability across the Bank.

We promote and reward responsible risk-taking that results in sustainable growth. Each business unit is responsible for monitoring behaviour that is contrary to our values and taking appropriate action in line with our conduct risk management standards.

Risk Management Report (cont'd)

Credit Risk

Credit risk represents the potential for financial loss when a counterparty fails to fulfil its financial or contractual obligations in accordance with agreed terms, or when the creditworthiness of a counterparty deteriorates, resulting in a loss. This risk includes obligor risk, concentration risk and country risk, and constitutes the Bank's largest source of risk exposure.

The Bank's credit risk arises principally from its lending activities, contingent liabilities, commitments, holdings of debt securities and derivative contracts with retail and corporate customers, financial institutions and sovereigns.

Managing credit risk effectively requires a structured approach embedded within Board-approved risk appetite limits and governance arrangements. The Bank's Credit Risk Management Policy sets out the foundational principles governing how credit risk is managed and establishes clear accountabilities for oversight and control across the organization.

Four core elements underpin the Bank's credit risk management framework:

1. Counterparty and transaction assessments

Application of internal credit rating methodologies, incorporating assessment of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) across counterparties and facilities

2. Credit limits

Setting of credit exposure limits covering notional amounts, potential future exposure and stressed scenarios, authorized through defined delegated authority structures to control exposures and prevent excessive risk concentration

3. Credit monitoring, impairments and provisions

Continuous monitoring and active management of credit portfolios to enable early detection of credit quality deterioration and inform provisioning decisions

4. Risk mitigation

Active use of credit risk mitigation instruments and techniques, including loan participations, collateral arrangements, third-party guarantees, insurance products and hedging strategies

Operating as the Second Line of Defence, the Credit Risk Management function provides independent challenge and oversight of credit decisions taken by business units engaged in lending and client-facing activities. The function ensures credit risks are managed consistently with established policies, frameworks and Board-approved risk appetite parameters.

The Bank's approach to managing credit risk encompasses several key disciplines, outlined below.

Credit Underwriting and Assessment

Assessing the credit quality of borrowers and counterparties is fundamental to sound credit risk management. The Bank's underwriting process involves detailed evaluation of each counterparty's credit profile, encompassing their willingness to repay, financial capacity to service debt and overall creditworthiness. When assessing corporate and institutional borrowers, the analysis focuses primarily on cash flow generation and debt servicing capacity. For retail borrowers, assessment centres on income stability and overall financial position.

The Bank employs credit rating tools provided by specialist external vendors to generate internal credit ratings that estimate the probability of default for different borrower segments.

Credit ratings for Corporate and SME borrowers integrate quantitative financial analysis with qualitative assessments covering factors such as management capability, the country risk environment in which the borrower operates, sector-specific risks and the extent of any governmental support.

Given the importance of robust credit assessment to informed decision-making, the Bank invests in regular validation and refinement of its rating methodologies to ensure they remain accurate and fit for purpose.

During 2025, the Bank enhanced its credit assessment capabilities through the introduction of specialized rating scorecards tailored to project finance transactions, non-bank financial institutions and holding company structures, strengthening the precision and risk sensitivity of credit evaluations.

Independence in credit assessment is maintained through clear separation between origination, credit evaluation and approval functions. Decision-making authority is structured through multiple tiers of credit approval limits, creating effective checks and balances that reinforce transparency and accountability across the credit approval process.

Risk Management Report (cont'd)

Credit Risk Mitigation

Reducing credit risk exposure through effective mitigation techniques is integral to portfolio management. The Bank deploys various risk mitigation approaches to minimize both expected losses and actual loss outcomes, addressing concentration risks at individual borrower, group and portfolio levels.

Credit policy establishes the principles governing credit origination, assessment, documentation and ongoing monitoring. Clear standards define what constitutes acceptable credit risk mitigation, ensuring enforceability and effectiveness. The application of risk mitigation varies by product type, customer segment and business strategy.

Key mitigation approaches include:

Credit risk limits
Exposure limits are calibrated to balance risk-return trade-offs and minimize unexpected loss potential. Limit frameworks align with the Bank's broader strategy and risk appetite, establishing clear parameters within which business activities operate.

Sustainable cash flow
Primary emphasis is placed on the borrower's ability to generate cash flows sufficient to service debt obligations, minimizing the likelihood of payment delays or defaults. Assessment of creditworthiness focuses on financial sustainability and debt servicing capacity rather than reliance on collateral liquidation.



Collateral
Where collateral is taken, it serves to mitigate potential loss severity in the event of borrower default. The Bank maintains defined lists of eligible collateral types with appropriate valuation haircuts applied to ensure conservative loss estimates.

Risk transfer
In selected cases, the Bank obtains guarantees, standby letters of credit or other credit support instruments from creditworthy third parties, enabling recovery from alternative sources should the primary obligor default.

Operating Environment and Portfolio Strategy

In 2025, the Mauritian economy remained resilient, supported by sustained momentum in key sectors, notably tourism, financial services, construction and ongoing public and private investment initiatives. The inflation rate increased to 4.5% in December 2025. Monetary and fiscal policies continue to be calibrated to balance growth objectives with price stability and financial soundness.

Sub-Saharan Africa is on a path to gradual recovery; however, significant challenges persist, including social tensions. In response, the Bank has recalibrated its risk appetite for cross-border lending. Robust risk policies and frameworks have been reviewed to facilitate a prudent and strategic increase in exposure in selected markets.

Portfolio diversification across countries and borrower types remains a cornerstone of the Bank's credit risk strategy. Country-level concentration is monitored closely, with ongoing assessment of international macroeconomic conditions informing the deployment of additional risk mitigation measures where warranted.

The Bank's credit risk management approach balances prudent risk-taking with support for strategic business objectives. Active engagement with clients continues, supporting their growth while helping them navigate challenges including cost-of-living pressures, elevated interest rates and broader economic uncertainties.

Country Risk

Economic, political, financial and regulatory uncertainties in countries where the Bank maintains exposures create potential for loss if these conditions impair counterparties' ability to meet obligations.

Country risk encompasses the potential for financial loss stemming from political or economic developments that affect the capacity of counterparties, including sovereign borrowers, to honour their commitments to the Bank.

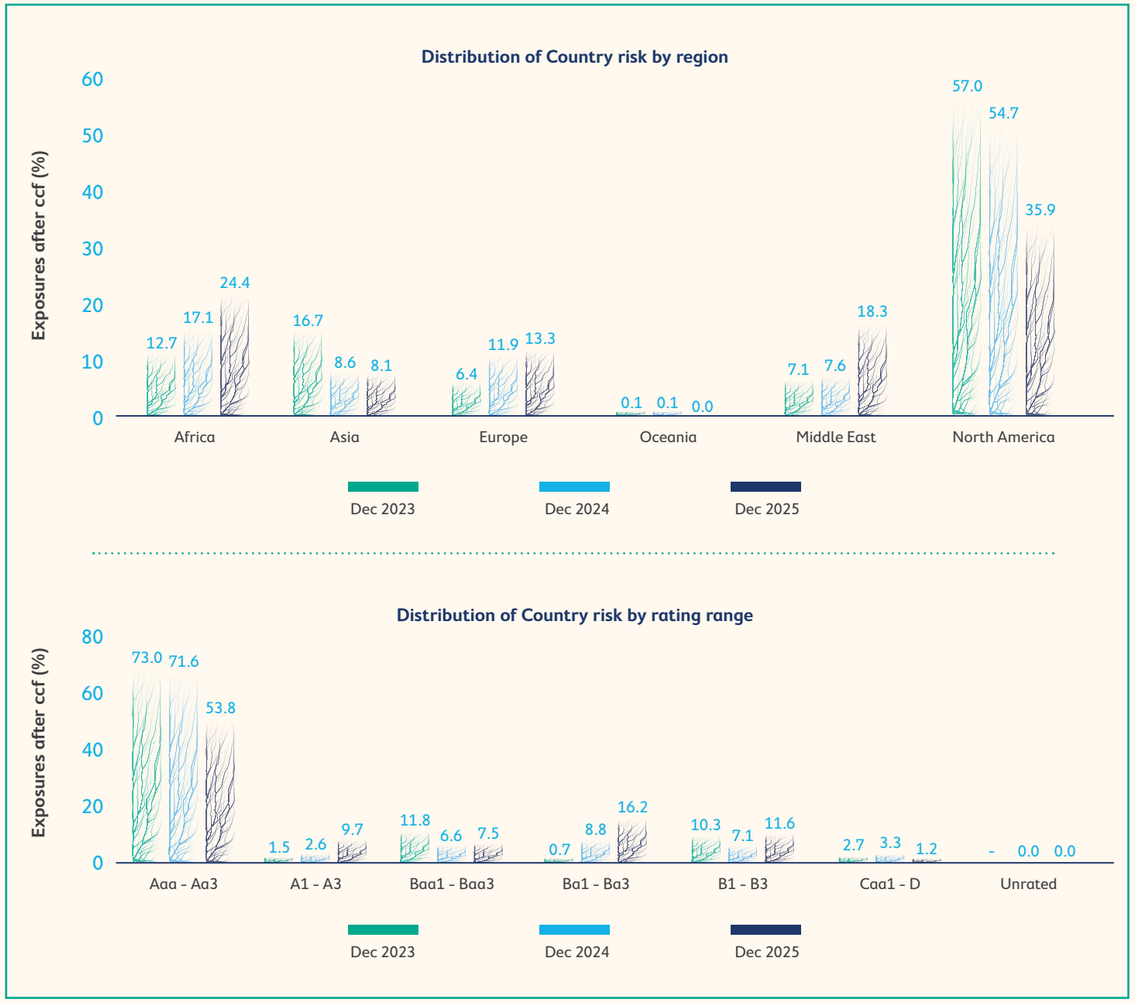
Managing country risk requires comprehensive frameworks and control processes. The Bank applies limit structures differentiated by country presence (presence versus non-presence countries), credit rating bands and strategic market priorities, ensuring adherence to regulatory guidelines. Ongoing monitoring tracks macroeconomic developments and political dynamics across exposure countries.

Country risk exposure is assessed on an ongoing basis, with risk appetite calibrated to strategic objectives and aligned with the Credit Risk Management Policy framework.

The Bank maintains vigilance over key country risk drivers, including macroeconomic trajectory, sovereign creditworthiness and event risks such as social unrest, political instability, foreign exchange restrictions and asset nationalization, safeguarding the Bank's financial resilience.

Cross-border lending exposure reached 267.7% of the Bank's Tier 1 Capital as at 31 December 2025 (2024: 316.5%, 2023: 263.9%).

Charts below present the distribution of the Bank's country risk exposure after application of Credit Conversion Factors (CCF), analyzed by geographic region and credit rating band as at 31 December 2025.



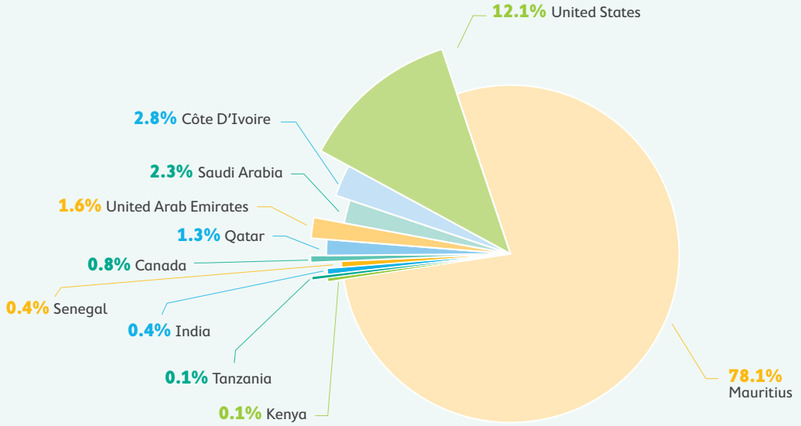
Sovereign Risk

Sovereign risk represents the possibility that a government becomes unable or unwilling to honour its credit obligations. The Bank maintains substantial holdings of sovereign High-Quality Liquid Assets (HQLAs) for liquidity management purposes. These holdings attract zero risk-weighting for capital purposes under Basel II standards and Bank of Mauritius regulatory guidelines.

Sovereign risk exposures are tracked and managed drawing on available data sources, including assessments published by international rating agencies. The Bank maintains close oversight of cross-border and sovereign exposures, with particular attention to developments that could affect political or institutional stability within sovereign jurisdictions.

This monitoring informs the assignment of internal credit ratings to governments and central banks and guides the establishment of sovereign exposure limits.

Total exposures to Government of Mauritius securities (including investment holdings) reached USD 2,171.7 million as at 31 December 2025, representing 377.2% of the Bank's Tier 1 Capital. The breakdown of the Bank's sovereign risk exposures is presented below.



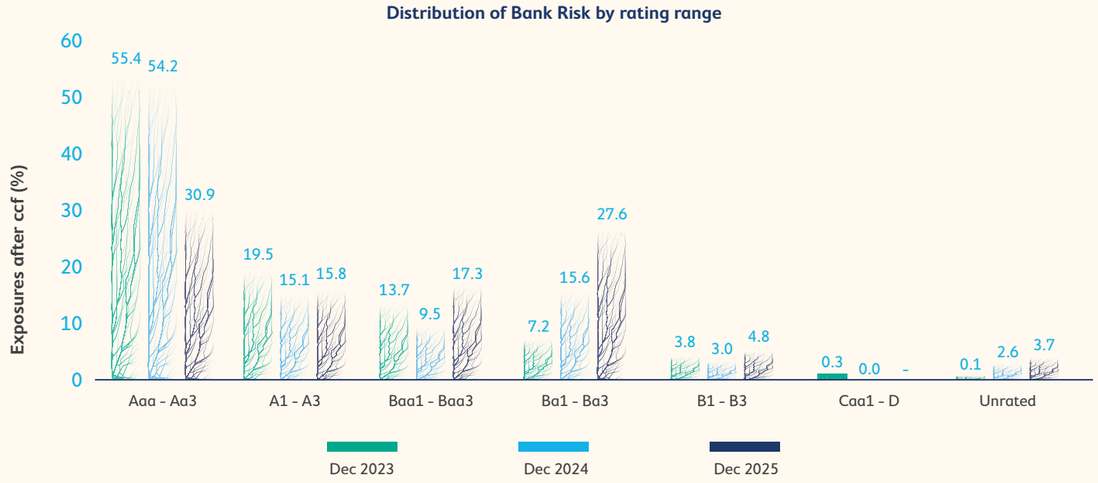
Risk Management Report (cont'd)

Bank Risk

Bank risk arises from the possibility that a banking counterparty defaults on its obligations. Exposures generating this risk include money market placements, treasury transactions, trade finance facilities and standby letters of credit issued by correspondent banking partners.

Managing bank risk effectively requires application of a Bank Risk Framework that calibrates exposure limits based on the Bank's risk profile. These limits operate within the constraints of country-level limits and regulatory restrictions on single counterparty exposure.

Bank counterparty credit equivalent exposure stood at 111.5% of Tier 1 Capital as at 31 December 2025 (2024: 119.3%).



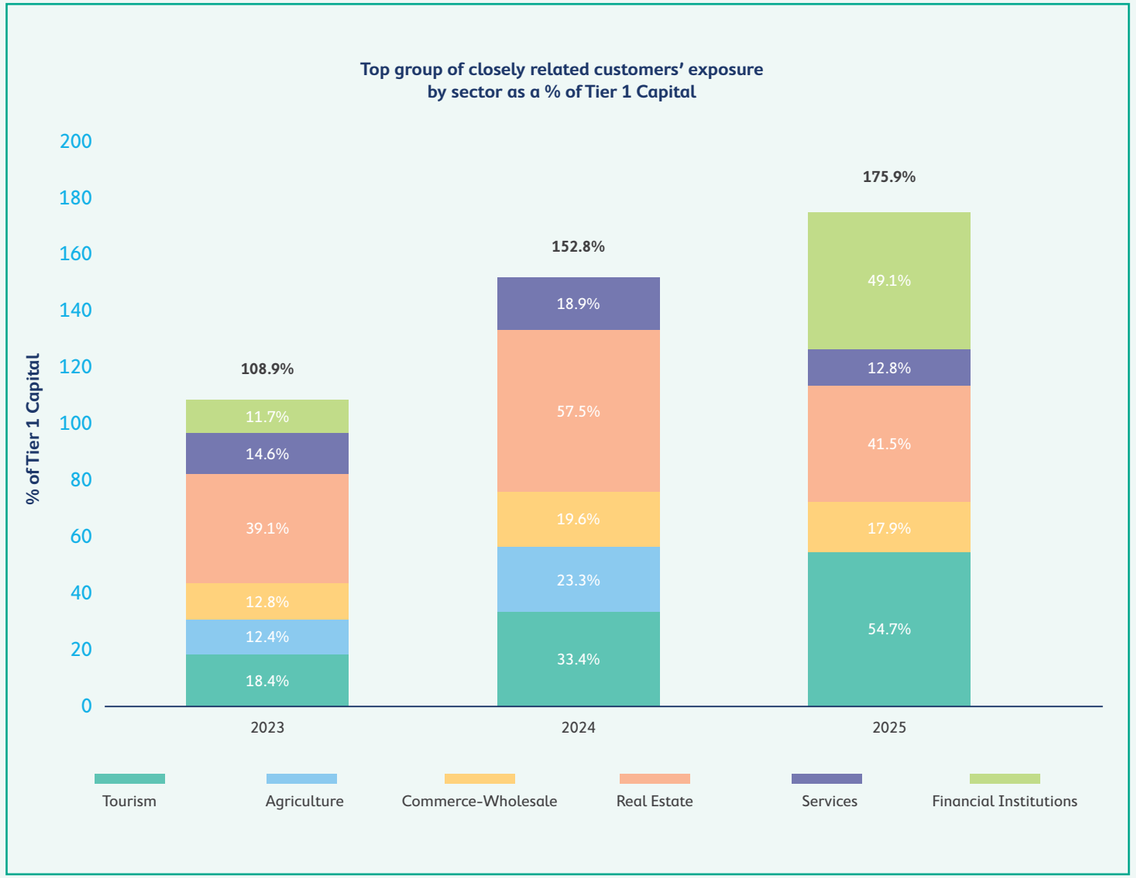
Counterparty Credit Concentration Risk

Counterparty credit concentration risk represents the threat of loss arising from excessive exposure to a single counterparty, connected counterparty groups or correlated exposures within the lending portfolio.

Prudential limits established within regulatory frameworks govern and restrict concentration risk related to individual counterparties, connected counterparty groups and large exposures more broadly.

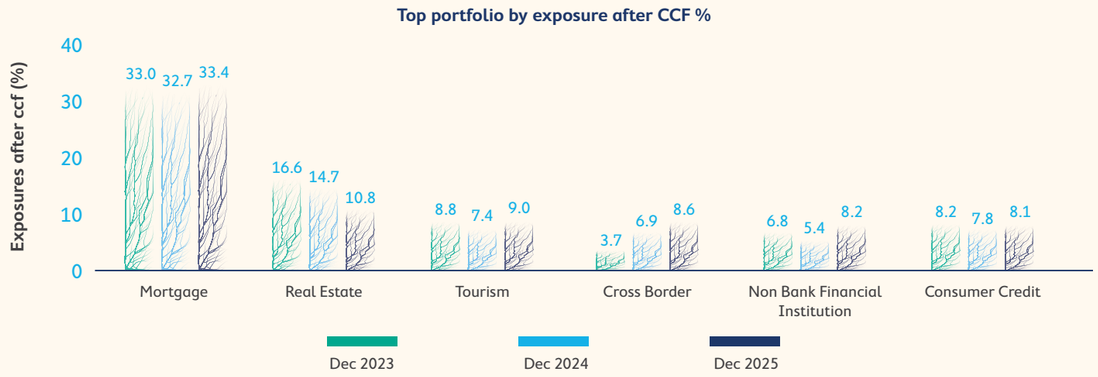
Material concentration positions, including any limit breaches or near-breaches, are subject to close monitoring by the Bank's management-level Risk Forums and escalation to the Risk Management Committee for Board-level oversight.

Credit concentration exposures remained well within regulatory limits set by the local supervisor as at 31 December 2025.



Portfolio concentration risk emerges when exposure becomes excessively concentrated within specific portfolios, creating potential for loss if those portfolios experience stress. The Bank works to maintain a well-diversified credit portfolio capable of adapting to evolving economic conditions. Limits are set by segment, portfolio and sub-portfolio, aligned with strategic priorities and risk appetite.

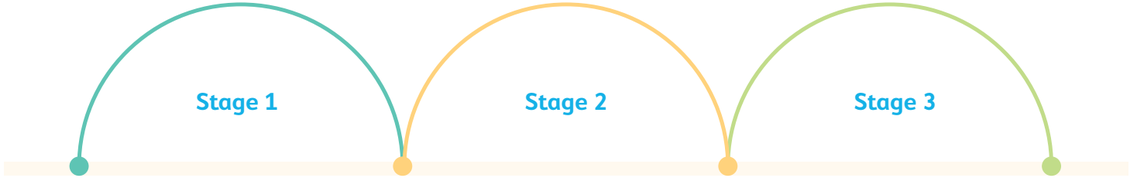
Risk Management Report (cont'd)



Expected Credit Loss

Expected credit loss (ECL) recognition for financial debt instruments measured at amortized cost, financial assets measured at Fair Value through Other Comprehensive Income (FVTOCI), undrawn loan commitments and financial guarantees follows the requirements of IFRS 9.

ECL calculation applies a three-stage model that generates unbiased, probability-weighted estimates considering multiple potential outcomes. The calculation incorporates the time value of money alongside consideration of past events, present conditions and forward-looking projections of economic conditions.



Performing

Encompasses financial instruments that have not experienced credit impairment since initial recognition.

Underperforming

Includes financial instruments that have not defaulted but have experienced significant credit risk increase since origination, without yet showing objective evidence of impairment.

Default

Comprises financial instruments where the obligor has defaulted but the exposure has not yet been written off. These exposures are classified as impaired, non-performing and defaulted.

ECL estimation relies on three fundamental parameters: Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

Annual revalidation of IFRS 9 parameters ensures incorporation of current macroeconomic variables into the models, reflecting prevailing economic outlooks. Models employ regression-based techniques and incorporate three distinct macroeconomic scenarios.

Beyond model-generated estimates, management may apply overlays where appropriate to capture conditions not fully reflected in underlying data. Modelled outcomes are adjusted to incorporate reasonable and supportable information not previously captured. Evolving information may prompt judgment revisions, leading to ECL adjustments over time.

Impairment assessment under various stress scenarios supports adequate provisioning and establishment of contingency responses to potential crisis conditions.

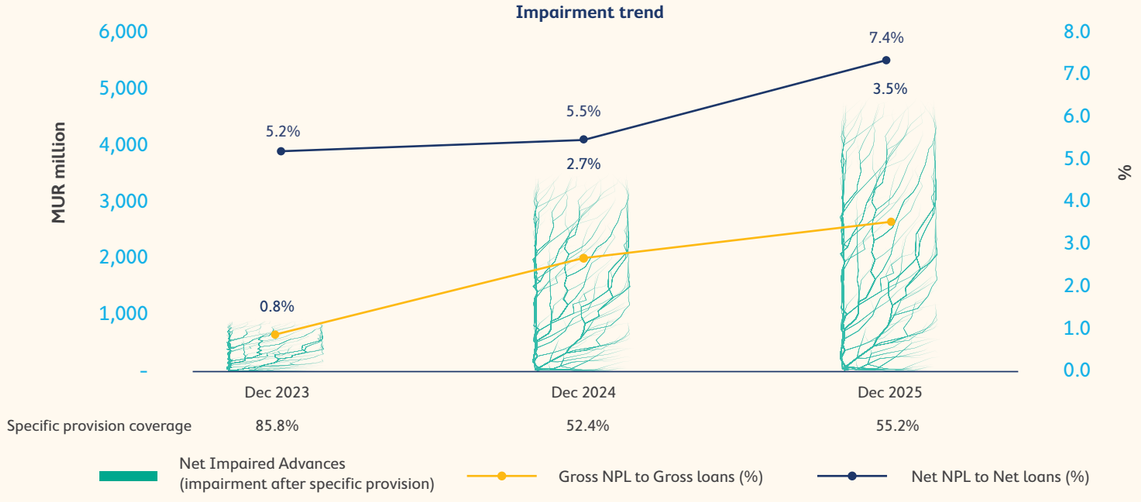
Enhanced oversight is provided through the Watchlist Review Forum, convened quarterly to review exposures flagged based on defined watch-listing criteria. This process enables tighter control over vulnerable exposures. Watch-listed accounts are classified as Stage 2, attracting lifetime ECL under IFRS 9 principles.

Credit Impairment

IFRS 9 principles guide the classification of assets as Stage 3 (Non-Performing) when IFRS 9 criteria are met, with lifetime Stage 3 ECL provisions maintained against these exposures.

Impairment assessment outcomes feed into management processes including business planning, risk appetite calibration and portfolio management decisions.

Non-performing advances increased to 7.4% of gross loans in December 2025 (2024: 5.5%, 2023: 5.2%), on account classification of a few new large client exposures as Stage 3 in accordance with IFRS 9 criteria. The Bank remains compliant with the Guideline on Classification, Provisioning and Write-off of Credit Exposure. Recovery efforts for defaulted clients remain ongoing. Rescheduled accounts are subject to close performance monitoring over prescribed observation periods before potential reclassification to Stage 2, conditional on adherence to revised terms agreed with the Bank.



Risk Management Report (cont'd)

Credit Impairment (cont'd)

Estimating future recovery amounts and timing requires significant judgment, incorporating factors including anticipated economic conditions and collateral valuations, recognizing that collateral may lack readily accessible markets. Total impairment provisions carry inherent uncertainty given sensitivity to economic and credit condition fluctuations across the Bank's operating regions.

Reschedulement

Rescheduled advances involve modifications to the original terms and conditions of credit facilities agreed between client and Bank. Rescheduling provides support to clients experiencing temporary cash flow difficulties, offering concessions reflecting changes in operating circumstances and supporting collaborative recovery efforts.

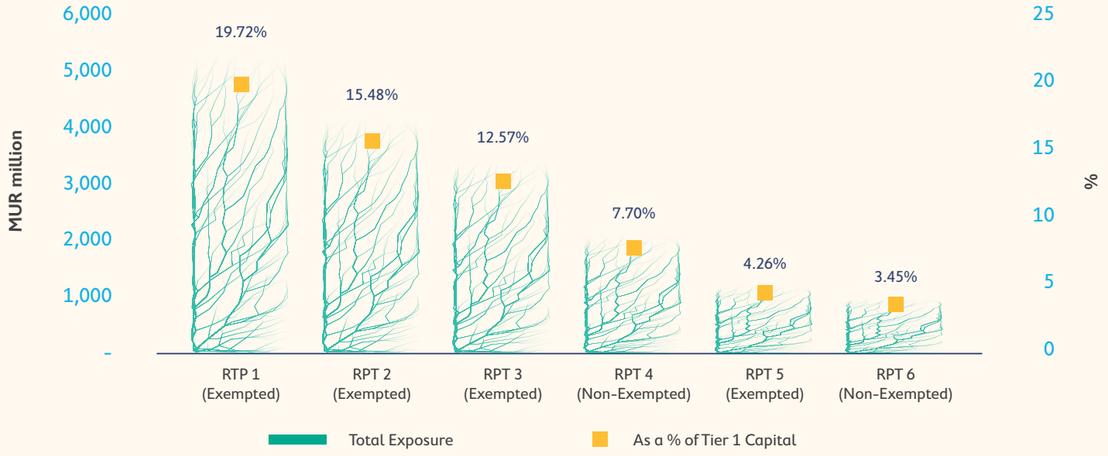
Rescheduled facilities represented 1.84% of total funded advances as at 31 December 2025 (2024: 2.57%, 2023: 5.17%).

Related Party Transaction Risk

Related party exposures are managed in accordance with Bank of Mauritius Guidelines on Related Party Transactions (RPT). Parties qualify as related where one party can directly or indirectly control another or exert significant influence over financial or operational decisions, or where both parties are controlled by a common third entity.

Strict governance applies to related party disclosures across the Bank, with reporting conducted at Board Committee level.

Aggregate non-exempted exposures to related parties represented 15.06% of the Bank's Tier 1 Capital as at 31 December 2025 (2024: 9.02%), comfortably within the regulatory limit of 60% for category 1 and the 150% limit for combined categories 1 and 2 under BoM related party transaction definitions.



Market Risk

Market risk represents the potential for financial loss stemming from adverse movements in market variables, including interest rates, foreign exchange rates, equity prices, credit spreads, volatility and other price risks. The Bank faces non-traded market risk through its banking activities and traded market risk through trading operations.

Market risk management within the Bank operates under a comprehensive, Board-approved Market Risk Management Policy and clearly defined Risk Appetite Statement. The Bank conducts activities within the framework of its respective market risk policies, underpinned by robust processes and controls. These include a series of Board-approved limits (recommended by ALCO) and risk mitigation measures designed to manage market, funding and liquidity risks effectively.

Alignment with the Bank's risk appetite requires regular review and adaptation of risk limits in response to:

- Shifts in business strategy and risk appetite
- Changes in market and economic conditions
- Evolving regulatory requirements
- Portfolio composition dynamics

The Bank maintains a proactive approach to market risk management by setting appropriate risk limits, risk triggers and early warning indicators, ensuring that exposures remain within acceptable thresholds. These triggers are actively monitored to prevent breaches and support informed decision-making.

Governance of market risk involves the Board, its Risk Management Committee and ALCO, which maintains primary responsibility for market risk oversight within the Bank.

The Bank's market risk exposures are primarily categorized into key areas covering interest rate risk, foreign exchange risk and price risk, which are discussed in further details below.

By maintaining a structured and disciplined approach to market risk management, the Bank ensures resilience, stability and sustainable growth in an evolving financial landscape.

Interest Rate Risk

Interest rate risk emerges from fluctuations in market interest rates, which may adversely impact the Bank's Net Interest Income (NII) and overall financial performance. This risk stems primarily from repricing and maturity mismatches between assets, liabilities and off-balance-sheet exposures.

Mitigation of this risk employs comprehensive interest rate risk management strategies, utilizing measurement techniques such as Gap Analysis, Duration Analysis, Earnings-at-Risk (EaR) Assessments and Economic Value.

Additionally, the Bank conducts regular stress testing and scenario analysis to assess its resilience under various interest rate environments. These proactive risk management measures supports the stability of earnings, capital strength and adherence to the Bank's risk appetite.

The overarching objective of the Bank's interest rate risk management framework is to maintain a stable and sustainable net interest income, effectively balancing risk and return while safeguarding long-term financial stability.

The impact on NII of a parallel change in interest rates is:

Impact of 200bps parallel rate change on NII

2.59%	0.55%
Dec 2025	Dec 2024

Risk Management Report (cont'd)

Foreign Exchange Risk

Foreign exchange risk emerges from fluctuations in currency exchange rates, which may affect the Bank's financial position and performance when foreign currency exposures are translated into the reporting currency.

The Bank effectively manages structural foreign exchange exposures in alignment with its risk appetite, operating within a robust framework of prudential limits. Transactional foreign exchange risk arises primarily from day-to-day operations, where gains, losses or fair value adjustments in foreign currencies affect profit and loss statements or other comprehensive income reserves.

Mitigation of these risks adheres to strict internal limits and regulatory requirements, ensuring prudent risk-taking through monitoring of intraday and overnight open position limits. Stop-loss mechanisms curb losses and counterparty risk management operates through collateral arrangements and netting agreements, particularly for spot and over-the-counter (OTC) derivative contracts.

Through its comprehensive risk management approach, the Bank ensures effective monitoring, control and mitigation of foreign exchange risks, safeguarding its financial stability and resilience against market volatility.

Price Risk

The Bank proactively manages fluctuations in the market value of both trading and non-trading positions to mitigate adverse impacts on portfolio valuations. This is achieved through a robust framework incorporating stop-loss limits, open position limits by product type, collateral management and daily netting agreements with major counterparties.

The Bank maintains exposure to both local and international quoted securities, ensuring a well-diversified investment portfolio primarily comprising investment-grade securities, including local government bonds and other High-Quality Liquid Assets (HQLA) denominated in USD.

Derivative instruments are also utilized in the normal course of business to meet client requirements, hedge against market price variations and support trading activities. These instruments, which derive value from underlying assets, indices or interest rates, include forwards, swaps, options and structured products. The associated risks are carefully managed through product-specific open position limits, stop-loss thresholds and exposure caps, aligned with the Bank's risk appetite. Furthermore, daily mark-to-market valuations and netting agreements with major counterparties serve to mitigate counterparty credit risk, reinforcing the Bank's prudent approach to risk management.

Value at Risk

The Bank employs Value-at-Risk (VaR) as the primary metric for quantifying potential losses arising from market fluctuations on foreign exchange risk. This standardized methodology provides a robust framework for managing and controlling market risk, estimating portfolio sensitivity and the maximum expected loss within a defined confidence level over a specified time horizon.

The Bank utilizes a parametric VaR approach, which assumes that historical market returns serve as a reasonable indicator of future movements. VaR is computed using a one-day holding period and a 99% one-tailed confidence interval, implying that actual losses are expected to exceed the estimated VaR approximately once every 100 trading days, or two to three times per year. This metric is fully embedded within the Bank's market risk management framework and is consistently applied across all trading positions.

To ensure the reliability of the VaR model, backtesting is conducted by comparing daily VaR estimates against actual profit and loss (P&L) outcomes for each business day. While VaR is a valuable risk management tool, the Bank remains cognizant of its inherent limitations, including its reliance on a specific confidence level, its static nature and the assumption that past market trends accurately reflect future fluctuations. Accordingly, VaR is complemented by stress testing, scenario analysis and additional risk control measures to enhance the Bank's resilience to market volatility.

VaR amounts for the year ended 31 December 2025 (MUR '000):

2,941	14,475	6,715
Minimum for the year	Maximum for the year	Average for the year

Liquidity Risk

Liquidity risk represents the potential inability of the Bank to fulfill its financial obligations as they fall due, either due to insufficient financial resources or the need to liquidate assets at unfavorable prices or obtain funding at excessive costs. Such circumstances could lead to unexpected losses and impact the Bank's ability to manage cash flows, fund asset growth and replace funding sources, while ensuring compliance with statutory and regulatory requirements.

Mitigation of this risk follows a comprehensive Liquidity Risk Management Framework, which outlines the policies, procedures and methodologies required to maintain a strong liquidity position under both normal and stressed conditions. This framework, approved by the Board upon recommendation from ALCO, incorporates the Risk Appetite Statement and defined liquidity limits to ensure effective management of the Bank's funding requirements.

The Bank independently manages its liquidity position in alignment with its specific financial environment. Monitoring and mitigation of liquidity risk employs key regulatory and internal metrics, including the Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and Traditional Gap Analysis. A prudent approach sets internal liquidity gap limits and maintains a more conservative LCR and NSFR target than regulatory requirements. These measures are determined by the ALCO and approved by the Board.

Ensuring resilience requires regular liquidity stress testing, covering both general market conditions and adverse stress scenarios, such as increased liability run-offs, asset rollover risks and potential depletion of liquid asset buffers. Additionally, ad hoc stress tests and reverse stress testing are performed as part of the Internal Liquidity Adequacy Assessment Process (ILAAP) and recovery planning exercises, as and when needed.

Based on stress test results, which consider both general portfolio assumptions and client-specific scenarios, the Bank's liquidity position remains robust and well-aligned with its risk appetite, supported by a stable deposit base and an adequate stock of HQLAs.

The Liquidity Coverage Ratio (LCR) serves as a key metric in assessing the short-term resilience of the Bank's liquidity position. It ensures that the Bank maintains sufficient High-Quality Liquid Assets (HQLAs) to withstand moderate to severe liquidity stress scenarios over a 30-day horizon.

As an integral component of the Bank's liquidity risk management framework, the LCR is closely aligned with internal stress testing methodologies, reinforcing its ability to effectively manage short-term liquidity pressures. By maintaining an LCR consistently above the minimum regulatory requirement, the Bank upholds a robust liquidity buffer, ensuring the ability to navigate potential market disruptions and meet its financial obligations with confidence.

Furthermore, the insights derived from stress testing exercises are instrumental in shaping the Bank's risk appetite, enhancing liquidity planning and supporting strategic decision-making to sustain financial stability across the Bank.

Based on Basel III norms, average LCR stood at 202% on a consolidated basis for FY 2025 (2024: 218%, 2023: 201%) against the regulatory threshold at 100%. The average stock of HQLA amounts to MUR 144 billion for the Bank. The Bank's portfolio of HQLA is mostly comprised of the MUR sovereign securities, USD A-rated sovereign securities and USD Multilateral Development Banks (MDBs) bonds.

Funding Risk

The Bank employs a comprehensive suite of internal tools to proactively monitor and manage long-term funding risk, ensuring financial stability and resilience. To mitigate concentration risk, the Bank operates within conservative deposit concentration limits, thereby preventing excessive reliance on any single funding source and promoting a well-diversified funding base.

A key pillar of the Bank's liquidity strategy is the maintenance of a high proportion of core deposits, recognized for their stability and stickiness. These deposits serve as a reliable and sustainable funding source, reinforcing the Bank's ability to withstand liquidity stress events and maintain a robust funding profile across varying market conditions.

Furthermore, the Bank continuously evaluates its funding mix, aligning it with its risk appetite, business growth strategies and evolving market dynamics. Through prudent balance sheet management and adherence to regulatory and internal risk parameters, the Bank remains well-positioned to support its long-term funding needs while preserving financial strength and flexibility.

The Net Stable Funding Ratio (NSFR) serves as a key regulatory metric for assessing the Bank's long-term funding resilience, ensuring a stable and sustainable funding structure in relation to its asset composition and off-balance sheet exposures. NSFR stood at 112% on a consolidated basis for FY 2025 (2024: 126%, 2023: 129%) which is comfortably above the regulatory threshold at 100%.

Risk Management Report (cont'd)

Operational Risk

Consistent with the Basel framework, the Bank defines operational risk as the potential for loss stemming from inadequate or failed internal processes, people, systems or external events. This definition encompasses legal risk but excludes strategic and reputational risks.

Operational risk is inherent in the Bank's business activities and may materialize due to shortcomings in managing operations, systems, processes, transactions or assets. Such risks include human error, delays in implementing change, unavailability of technology services or loss of customer data. Additionally, operational risk may arise from system failures, cyber threats, theft of Bank assets, information security breaches or the impact of natural and man-made disasters. Furthermore, the risk extends to legal and regulatory non-compliance, where failure to anticipate changes in laws or regulations may lead to financial and operational repercussions.

Ensuring robust risk management requires all employees to share responsibility for identifying, assessing and mitigating operational risks associated with their respective functions. The Operational Risk Management Policy outlines governance structures, responsibilities and key controls required to manage operational risk effectively across the Bank. This is implemented through a Three Lines of Defence Model which ensures a structured approach to risk management: the business line (including support and operations) serves as the first line, the Operational Risk Management function acts as the second line, with Internal Audit providing independent assurance as the third line.

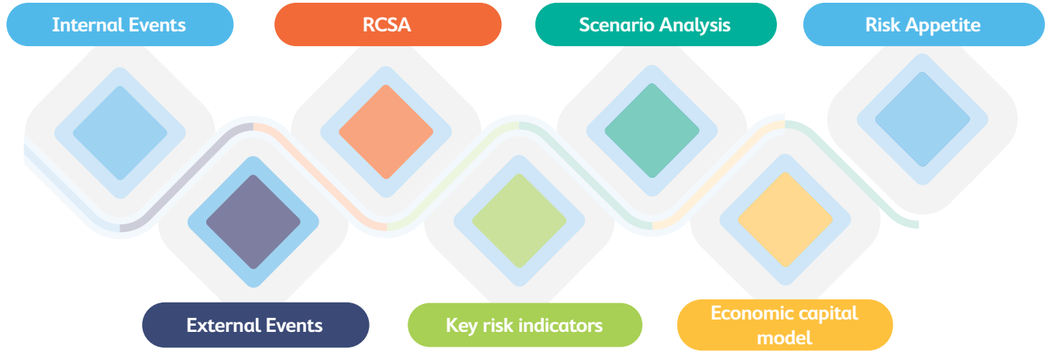
Collaboration between these three lines of defence is fundamental to maintaining a strong risk culture, fostering accountability and ensuring operational resilience across the Bank.

Our operational risk model integrates core components that underpin the Bank's risk governance and control framework, ensuring alignment with its risk appetite and strategic objectives. The main components of the model include the Bank's approach to setting and adhering to risk appetite, the risk and control taxonomies, risk management processes and tools such as incident database, risk control self-assessment (RCSA), review of internal processes, key risk indicators (KRIs) and the operational risk capital models among others.

To further strengthen risk mitigation efforts, the Bank employs additional instruments, such as assessment of new products, services and transformation initiatives to preemptively address potential operational risks, business continuity plans to enhance resilience against disruptions and ensure operational continuity and leveraging insights and recommendations from internal and external auditors and supervisory authorities to continuously refine risk controls and governance mechanisms.

Through this structured approach, the Bank reinforces its commitment to proactive risk management, operational resilience and regulatory compliance, ensuring a robust and adaptive operational risk framework.

The main operational risk tools used across the Bank comprise the following:



The Bank remains committed to a proactive and resilient operational risk management framework, ensuring that emerging risk themes—both internal and external—are systematically identified, assessed and addressed. Significant risk trends are regularly reviewed within governance forums, where strategic and tactical control enhancements are evaluated to reinforce internal controls and safeguard business continuity.

During the year, notable enhancements were undertaken to further strengthen operational risk management and reduce operational losses. These initiatives included refinement of the operational risk framework, promotion of strong risk culture through targeted training and awareness, enhancement of key risk indicators, identification of areas for automated workflow solutions, strengthening of third-party risk management, reinforcing in-depth root cause analysis and lessons learned exercises and promoting cross-functional collaboration and communication. Risk awareness sessions were conducted for the sales team and Business Risk Coordinators, complemented by ongoing internal communications to sensitize all users to their risk roles and the importance of policy adherence in fostering a robust risk culture.

Fraud Risk

The Bank upholds a zero-tolerance approach to fraud and is committed to safeguarding its customers, assets and reputation through robust fraud risk management practices.

Fraud risk arises from intentional acts of deception, including but not limited to internal and external fraud, cyber fraud, identity theft, payment fraud, forgery, misappropriation of assets and misrepresentation, which may result in financial loss, regulatory breaches or reputational damage.

Aligned with global best practices and regulatory requirements, the Bank continuously strengthens its fraud risk governance, ensuring early detection, effective prevention, reporting and swift response to fraudulent activities.

The Bank maintains a robust and dynamic fraud risk management framework anchored on four key pillars: Prevention, Detection, Mitigation and Response. These pillars ensure proactive risk management and operational resilience and operate within the following key guiding principles:

Potential fraud incidents are accorded the highest level of scrutiny and are independently investigated in accordance with the Bank's established governance framework. The Bank ensures that all material findings are escalated to the relevant Management, Risk and Audit Committees for thorough review. Where necessary, appropriate corrective actions are taken against offenders and internal controls are reinforced to mitigate future risks.

The Bank remains steadfast in its commitment to upholding the highest standards of integrity, trust and ethical banking practices while continuously investing in its fraud risk management capabilities to adapt to emerging threats and evolving regulatory landscapes.

The Bank embeds honesty and integrity in all its operations which is reinforced by continuous training and awareness campaigns.

Risk Management Report (cont'd)

Business Continuity Management

The Bank operates in an increasingly dynamic and competitive market where stakeholders expect seamless and uninterrupted business processes. Recognizing the critical importance of resilience and recovery capabilities, the Bank maintains a proactive approach to Business Continuity Management (BCM) to mitigate potential disruptions that could lead to customer detriment, financial losses and reputational impact.

This dynamic risk landscape is shaped by rapid technological change, heightened cyber threats, climate-related events, geopolitical uncertainty and increasing reliance on third-party service providers.

Emerging risks associated with artificial intelligence (AI), data integrity, misinformation and disinformation further amplify the potential scale and complexity of disruption, particularly during periods of heightened stress. Disruptive events, whether arising from technology failures, cyber incidents, physical site inaccessibility, third-party outages or information integrity challenges have the potential to cause customer detriment, financial loss and reputational damage.

A comprehensive BCM framework has been adopted to ensure that the Bank can effectively identify potential threats, assess their impact on operations and implement robust response mechanisms. This framework aligns with the Bank's strategic objectives and evolving business environment, including considerations for outsourced activities, ensuring resilience and continuity in key business functions. It provides a structured approach to identifying critical activities, assessing the impact of disruption and defining response and recovery strategies that enable services to continue at acceptable, predefined levels.

Robust governance underpins the Bank's BCM approach, with clearly defined roles, responsibilities and escalation pathways ensuring that disruptions are managed decisively and consistently. A senior management-led Crisis Management Team (CMT) provides centralized oversight during incidents, enabling coordinated decision-making, timely internal and external communication and effective regulatory engagement. The Bank also maintains strong oversight of key dependencies, including third-party service providers and critical infrastructure, reflecting the interconnected nature of modern operational risk.

The framework is supported by a structured programme focused on maintaining strategic preparedness and validating resilience capabilities. Scenario-based planning and regular testing are used to assess readiness for severe but plausible disruption scenarios, including cyber incidents, technology outages, climate-related events and third-party failures. As digital transformation accelerates, the Bank continues to enhance resilience across technology and data-driven processes, including those supported by AI. Clear crisis communication and information governance protocols are embedded within the BCM framework to support informed decision-making and maintain stakeholder trust during periods of disruption.

Key objectives of the Bank's BCM framework include ensuring employee safety in emergency situations, upholding commitments to employees, customers, shareholders and stakeholders, complying with regulatory requirements, minimizing potential financial and operational losses, providing structured recovery plans to restore normal operations promptly and safeguarding the Bank's brand reputation, credibility and trust.

By embedding a culture of resilience and continuous improvement, the Bank ensures that its preparedness evolves in line with emerging risks and strategic priorities, reinforcing operational resilience, enabling uninterrupted service delivery and supporting long-term growth.

Cybersecurity and IT Risk

In an increasingly digital and interconnected world, cybersecurity risk remains a critical concern for financial institutions. This risk encompasses the potential loss of confidentiality, integrity or availability of data, information systems and digital assets, which could result in financial losses, operational disruptions, reputational damage and regulatory sanctions.

The evolving cyber threat landscape is marked by increasingly sophisticated and coordinated attacks, driven by international conflicts and cybercriminal syndicates. Financial institutions remain prime targets for data breaches, financial fraud and operational disruptions, particularly as the adoption of digital financial services accelerates. In response, the Bank has intensified its cybersecurity initiatives, reinforcing its ability to mitigate emerging threats, delivering training and awareness sessions and ensuring operational resilience.

Despite the complex and ever-changing environment, the Bank remains agile, continuously adapting its business and technology strategies to meet evolving customer needs and regulatory expectations. Cybersecurity is embedded as a core pillar of the Bank's digital transformation journey, ensuring that digital expansion aligns with robust security measures.

To safeguard the organization and its customers, the Bank operates within a comprehensive cybersecurity governance framework, underpinned by a Board-approved policy framework with stringent security controls. This ensures a secure and resilient IT environment that supports the Bank's long-term business objectives. The Bank undertakes regular cybersecurity assessments and has deployed various tools and systems to proactively detect, manage and minimize exposures to cybersecurity risks.

During the year, the Bank established a Cyber Risk & Technology Committee at Board level to provide dedicated oversight of cyber and technology risks. A revised Cyber Technology Risk Management Framework was developed to align cybersecurity, technology risk and operational resilience. Cyber awareness training, phishing simulations and incident response capabilities were enhanced across the organization.

The overarching goal is to establish the Bank as a cyber-resilient organization, capable of preventing, detecting and responding swiftly to cyber threats. Through continuous investment in cybersecurity capabilities, employee awareness programmes and advanced threat monitoring, the Bank remains committed to enhancing its defenses, protecting stakeholders and reinforcing trust in its digital ecosystem.

Third Party Risk

The Bank relies on third-party suppliers for the provision of critical services, including technology development, system infrastructure and areas of operational support. While these partnerships are essential to driving efficiency and innovation, the Bank remains fully accountable for any risks that may arise from outsourcing arrangements and supplier dependencies.

Third-party risk encompasses potential threats to employee and customer data, financial information and operational stability due to vulnerabilities within the supply chain and external service providers. Given the increasing reliance on third-party relationships, robust risk management practices are essential to ensuring that outsourcing arrangements align with the Bank's risk appetite, regulatory expectations and strategic ambitions.

Throughout the year, the Bank has continued to reinforce its operating model and internal controls, integrating evolving regulatory requirements to enhance third-party risk assessment and oversight framework. A risk-based approach has been adopted, focusing on suppliers that present a heightened risk profile to the organization's operations and client services. Additionally, the Bank has enhanced its methodologies and monitoring tools to strengthen oversight, improve the internal control environment and further mitigate outsourcing risks.

The Outsourcing Policy is designed to ensure effective governance and risk mitigation, covering key aspects such as:

- Comprehensive due diligence criteria for selecting vendors
- Robust contractual and service agreements with clearly defined expectations
- Periodic assessments of vendor effectiveness, conduct and service delivery
- Commitment to confidentiality and data protection, ensuring service providers adhere to the highest standards of integrity and compliance

By maintaining rigorous oversight and governance mechanisms, the Bank ensures that third-party relationships are well-managed, resilient and aligned with its commitment to operational excellence, regulatory compliance and customer trust.

Risk Management Report (cont'd)

Climate Risk

The emergence of climate risk has presented banks with a new frontier of challenges, with implications for both financial stability and long-term profitability. As a result, climate and environmental risks have become integral considerations across all facets of risk management. These risks are viewed as transversal, meaning they have the potential to influence existing risk categories, such as credit, market, liquidity, operational, reputational and strategic risks. The key drivers of these risks include the physical impacts of climate change and the transition to a low-carbon economy.

Physical Risk

Physical risks are the potential financial impacts arising from the direct effects of climate change on assets, operations and infrastructure. These are event-driven risks related to extreme weather events, such as floods, cyclones, heatwaves, rising sea levels or wildfires which can cause immediate and significant damage to infrastructure, supply chains and assets, leading to potential financial losses. They are further categorized into acute and chronic risks.

Transition Risk

While physical risks are tied to the direct and observable effects of climate change, transition risks are associated with the societal and economic changes required to mitigate climate change. They primarily refer to the financial risks associated with the shift toward a low-carbon economy which emerge from the process of reducing greenhouse gas emissions and transitioning to more sustainable practices. They are typically driven by policy changes, technological development and market sentiment that could affect industries, assets and financial performance.

Both types of risks can significantly impact businesses, but they operate in different timeframes and affect different aspects of financial stability.

To address these emerging challenges, the Bank has taken several steps to integrate climate and environmental factors into its Enterprise-Wide Risk Management framework. This includes aligning with regulatory requirements, such as the Guidelines on Climate-related and Environmental Financial Risk Management and adopting proactive measures to ensure compliance and transparency.

Efforts include engaging specialist service providers to assist with climate-related risks, revising climate risk policies, updating risk appetite and deploying screening checklists for risk assessment and upskilling staff. The Bank has also enhanced monitoring and oversight mechanisms and improved disclosure practices. Furthermore, active engagement with stakeholders—regulators, industry peers and customers—continues to understand their expectations and address their concerns.

These actions are part of the Bank's ongoing commitment to embedding sustainability into its business strategy and remaining aligned with the evolving regulatory landscape.

Compliance Risk

Compliance risk is defined as the risk of legal or regulatory sanctions and other action, financial loss, damage to reputation or impairment of integrity or any other financial or non-financial impact that may arise due to non-compliance with legal, regulatory and other compliance obligations in Mauritius and in other jurisdictions where the financial institution is conducting its operations. Compliance Risk comprises of the following principal risks:

Financial crime risk

the risks of any kind of criminal conduct relating to money or to financial services including bribery and corruption, money laundering and terrorist financing

Conduct risk

the risk of detriment to customers, clients, market integrity, effective competition or the inappropriate supply of financial services, including instances of wilful or negligent misconduct

Financial Crime

The Bank may be adversely affected if it fails to effectively mitigate the risk that third parties or its employees facilitate, or that its products and services are used to facilitate, financial crime (money laundering, terrorist financing, proliferation financing, breaches of economic and financial sanctions, bribery and corruption). Failure to comply may result in regulatory or enforcement action, including penalties, which may have a material adverse effect on the Bank's financial position, operations and reputation. This risk is:

- **Measured** with reference to the Bank's approved risk appetite, key risk indicators, outcome of AML/CFT risk assessments, incident and breach analysis, regulatory feedback and supervision findings as well as the professional judgement and assessments of the AML and Financial Crime Compliance teams;
- **Monitored** through first line of defence risk and control assessments, second line monitoring and control assurance activities, transaction monitoring, internal and external audit outcomes, and regulatory inspections; and
- **Managed** through the implementation of a comprehensive ML/TF and PF framework, including policies and procedures, employee training, and ongoing monitoring of activities to ensure compliance. Proactive remediation and risk mitigation actions are undertaken where required.

Regulatory Engagement Risk

Regulatory Engagement risk arises from the failure to observe relevant laws, codes, rules and regulations and may result in poor customer or market outcomes, regulatory intervention, fines, penalties and reputational damage. This risk is:

- **Measured** using defined metrics, incident assessments, regulatory feedback, inspection outcomes and the professional judgement and assessments of the Regulatory & Advisory Compliance teams;
- **Monitored** through first line control assessments, second line assurance activities and thematic reviews, internal and external audits, and ongoing engagement with Regulators; and
- **Managed** through the implementation of regulatory inventories, implementation of compliance policies, procedures, advisory support to business, training and structured remediation of identified gaps.

Conflicts of interest

Identifying and managing conflicts of interest is fundamental to the conduct of SBM Bank, relationships with customers, and the markets in which the Bank operates. Understanding the conflicts of interest that impact or potentially impact the Bank ensures they are managed and mitigated appropriately. Even if there is no evidence of improper actions, a conflict of interest can create an appearance of impropriety that undermines confidence in the Bank and its employees. This risk is

- **Measured** using conflict disclosures, registers, incident assessments, regulatory feedback, and management assessments;
- **Monitored** through attestations, disclosures, registers and governance processes; and
- **Managed** through the implementation of appropriate policies, procedures, training and through mitigation measures such as segregation of duties, information barriers.

Data Protection Risk

Data protection risk arises from the failure to comply with applicable data protection and privacy laws, resulting in the unauthorized access, loss, misuse or disclosure of personal or confidential information, which may lead to regulatory sanctions, financial loss and reputational damage. This risk is:

- **Measured** through data protection risk assessments, incident and breach analysis, regulatory feedback and management judgement
- **Monitored** through monitoring activities, breach reporting, data protection impact assessments and governance oversight; and
- **Managed** through the implementation of data protection policies, training, incident management procedures and ongoing monitoring to ensure compliance with applicable requirements.

Risk Management Report (cont'd)

Compliance Risk (cont'd)

Compliance Oversight

The Compliance division functions as an independent second-line-of-defence control function, safeguarding the integrity of our business operations and ensuring the protection of our customers. It plays a crucial role in fostering a strong compliance culture across the Bank. This department is responsible for establishing and maintaining effective internal controls, while also providing essential support, guidance and monitoring of financial crime risk, regulatory risks and conduct risks to which the Bank is exposed.

Compliance teams are key drivers of the Bank's strategic compliance objectives, embedding sustainable practices across all entities. They focus on upholding a comprehensive compliance risk framework through advisory roles and the execution of a risk-based programme. This programme is designed to detect, mitigate and prevent potential risks, while ensuring adherence to relevant laws, regulations and internal policies and standards.

Identification and Management of Risk

From a Compliance perspective, the Bank has established robust structures, processes and controls to identify, assess, monitor and manage compliance risk across all business activities and jurisdictions, in line with the Three Lines of Defence model.

Structures, Processes and Controls

Compliance risk is managed through a clearly defined mandate and is supported by structures, documented policies, standards and procedures, ERMF, Compliance Charter that are aligned with applicable laws, regulations and regulatory expectations. Key elements include:

- A risk-based compliance framework incorporating compliance risk assessments, risk appetite metrics and thematic risk reviews;
- Ongoing compliance monitoring and testing programmes designed to assess the adequacy and effectiveness of controls;
- Incident identification, escalation and remediation processes to ensure timely resolution of compliance breaches and regulatory issues;
- Regular compliance reporting to senior management and Board-level committees to support informed decision-making;
- Targeted training and awareness programmes to embed compliance requirements and promote a strong culture of ethical conduct across the Bank; and
- Nurturing working relationships with relevant regulators.

These structures and processes are subject to periodic review to ensure they remain effective, proportionate and aligned with regulatory developments and emerging risks.

Organization, roles and responsibilities

The Enterprise Wide Risk Management Framework (ERMF) outlines how the Bank manages and measures its compliance risk. The Chief Risk and Compliance Officer is responsible for developing, maintaining and overseeing ERMF.

The Head of Compliance provides oversight, management and escalation of compliance risk at entity level in accordance with the ERMF. This includes responsibility for the development, implementation and monitoring of compliance risk policies, standards and controls, and for reporting on their effectiveness.

The first line of defence is responsible for establishing conduct-related controls, managing performance, and assessing compliance with applicable policies and controls.

The Compliance function is led by the Head of Compliance, and it is structured to support the Board and Management as an independent function and proactively prevent, detect and manage breaches of applicable laws, regulations and internal policies through key initiatives, including:

- Providing expert advice on compliance risk
- Identifying, measuring and assessing compliance risks
- Conducting monitoring and testing activities
- Delivering targeted training and awareness programmes
- Ensuring comprehensive compliance reporting

Senior Officers and Leads are responsible within their areas of responsibility to manage compliance risk in accordance with the Compliance Charter and a dedicated team has been established in Compliance to oversee and support the Head of Compliance and Senior officer and Leads in compliance risk management.

A solution-oriented approach fosters seamless collaboration between Compliance and business units, facilitating the timely identification and management of compliance risks.

Key Compliance Risk Focus Areas

The Bank remains committed to operating in full compliance with the legal and regulatory requirements in all jurisdictions where it conducts business. Our control framework, including monitoring mechanisms and internal processes, is designed to uphold the highest standards of conduct, prevent market abuse, mitigate insider dealing risks and address potential compliance breaches. These frameworks are periodically reviewed and subject to regulatory scrutiny to ensure ongoing alignment with best practices.

Money Laundering (ML), Terrorist Financing (TF) and Proliferation Financing (PF) remain key risk areas across the Bank. To mitigate these risks, comprehensive controls and regular ML/TF/PF health checks are implemented to assess effectiveness and ensure that the Bank's products and services are not misused for financial crime.

Internal Control Framework

The Bank's internal control framework supports the achievement of operational efficiency, reliable financial reporting and compliance with applicable laws, regulations and policies.

Key elements include:

- **Policies and Procedures**: Documenting risk management requirements and reviewed at least annually for relevance and regulatory alignment.
- **Control Activities**: Preventive, detective or mitigating controls, both manual and automated, applied consistently across all risk categories.
- **Enterprise-Wide Risk Tools**: Including Risk Appetite, Risk Maps, Top and Emerging Risks Reports, are used to assess and monitor residual risk and escalate breaches or emerging concerns.
- **Systems and Infrastructure**: Supporting timely identification, capture and exchange of information to enable effective risk management.

These mechanisms provide the Board with assurance regarding the effectiveness of internal controls and the adequacy of remediation plans for identified risks.

Risk Management Report (cont'd)

Compliance Risk (cont'd)

Assurance to Directors

The governance of compliance risk within the bank is fulfilled through management forums operated by the first and second lines of defence with clear escalation and reporting lines into Board level committees. The Bank Audit Committee is the primary second line governance committees for the oversight of the compliance risk profile. The committee's responsibilities include the identification and discussion of any emerging compliance risk exposures in the Bank.

Compliance provides assurance to the Board and Directors that compliance risk is being effectively managed and that the Bank's risk management and compliance frameworks are operating as intended through a structured and transparent governance and reporting process.

This assurance is delivered through the following key mechanisms:

- **Regular Reporting**: Compliance submits periodic reports to senior management and Board-level committees, including the Audit Committee, covering the compliance risk profile, key risk indicators, emerging risks, regulatory developments, significant incidents, breaches and remediation status.
- **Independent Monitoring and Testing**: The Compliance function conducts risk-based monitoring and testing programmes to assess the design and operating effectiveness of compliance controls across the first line of defence. Findings and recommendations are formally reported, tracked and followed up to ensure timely remediation.
- **Compliance Risk Assessments**: Enterprise-wide and thematic compliance risk assessments provide the Board with forward-looking insight into areas of heightened risk, changes in the regulatory landscape and the adequacy of existing controls.
- **Regulatory Engagement and Feedback**: Compliance acts as the primary liaison with regulators, ensuring that regulatory communications, supervisory findings and inspection outcomes are escalated to the Board, along with management's response and remediation plans.
- **Issue Escalation and Incident Management**: Material compliance breaches, control weaknesses and significant incidents are promptly escalated through established governance channels, enabling the Board to exercise effective oversight and challenge.
- **Training and Culture Oversight**: Updates on compliance training completion, conduct-related trends and culture indicators provide the Board with assurance on the effectiveness of compliance awareness and behavioural standards across the Bank.
- **Independent Assurance**: The results of internal and external audits, as well as regulatory reviews and inspections, are used to provide additional independent assurance to the Board on the robustness and effectiveness of the compliance and control environment.

Through these mechanisms, the Board is provided with timely, accurate and comprehensive information to support its oversight responsibilities and to ensure that compliance risk is managed within the Bank's risk appetite.

Compliance principles

The Bank upholds a zero-tolerance policy for deliberate or intentional breaches of legislative and regulatory requirements, as well as for willful misconduct, unethical behavior or any actions that facilitate financial crime. While operational risk is inherent in the business activities, the Bank maintains a robust control environment to mitigate these risks.

Financial crime and Conduct Risk management is a shared responsibility across all employees with accountability embedded at every level of the organisation. The oversight of compliance with legal and regulatory obligations is entrusted to the Board Risk Committees and Board Audit Committees, ensuring a robust governance framework. Within each entity, the Audit Committee assumes responsibility for monitoring compliance risk. Additionally, the Head of Compliance maintains an administrative reporting line to their Chief Executive Officer reinforcing independence in executing their mandate.

Independence is a core principle of the Compliance function, ensuring its ability to operate with objectivity and integrity across the Bank. The Bank remains committed to implementing robust measures and controls that safeguard the Compliance function's autonomy in executing its responsibilities and making decisions free from undue influence.

Compliance officers are granted unrestricted access to all relevant information and personnel within the organisation, enabling them to effectively fulfill their compliance obligations and maintain the highest standards of regulatory oversight.

As part of its ongoing commitment to regulatory excellence, the Bank continues to strengthen its compliance agenda, with a particular focus on Anti-Money Laundering (AML), Combatting the Financing of Terrorism (CFT) and sanctions. These efforts are reinforced through dedicated training programmes for employees, periodic policy revisions and the introduction of enhanced policies and standards. Furthermore, the Bank remains proactive in aligning with evolving regulatory requirements, adopting new and revised guidelines issued by regulators, particularly in the areas of AML and CFT, thereby ensuring a strong and sustainable compliance culture.

Compliance culture

The Bank's compliance culture is deeply embedded within its organisational values, reinforcing trust among customers and stakeholders while mitigating regulatory, legal and reputational risks. A commitment to ethical conduct and integrity at all levels remains central to the Bank's vision of responsible and sustainable banking.

This compliance mindset is integrated into daily operations, setting clear expectations for individual behavior across the organisation. As regulatory landscapes continue to evolve both domestically and globally, the Bank remains proactive in strengthening its compliance framework. Heightened regulatory scrutiny underscores the need for robust policies and procedures that enable the Bank to effectively anticipate, respond to and mitigate emerging risks — all within the defined risk appetite.

To uphold a culture of continuous vigilance, the Bank ensures the availability of adequate resources and technology to reinforce compliance-driven behaviours. This commitment is reinforced through strong leadership from the Board and Senior Management, who set the right tone through consistent and effective communication.

A variety of initiatives have been implemented to instill and sustain the Bank's compliance culture, including mandatory training programmes, engagement sessions with business functions, strengthening working relationships with regulatory and supervisory bodies and being an active participant in the various projects across the bank. These initiatives serve to strengthen awareness of compliance responsibilities at all levels, fostering a culture of accountability and ethical decision-making across the Bank.

Data protection

The Bank is committed to upholding the highest standards of data protection, ensuring that individuals retain control over their personal data while maintaining strict compliance with applicable regulations. Data is collected and processed solely for legitimate and specific purposes and all reasonable measures are taken to rectify or erase any inaccurate, incomplete or inappropriate information. Personal data is retained only for as long as necessary to fulfill its intended purpose, in line with regulatory and business requirements.

The Bank implements comprehensive security measures to safeguard the confidentiality, integrity, availability and resilience of its data processing systems and services. These measures are continuously reviewed and enhanced to mitigate risks and strengthen overall data governance.

The European Union's General Data Protection Regulation (GDPR) has established a harmonised privacy framework across EU member states, reinforcing individual rights, mandating transparent compliance practices and imposing stringent penalties for non-compliance. Given its extra- territorial reach, the GDPR may also apply to entities outside the EU when offering goods or services to EU-based customers.

The bank operates, a robust data protection compliance programme, ensuring full adherence to local and international data privacy laws. Through continuous monitoring and stringent governance, the bank remains steadfast in managing data protection risks while fostering trust, transparency and regulatory excellence.

Risk Management Report (cont'd)

Reputational Risk

Reputational risk is defined as the potential for negative financial or operational impact arising from damage to the Bank's public perception, trust and confidence among key stakeholders, including employees, customers, shareholders, investors and the broader community. This risk may originate from various sources, including business activities, operational decisions, market dynamics and external socio-economic or political factors. Additionally, media coverage—regardless of its accuracy—can significantly influence the Bank's reputation.

Reputational risk emerges from failure to meet stakeholder expectations and can result from operational failures, compliance breaches, governance issues or perceived misconduct. The year was marked by heightened stakeholder and regulatory scrutiny, reinforcing the importance of transparency, effective governance and timely communication. Social media amplifies reputational events, increasing the speed and scale at which negative sentiment can spread and impact customer confidence, investor perceptions and regulatory relationships. Reputational damage can lead to client attrition, revenue loss, regulatory action, erosion of market confidence and difficulties in accessing capital or recruiting talent.

Mitigating reputational risk requires a proactive and preventive risk management approach, integrating early-warning mechanisms, structured response protocols and continuous risk monitoring. The methodology encompasses stakeholder perception analysis, enabling the identification of shifts in sentiment that could impact the Bank's standing.

Reputational risks are subject to ongoing assessment and oversight, with regular reporting to the Risk Management Committee to facilitate prompt and strategic responses, ensuring the preservation of trust, credibility and long-term stakeholder confidence.

The Bank employs several key measures to manage reputational risk effectively:

- Proactive monitoring of media coverage across all channels—local, regional, international and social media—supported by structured escalation processes to address potential reputational risks promptly
- Strong governance oversight ensuring business activities are appropriately assessed, managed and subject to robust Board and management oversight
- Proactive engagement with regulatory authorities, industry bodies and key stakeholders to maintain credibility, transparency and open communication
- Well-embedded complaint management process with effective root cause analysis, prompt resolution and escalation to senior management where appropriate
- Sound due diligence processes maintained at various stages of the client lifecycle to mitigate association with inappropriate or high-risk counterparties
- Clear communication protocols to ensure consistent, accurate and timely messaging during periods of heightened stakeholder attention
- Regular assessment of reputational risk exposures through governance forums, with escalation of material risks to the Risk Management Committee and Board

Through these measures, the Bank maintains a disciplined approach to managing reputational risk, protecting stakeholder trust and safeguarding the institution's standing in the markets it serves.

Focus areas

As part of our ongoing risk management process, the Bank remains vigilant in assessing emerging risks that could impact our resilience, business operations and strategic objectives. With an increasingly dynamic and interconnected risk landscape, our focus remains on early detection, adaptive risk management and coordinated response strategies to safeguard the Bank's stability and strategic growth. The Bank will closely monitor developments in the following key areas.

Geopolitical Fragmentation and Trade Disruption

Geopolitical tensions continue to reshape the global economic landscape, with potential impacts on cross-border trade, capital flows and foreign exchange stability. Heightened geopolitical fractures may trigger capital flight, exchange rate volatility and trade disruptions, weakening the financial position of cross-border and trade-linked borrowers in key markets where the Bank maintains exposures.

The Bank faces both direct and indirect exposure to these risks through its international lending portfolio, correspondent banking relationships and clients with cross-border operations. Disruptions to supply chains, restrictions on capital movements and shifts in trade patterns could affect borrower creditworthiness and debt servicing capacity.

To navigate these challenges, the Bank maintains rigorous monitoring of geopolitical developments, conducts regular stress testing of cross-border exposures and ensures that risk appetite limits and country-specific frameworks remain appropriately calibrated. The Bank continues to assess the macroeconomic and political landscape across exposure jurisdictions, deploying enhanced risk mitigation measures where conditions warrant.

Cybersecurity, Technology and AI Risk

The cybersecurity threat landscape continues to evolve rapidly, with increasing sophistication in attack methods and expanding attack surfaces. The emergence of AI-driven fraud, deepfakes and automated exploitation techniques heightens the risk of successful breaches and operational disruptions. Ransomware attacks, zero-day vulnerabilities and targeted phishing campaigns remain persistent threats to financial institutions globally.

As digital transformation accelerates and the Bank's reliance on technology infrastructure deepens, inherent cyber risks increase. The adoption of artificial intelligence and machine learning across business processes introduces new operational and model risks, while dependence on cloud infrastructure and third-party service providers creates potential for systemic vulnerabilities and cascading impacts.

Regulatory expectations continue to intensify around cybersecurity resilience, AI governance, third-party risk management and operational risk reporting. Supervisors are placing greater emphasis on institutions' ability to prevent, detect, respond to and recover from cyber incidents, alongside robust governance frameworks for AI deployment.

The Bank is committed to ongoing investment in cybersecurity capabilities, threat intelligence, detection and response technologies and employee awareness programmes.

Enhanced governance frameworks for AI risk management are being developed to ensure responsible deployment of AI technologies. The Bank continues to strengthen third-party risk controls and maintain rigorous testing of incident response and business continuity capabilities to ensure operational resilience in the face of evolving cyber threats.

Climate Risk Integration

Climate risk and environmental considerations are becoming increasingly material to the banking sector, driven by regulatory expectations, stakeholder demands and the growing physical and transition risks associated with climate change. Data availability and methodological challenges persist, particularly in assessing long-term climate scenarios and quantifying financial impacts across portfolios.

Supervisory attention on climate-related and environmental risk considerations within credit risk assessment, portfolio management and strategic planning continues to intensify. Regulators are placing greater emphasis on climate risk governance, stress testing, scenario analysis and disclosure practices.

The Bank has made progress in developing frameworks to identify, measure and manage climate risks, including the incorporation of climate risk scenarios into ICAAP stress testing. Efforts are underway to build internal capabilities in sustainability risk management, with plans to establish a dedicated sustainability risk function within the Risk Management team to embed climate and environmental risk considerations across the Bank's operations and decision-making processes.

Enhanced transaction screening and due diligence processes are being developed to ensure climate-related risks are systematically considered in lending and investment decisions. The Bank continues to engage with specialist service providers, refine climate risk policies and deliver training programmes to strengthen awareness and understanding of climate risks across the organization, ensuring alignment with evolving regulatory requirements and stakeholder expectations.

Regulatory Intensity

The pace and complexity of regulatory requirements continue to evolve across the Bank's markets, driven by factors including enhanced prudential standards, evolving AML/CFT frameworks, data protection requirements and supervisory expectations around governance and risk management. Regulatory scrutiny remains heightened, particularly in relation to financial crime prevention, conduct standards, operational resilience and climate-related disclosures.

Diverging international regulatory approaches present jurisdictional challenges, including variations in data sovereignty requirements, ESG regulatory frameworks and AI governance standards. The evolving regulatory landscape requires continuous adaptation of internal frameworks, policies and control environments to maintain compliance across all jurisdictions where the Bank operates.

The Bank takes a proactive approach to regulatory change, maintaining close engagement with supervisors, contributing to industry consultations and investing in technology-driven compliance solutions. Frameworks and policies are subject to regular review to ensure alignment with regulatory expectations. The Bank fosters a strong compliance culture through training programmes, awareness campaigns and clear accountability structures, ensuring that regulatory requirements are embedded across business operations and that the organization remains well-positioned to adapt to future regulatory developments.

Through early identification of these emerging risk themes, proactive risk management and disciplined governance, the Bank remains committed to maintaining its resilience, protecting stakeholder interests and supporting sustainable long-term growth.

Risk Management Report (cont'd)

Capital Management

SBM Bank manages its capital to meet the expectations of key stakeholders such as regulators, shareholders, investors, rating agencies and analysts whilst ensuring that the returns on capital is commensurate with risks undertaken by respective lines of business.

The Bank has always held capital in excess of regulatory requirements, and it intends to continue this philosophy to ensure that it continues to remain well capitalised. Accordingly, a minimum capital adequacy ratio (CAR) of 2.0 % above the minimum regulatory requirements is targeted.

In view of maintaining its sound capitalisation both from an economic and regulatory perspective, SBM Bank continuously monitors and adjusts its overall capital demand and supply at all times and from all perspectives.

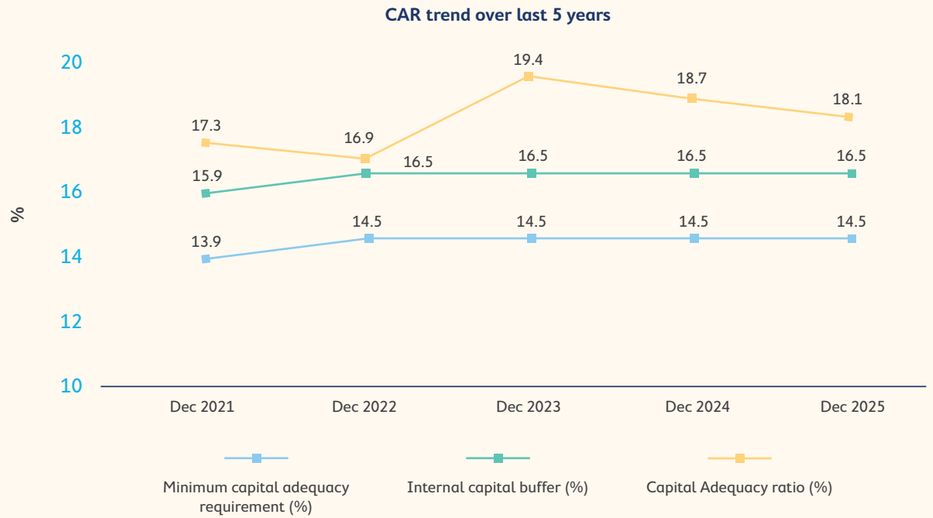
The objectives are to:

- Maintain capital ratios at levels sufficiently above the regulatory minimum requirements;
- Support the Bank's credit ratings;
- Deploy capital efficiently to businesses and optimise returns on capital;
- Remain flexible to capitalise on future opportunities.

In FY2025, the Bank laid sustained emphasis on capital and liquidity preservation, while responding and adapting itself to the evolving economic landscape in Mauritius, mindful of challenging conditions faced at some levels, in view, notably, of the volatile global economy.

Evolution of Capital Adequacy ratios over the last five years

	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Dec 2025
Tier 1 ratio (%)	15.7	15.3	17.9	17.0	16.6
Capital Adequacy ratio (%)	17.3	16.9	19.4	18.7	18.1



Regulatory Requirement

Bank of Mauritius (BOM) embarked on a phased implementation of Basel III Capital Standards in Mauritius since July 2014 with measures aiming to improve the banking sector's ability to absorb shocks arising from financial and economic stress, improve risk management and governance and strengthen banks' transparency and disclosures. To that effect, BOM has issued guidelines and reporting requirements to commercial banks.

The capital-to-risk weighted assets ratio determines whether or not a bank has sufficient capital to absorb any losses before becoming insolvent. It is important for a bank to monitor this ratio and adhere to regulatory requirements to protect its clients and the larger economy as a whole.

BOM requires all banks licensed under the Banking Act 2004 to meet minimum requirements related to risk-weighted assets of 9.0 %, 10.5 % and 12.5 % for Common Equity Tier 1 (CET 1), Tier 1 and Total Capital ratios respectively. The above ratios include a capital conservation buffer (CCB) of 2.5 % which has been fully phased in since 01 April 2022.

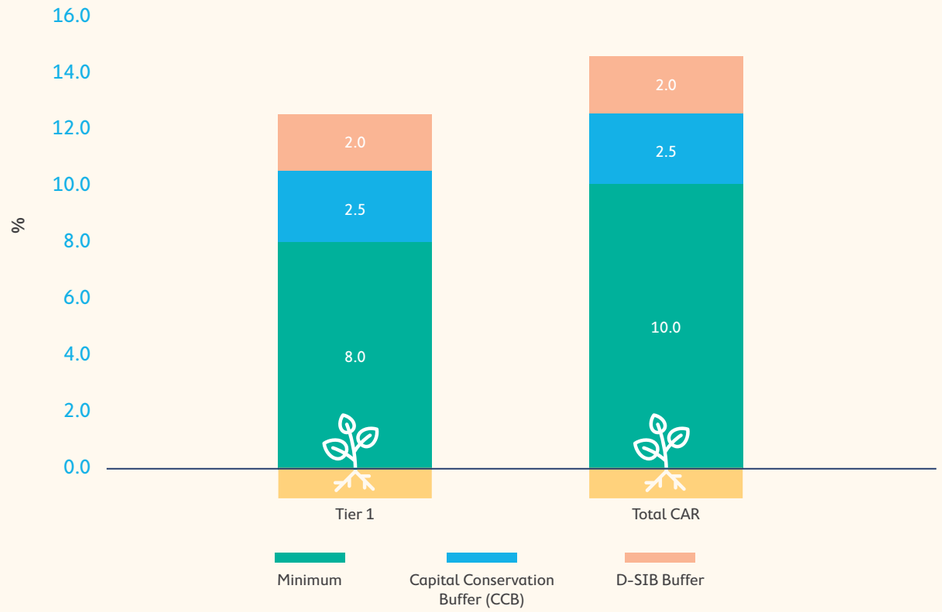
Furthermore, in compliance with the 'Guideline for dealing with Domestic-Systemically Important Banks (D-SIB) and the yearly assessment carried out by BOM, SBM Bank is subject to an additional buffer of 2.0 % based on its systemic importance in the local economy. Five indicators namely size, exposure to large groups, interconnectedness, complexity and substitutability are taken into consideration.

Risk Management Report (cont'd)

Capital Management (cont'd)

Regulatory ratios applicable to SBM Bank as at 31 December 2025

Tier 1 CAR and Total CAR
(plus Capital Conservation Buffer plus D-SIB Buffer)



At year end 31 December 2025, the Bank remains well capitalised with a total capital adequacy ratio of 18.1% or 3.6% above the minimum regulatory requirement.

1. Capital Structure

For computation of its regulatory capital (capital base), SBM Bank complies with the BOM's Guideline on Scope of Application of Basel III and Eligible Capital which came into effect in July 2014.

Total regulatory capital consists of the sum of the following elements:

(a) Tier 1 capital which comprises:

  (i) Common Equity Tier 1

  (ii) Additional Tier 1 Capital

(b) Tier 2 Capital

For each of the three components above, BOM has defined a single set of criteria that the instruments are required to meet before they can be included in the relevant category.

All components of capital provide support for banking operations and to protect depositors.

2. Capital Position

SBM Bank's capital position remains robust with high quality capital levels which prepares it well for future business growth and opportunities.

The capital is in the form of:

(a) CET 1, which is permanent and has the highest loss absorption capability on a going concern basis. The common equity capital of the Bank consists primarily of common shareholder's equity (ordinary share capital, reserves and retained profits) net of prescribed regulatory adjustments or deductions. These regulatory deductions include intangible assets (net of deferred tax liabilities) and deferred tax assets.

CET 1/Tier 1 capital, representing 91.5 % of the aggregate capital base, rose by 7.4 % to MUR 26.7 billion.

The increase of MUR 1.85 billion from FY 2024 is mainly explained by:

- Profit for the year amounted to MUR 3.7 billion.
- MUR 272 million increase in revaluation gain on investments in securities at FVTOCI
- Partly offset by:
- dividend paid to Parent Company amounted to MUR 2.5 billion.
- MUR 496 million regulatory adjustments comprising intangible assets and deferred tax assets movements.

(b) Tier 2 capital which can absorb losses in the event of a winding-up consists of general provisions and revaluation reserves of fixed assets.

Tier 2 capital was stable at MUR 2.5 billion, with its share representing 8.5 % of the capital base.

The capital base of the Bank increased by MUR 1.92 billion to MUR 29.2 billion as at end December 2025.

Risk Management Report (cont'd)

Capital Management (cont'd)

Table below shows the Bank's capital position for the past three years:

Figures in MUR'Million	Dec 2025	Dec 2024	Dec 2023
Capital base			
Share capital	13,454	13,454	13,454
Retained earnings	15,022	12,946	10,924
Accumulated other comprehensive income and other disclosed reserves	478	206	99
Common Equity Tier 1 capital (CET 1) before regulatory adjustments	**28,954**	**26,606**	**24,477**
Regulatory adjustments			
Goodwill and intangible assets	(743)	(1,255)	(1,624)
Deferred tax assets	(1,455)	(448)	(717)
Common Equity Tier 1 capital (CET 1)	**26,756**	**24,903**	**22,136**
Additional Tier 1 (AT 1)	-	-	-
Tier 1 capital (T1 = CET1 + AT1)	**26,756**	**24,903**	**22,136**
Other reserves *(45% of surplus arising from revaluation of land & buildings)*	679	775	491
Portfolio provision or ECL *(restricted to 1.25% of credit RWA)*	1,791	1,625	1,364
Tier 2 capital	**2,470**	**2,400**	**1,855**
TOTAL CAPITAL BASE	**29,226**	**27,303**	**23,991**

3. Risk-weighted assets

Risk-weighted assets (RWA) are used to determine the minimum amount of capital a bank must hold in relation to the risk profile of its lending activities and other assets. This is done to assess the financial strength of a financial institution. RWA represents the Bank's exposures to credit, market and operational risks.

The risk weighted assets of the Bank are being prudently managed in view of the Bank's cautious approach in selecting high quality assets in the loan market.

For FY2025, the Bank witnessed an increase of 10.4 % in total RWAs, reaching MUR 161.4 billion in comparison to MUR 146.2 billion for the FY 2024. The growth was primarily from international corporates, local corporates, local bonds both rated and unrated as well as retail portfolio.

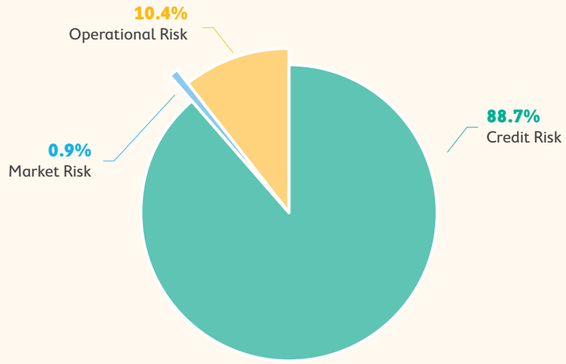
Table below shows the Bank's risk weighted assets for the past three years:

Figures in MUR'Million

Risk Weighted Assets (RWAs)	Dec 2025	Dec 2024	Dec 2023
Credit risk (A)	**143,261**	**130,007**	**109,129**
On-balance sheet assets	134,669	119,891	101,289
Off-balance sheet exposures	8,592	10,116	7,840
Market risk (B)	**1,365**	**763**	**964**
Aggregate net open foreign exchange position	900	456	733
Capital charge for trading book position exceeding 5% or more of its total assets	465	307	231
Operational risk (C)	**16,820**	**15,475**	**13,888**
TOTAL RWAs	**161,446**	**146,245**	**123,981**

(A) Risk-weighted assets for credit risk

Amongst the various risk types the Bank engages in, credit risk continues to attract the largest regulatory capital requirement. As at year end 2025, it accounted for around 88.7% of total risk of the Bank, nearly same as FY 2024.

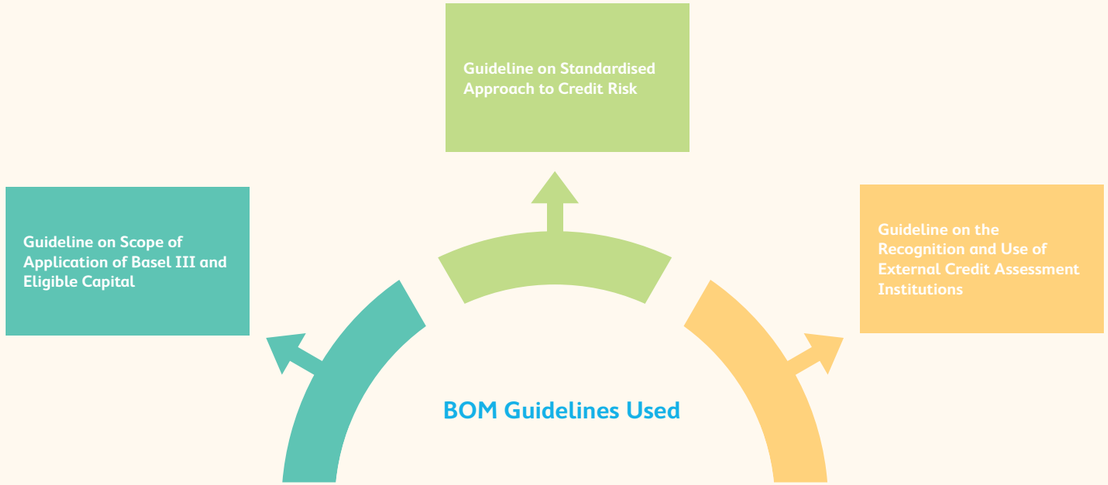


Total RWAs MUR 161.4 Bn

Risk Management Report (cont'd)

Capital Management (cont'd)

The Bank measures the credit risk capital requirements by applying appropriate risk weights to both on-balance and off-balance sheet exposures in line with the following guidelines:



Under the Standardised Approach, standardised risk weights are assigned to exposures and RWAs are calculated as the product of these risk weights and the exposure amount. The risk weights are based on the credit assessments of external rating agencies and are determined according to the category of borrowers, namely sovereign, bank, corporate, and others, with each category of borrower having a specific risk weight structure. Exposures are risk-weighted net of specific provisions.

For certain exposure classes, SBM Bank uses the International ratings of Standard & Poor's, Moody's Investors Service and Fitch Ratings which are recognized by BOM. In addition, some financial obligations subscribed by the Bank in favour of domestic corporate customers have also been rated by CARE Ratings (Africa) Private Ltd (CRAF) with capital relief being applicable on investment-grade ratings.

The following tables provide end-of-year figures for both on-balance sheet and off-balance sheet assets after credit mitigation:

The RWA for on-balance sheet exposures increased by 12.3 % compared to FY 2024.

Risk-Weighted on-balance sheet assets	Dec 2025			Dec 2024	Dec 2023
Figures in MUR'Million	Amount	Weight %	Weighted Assets	Weighted Assets	Weighted Assets
Cash Items	3,391	0-20	0	2	0
Claims on sovereigns	92,677	0-150	5,934	5,275	3,311
Claims on central banks	36,641	0	-	-	-
Claims on banks	29,459	0-150	13,426	9,751	6,991
Claims on non-central government public sector entities	8,208	50-100	5,789	7,961	6,595
Claims on corporates	70,036	20-150	63,081	54,704	51,138
Claims on retail segment	25,072	75	18,804	16,514	14,032
Claims secured by residential property	43,794	35-125	16,121	15,515	13,668
Past due claims	4,981	50-150	5,916	4,116	900
Fixed Assets/other assets	5,598	100	5,598	6,053	4,654
Total On Balance Sheet RWAs	**319,857**		**134,669**	**119,891**	**101,289**

In terms of the risk profile of on-balance sheet assets, the zero % or 'risk free' assets, principally Government and BOM securities represented 41.9 % while assets under the 100 % risk-weight bucket, consisting mainly of loans and advances, constituted 24.0% of on-balance sheet assets. Assets with risk weights ranging from 20 to 75 % accounted for 32.0 % while remaining 2.1 % pertained to risk weights above 100%.

The total non-market-related off-balance sheet RWA decreased by MUR 1.5 billion to MUR 8.1 billion compared to FY 2024 due to maturity of guarantees issued partly offset by new commitments made during the year.

Risk Management Report (cont'd)

Capital Management (cont'd)

Non Market related off-balance sheet credit exposures	Dec 2025					Dec 2024	Dec 2023
Figures in MUR'Million	Nominal Amount	Credit Conversion Factor	Credit Equivalent Amount	Weight %	Weighted Assets	Weighted Assets	Weighted Assets
Direct Credit Substitutes	1,863	100	1,863	0-100	1,828	1,417	1,380
Transaction-Related Contingent items	8,497	50	4,249	0-100	4,198	6,585	4,864
Trade-Related Contingencies	1,512	20-100	389	0-100	321	287	166
Other Commitments	21,871	0-50	2,212	35-100	1,775	1,352	965
Total Non Market Related RWAs	**33,743**		**8,713**		**8,122**	**9,641**	**7,375**

The total market-related off-balance sheet RWA decreased by MUR 5 million to MUR 470 million compared to FY 2024.

	Dec 2025						Dec 2024	Dec 2023
Market related off-balance sheet credit exposures	Nominal principal amount	Credit conversion factor %	Potential future exposure	Current exposure	Credit equivalent amount	Weighted Assets	Weighted Assets	Weighted Assets
Figures in MUR'Million								
Interest rate contracts	7,178	0-1.5	70	27	97	79	7	7
Foreign exchange contracts	10,663	1-5.0	128	115	243	168	267	271
Equity contracts	1,501	6-8.0	118	254	372	186	144	128
Other commodity contracts								
Credit derivative contracts								
Other market-related contracts	442	10-12.0	50	6	56	37	57	59
Total Market related RWAs	**19,784**		**366**	**402**	**768**	**470**	**475**	**465**

The total credit RWAs are summarised as follows:

Figures in MUR'Million	Dec 2025	Dec 2024	Dec 2023
Total On Balance Sheet RWAs	134,669	119,891	101,289
Total Non Market Related RWAs	8,122	9,641	7,375
Total Market Related RWAs	470	475	465
Total Credit RWAs	**143,261**	**130,007**	**109,129**

(B) Risk-weighted assets for market risk

Market risk is the risk that the Bank's earnings, capital or business objectives will be adversely impacted by changes in the level or volatility of market rates or prices such as interest rates, foreign exchange rates, equity prices, commodity prices and credit spreads.

For computation of capital on market risk, the Bank adheres to the Standardised Approach as outlined in the BOM's Guideline on Measurement and Management of Market Risk.

Aggregate Net Open Foreign Exchange Position

The RWA calculation includes the foreign exchange open position risk of the banking and trading book.

Figures in MUR'Million	Dec 2025	Dec 2024	Dec 2023
Aggregate net open foreign exchange position	900	456	733

Capital charge for trading book position

As per the standardized approach, a bank is required to hold additional capital whenever its overall trading book position activities exceeds 5 % of total assets. As at end of December 2025, the Bank prudently allocated an additional capital charge of MUR 465 million though the trading book significance level was below 5 %.

Risk Management Report (cont'd)

Capital Management (cont'd)

(C) Operational risk capital

Operational risk is an inherent risk in the ordinary course of business activity. It is the risk of incurring a loss due to inadequate or failed internal processes, or due to external events, whether deliberate, accidental or natural occurrences.

For the calculation of operational risk capital, SBM Bank applies the Alternative Standardised Approach as per the BOM's Guideline on Operational Risk Management and Capital Adequacy Determination.

The table below sets out the operational risk capital charge for SBM Bank:

Figures in MUR'Million	Dec 2025	Dec 2024	Dec 2023
Risk weighted Assets for Operational Risk	16,820	15,475	13,888

In line with growth in business volumes, capital charge for Operational Risk as at end of December 2025 has increased by 8.7 % from FY 2024.

Leverage Ratio

An underlying cause of the Great Financial Crisis was the build-up of excessive on- and off-balance sheet leverage in the banking system. In many cases, banks built up excessive leverage while maintaining seemingly strong risk-based capital ratios. The ensuing deleveraging process at the height of the crisis created a vicious circle of losses and reduced availability of credit in the real economy.

The Basel Committee on Banking Supervision (BCBS) introduced a leverage ratio in Basel III to act as a credible supplementary measure to the risk-based capital requirements.

The leverage ratio is used to capture the amount of debt the Bank has relative to its Tier 1 capital. The ratio is calculated as Tier 1 qualifying capital divided by on and off-balance sheet exposures, as defined by the BCBS.

The Bank's leverage ratio stood at 8.05% as at 31 December 2025 compared with BCBS minimum requirement of 3%. This ratio ensures the bank holds Tier 1 capital equal to at least 3% of its total assets, including off-balance sheet exposures, to limit excessive debt accumulation and bolster financial stability.

Compliance

The Bank has complied with all the regulatory capital-related requirements throughout the year. The capital adequacy ratio remained well above the BOM's prescribed limit with an average of 18.7% for FY2025 while being prudent in growth across its lines of business.



DEEP IN HERITAGE, CLEAR IN PURPOSE

Financial Review

Provides an overview of our financial performance across various indicators, with emphasis on key trends and underpinnings



Key Financial Highlights

	Year ended 31 December 2025	Year ended 31 December 2024	Year ended 31 December 2023
Statement of profit or loss (MUR million)			
Net interest income	**9,961**	9,409	8,495
Non interest income	**3,609**	3,446	2,901
Operating income	**13,571**	12,855	11,396
Non interest expense	**5,875**	5,540	5,239
Profit before income tax and net impairment loss on financial assets	**7,695**	7,315	6,157
Profit before income tax	**4,449**	7,199	5,238
Profit for the year	**3,720**	5,835	4,625
Statement of financial position (MUR million)			
Total assets	**322,166**	336,736	281,113
Gross loans and advances to non-bank customers	**147,619**	134,796	119,070
Deposits from non-bank customers	**276,914**	295,179	239,208
Shareholder's equity	**31,744**	29,515	25,728
Tier 1 capital	**26,756**	24,903	22,137
Risk-weighted assets	**161,446**	146,245	123,981
Performance ratios (%)			
Capital adequacy ratio	**18.1**	18.7	19.4
Tier 1 Capital adequacy ratio	**16.6**	17.0	17.9
Profit before income tax/average assets[a]	**1.4**	2.3	1.9
Profit before income tax/average shareholder's equity[a]	**14.5**	26.1	22.1
Return on average assets[a]	**1.1**	1.9	1.7
Return on average shareholder's equity[a]	**12.1**	21.1	19.5
Efficiency ratios (%)			
Cost to income	**43.3**	43.1	46.0
Asset quality ratios (%)			
Gross impaired advances to gross advances	**7.5**	5.5	5.2
Net impaired advances to net advances	**3.5**	2.7	0.8
Other key data			
Number of employees	**1,745**	1,719	1,790
Number of service units	**45**	45	45

[a]Averages are calculated using year-end balances.

Results

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

Highlights for the year include (i) a growth of 5.6% in operating income to MUR 13,570.7 million supported by net interest income and net gains on investment securities, (ii) the ability to contain cost with a 6.1% growth in non-interest expense resulting in a marginally higher cost to income ratio of 43.3% (43.1% for FY 2024), (iii) higher credit loss expense to reach to MUR 4,293.8 million, (iv) Bad debts recovered of MUR 1,047.3 million (v) income tax expense decreasing by nearly half (46.6%) to reach MUR 728.7 million.

Overall, the Bank's fundamentals remain sound, with profit before credit loss expense increasing to MUR 7,695.3 million in FY 2025 (FY 2024: MUR 7,315.2 million), alongside a strong capital adequacy ratio of 18.1%.

Revenue growth

Operating income for FY 2025 grew marginally by 5.6% to reach MUR 13,570.7 million (FY 2024: MUR 12,855.1 million) with the main contributors being (i) net interest income and (ii) non- interest income, coming majorly from net trading income and net fees and commission income.

Net Interest Income

The Bank's net interest income reached MUR 10.0 billion for the year under review driven by growth in advances both from domestic and international markets.

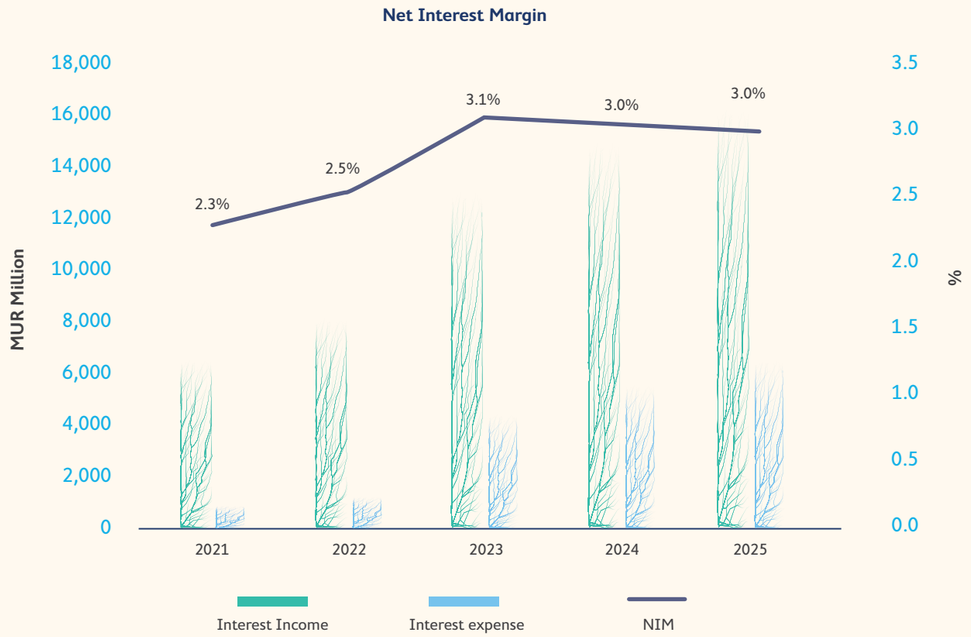
Interest income from loans and advances to non-bank customers stood at MUR 9,705.2 million, grew by MUR 713.5 million at the reporting date and remains the main source of interest income for the Bank.

Good asset and liability management helped with the deployment of funds in high yielding investment securities, and this generated an interest income of MUR 578.8 million, representing 10.5% growth for FY 2025.

On the interest expense side, an overall increase of MUR 922.7 million was noted, generated principally by interest on deposits from customers by MUR 946.6 million despite the total deposits base declined by MUR 18.3 billion. Interest expense from derivatives experienced a fall of MUR 39.2 million from MUR 131.4 million for FY 2024 to MUR 92.2 million for FY 2025.

Net Interest Income (cont'd)

Net interest margin stood at 3.02% for FY 2025 compared to 3.05% for FY 2024.



Non-Interest Income

As shown in the table below, non-interest income increased by 4.7%, from MUR 3,446.1 million for FY 2024 to MUR 3,609.5 million in FY 2025.

	Year Dec 2025	Year Dec 2024	Year Dec 2023	Variance	
	MUR' million	MUR' million	MUR' million	MUR' million	%
Net fee and commission income	**977.0**	1,036.4	937.6	(59.4)	(5.7)
Card income including e-commerce income	**587.8**	544.6	463.0	43.2	7.9
Net trading income from:					
Profit arising from dealings in foreign currencies	**991.6**	992.9	888.0	(1.3)	(0.1)
Interest rate instruments	**153.8**	77.7	(24.2)	76.1	97.9
Fair value movements on debt securities measured at FVTPL	**642.4**	733.9	603.4	(91.5)	(12.5)
Gains/(losses) on financial assets at FVTPL	**75.0**	(7.2)	19.8	82.2	(1,141.7)
Gain on sale of financial instruments (Amortised cost and FVTOCI)	**148.8**	40.1	0.2	108.7	271.1
Other operating income	**33.1**	27.7	13.5	5.4	19.5
	3,609.5	3,446.1	2,901.3	163.4	4.7

The main contributor of non-interest income for FY2025 is gain on sale of financial instruments which registered an increase of MUR 108.7 million for the year under review compared to FY 2024. Other sources of income which led to the growth of non-interest income are (i) gains on financial assets measured at FVTPL which rose by MUR 82.2 million and (ii) net trading income from interest rate instruments which increased by MUR 76.1 million. Profits arising from dealings in foreign currencies remained broadly stable while fair value movements on debt securities decreased by MUR 91.5 million against previous reporting period.

Net fees and commission income recorded a decrease of MUR 16.2 million or 1.0% on account of lower corporate banking fees by MUR 80.3 million, partially offset by positive movement in card income and retail banking fees for FY 2025.

Card income grew by MUR 43.2 million to MUR 587.8 million for FY 2025 from MUR 544.6 million for FY 2025, mostly due to higher volume of transactions as economic activity continued to gain momentum.

Similarly, retail banking fees witnessed an increase of MUR 16.9 million for FY 2025, from MUR 382.5 million for FY 2024 to MUR 399.4 million for FY 2025 through the continued engagement across the Bank's suite of retail banking offerings.

The ratio of non-interest income to average assets stood at 1.1% for both FY 2025 and FY 2024.

Non-Interest Expense

The table below shows the components of operating expenses.

	Year Dec 2025	Year Dec 2024	Year Dec 2023	Variance	
	MUR' million	MUR' million	MUR' million	MUR' million	%
Personnel costs	**2,562.4**	2,659.1	2,309.5	(96.7)	(3.6)
Property costs (including depreciation)	**604.0**	480.8	473.1	123.2	25.6
System costs (including depreciation and amortisation)	**1,986.7**	1,593.8	1,308.3	392.9	24.7
Other expenses	**722.3**	806.2	1,147.7	(83.9)	(10.4)
	5,875.4	5,539.9	5,238.6	335.5	6.1

Non-Interest Expense (cont'd)

Non-interest expenses witnessed a 6.1% growth or an increase of MUR 335.5 million for FY 2025 compared to FY 2024. Despite this rise, the Bank maintained a relatively stable cost to income ratio of 43.3% (FY 2024: 43.1%).

The increase in non-interest expenses was mainly attributable to higher system costs and property-related expenses, which grew by 24.7% and 25.6% respectively, reflecting continued investment in technology and infrastructure.

Personnel costs declined by 3.6% to MUR 2,562.4 million, while other expenses decreased by 10.4% to MUR 722.3 million, supported by ongoing cost optimisation efforts.

Credit loss expense on financial assets

Total credit loss expense recognised for FY 2025 amounted to MUR 3,246.5 million, representing an increase of MUR 3,130.3 million (2,693.9%) compared to FY 2024. This sharp rise is primarily driven by mainly additional impairments recorded under resident advances, in line with requirements of IFRS 9. The Bank has strengthened its provisioning approach by ensuring that ECL levels are applied adequately in view of prudential approach. This positions the Bank on a resilient footing, enhancing its capacity to cater for potential credit risks in the foreseeable future.

Statement of Financial position

Loans and advances to non-bank customers

Gross loans and advances increased by MUR 12.8 billion or 9.5% to reach MUR 147.6 billion as at 31 December 2025 against MUR 134.8 billion as at 31 December 2024. Advances from residents reported an increase of MUR 8.7 billion, from MUR 118.3 billion as at 31 December 2024 to MUR 127.0 billion as at 31 December 2025, which reflects the Bank's ability to grow its business domestically despite a very competitive environment. The increase emanates mainly from retail segment's mortgage portfolio which increased from MUR 48.6 billion as at 31 December 2024 to MUR 52.9 billion as at 31 December 2025. Advances to non-resident also improved from MUR 13.3 billion as at 31 December 2024 to MUR 17.5 billion as at 31 December 2025 as the Bank continues to expand on a global scale with strict internal risk controls.

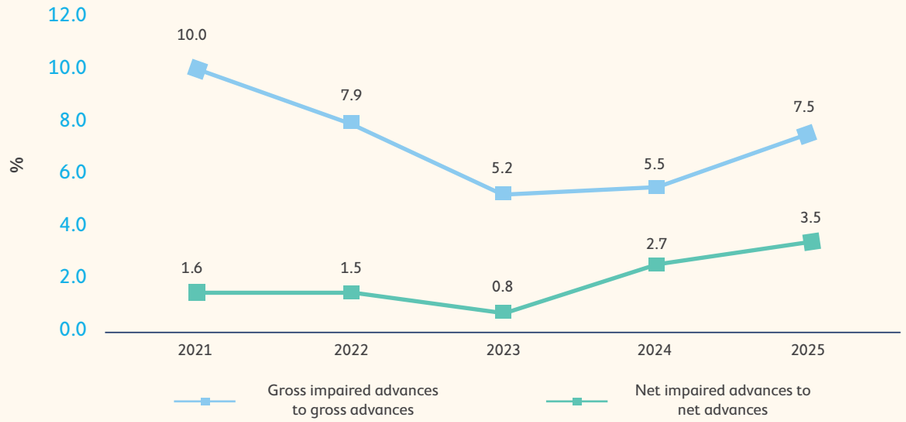
Net loans and advances stood at MUR 139.9 billion compared to MUR 129.9 billion for FY 2024, with total outstanding provisions of MUR 7.7 billion at 31 December 2025. Net loans and advances increased its share of the balance sheet size to 43.4% at the reporting date, up from 38.6% in FY 2024, thereby becoming the largest component. This reflects a shift in the asset mix towards higher-yielding lending activities. Breakdown of the credit portfolio by economic sectors and level of provisions held has been disclosed in Note 9 of the Financial Statements.

Credit quality

Impaired advances stood at MUR 11.1 billion as at 31 December 2025, compared to MUR 7.4 billion as at 31 December 2024. The Bank has written off advances amounting to MUR 112.2 million during the year under review (FY 2024: MUR 2.4 billion).

While the provision coverage ratio improved to 55.7% at 31 December 2025 from 52.4% as at 31 December 2024, the Bank remains comfortable that the provisioning is sufficient and adequate given that the remaining portion of impaired exposures is adequately secured by collaterals and suitably discounted to reflect prevailing market conditions and expected time of recovery.

The gross impaired advances to gross advances ratio and net impairment ratio stood at 7.5% and 3.5% respectively as at 31 December 2025 compared to 5.5% and 2.7% as at 31 December 2024.



Investment Securities and Placements

The Bank continues to deploy its surplus liquidity into fixed income instruments, including gilt-edged securities, foreign bank bonds, and corporate bonds. However, investment securities before credit losses decreased by MUR 17.9 billion compared to 31 December 2024 and accounted for 38.0% of the total balance sheet at the reporting date (FY 2024: 41.8%), thereby remaining the second-largest component.

The drop in the performance of investment securities before credit losses is explained by financial assets classified at Fair Value Through Other Comprehensive Income (FVTOCI) which witnessed a decrease of MUR 13.6 billion to reach MUR 42.8 billion (FY 2024: MUR 56.4 billion) and those classified at Amortised Cost (AC) decreased by MUR 6.8 billion, from MUR 69.7 billion as at 31 December 2024 to MUR 62.9 billion at reporting date. Offsetting this impact marginally, financial assets classified at Fair Value Through Profit and Loss (FVTPL) improved by MUR 2.4 billion, from MUR 14.6 billion as at 31 December 2024 to MUR 17.0 billion as at 31 December 2025.

Expected credit losses on investment securities moved upwards by MUR 282.8 million, from MUR 58.0 million as at 31 December 2024 to MUR 340.8 million at reporting date. This increase reflects higher impairment and the recognition of ECL on local corporate bonds, in accordance with IFRS 9.

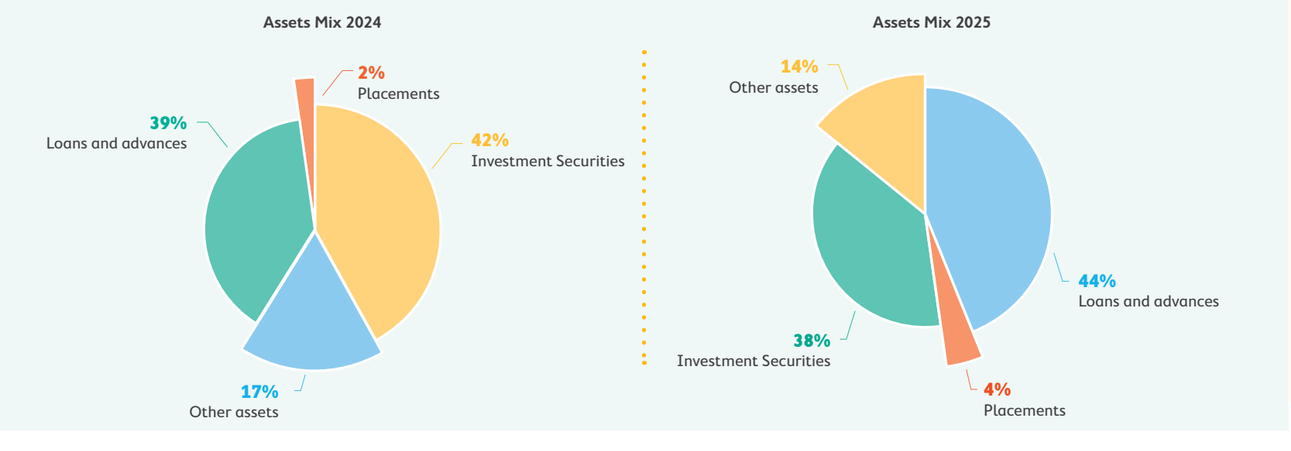
Gross loans and placements with banks almost doubled year-on-year, rising from MUR 7.7 billion as at 31 December 2024 to MUR 14.1 billion as at 31 December 2025, driven by enhanced lending activity and strategic liquidity management.

Other Bank Assets

Other assets of the balance sheet decreased by MUR 12.8 billion, mainly due to cash and cash equivalents which fell from MUR 50.9 billion as at 31 December 2024 to MUR 36.9 billion as at 31 December 2025.

Similarly, Property and equipment, Right-of-use assets and Intangible assets declined by MUR 300.5 million, MUR 49.0 million and MUR 511.3 million respectively. This reflects consistent depreciation and asset utilisation.

On a positive note, deferred tax assets more than tripled, to reach MUR 1,454.5 million resulting from higher ECL and change in tax rates.

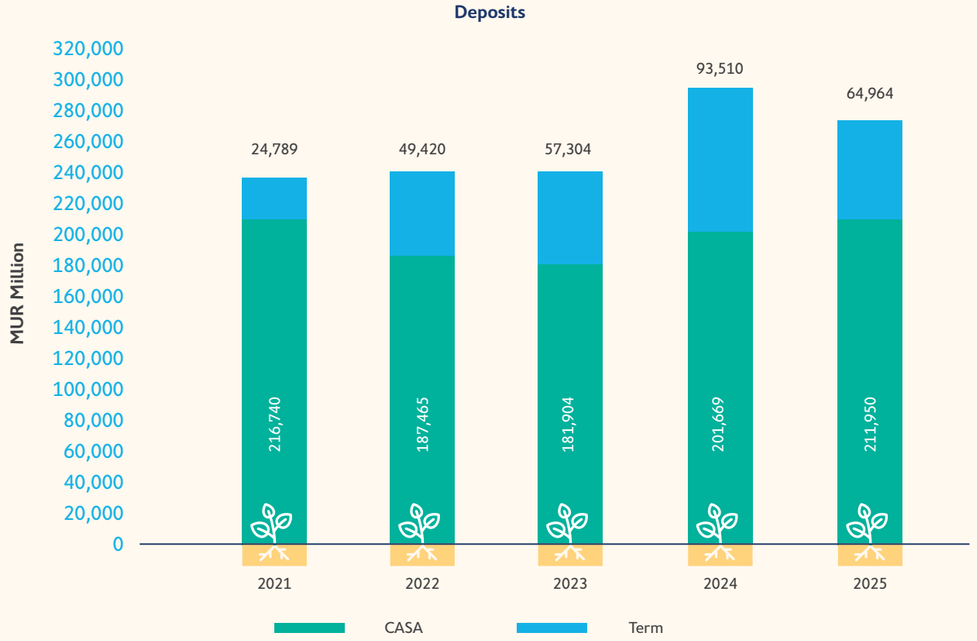


Note: Other Bank assets include cash and cash equivalents, derivative financial instruments, property and equipment, right of use assets, intangible assets, deferred tax assets and other assets.

Deposits and Borrowings

Total deposits from non-bank customers decreased by 6.2% during the year under review, from MUR 295.2 billion as at 31 December 2024 to MUR 276.9 billion as at 31 December 2025. This decrease is attributable to term deposits which fell sharply from MUR 93.5 billion as at 31 December 2024 to MUR 65.0 billion as at 31 December 2025. This decrease is partially offset by Current account and Savings account (CASA) deposits which increased by MUR 10.3 billion, from MUR 201.7 billion as of 31 December 2024 to MUR 211.9 billion as at 31 December 2025. CASA deposits remained the core deposits for the Bank and accounted for 76.5% of total deposits as at 31 December 2025 (FY 2024: 68.3%).

FCY deposits made up 38.3% of total deposits as at 31 December 2025 (FY 2024: 44.8%).



Other Borrowed Funds

Borrowings as at 31 December 2025 stood at MUR 3.7 billion compared to MUR 511.1 million as at 31 December 2024.

Shareholder's Fund

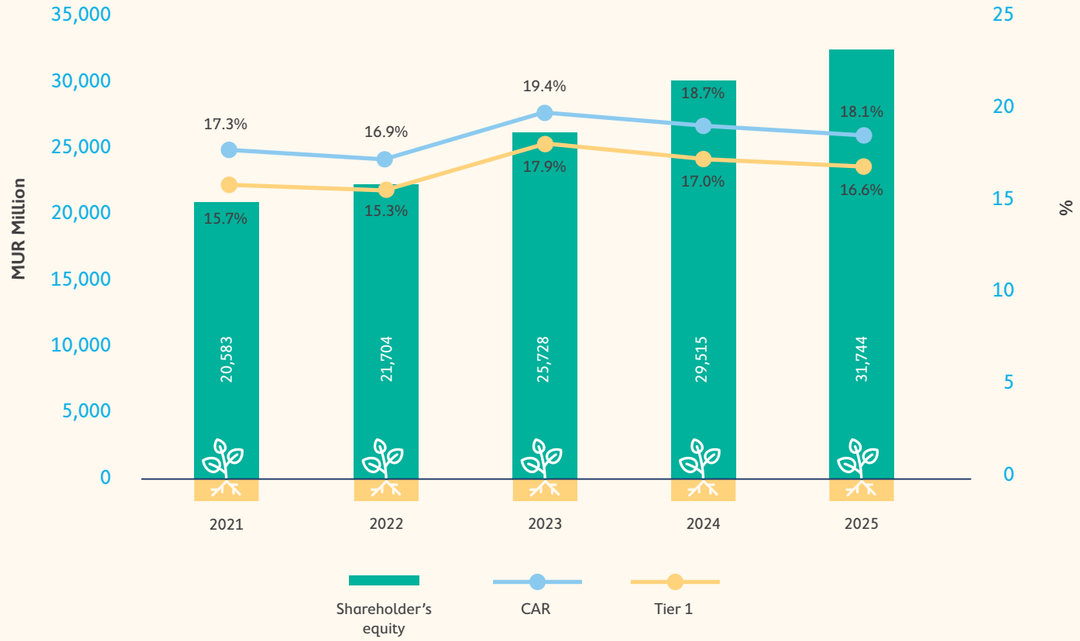
The Bank remains well capitalised, with a Capital Adequacy Ratio (CAR) of 18.1% as at 31 December 2025 from 18.7% as at 31 December 2024 and a Tier 1 capital to risk-weighted assets ratio of 16.6% as at 31 December 2025 (FY 2024: 17.0%). Both capital ratios are above the minimum regulatory requirements for Domestic-Systemically Important Banks.

Shareholder's equity stood at MUR 31.7 billion as at 31 December 2025 compared to MUR 29.5 billion as at 31 December 2024 and common equity Tier 1 capital stood at MUR 26.7 billion (FY 2024: MUR 24.9 billion).

Return on average shareholder's equity has decreased from 21.1% in FY 2024 to 12.1% in FY 2025.

The Bank remained a key contributor to the Group, with a profit after tax of MUR 3.7 billion, and paid a dividend of MUR 2.5 billion to its parent entity in FY2025.

Refer to the Capital Management section in Note 36 for more details.



Performance against objectives

Indicator	Target for FY 2025	Performance for FY 2025	Target for FY 2026
Return on Average Assets (ROA)	While the operating environment is expected to remain highly competitive, ROA is anticipated to stay stable.	Lower ROA of 1.1% achieved for 2025 mainly on account of higher impairment charges.	ROA is expected to grow, supported by balance sheet growth and disciplined cost management despite margin pressures along with efficient capital deployment.
Return on Average Equity (ROE)	ROE is targeted to be above 18%.	For the same reasons as stated above, ROE has dropped over FY 2024 and stood at 12.1%.	ROE is targeted to move above 15%.
Operating Income	The Bank will keep its focus on growing loan books in both Corporate International and Domestic Segments to boost up interest income. A two digits growth is expected in non interest income.	Operating income of MUR 13.6 billion for FY 2025, hike of 5.6% compared to FY 2024 with higher net interest income, driven by growth in business volumes. Non interest income grew by 4.7%, fueled by higher revenues from treasury income.	Net Interest Income expected to grow in line with asset expansion, with focus on volume growth to offset margin compression. Non-Interest Income projected to achieve double-digit growth, supported by transaction banking, trade finance, treasury activities, and fee-based services.
Operating Expense	Operating expenses are likely to grow as the Bank sustains its investments in human capital and technology to support business growth.	Operating expenses increased by 6.1% compared to FY 2024 as the Bank continues to invest in software and technology.	Operating expenses to grow in a controlled manner, aligned with strategic investments in digital transformation, technology enhancement, and talent development, while maintaining cost discipline.
Cost to Income ratio (CI)	Cost to Income ratio to be contained below 50%.	The CI ratio stood at 43.3%.	Cost to Income ratio expected to remain below 50%.
Gross Advances	The loan portfolio is projected to maintain a double-digit growth driven by further expansion of its international business coupled with initiatives taken to strengthen its domestic position.	The Bank grew its overall loans and advances to non-bank customers by around 10% supported by positive contribution from both domestic and international segment.	Loans and advances targeted to grow at double-digit levels, driven by expansion in international markets and strengthened domestic footprint.
Deposits	A momentum double digit growth is expected for FY 2025 which is to emanate from both domestic and cross border segments.	Deposits dropped by 6.2% following the release of some big and concentrated deposits.	Double-digit growth expected in 2026, supported by both domestic and cross-border funding initiatives.
Assets Quality	The Bank's focus is to improve the asset quality.	Gross Impaired ratio stood to 7.5%.	Continued focus on strengthening asset quality.
Capital Management	The capital adequacy ratios are expected to remain above regulatory limit as the Bank continues to consolidate its capital base in view of the expansion of its asset base.	The Bank's CAR ratio and Tier 1 ratio stood at 18.1% and 16.6% respectively, which are well above the prescribed minimum requirements.	Capital Adequacy Ratio and Tier 1 ratio to be maintained comfortably above regulatory requirements to support sustainable asset growth.



SHAPED BY OUR FOUNDATIONS

Statement of Directors' Responsibilities

Statement of Directors' Responsibilities

For the year ended 31 December 2025

The Board of Directors of SBM Bank (Mauritius) Ltd is appointed to act on behalf of its sole shareholder, SBM (Bank) Holdings Ltd. A professional management team is appointed to run the business of SBM Bank (Mauritius) Ltd (the 'Bank') under the oversight of the Board of Directors. The Board is directly accountable to the shareholder and each year the Bank holds an Annual Meeting at which the directors report to the shareholder on the performance of the Bank 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 Bank'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 Bank'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 Bank 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 Bank 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) and the requirements of the Banking Act 2004, Mauritius Companies Act 2001 and the Financial Reporting Act 2004 and applicable Bank of Mauritius (BOM) guidelines and appropriate accounting policies. 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 Bank 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 302 to 306.



Louis Gervais Franco Gua
Officer-in-Charge



Sachin Kumar Sumputh
Chairman, Audit Committee



Rundheersing Bheenick, GOSK
Chairman, Board

26 March 2026

Statement of Management's Responsibility for Financial Reporting

For the year ended 31 December 2025

The financial statements of the Bank have been prepared by management, which is responsible for their integrity, consistency, objectivity and reliability. IFRS Accounting standards as issued by the IASB, as well as the requirements of the Banking Act 2004 and the guidelines issued thereunder, have been applied and management has exercised its judgement and made best estimates where deemed necessary.

The Bank has designed and maintained its accounting systems, related internal controls and supporting procedures, to provide reasonable assurance that financial records are complete and accurate and that assets are safeguarded against loss from unauthorised use or disposal. These supporting procedures include careful selection and training of qualified staff, the implementation of organisation and governance structures providing a well-defined division of responsibilities, authorisation levels and accountability for performance, and the communication of the Bank's policies, procedures manuals and guidelines of the Bank of Mauritius throughout the Bank.

The Bank's Board of Directors, acting in part through the Audit Committee, Corporate Governance and Conduct Review Committee and Risk Management Committee, which comprised mostly independent directors, oversees management's responsibility for financial reporting, internal controls, assessment and control of major risk areas, and assessment of significant and related party transactions.

The Bank's internal auditor, who has full and free access to the Audit Committee, conducts a well-designed program of internal audits. In addition, the Bank's compliance function maintains policies, procedures and programs directed at ensuring compliance with regulatory requirements.

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

The Bank's external auditors, PricewaterhouseCoopers, have full and free access to the Board of Directors and its committees to discuss the audit and matters arising therefrom, such as their observations on the fairness of financial reporting and the adequacy of internal controls.



Louis Gervais Franco Gua
Officer-in-Charge

26 March 2026



Sachin Kumar Sumputh
Chairman, Audit Committee



Rundheersing Bheenick, GOSK
Chairman, Board


STRONG ROOTS,
STEADY VISION

Independent Auditor's Report and Financial Statements



Independent auditor's report

To the Shareholder of SBM Bank (Mauritius) Ltd

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the financial statements give a true and fair view of the financial position of SBM Bank (Mauritius) Ltd (the "Bank") as at 31 December 2025, and of its financial performance and its 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 financial statements of SBM Bank (Mauritius) Ltd comprise:

- the statement of financial position as at 31 December 2025;
- the statement of profit or loss for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement 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 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 Bank 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the 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.

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

PricewaterhouseCoopers is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

Key audit matter	How our audit addressed the key audit matter
Expected credit losses (ECL) on financial instruments As at 31 December 2025, the Bank recorded allowances for expected credit losses of Rs 9.4bn on its financial assets at amortised cost, including memorandum items and financial assets at fair value through other comprehensive income (FVOCI). The disclosures associated with ECL in the financial statements is set out in the following accounting policies and notes: • Accounting policy 3e – 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 23 – Memorandum items; and • Note 38b – Credit risk 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: • Assessment of the stage classification, including evaluation of significant increase in credit risk ("SICR") and credit-impaired assets; • 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.	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. **Assessment of the stage classification** We have obtained and assessed the appropriateness of the Bank'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. 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. We have obtained and assessed the appropriateness of the Bank's policy on credit-impaired assets and assessed completeness of the list in line with the policy and IFRS 9. We have reviewed the Bank's policy on the curing period and tested a sample of cured facilities during the year. **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: • 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 • testing, on a sample basis, the accuracy and completeness of the data inputs into the ECL model. **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. **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. **ECL on stage 3 exposures** For a sample of customers, we performed the below procedures: • Where collateral was used in the ECL computation, we evaluated the Bank's legal rights over the collateral and inspected the most recent valuation reports issued by external certified valuers appointed by the Bank. • We evaluated the reasonableness of the assumptions applied to discount the collateral value, including haircuts applied and estimated time to realisation. **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. We evaluated whether the credit risk disclosures are consistent with the ECL information tested as part of our audit procedures.

Independent auditor's report

To the Shareholder of SBM Bank (Mauritius) Ltd

Report on the Audit of the Financial Statements (cont'd)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report and the Reflections from the Chairman, Message from the Bank's Officer-in-charge, Message from the Chief Operating Officer, Our Reporting Universe and Philosophy, Overview of the Bank and Leadership and Governance, which are expected to be made available to us after that date.

Our opinion on the 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 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 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 Reflections from the Chairman, Message from the Bank's Officer-in-charge, Message from the Chief Operating Officer, Our Reporting Universe and Philosophy, Overview of the Bank and Leadership and Governance not yet received, 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 Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and in compliance with the Mauritian Companies Act 2001, the Mauritian Banking Act 2004 and regulations and guidelines issued by the Bank of Mauritius and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Bank'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 the directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 Bank'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 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 Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the 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.

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 Bank other than in our capacity as auditor and tax and business advisors;

(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 Bank as far as appears from our examination of those records.

Mauritian Banking Act 2004

The Mauritian Banking Act 2004 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

(a) in our opinion, the financial statements have been prepared on a basis consistent with that of the preceding year and are complete, fair and properly drawn up and comply with the Mauritian Banking Act 2004 and regulations and guidelines issued by the Bank of Mauritius; and

(b) the explanations or information called for or given to us by the officers or agents of the Bank were satisfactory.

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 annual 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 annual report, the Bank has, pursuant to section 75 of the Mauritian Financial Reporting Act 2004, complied with the requirements of the Code.

Independent auditor's report

To the Shareholder of SBM Bank (Mauritius) Ltd

Other Matter

This report, including the opinion, has been prepared for and only for the Bank's shareholder 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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PricewaterhouseCoopers
27 March 2026

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John Li How Cheong, licensed by FRC

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Notes	31 December 2025	31 December 2024	31 December 2023
		MUR'000	MUR'000 (Restated)	MUR'000 (Restated)
ASSETS				
Cash and cash equivalents	6	**36,911,350**	50,859,071	33,747,919
Loans to and placements with banks	7	**14,038,281**	7,595,289	2,853,065
Derivative financial instruments	8	**542,532**	480,219	297,875
Loans and advances to non-bank customers	9	**139,919,629**	129,907,656	112,117,910
Investment securities	10	**122,426,069**	140,607,868	125,398,628
Property and equipment	11	**4,124,378**	4,424,918	3,439,903
Right-of-use assets	12	**124,391**	173,342	174,348
Intangible assets	13	**743,515**	1,254,847	1,623,646
Deferred tax assets	19d	**1,454,516**	448,134	716,603
Other assets	14	**1,881,639**	984,817	743,000
Total assets		**322,166,300**	336,736,161	281,112,897
LIABILITIES				
Deposits from banks	16	**2,357,672**	2,106,029	1,716,593
Deposits from non-bank customers	17	**276,913,867**	295,178,634	239,207,880
Other borrowed funds	18	**3,734,558**	511,088	4,654,000
Derivative financial instruments	8	**515,506**	437,028	415,277
Lease liability	12	**135,269**	183,519	183,049
Current tax liabilities	19a	**1,159,338**	992,214	535,619
Pension liabilities	15	**487,153**	693,609	425,420
Other liabilities	20	**5,118,610**	7,119,189	8,247,088
Total liabilities		**290,421,973**	307,221,310	255,384,926
SHAREHOLDER'S EQUITY				
Stated capital	21	**400,000**	400,000	400,000
Capital contribution	21	**13,054,011**	13,054,011	13,054,011
Retained earnings		**15,022,219**	12,945,766	10,923,822
Other reserves	39	**3,268,097**	3,115,074	1,350,138
Total equity		**31,744,327**	29,514,851	25,727,971
Total liabilities and equity		**322,166,300**	336,736,161	281,112,897

Approved by the Board of Directors and authorised for issue on 26 March 2026.

Louis Gervais Franco GUA
Officer-in-Charge

Sachin Kumar SUMPUTH
Chairman, Audit Committee

Rundheersing BHEENICK, GOSK
Chairman, Board

See Note 5 for details regarding the prior year restatement. The notes on pages 313 to 435 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	31 December 2025	31 December 2024	31 December 2023
		MUR'000	MUR'000	MUR'000
Interest income using the effective interest method	26	**16,165,361**	14,706,127	12,787,297
Other interest income	26	**327,517**	311,892	214,294
Interest expense using the effective interest method	26	**(6,439,509)**	(5,477,657)	(4,354,676)
Other interest expense	26	**(92,192)**	(131,378)	(152,389)
Net interest income	26	**9,961,177**	9,408,984	8,494,526
Fee and commission income	27	**1,651,439**	1,665,505	1,502,375
Fee and commission expense	27	**(86,679)**	(84,509)	(101,735)
Net fee and commission income	27	**1,564,760**	1,580,996	1,400,640
Other income				
Net trading income	28	**1,787,904**	1,804,561	1,467,259
Net gains / (losses) from financial assets at FVTPL	29	**74,964**	(7,220)	19,781
Net losses on derecognition of financial assets measured at amortised cost	30 a	**-**	(11,443)	(21,394)
Net gains on derecognition of financial assets measured at FVTOCI	30 b	**148,780**	51,566	21,565
Other operating income		**33,066**	27,653	13,462
		2,044,714	1,865,117	1,500,673
Non-interest income		**3,609,474**	3,446,113	2,901,313
Operating income		**13,570,651**	12,855,097	11,395,839
Personnel expenses	31	**(2,562,388)**	(2,659,103)	(2,309,521)
Depreciation of property and equipment	11	**(322,373)**	(242,738)	(214,614)
Depreciation of right-of-use assets	12	**(63,308)**	(67,529)	(72,652)
Amortisation of intangible assets	13	**(650,694)**	(561,293)	(425,194)
Other expenses	32	**(2,276,626)**	(2,009,259)	(2,216,586)
Non-interest expense		**(5,875,389)**	(5,539,922)	(5,238,567)
Profit before credit loss expense		**7,695,262**	7,315,175	6,157,272
Credit loss movement on financial assets and memorandum items	33	**(3,246,496)**	(116,245)	(919,304)
Profit before income tax		**4,448,766**	7,198,930	5,237,968
Tax expense	19b	**(728,671)**	(1,364,221)	(613,311)
Profit for the year		**3,720,095**	5,834,709	4,624,657

The notes on pages 313 to 435 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	31 December 2025	31 December 2024	31 December 2023
		MUR' 000	MUR' 000	MUR' 000
Profit for the year		**3,720,095**	5,834,709	4,624,657
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
(Decrease) / Increase in revaluation of property	11	**(110,000)**	779,502	-
Deferred tax on revaluation of property	19d	**18,700**	(94,290)	-
Deferred tax arising following change in rate:	19d			
- Revaluation of property		**(49,890)**	-	(70,482)
- Defined benefit pension plans		**74,144**	-	(6,446)
Remeasurement of defined benefit pension plan	15	**275,528**	(245,660)	(198,455)
Deferred tax on remeasurement of defined benefit pension plan	19d	**(67,402)**	34,392	27,784
Fair value gains on equity instruments measured at FVTOCI	10	**1,918**	384	653
		142,998	474,328	(246,946)
Items that may be reclassified subsequently to profit or loss:				
Debt securities measured at FVTOCI				
Movement in fair value during the year		**418,296**	158,536	1,134,291
Fair value gains reclassified to profit or loss on disposals		**(148,780)**	(51,566)	(21,565)
Credit loss movement relating to debt instruments held at FVTOCI		**596,867**	(129,127)	134,018
		866,383	(22,157)	1,246,744
Total other comprehensive income		**1,009,381**	452,171	999,798
Total comprehensive income for the year		**4,729,476**	6,286,880	5,624,455

The notes on pages 313 to 435 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	Stated capital	Capital contribution	Retained earnings	Provision reserve	Statutory reserve	Fair value reserve	Property Revaluation reserve	Total equity
		MUR'000	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
At 01 January 2023		400,000	13,054,011	8,028,574	-	400,000	(1,387,260)	1,208,191	21,703,516
Profit for the year		-	-	4,624,657	-	-	-	-	4,624,657
Other comprehensive (loss) / income for the year		-	-	(177,117)	-	-	1,247,397	(70,482)	999,798
Total comprehensive income for the year		-	-	4,447,540	-	-	1,247,397	(70,482)	5,624,455
Revaluation surplus realised on depreciation		-	-	47,708	-	-	-	(47,708)	-
Transaction with the Owner of the Bank									
Dividend proposed and paid	22	-	-	(1,600,000)	-	-	-	-	(1,600,000)
At 31 December 2023		400,000	13,054,011	10,923,822	-	400,000	(139,863)	1,090,001	25,727,971
At 01 January 2024		400,000	13,054,011	10,923,822	-	400,000	(139,863)	1,090,001	25,727,971
Profit for the year		-	-	5,834,709	-	-	-	-	5,834,709
Other comprehensive (loss) / income for the year		-	-	(211,268)	-	-	(21,773)	685,212	452,171
Total comprehensive income for the year		-	-	5,623,441	-	-	(21,773)	685,212	6,286,880
Transfer to provision reserve during the year		-	-	(1,153,919)	1,153,919	-	-	-	-
Revaluation surplus realised on depreciation		-	-	52,422	-	-	-	(52,422)	-
Transaction with the Owner of the Bank									
Dividend proposed and paid	22	-	-	(2,500,000)	-	-	-	-	(2,500,000)
At 31 December 2024		**400,000**	**13,054,011**	**12,945,766**	**1,153,919**	**400,000**	**(161,636)**	**1,722,791**	**29,514,851**
At 01 January 2025		**400,000**	**13,054,011**	**12,945,766**	**1,153,919**	**400,000**	**(161,636)**	**1,722,791**	**29,514,851**
Profit for the year		**-**	**-**	**3,720,095**	**-**	**-**	**-**	**-**	**3,720,095**
Other comprehensive income / (loss) for the year		**-**	**-**	**282,270**	**-**	**-**	**868,301**	**(141,190)**	**1,009,381**
Total comprehensive income for the year		**-**	**-**	**4,002,365**	**-**	**-**	**868,301**	**(141,190)**	**4,729,476**
Transfer from provision reserve during the year		**-**	**-**	**501,376**	**(501,376)**	**-**	**-**	**-**	**-**
Revaluation surplus realised on depreciation		**-**	**-**	**72,712**	**-**	**-**	**-**	**(72,712)**	**-**
Transaction with the Owner of the Bank									
Dividend proposed and paid	22	**-**	**-**	**(2,500,000)**	**-**	**-**	**-**	**-**	**(2,500,000)**
At 31 December 2025		**400,000**	**13,054,011**	**15,022,219**	**652,543**	**400,000**	**706,665**	**1,508,889**	**31,744,327**

The notes on pages 313 to 435 form an integral part of these financial statements.

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	31 December 2025	31 December 2024	31 December 2023
			(Restated)	*(Restated)*
		MUR' 000	MUR' 000	MUR' 000
Cash (used in) / generated from operating activities	34	**(21,175,361)**	17,028,676	(17,139,634)
Income tax paid	19a	**(1,592,377)**	(699,055)	(744,273)
Interest received		**16,018,402**	14,842,812	13,672,733
Interest paid		**(6,693,320)**	(5,487,975)	(4,123,075)
Net cash (used in) / generated from operating activities		**(13,442,656)**	25,684,458	(8,334,249)
Investing activities				
Acquisition of property and equipment	11	**(133,568)**	(448,252)	(520,157)
Acquisition of intangible assets	13	**(139,362)**	(249,667)	(559,592)
Proceeds on disposal of property and equipment		**1,464**	-	-
Net cash used in investing activities		**(271,466)**	(697,919)	(1,079,749)
Financing activities				
Repayment of principal portion of lease liabilities	12	**(59,430)**	(67,140)	(24,863)
Proceeds of other borrowed funds		**3,297,263**	3,593,990	350,660,203
Repayment of other borrowed funds		**(151,916)**	(7,740,277)	(346,777,281)
Dividend paid on ordinary shares	22	**(2,500,000)**	(2,500,000)	(1,600,000)
Net cash generated from / (used in) financing activities		**585,917**	(6,713,427)	2,258,059
Net change in cash and cash equivalents		**(13,128,205)**	18,273,112	(7,155,939)
Expected credit loss on cash and cash equivalents		**7,677**	(16,926)	111
Net foreign exchange difference		**(827,193)**	(1,145,034)	1,052,557
Cash and cash equivalents at start of year	6	**50,859,071**	33,747,919	39,851,190
Cash and cash equivalents at end of year	6	**36,911,350**	50,859,071	33,747,919

The notes on pages 313 to 435 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

1. General information

SBM Bank (Mauritius) Ltd ("the Bank") is a public company incorporated and domiciled in Mauritius. The address of its registered office is SBM Tower, 1 Queen Elizabeth II Avenue, Port Louis, Mauritius. The Bank operates in the financial services sector, principally commercial banking.

The directors regard SBM Holdings Ltd, a company incorporated in Mauritius as its ultimate holding company and SBM (Bank) Holdings Ltd, a company incorporated in Mauritius as its immediate holding company. SBM Holdings Ltd is a public company, domiciled in Mauritius and listed on the Stock Exchange of Mauritius. The address of the registered office of both SBM Holdings Ltd and SBM (Bank) Holdings Ltd is SBM Tower, 1 Queen Elizabeth II Avenue, Port Louis, Mauritius.

2. Application of new and revised standards and interpretations

(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 Bank.

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

(i) Amendments to the Classification and Measurement of Financial Instruments: Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or 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 Bank does not expect these amendments to have a material impact on its financial information.

(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 pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial information.

3. Accounting Policies

(a) Statement of compliance

The financial information have been prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board (IASB) and in compliance with the Mauritius Companies Act 2001, the Banking Act 2004, the Guidelines and Guidance Notes issued by the Bank of Mauritius and the Financial Reporting Act 2004.

(b) Basis of preparation

The material accounting policies applied in the preparation of these financial information 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 in the section below, are included in the respective notes.

The financial information have been prepared on the historical cost basis, except for certain property and equipment and financial instruments that are measured at revalued amounts or fair value as explained in the accounting policies. The financial information are presented in Mauritian Rupee, which is the Bank's functional 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 Bank 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 information is determined on such a basis, except for 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 made an assessment of the Bank's ability to continue as a going concern and are satisfied that the Bank has 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 Bank's ability to continue as a going concern. Hence, the financial information continue to be prepared on the going concern basis.

(c) Presentation of financial information

The financial information are presented in Mauritian Rupees ('MUR') and all values are rounded to the nearest thousand except where otherwise indicated. The Bank 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 Note 40.

(d) 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 at Fair value through profit and loss (FVTPL) are recognised in 'Net interest income' as 'Interest income' and 'Interest expense' in profit or loss using the effective interest method.

For all financial instruments measured at amortised cost and interest-earning financial instruments classified as investment securities measured at fair value through other comprehensive income (FVTOCI), interest income or expense is recorded at the effective interest rate (EIR), 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.

3. Accounting Policies (cont'd)

(d) Recognition of income and expenses (cont'd)

(i) Net interest income (cont'd)

The interest income/ interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (that is, 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 (that is, the gross carrying amount less the allowance for expected credit losses (ECLs)).

For financial assets at FVTPL, transaction costs are recognised in profit or loss at initial recognition. Interest on financial assets at FVTPL are recognised under other interest income or other interest expense.

(ii) Net fee and commission income

Fee income earned from services provided

These fees include commission income, account servicing fees, 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 Bank's financial information may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Bank 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 relates mainly to transactions and service fees, which are expensed as the services are received.

(iii) Net trading income

Results arising from trading activities include profits arising on dealings in foreign currencies; all gains and losses from changes in fair value and dividend from 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.

(iv) Gains/losses from financial assets measured at FVTPL

Gains or losses on assets, liabilities and derivatives designated in hedge relationships recognise fair value movements (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 recognise fair value movements (excluding interest) on those items designated as fair value through profit or loss.

3. Accounting Policies (cont'd)

(e) Financial instruments

Financial assets and liabilities

Financial assets and financial liabilities (excluding regular way trades) are recognised in the statement of financial position when the Bank 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 settlement 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 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 statement of financial position represents 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.

- 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;
- 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 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 Bank has not designated any debt instruments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

3. Accounting Policies (cont'd)

(e) Financial instruments (cont'd)

Debt instruments measured at amortised cost or at FVTOCI

The Bank 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 Bank 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 Bank has more than one business model for managing its financial instruments which reflects 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 Bank considers all relevant information available when making the business model assessment.

However, this assessment is not performed on the basis of scenarios that the Bank does not reasonably expect to occur, such as 'worst case' or 'stress case' scenarios. The Bank 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 Bank 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 Bank 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. Accounting Policies (cont'd)

(e) Financial instruments (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 Bank holds financial assets and therefore no reclassifications were made.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

3. Accounting Policies (cont'd)

(e) Financial instruments (cont'd)

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 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 OCI in the fair value reserve.

Financial guarantees

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

Financial guarantee contracts issued by the Bank 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.

Impairment of financial assets

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

- Cash and cash equivalents
- loans and advances to non-bank 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.

3. Accounting Policies (cont'd)

(e) Financial instruments (cont'd)

Impairment of financial assets (cont'd)

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 a 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 Bank 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 Bank 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 Bank 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

3. Accounting Policies (cont'd)

(e) Financial instruments (cont'd)

Credit impaired financial assets (cont'd)

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 Bank 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 Bank 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 unlikeliness to pay indicators and a backstop if amounts are overdue for 90 days or more.

The Bank does not have purchased or originated credit impaired financial assets.

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 Bank 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 Bank; or
- the borrower is unlikely to pay its credit obligations to the Bank in full.

This definition of default is used by the Bank 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 Bank 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 Bank 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 assets given the definition of credit impaired is broader than the definition of default.

3. Accounting Policies (cont'd)

(e) Financial instruments (cont'd)

Significant increase in credit risk (SICR)

The Bank 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 Bank will measure the loss allowance based on lifetime rather than 12-month ECL.

The Bank'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 Bank 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 Bank 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 Bank 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 Bank'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 Bank'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.

The Bank 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 Bank 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 Bank 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 Bank 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 Bank 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

3. Accounting Policies (cont'd)

(e) Financial instruments (cont'd)

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 yet 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 Bank 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. When a financial asset is modified, the Bank assesses whether this modification results in derecognition. In accordance with the Bank'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 Bank considers the following:

- Qualitative factors, such as contractual cash flows after modification that 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. 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 Bank 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.

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 Bank 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. 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 Bank 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.

3. Accounting Policies (cont'd)

(e) Financial instruments (cont'd)

Modification and derecognition of financial assets (cont'd)

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 assets, 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 forborne loan is credit impaired due to the existence of evidence of credit impairment (see above), the Bank 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 forborne 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 Bank 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 profit or loss. Then the Bank 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 Bank 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 Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises 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 Bank retains an option to repurchase part of a transferred asset), the Bank 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

3. Accounting Policies (cont'd)

(e) Financial instruments (cont'd)

Write-off

Loans and debt securities are written off when the Bank has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Bank 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 Bank may apply enforcement activities to financial assets written off. Recoveries resulting from the Bank's enforcement activities will result in impairment gains, which will be presented in 'credit loss movement on financial assets and memorandum items' in the statement of profit or loss.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECLs are presented in the statement 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 statement 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.

Financial liabilities and equity

Debt and equity instruments that are issued are classified as either the financial liabilities or as equity in accordance with the substance of the contractual arrangement.

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 Bank. Where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank 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. A contract that will or may be settled in the Bank's own equity instruments and is a non-derivative contract for which the Bank is or may be obliged to deliver a variable number of its 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 Bank's own equity instruments.

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 Bank are recognised at the proceeds received, net of direct issue costs. Ordinary shares are classified as equity. Repurchase of the Bank'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 Bank's own equity instruments.

Financial liabilities

Financial liabilities include deposits from banks and non-bank customers, 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.

3. Accounting Policies (cont'd)

(e) Financial instruments (cont'd)

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.

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 Bank 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 Bank derecognises financial liabilities when, and only when, the Bank'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 Bank 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 Bank 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 Bank recalculates the amortised cost of the modified financial liability by discounting the modified contractual cash flows using the original effective interest rate. The Bank 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 Bank. Modification gains are presented in 'other operating income' and modification losses are presented in 'other operating expenses' in profit or loss.

Hedge accounting

The Bank enters into fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.

At the inception of a hedge relationship, the Bank formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

3. Accounting Policies (cont'd)

(e) Financial instruments (cont'd)

Hedge accounting (cont'd)

The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Bank will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Fair value hedges

It is the Bank's strategy to apply fair value hedge accounting to keep interest rate sensitivities within its established limits. Applying fair value hedge accounting enables the Bank to reduce fair value fluctuations of fixed rate financial assets and liabilities as if they were floating rate instruments linked to the attributable benchmark rates. From a hedge accounting point of view, the Bank designates the hedged risk as the exposure to changes in the fair value of a recognised financial asset or liability or an unrecognised firm commitment, or an identified portion of such financial assets, liabilities or firm commitments that is attributable to a particular risk and could affect profit or loss. The Bank only hedges changes due to interest rates such as benchmark rates, which are typically the most significant component of the overall fair value change. The Bank assesses hedge effectiveness by comparing fair value movements of the hedging instruments and the hedged items attributable to changes in these benchmark rates using the hypothetical derivative method as set out in Note 38(d)(ii).

In accordance with its hedging strategy, the Bank matches the principal of the hedging instruments to the principal of the hedged items, including prepayment expectations. The Bank uses pay fixed/receive floating interest rate swaps to hedge its fixed rate debt instruments and pay floating/receive fixed interest rate swaps to hedge its fixed rate liabilities. The Bank applies only a micro fair value hedging strategy as set out under the relevant subheadings below.

Hedge ineffectiveness can arise from:

- Differences in timing of cash flows of hedged items and hedging instruments.
- Different interest rate curves applied to discount the hedged items and hedging instruments.
- Derivatives used as hedging instruments having a non-nil fair value at the time of designation.
- The effect of changes in counterparties' credit risk on the fair values of hedging instruments or hedged item.

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the statement of profit or loss in net trading income. In addition, the cumulative change in the fair value of the hedged item attributable to the hedged risk is recognised in the statement of profit or loss in net trading income, and also recorded as part of the carrying value of the hedged item in the statement of financial position. The Bank elected, as a policy choice permitted under IFRS 9, to continue to apply hedge accounting in accordance with IAS 39.

Micro fair value hedges

A fair value hedge relationship is a 'Micro fair value hedge' when the hedged item (or group of items) is a distinctively identifiable asset or liability hedged by one or a few hedging instruments. The financial instruments hedged for interest rate risk in a fair value hedge relationship include fixed rate corporate and small business loans. These hedge relationships are assessed for prospective hedge effectiveness on a monthly basis.

3. Accounting Policies (cont'd)

(e) Financial instruments (cont'd)

Hedge accounting (cont'd)

Micro fair value hedges (cont'd)

If the hedging instrument expires or is sold, terminated or exercised, or when the hedge no longer meets the criteria for hedge accounting, or the Bank decides to voluntarily discontinue the hedging relationship, the hedge relationship is discontinued prospectively. If the relationship does not meet the hedge effectiveness criteria, the Bank discontinues hedge accounting from the last date on which compliance with hedge effectiveness was demonstrated. If the hedge accounting relationship is terminated for an item recorded at amortised cost, the accumulated fair value hedge adjustment to the carrying amount of the hedged item is amortised over the remaining term of the original hedge by recalculating the EIR. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the statement of profit or loss.

For fair value hedge relationships where the hedged item is not measured at amortised cost, such as debt instruments at FVTOCI, changes in fair value that were recorded in the statement of profit or loss whilst hedge accounting was in place are amortised in a similar way to amortised cost instruments using the EIR method. However, as these instruments are measured at their fair values in the statement of financial position, the fair value hedge adjustments are transferred from the statement of profit or loss to OCI. There were no such instances in either the current year or in the comparative years.

(f) Repurchase and reverse repurchase agreements

Securities sold subject to linked repurchase agreements ("repos") are retained in the statement of financial position as investment securities since the Bank retains substantially all the risks and rewards of ownership and the counterparty liability is included in other borrowed funds.

Securities purchased under agreements to resell ("reverse repos") are recorded as loans to and placements with banks. The difference between sale and repurchase price is treated as interest and accrued over the life of the repos agreements using the effective interest method as the Bank retains substantially all of the risks and rewards of ownership.

(g) Derivative financial instruments

The Bank 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.

(h) Impairment of non-financial assets

The Bank 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 Bank 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

3. Accounting Policies (cont'd)

(h) Impairment of non-financial assets (cont'd)

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 Bank 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.

(i) Provisions and other contingent liabilities

Provisions are recognised when the Bank 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 Bank 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 Bank's business. When the Bank can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Bank 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 Bank is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Bank does not include detailed, case-specific disclosures in its financial information. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Bank 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.

(j) 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 ruling 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.

(iv) Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the statement of profit or loss and other comprehensive income ('OCI') for the period. 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 statement of profit or loss and other comprehensive income, any exchange component of that gain or loss shall be recognised in the statement of profit or loss and other comprehensive income.

(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.

3. Accounting Policies (cont'd)

(k) Offsetting financial instruments (cont'd)

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.

(l) Comparative figures

Where necessary, comparative figures are reclassified to conform to the current year's presentation and to the changes in accounting policies.

4. Significant accounting judgements and estimates

The preparation of the Bank's financial information 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 Bank'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 Bank'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 information with substantial management judgement and/or estimates are summarised below with respect to judgements/estimates involved.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Bank 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 Bank 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 Bank'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.

Expected credit losses (ECL) on financial assets

The Bank's 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 that are considered accounting judgements and estimates include:

> The Bank's internal credit grading model, which assigns PDs to the individual grades;

> The Bank's 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;

> The segmentation of financial assets when their ECL are assessed on a collective basis;

> Development of ECL models, including the various formulas and the choice of inputs;

> 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

> Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

4. Significant accounting judgements and estimates (cont'd)

Expected credit losses (ECL) on financial assets (cont'd)

It has been the Bank'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 Bank 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.

Significant increase in credit risk

Significant increase in credit risk: ECLs 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 Bank takes into account qualitative and quantitative reasonable and supportable forward-looking information.

- Establishing groups in 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 Bank monitors 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 Bank 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.

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using appropriate valuation techniques, including discounted cash flow methodologies and other recognised mathematical pricing models.

The inputs to these models are based on observable market data where available. Where observable market inputs are not available, management applies judgement in estimating key assumptions, including yields curve, credit spreads, liquidity premiums, correlations, volatilities and other relevant risk factors, taking into account prevailing market conditions at the reporting date.

The determination of these assumptions involves estimation uncertainty due to model risk. Changes in such assumptions could have an important impact on the reported fair values of the financial instruments.

Deferred tax assets

Recognition of deferred tax assets depends on management's intention of the Bank 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.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average rates that are expected to apply to the taxable profit or loss of the periods in which the temporary differences are expected to reverse.

4. Significant accounting judgements and estimates (cont'd)

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 Bank 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 Bank 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.

Assessment of useful lives of property and equipment and intangible assets

The Bank 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.

Leases

The application of IFRS 16 requires significant judgement and certain key estimations. Critical judgements include determination of the 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 the lease terms, determination of the appropriate rates to discount the lease payments and assessment of whether right of use asset is impaired.

Pension benefits

The Bank operates a defined benefit pension plan for its employees as well as provides 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 differ from their estimates.

Provisions and other contingent liabilities

Provision is recognised in the financial information when the Bank 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.

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5. Impact of prior year restatement

Mandatory balance with central bank classified separately

Under the current Bank of Mauritius 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. While management recognises that the current guideline does not explicitly prohibit the Bank from using such cash balances, in practice, management rarely maintains cash balances that are significantly below the 9% level. As such, these balances were previously classified separately as "Mandatory balances with central bank".

In the current period, management has considered the IFRS Agenda 12A decision together with the Guideline on Public Disclosure of Information and concluded that the nature of the minimum cash balance meets the definition of cash under IAS 7 – Statement of cash flows. As such, the minimum cash balance of MUR 14,911.0 million for 31 December 2023 and MUR 17,070.2 million for 31 December 2024 meets the criteria of cash and cash equivalents accordingly. The balance of cash and cash equivalents as at 01 January 2024 does not siginificantly differ from the cash and cash equivalents balance as at 31 December 2023.

The Mandatory balances with central bank were classified separately in the past. This has now been merged with cash and cash equivalents.

Extract of the statement of financial position	As previously stated	Impact of restatement	As restated
	MUR' 000	MUR' 000	MUR' 000
31 December 2023			
Cash and cash equivalents	18,836,899	14,911,020	33,747,919
Mandatory balances with central bank	14,911,020	(14,911,020)	-
31 December 2024			
Cash and cash equivalents	33,788,907	17,070,164	50,859,071
Mandatory balances with central bank	17,070,164	(17,070,164)	-

During the year ended 31 December 2025, management identified below presentation matters in the statement of cash flows 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.

(i) 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 on lease liabilities, previously classified under 'Repayment of principal portion of lease liabilities' and interest paid on other borrowed funds, previously classified under 'Net change in other borrowed funds', have been reclassified to interest paid under operating activities.

(ii) 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.

5. Impact of prior year restatement (cont'd)

Mandatory balance with central bank classified separately (cont'd)

(iii) Presentation of proceeds from and repayments of other borrowed funds

Proceeds from and repayments of other borrowed funds were previously presented on a net basis in the statement of cash flows, which is not consistent with the requirements of IFRS 7. This has been amended during the year.

(iv) Presentation of cash flows arising from taxes

Per IAS 7, paragraph 35, cash flows arising from taxes on income should be separately disclosed and should be classified as cash flows from operating activities. During the current period, it was identified that cash flows related to income taxes were previously included within changes in operating assets and liabilities. To align with the requirements of IAS 7, these cash flows have been reclassified and presented separately under cash flows from operating activities.

Extract of the statement of cash flows	As previously stated MUR' 000	Impact of restatement MUR' 000	As restated MUR' 000
31 December 2023			
Net cash used in operating activities	(8,876,432)	542,182	(8,334,250)
Net cash used in investing activities	(1,079,749)	-	(1,079,749)
Net cash generated from financing activities	**2,258,757**	(698)	2,258,059
Cash and cash equivalents at end of year	18,836,899	14,911,020	33,747,919
Cash and cash equivalents at start of year	26,534,212	13,316,978	39,851,190
31 December 2024			
Net cash generated from operating activities	22,390,883	3,293,575	25,684,458
Net cash used in investing activities	(697,919)	-	(697,919)
Net cash used in financing activities	(6,724,030)	10,603	(6,713,427)
Cash and cash equivalents at end of year	33,788,907	17,070,164	50,859,071
Cash and cash equivalents at start of year	18,836,899	14,911,020	33,747,919

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

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, balances with banks and central bank including mandatory balances.

	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000 (Restated)	MUR'000 (Restated)
Cash in hand	**2,670,378**	2,401,830	2,757,115
Foreign currency notes and coins	**718,152**	815,728	739,819
Unrestricted balances with central bank [1]	**228,987**	291,578	3,172,986
Mandatory balances with central bank [2]	**17,766,783**	17,070,164	14,911,020
Short term placements with banks [3]	**-**	103,007	-
Short term placements with central bank	**12,096,333**	28,895,712	7,800,493
Balances with banks	**3,445,354**	1,303,366	4,371,874
	36,925,987	50,881,385	33,753,307
Less: allowance for credit losses	**(14,637)**	(22,314)	(5,388)
	36,911,350	50,859,071	33,747,919

[1] Unrestricted balances with central bank 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 placements with banks having an original maturity of up to three months.

The restatement information on cash and cash equivalents is available in Note 5.

Cash and cash equivalents were classified under stage 1 at year end and 12-month ECL was calculated thereon.

An analysis of changes in the corresponding ECL allowances is as follows:

	31 December 2025	31 December 2024	31 December 2023
	Stage 1	Stage 1	Stage 1
	MUR'000	MUR'000	MUR'000
ECL allowance as at 01 January	**22,314**	5,388	5,499
Net remeasurement of loss allowance	**13,155**	21,569	4,929
Assets repaid	**(20,832)**	(4,643)	(5,040)
ECL allowance as at 31 December	**14,637**	22,314	5,388

7. Loans to and placements with banks

At amortised cost	**31 December 2025**	31 December 2024	31 December 2023
Loans to and placements with banks:	**MUR'000**	MUR'000	MUR'000
- in Mauritius	**950,098**	-	-
- outside Mauritius	**13,176,106**	7,670,399	2,871,465
	14,126,204	7,670,399	2,871,465
Less: allowance for credit losses	**(87,923)**	(75,110)	(18,400)
	14,038,281	7,595,289	2,853,065
Remaining term to maturity			
Up to 3 months	**1,652,877**	14,717	576,871
Over 3 months and up to 6 months	**467,836**	-	667,405
Over 6 months and up to 12 months	**4,083,019**	3,580,105	1,554,256
Over 1 year and up to 2 years	**5,891,554**	1,424,985	72,933
Over 2 years and up to 5 years	**2,030,918**	2,650,592	-
	14,126,204	7,670,399	2,871,465

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

7. Loans to and placements with banks (cont'd)

Credit loss allowance for loans to and placements with banks

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of credit loss allowances. Details of the Bank's internal grading system are explained in Note 38(b)(i).

	31 December 2025		
	Stage 1	**Stage 2**	**Total**
Internal rating grade	**MUR'000**	**MUR'000**	**MUR'000**
Performing			
Standard grade	**8,498,218**	**-**	**8,498,218**
Sub-standard grade	**5,627,986**	**-**	**5,627,986**
Total	**14,126,204**	**-**	**14,126,204**

	31 December 2024		
	Stage 1	Stage 2	Total
Internal rating grade	MUR'000	MUR'000	MUR'000
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

	31 December 2023		
	Stage 1	Stage 2	Total
Internal rating grade	MUR'000	MUR'000	MUR'000
Performing			
Standard grade	1,770,997	-	1,770,997
Sub-standard grade	1,027,535	72,933	1,100,468
Total	2,798,532	72,933	2,871,465

7. Loans to and placements with banks (cont'd)

Credit loss allowance for loans to and placements with banks (cont'd)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

	31 December 2025		
	Stage 1	**Stage 2**	**Total**
	MUR'000	**MUR'000**	**MUR'000**
Gross carrying amount as at 01 January	**6,426,605**	**1,243,794**	**7,670,399**
Financial assets originated or purchased	**9,416,047**	**-**	**9,416,047**
Transfer to stage 1	**1,229,077**	**(1,229,077)**	**-**
Financial assets repaid (excluding write offs)	**(3,050,591)**	**(14,717)**	**(3,065,308)**
Foreign exchange adjustments	**105,066**	**-**	**105,066**
Gross carrying amount as at 31 December	**14,126,204**	**-**	**14,126,204**

	31 December 2024		
	Stage 1	Stage 2	Total
	MUR'000	MUR'000	MUR'000
Gross carrying amount as at 01 January	2,798,532	72,933	2,871,465
Financial assets originated or purchased	6,426,605	1,229,077	7,655,682
Financial assets repaid (excluding write offs)	(2,987,200)	(58,546)	(3,045,746)
Foreign exchange adjustments	188,668	330	188,998
Gross carrying amount as at 31 December	6,426,605	1,243,794	7,670,399

	31 December 2023		
	Stage 1	Stage 2	Total
	MUR'000	MUR'000	MUR'000
Gross carrying amount as at 01 January	1,226,864	-	1,226,864
Financial assets originated or purchased	2,798,532	-	2,798,532
Transfer to Stage 2	(125,023)	125,023	-
Financial assets repaid (excluding write offs)	(1,112,028)	(57,903)	(1,169,931)
Foreign exchange adjustments	10,187	5,813	16,000
Gross carrying amount as at 31 December	2,798,532	72,933	2,871,465

7. Loans to and placements with banks (cont'd)

Credit loss allowance for loans to and placements with banks (cont'd)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows (cont'd):

	31 December 2025		
	Stage 1	**Stage 2**	**Total**
	MUR'000	**MUR'000**	**MUR'000**
ECL allowance as at 01 January	**73,815**	**1,295**	**75,110**
Transfer to stage 1	**223**	**(223)**	**-**
Net remeasurement of loss allowance	**35,257**	**-**	**35,257**
Assets repaid (excluding write offs)	**(21,372)**	**(1,072)**	**(22,444)**
ECL allowance as at 31 December	**87,923**	**-**	**87,923**

	31 December 2024		
	Stage 1	Stage 2	Total
	MUR'000	MUR'000	MUR'000
ECL allowance as at 01 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

	31 December 2023		
	Stage 1	Stage 2	Total
	MUR'000	MUR'000	MUR'000
ECL allowance as at 01 January	5,449	-	5,449
Transfer to Stage 2	(1,107)	1,107	-
Net remeasurement of loss allowance	8,942	8,351	17,293
Assets repaid (excluding write offs)	(4,342)	-	(4,342)
ECL allowance as at 31 December	8,942	9,458	18,400

8. Derivative financial instruments

	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
Assets			
Derivative assets	**542,532**	480,219	297,875
Liabilities			
Derivative liabilities	**515,506**	437,028	415,277

The fair values of derivative instruments are further analysed as follows:

	Notional Principal Amount	Fair Values	
		Assets	Liabilities
31 December 2025	**MUR'000**	**MUR'000**	**MUR'000**
Derivatives held for trading			
Foreign exchange contracts*	**15,853,371**	**72,598**	**(63,234)**
Cross currency swaps	**976,729**	**110,047**	**(70,806)**
Other derivative contracts**	**10,348,531**	**356,859**	**(381,466)**
Derivatives held for risk management			
Interest rate swap contracts	**228,547**	**3,028**	**-**
	27,407,178	**542,532**	**(515,506)**
31 December 2024			
Derivatives held for trading			
Foreign exchange contracts*	13,295,204	82,729	(48,693)
Cross currency swaps	1,344,729	156,537	(143,755)
Other derivative contracts**	3,466,416	230,089	(236,530)
Derivatives held for risk management			
Interest rate swap contracts	254,645	10,864	(8,050)
	18,360,994	480,219	(437,028)
31 December 2023			
Derivatives held for trading			
Foreign exchange contracts*	13,691,157	34,205	(139,002)
Cross currency swaps	1,177,600	163,040	(163,040)
Other derivative contracts**	4,778,931	84,378	(113,235)
Derivatives held for risk management			
Interest rate swap contracts	279,741	16,252	-
	19,927,429	297,875	(415,277)

* Foreign exchange contracts include forward and spot contracts.
** Other derivative contracts include option contracts (structured deposits) and interest rate swap contracts.

9. Loans and advances to non-bank customers

	31 December 2025	31 December 2024	31 December 2023
At amortised cost	**MUR'000**	MUR'000	MUR'000
Credit cards	**581,792**	537,441	516,931
Governments	**2,865**	3,971	4,985
Retail customers	**69,591,108**	63,518,236	56,330,058
- Mortgages	**54,478,988**	49,914,572	44,107,773
- Other retail loans	**15,112,120**	13,603,664	12,222,285
Corporate customers	**61,707,642**	58,846,236	56,878,090
Entities outside Mauritius	**15,735,542**	11,889,879	5,340,181
	147,618,949	134,795,763	119,070,245
Less credit loss allowance	**(7,699,320)**	(4,888,107)	(6,952,335)
	139,919,629	129,907,656	112,117,910
(a) Remaining term to maturity			
Up to 3 months	**22,531,050**	25,481,502	13,170,491
Over 3 months and up to 6 months	**4,780,494**	4,074,741	5,999,102
Over 6 months and up to 12 months	**5,134,568**	3,958,083	4,119,659
Over 1 year and up to 2 years	**6,794,240**	5,253,806	8,254,405
Over 2 years and up to 5 years	**24,175,824**	20,077,729	15,863,826
Over 5 years	**84,202,773**	75,949,902	71,662,762
	147,618,949	134,795,763	119,070,245

Out of the MUR 147.6 billion, there is an amount of MUR 273.3 million (2024: MUR 303.9 million and 2023: MUR 308.5 million) relating to loans where fair value hedge accounting 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

Amounts due from lessees under finance leases are recorded as loans and advances at the amount of the Bank'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. Net investment in finance leases are measured at amortised cost.

The Bank 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 Bank during the year is MUR 196.4 million (2024: MUR 155.4 million and 2023: MUR 140.7 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 allowance				**(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 allowance				(89,283)
Net investment in finance lease				2,425,984
31 December 2023				
Gross investment in finance leases	576,654	1,476,987	246,177	2,299,818
Less: Unearned finance income	(126,855)	(216,560)	(9,134)	(352,549)
Present value of minimum lease payments	449,799	1,260,427	237,043	1,947,269
Credit loss allowance				(101,342)
Net investment in finance lease				1,845,927

Finance lease contracts give the lessees the option to purchase the assets for a residual value at the termination of the lease arrangements. The term of lease contracts generally ranges from five to seven years. Finance leases are secured mainly by charges on the leased assets and / or corporate / personal guarantees.

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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 Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are set out in Note 38(b)(i).

At 31 December 2025:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Internal rating grade	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Performing				
High grade	**66,074,775**	**1,384,702**	**-**	**67,459,477**
Standard grade	**30,810,357**	**4,868,142**	**-**	**35,678,499**
Sub-standard grade	**24,416,570**	**4,135,917**	**-**	**28,552,487**
Past due but not impaired	**-**	**4,849,877**	**-**	**4,849,877**
Non-performing				
Individually impaired	**-**	**-**	**11,078,609**	**11,078,609**
Total	**121,301,702**	**15,238,638**	**11,078,609**	**147,618,949**
At 31 December 2024:				
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**
Performing				
High grade	56,958,277	1,150,597	-	58,108,874
Standard grade	32,286,909	6,602,794	-	38,889,703
Sub-standard grade	23,380,048	4,837,922	-	28,217,970
Past due but not impaired	-	2,149,691	-	2,149,691
Non-performing				
Individually impaired	-	-	7,429,525	7,429,525
Total	112,625,234	14,741,004	7,429,525	134,795,763
At 31 December 2023:				
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**
Performing				
High grade	46,981,690	4,100,804	-	51,082,494
Standard grade	28,190,443	3,515,272	-	31,705,715
Sub-standard grade	13,123,505	13,923,913	-	27,047,418
Past due but not impaired	-	2,989,512	-	2,989,512
Non-performing				
Individually impaired	-	-	6,245,106	6,245,106
Total	88,295,638	24,529,501	6,245,106	119,070,245

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 is as follows:

At 31 December 2025:	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
Gross carrying amount as at 01 January	**112,625,234**	**14,741,004**	**7,429,525**	**134,795,763**
Financial assets originated or purchased	**47,038,007**	**4,013,339**	**-**	**51,051,346**
Assets derecognised or repaid (excluding write offs)	**(34,118,414)**	**(5,308,472)**	**331,505**	**(39,095,381)**
Transfers to Stage 1	**1,130,123**	**(1,129,110)**	**(1,013)**	**-**
Transfers to Stage 2	**(4,868,062)**	**4,968,488**	**(100,426)**	**-**
Transfers to Stage 3	**(932,919)**	**(2,420,214)**	**3,353,133**	**-**
Amounts written off	**-**	**-**	**(112,211)**	**(112,211)**
Foreign exchange adjustments	**427,733**	**373,603**	**178,096**	**979,432**
Gross carrying amount as at 31 December	**121,301,702**	**15,238,638**	**11,078,609**	**147,618,949**

At 31 December 2024:	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
Gross carrying amount as at 01 January	88,295,638	24,529,501	6,245,106	119,070,245
Financial assets originated or purchased	42,876,397	4,923,134	-	47,799,531
Assets derecognised or repaid (excluding write offs)	(22,712,002)	(8,285,351)	399,974	(30,597,379)
Transfers to Stage 1	7,832,577	(7,824,122)	(8,455)	-
Transfers to Stage 2	(4,087,553)	4,241,001	(153,448)	-
Transfers to Stage 3	(171,046)	(2,906,164)	3,077,210	-
Amounts written off	-	-	(2,406,970)	(2,406,970)
Foreign exchange adjustments	591,223	63,005	276,108	930,336
Gross carrying amount as at 31 December	112,625,234	14,741,004	7,429,525	134,795,763

At 31 December 2023:	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
Gross carrying amount as at 01 January	46,632,667	62,552,414	9,360,355	118,545,436
Financial assets originated or purchased	31,782,868	5,675,018	-	37,457,886
Assets derecognised or repaid (excluding write offs)	(14,764,055)	(18,295,035)	(359,014)	(33,418,104)
Transfers to Stage 1	28,588,799	(28,555,126)	(33,673)	-
Transfers to Stage 2	(4,262,013)	4,624,373	(362,360)	-
Transfers to Stage 3	(70,442)	(1,711,546)	1,781,988	-
Amounts written off	-	-	(4,226,382)	(4,226,382)
Foreign exchange adjustments	387,814	239,403	84,192	711,409
Gross carrying amount as at 31 December	88,295,638	24,529,501	6,245,106	119,070,245

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 is as follows (cont'd):

At 31 December 2025:	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
ECL allowance as at 01 January	**714,466**	**283,522**	**3,890,119**	**4,888,107**
Allowance on new financial assets	**220,055**	**217,186**	**-**	**437,241**
Assets derecognised or repaid (excluding write offs)	**(87,006)**	**(53,725)**	**(1,248,461)**	**(1,389,192)**
Transfers to Stage 1	**28,681**	**(28,680)**	**(1)**	**-**
Transfers to Stage 2	**(27,576)**	**29,935**	**(2,359)**	**-**
Transfers to Stage 3	**(17,544)**	**(13,204)**	**30,748**	**-**
Net remeasurement of loss allowance	**(192,243)**	**450,190**	**3,617,428**	**3,875,375**
Amounts written off	**-**	**-**	**(112,211)**	**(112,211)**
ECL allowance as at 31 December	**638,833**	**885,224**	**6,175,263**	**7,699,320**

At 31 December 2024:	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
ECL allowance as at 01 January	534,840	1,063,884	5,353,611	6,952,335
Allowance on new financial assets	141,627	53,053	-	194,680
Assets derecognised or repaid (excluding write offs)	(55,384)	(412,194)	(596,801)	(1,064,379)
Transfers to Stage 1	312,754	(312,743)	(11)	-
Transfers to Stage 2	(35,151)	38,611	(3,460)	-
Transfers to Stage 3	(1,805)	(167,478)	169,283	-
Net remeasurement of loss allowance	(182,415)	20,389	1,374,467	1,212,441
Amounts written off	-	-	(2,406,970)	(2,406,970)
ECL allowance as at 31 December	714,466	283,522	3,890,119	4,888,107

At 31 December 2023:	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
ECL allowance as at 01 January	212,977	2,481,972	7,731,520	10,426,469
Allowance on new financial assets	78,149	184,443	-	262,592
Assets derecognised or repaid (excluding write offs)	(25,611)	(615,793)	(733,573)	(1,374,977)
Transfers to Stage 1	829,718	(829,604)	(114)	-
Transfers to Stage 2	(30,161)	41,743	(11,582)	-
Transfers to Stage 3	(764)	(66,794)	67,558	-
Net remeasurement of loss allowance	(529,468)	(132,083)	2,526,184	1,864,633
Amounts written off	-	-	(4,226,382)	(4,226,382)
ECL allowance as at 31 December	534,840	1,063,884	5,353,611	6,952,335

9. Loans and advances to non-bank customers (cont'd)

(d) Analysis of ECL allowance by portfolio

An analysis of changes in ECL allowances by portfolio is presented as follows:

(i) Analysis of ECL allowance by Retail segment

At 31 December 2025:	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
ECL allowance as at 01 January	**429,940**	**42,994**	**921,122**	**1,394,056**
Allowance on new financial assets	**37,274**	**3,186**	**-**	**40,460**
Assets derecognised or repaid (excluding write offs)	**(42,053)**	**(2,848)**	**(202,401)**	**(247,302)**
Transfers to Stage 1	**14,705**	**(14,704)**	**(1)**	**-**
Transfers to Stage 2	**(4,735)**	**7,094**	**(2,359)**	**-**
Transfers to Stage 3	**(560)**	**(5,024)**	**5,584**	**-**
Net remeasurement of loss allowance	**(255,004)**	**6,727**	**366,297**	**118,020**
Amounts written off	**-**	**-**	**(111,970)**	**(111,970)**
ECL allowance as at 31 December	**179,567**	**37,425**	**976,272**	**1,193,264**

At 31 December 2024:	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
ECL allowance as at 01 January	421,400	111,202	946,767	1,479,369
Allowance on new financial assets	37,805	4,481	-	42,286
Assets derecognised or repaid (excluding write offs)	(43,296)	(12,948)	(212,501)	(268,745)
Transfers to Stage 1	74,276	(74,265)	(11)	-
Transfers to Stage 2	(7,663)	8,893	(1,230)	-
Transfers to Stage 3	(1,715)	(3,924)	5,639	-
Net remeasurement of loss allowance	(50,867)	9,555	268,296	226,984
Amounts written off	-	-	(85,838)	(85,838)
ECL allowance as at 31 December	429,940	42,994	921,122	1,394,056

At 31 December 2023:	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
ECL allowance as at 01 January	157,975	268,981	1,075,504	1,502,460
Allowance on new financial assets	46,000	15,630	-	61,630
Assets derecognised or repaid (excluding write offs)	(16,745)	(20,629)	(267,055)	(304,429)
Transfers to Stage 1	208,120	(208,006)	(114)	-
Transfers to Stage 2	(20,331)	22,005	(1,674)	-
Transfers to Stage 3	(764)	(3,158)	3,922	-
Net remeasurement of loss allowance	47,145	36,379	241,383	324,907
Amounts written off	-	-	(105,199)	(105,199)
ECL allowance as at 31 December	421,400	111,202	946,767	1,479,369

9. Loans and advances to non-bank customers (cont'd)

(d) Analysis of ECL allowance by portfolio

An analysis of changes in ECL allowances by portfolio is presented as follows (cont'd):

(ii) Analysis of ECL allowance by Corporate segment

At 31 December 2025:	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
ECL allowance as at 01 January	**284,526**	**240,528**	**2,968,997**	**3,494,051**
Allowance on new financial assets	**182,781**	**214,000**	**-**	**396,781**
Assets derecognised or repaid (excluding write offs)	**(44,953)**	**(50,877)**	**(1,046,060)**	**(1,141,890)**
Transfers to Stage 1	**13,976**	**(13,976)**	**-**	**-**
Transfers to Stage 2	**(22,841)**	**22,841**	**-**	**-**
Transfers to Stage 3	**(16,984)**	**(8,180)**	**25,164**	**-**
Net remeasurement of loss allowance	**62,761**	**443,463**	**3,251,131**	**3,757,355**
Amounts written off	**-**	**-**	**(241)**	**(241)**
ECL allowance as at 31 December	**459,266**	**847,799**	**5,198,991**	**6,506,056**

At 31 December 2024:	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
ECL allowance as at 01 January	113,440	952,682	4,406,844	5,472,966
Allowance on new financial assets	103,822	48,572	-	152,394
Assets derecognised or repaid (excluding write offs)	(12,088)	(399,246)	(384,300)	(795,634)
Transfers to Stage 1	238,478	(238,478)	-	-
Transfers to Stage 2	(27,488)	29,718	(2,230)	-
Transfers to Stage 3	(90)	(163,554)	163,644	-
Net remeasurement of loss allowance	(131,548)	10,834	1,106,171	985,457
Amounts written off	-	-	(2,321,132)	(2,321,132)
ECL allowance as at 31 December	284,526	240,528	2,968,997	3,494,051

At 31 December 2023:	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
ECL allowance as at 01 January	55,002	2,212,991	6,656,016	8,924,009
Allowance on new financial assets	32,149	168,813	-	200,962
Assets derecognised or repaid (excluding write offs)	(8,866)	(595,164)	(466,518)	(1,070,548)
Transfers to Stage 1	621,598	(621,598)	-	-
Transfers to Stage 2	(9,830)	19,738	(9,908)	-
Transfers to Stage 3	-	(63,636)	63,636	-
Net remeasurement of loss allowance	(576,613)	(168,462)	2,284,801	1,539,726
Amounts written off	-	-	(4,121,183)	(4,121,183)
ECL allowance as at 31 December	113,440	952,682	4,406,844	5,472,966

9. Loans and advances to non-bank customers (cont'd)

(e) Credit loss allowances on loans and advances by industry sectors

At 31 December 2025:

	Gross amount of loans	Credit impaired loans	Stage 3 allowance for credit impairment	Stage 1 & stage 2 credit loss allowance	Total allowances for credit impairment
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Agriculture and fishing	**3,565,071**	**5,952**	**2,986**	**69,912**	**72,898**
Manufacturing	**5,180,364**	**68,352**	**62,528**	**209,195**	**271,723**
of which EPZ	***1,179,229***	***8,469***	***8,469***	***21,299***	***29,768***
Tourism	**10,808,246**	**2,478,334**	**631,820**	**187,576**	**819,396**
Transport	**419,894**	**17,425**	**9,906**	**4,622**	**14,528**
Construction	**16,271,951**	**3,867,067**	**2,280,372**	**367,815**	**2,648,187**
Financial and business services	**11,134,611**	**1,131,634**	**1,120,591**	**80,297**	**1,200,888**
Traders	**10,723,393**	**410,519**	**318,373**	**145,113**	**463,486**
Personal	**67,696,436**	**1,086,190**	**821,980**	**187,960**	**1,009,940**
Professional	**41,213**	**1,318**	**1,318**	**463**	**1,781**
Global Business Licence holders	**3,181,028**	**814,319**	**814,319**	**77,056**	**891,375**
Others	**18,596,742**	**1,197,499**	**111,070**	**194,048**	**305,118**
	147,618,949	**11,078,609**	**6,175,263**	**1,524,057**	**7,699,320**

At 31 December 2024:

	Gross amount of loans	Credit impaired loans	Stage 3 allowance for credit impairment	Stage 1 & stage 2 credit loss allowance	Total allowances for credit impairment
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Agriculture and fishing	4,273,912	5,535	2,502	19,156	21,658
Manufacturing	4,953,123	59,155	53,787	25,901	79,688
of which EPZ	*1,267,487*	*6,086*	*6,086*	*4,831*	*10,917*
Tourism	10,362,446	2,305,258	436,547	75,793	512,340
Transport	353,686	15,446	7,553	2,301	9,854
Construction	14,346,680	1,866,156	835,989	126,238	962,227
Financial and business services	6,729,009	303,479	302,322	137,735	440,057
Traders	7,241,667	438,252	309,293	23,702	332,995
Personal	61,875,629	1,139,172	794,342	452,485	1,246,827
Professional	41,831	1,509	1,509	468	1,977
Global Business Licence holders	3,164,963	1,198,300	1,095,675	29,669	1,125,344
Others	21,452,817	97,263	50,600	104,540	155,140
	134,795,763	7,429,525	3,890,119	997,988	4,888,107

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

9. Loans and advances to non-bank customers (cont'd)

(e) Credit loss allowances on loans and advances by industry sectors (cont'd)

At 31 December 2023:

	Gross amount of loans	Credit impaired loans	Stage 3 allowance for credit impairment	Stage 1 & stage 2 credit loss allowance	Total allowances for credit impairment
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Agriculture and fishing	3,105,318	613,022	563,877	93,719	657,596
Manufacturing	3,765,081	58,933	54,979	9,602	64,581
of which EPZ	*1,279,208*	*6,072*	*6,072*	*1,379*	*7,451*
Tourism	12,426,412	32,926	11,075	396,028	407,103
Transport	332,367	17,693	16,455	5,526	21,981
Construction	15,274,247	866,315	608,782	468,287	1,077,069
Financial and business services	5,461,769	358,140	351,159	25,462	376,621
Traders	6,257,933	954,824	912,957	31,671	944,628
Personal	55,054,199	1,080,930	785,214	492,988	1,278,202
Professional	40,648	7,570	3,599	2,080	5,679
Global Business Licence holders	3,373,479	2,199,401	1,998,491	2,693	2,001,184
Others	13,978,792	55,352	47,023	70,668	117,691
	119,070,245	6,245,106	5,353,611	1,598,724	6,952,335

10. Investment securities

Remaining term to maturity

At 31 December 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
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
(a) Investment securities mandatorily measured at FVTPL									
Trading investments:									
Government bonds and treasury notes	-	-	-	-	-	2,738,076	3,971,656	-	6,709,732
Treasury bills	2,332,393	4,679,278	1,304,985	336,018	-	-	-	-	8,652,674
Bank of Mauritius bills / bonds	15,936	258,176	-	351,874	-	-	-	-	625,986
Other investments:									
Investment in mutual funds	-	-	-	-	-	-	-	1,030,477	1,030,477
	2,348,329	4,937,454	1,304,985	687,892	-	2,738,076	3,971,656	1,030,477	17,018,869
(b) Debt securities measured at FVTOCI									
Government bonds	1,099,621	1,044,846	1,022	-	5,198,192	12,304,695	3,800,574	-	23,448,950
Treasury bills	1,069,410	-	1,166,218	674,040	-	-	-	-	2,909,668
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
	2,169,031	2,170,549	1,217,458	1,174,597	6,838,083	24,194,773	4,929,191	125,000	42,818,682
(c) Debt securities measured at amortised cost									
Government bonds and treasury notes	2,409,278	1,468,839	992,465	2,247,770	7,215,918	6,478,079	25,527,637	-	46,339,986
Bank of Mauritius bills/bonds	-	-	-	-	-	4,992,242	-	-	4,992,242
Bank bonds	93,202	-	-	-	-	161,057	92,070	-	346,329
Corporate bonds	711,286	-	-	10,163	1,445,455	3,904,361	5,168,184	-	11,239,449
	3,213,766	1,468,839	992,465	2,257,933	8,661,373	15,535,739	30,787,891	-	62,918,006
(d) Equity securities designated at FVTOCI									
Equity investments	-	-	-	-	-	-	-	11,355	11,355
	-	-	-	-	-	-	-	11,355	11,355
Total investment securities	7,731,126	8,576,842	3,514,908	4,120,422	15,499,456	42,468,588	39,688,738	1,166,832	122,766,912
Less: allowance for credit losses									(340,843)
									122,426,069

10. Investment securities (cont'd)

Remaining term to maturity (cont'd)

At 31 December 2024:	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
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
(a) Investment securities mandatorily measured at FVTPL									
Trading investments:									
Government bonds and treasury notes	-	13,171	-	2,808	1,259,943	4,772,288	1,235,369	-	7,283,579
Treasury bills	253,418	3,113,332	488,385	2,696,218	-	-	-	-	6,551,353
Bank of Mauritius bills / bonds	-	-	-	-	-	-	-	-	-
Other investments:									
Investment in mutual funds	-	-	-	-	-	-	-	741,779	741,779
	253,418	3,126,503	488,385	2,699,026	1,259,943	4,772,288	1,235,369	741,779	14,576,711
(b) Debt securities measured at FVTOCI									
Government bonds	244,567	-	-	-	2,103,476	4,496,859	1,815,749	-	8,660,651
Treasury bills	3,536,145	-	1,150,050	-	-	-	-	-	4,686,195
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
	8,188,711	6,585,392	4,038,518	229,227	12,541,425	20,480,272	4,338,065	-	56,401,610
(c) Debt securities measured at amortised cost									
Government bonds and treasury notes	288,176	4,151,054	1,072,706	2,565,103	7,115,798	10,725,761	24,158,947	-	50,077,545
Treasury bills	-	-	-	-	-	-	-	-	-
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	-	-	-	754,608	721,449	3,770,531	3,849,448	-	9,096,036
	335,989	8,714,600	1,475,775	3,468,607	7,931,803	14,660,503	33,090,843	-	69,678,120
(d) Equity securities designated at FVTOCI									
Equity investments	-	-	-	-	-	-	-	9,437	9,437
	-	-	-	-	-	-	-	9,437	9,437
Total investment securities	8,778,118	18,426,495	6,002,678	6,396,860	21,733,171	39,913,063	38,664,277	751,216	140,665,878
Less: allowance for credit losses									(58,010)
									140,607,868

10. Investment securities (cont'd)

Remaining term to maturity (cont'd)

At 31 December 2023:	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
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
(a) Investment securities mandatorily measured at FVTPL									
Trading investments:									
Government bonds and treasury notes	-	-	-	-	741	2,243,592	1,025,161	-	3,269,494
Treasury bills	20,379	6,646,424	-	303,210	-	-	-	-	6,970,013
Bank of Mauritius bills / bonds	-	-	-	-	168,468	-	-	-	168,468
Other investments:									
Investment in mutual funds	-	-	-		-	-	-	951,301	951,301
	20,379	6,646,424	-	303,210	169,209	2,243,592	1,025,161	951,301	11,359,276
(b) Debt securities measured at FVTOCI									
Government bonds	-	1,339,871	-	521,570	3,798,940	5,837,768	4,100,902	-	15,599,051
Treasury bills	1,100,461	-	-	-	-	-	-	-	1,100,461
Bank of Mauritius bills/bonds	112,683	-	-	-	291,698	-	-	-	404,381
Bank bonds	2,632,057	1,870,751	529,605	713,495	4,925,933	6,621,615	-	-	17,293,456
Corporate bonds	270,260	460,913	218,351	1,577,943	1,110,911	4,455,748	834,198	-	8,928,324
	4,115,461	3,671,535	747,956	2,813,008	10,127,482	16,915,131	4,935,100	-	43,325,673
(c) Debt securities measured at amortised cost									
Government bonds and treasury notes	946,483	2,486,759	1,909,279	460,565	8,057,027	16,087,135	24,285,836	-	54,233,084
Treasury bills	1,787	-	-	-	-	-	-	-	1,787
Bank of Mauritius bills/bonds	-	-	991,498	-	5,115,462	-	4,985,927	-	11,092,887
Bank bonds	-	416,279	-	-	45,238	242,269	87,084	-	790,870
Corporate bonds	-	-	472,771	-	-	3,102,739	1,105,349	-	4,680,859
	948,270	2,903,038	3,373,548	460,565	13,217,727	19,432,143	30,464,196	-	70,799,487
(d) Equity securities designated at FVTOCI									
Equity investments	-	-	-	-	-	-	-	9,053	9,053
	-	-	-	-	-	-	-	9,053	9,053
Total investment securities	5,084,110	13,220,997	4,121,504	3,576,783	23,514,418	38,590,866	36,424,457	960,354	125,493,489
Less: allowance for credit losses									(94,861)
									125,398,628

Investment securities analysed as follows:	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
- Debt securities	122,414,714	140,598,431	125,389,575
- Equity securities	11,355	9,437	9,053
	122,426,069	140,607,868	125,398,628

The Bank has irrevocably designated its equity investments at FVTOCI under IFRS 9 as this instrument is held for long term purposes, with fair value changes recognised in OCI to reflect their long-term investment nature. There were no dividends, no transfers and no disposals during the year on the equity instruments measured at fair value through other comprehensive income.

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10. Investment securities (cont'd)

The tables below show the Bank's debt instruments at amortised cost and those measured at FVTOCI by credit risk, based on the Bank's internal credit rating system and year-end stage classification.

Debt investment securities at amortised cost

At 31 December 2025:	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
High grade	9,065,930	-	-	9,065,930
Standard grade	51,289,829	-	-	51,289,829
Sub standard grade	1,169,105	1,189,039	-	2,358,144
Impaired	-	-	204,103	204,103
Total gross carrying amount	61,524,864	1,189,039	204,103	62,918,006
Credit loss allowance	(52,712)	(84,028)	(204,103)	(340,843)
Carrying amount	61,472,152	1,105,011	-	62,577,163

At 31 December 2024:	Stage 1 MUR'000	Stage 2 MUR'000	Total MUR'000
High grade	4,907,462	-	4,907,462
Standard grade	63,309,381	204,103	63,513,484
Sub standard grade	1,257,174	-	1,257,174
Total gross carrying amount	69,474,017	204,103	69,678,120
Credit loss allowance	(57,705)	(305)	(58,010)
Carrying amount	69,416,312	203,798	69,620,110

At 31 December 2023:	Stage 1 MUR'000	Stage 2 MUR'000	Total MUR'000
High grade	10,692,451	-	10,692,451
Standard grade	59,100,528	-	59,100,528
Sub standard grade	520,588	485,920	1,006,508
Total gross carrying amount	70,313,567	485,920	70,799,487
Credit loss allowance	(50,371)	(44,490)	(94,861)
Carrying amount	70,263,196	441,430	70,704,626

10. Investment securities (cont'd)

Debt investment securities at amortised cost (cont'd)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

At 31 December 2025:	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
Gross carrying amount as at 01 January	**69,474,017**	**204,103**	**-**	**69,678,120**
Transfers to stage 2	**(1,189,039)**	**1,189,039**	**-**	**-**
Transfers to stage 3	**-**	**(204,103)**	**204,103**	**-**
New financial assets acquired	**8,371,282**	**-**	**-**	**8,371,282**
Financial assets that have been repaid	**(15,129,322)**	**-**	**-**	**(15,129,322)**
Other movements	**(2,074)**	**-**	**-**	**(2,074)**
Gross carrying amount as at 31 December	**61,524,864**	**1,189,039**	**204,103**	**62,918,006**

At 31 December 2024:	Stage 1 MUR'000	Stage 2 MUR'000	Total MUR'000
Gross carrying amount as at 01 January	70,313,567	485,920	70,799,487
Transfers to stage 1	300,000	(300,000)	-
Transfers to stage 2	(200,000)	200,000	-
New financial assets acquired	6,290,395	-	6,290,395
Financial assets that have been repaid	(7,843,049)	(177,206)	(8,020,255)
Other movements	613,104	(4,611)	608,493
Gross carrying amount as at 31 December	69,474,017	204,103	69,678,120

At 31 December 2023:	Stage 1 MUR'000	Stage 2 MUR'000	Total MUR'000
Gross carrying amount as at 01 January	69,699,994	505,140	70,205,134
Transfers to stage 1	204,104	(204,104)	-
Transfers to stage 2	(184,884)	184,884	-
New financial assets acquired	11,438,147	-	11,438,147
Financial assets that have been repaid	(12,669,147)	-	(12,669,147)
Other movements	1,825,353	-	1,825,353
Gross carrying amount as at 31 December	70,313,567	485,920	70,799,487

Other movements include interest and exchange differences.

10. Investment securities (cont'd)

Debt investment securities at amortised cost (cont'd)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows (cont'd):

At 31 December 2025:	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
ECL allowance as at 01 January	**57,705**	**305**	**-**	**58,010**
Transfers to stage 2	**(3,560)**	**3,560**	**-**	**-**
Transfers to stage 3	**-**	**(306)**	**306**	**-**
Net remeasurement of loss allowance	**8,778**	**80,467**	**203,797**	**293,042**
Assets derecognised or repaid	**(10,209)**	**-**	**-**	**(10,209)**
ECL allowance as at 31 December	**52,714**	**84,026**	**204,103**	**340,843**

At 31 December 2024:	Stage 1 MUR'000	Stage 2 MUR'000	Total MUR'000
ECL allowance as at 01 January	50,371	44,490	94,861
Transfers to stage 1	10,077	(10,077)	-
Transfers to stage 2	(174)	174	-
Net remeasurement of loss allowance	4,764	131	4,895
Assets derecognised or repaid	(7,333)	(34,413)	(41,746)
ECL allowance as at 31 December	57,705	305	58,010

At 31 December 2023:	Stage 1 MUR'000	Stage 2 MUR'000	Total MUR'000
ECL allowance as at 01 January	24,208	2,213	26,421
Transfers to stage 1	380	(380)	-
Transfers to stage 2	(2,968)	2,968	-
Net remeasurement of loss allowance	37,565	39,689	77,254
Assets derecognised or repaid	(8,814)	-	(8,814)
ECL allowance as at 31 December	50,371	44,490	94,861

10. Investment securities (cont'd)

Debt investment securities at FVTOCI

At 31 December 2025:	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
High grade	13,898,692	-	-	13,898,692
Standard grade	26,531,849	382,463	-	26,914,312
Sub standard grade	1,102,199	308,273	-	1,410,472
Impaired	-	-	595,206	595,206
Carrying amount	41,532,740	690,736	595,206	42,818,682

At 31 December 2024:	Stage 1 MUR'000	Stage 2 MUR'000	Total MUR'000
High grade	37,070,270	-	37,070,270
Standard grade	17,251,916	866,768	18,118,684
Sub standard grade	1,045,180	167,476	1,212,656
Carrying amount	55,367,366	1,034,244	56,401,610

At 31 December 2023:	Stage 1 MUR'000	Stage 2 MUR'000	Total MUR'000
High grade	27,327,329	229,475	27,556,804
Standard grade	13,409,749	460,650	13,870,399
Sub standard grade	860,818	1,037,652	1,898,470
Carrying amount	41,597,896	1,727,777	43,325,673

10. Investment securities (cont'd)

Debt investment securities at FVTOCI (cont'd)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

At 31 December 2025:	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
Gross carrying amount as at 01 January	55,367,366	1,034,244	-	56,401,610
Transfers to stage 2	(308,273)	308,273	-	-
Transfers to stage 3	-	(603,400)	603,400	-
New financial assets acquired	68,609,462	-	-	68,609,462
Financial assets that have been repaid	(82,234,760)	-	-	(82,234,760)
Fair value and other movements	98,945	(48,381)	(8,194)	42,370
Gross carrying amount as at 31 December	41,532,740	690,736	595,206	42,818,682

At 31 December 2024:	Stage 1 MUR'000	Stage 2 MUR'000	Total MUR'000
Gross carrying amount as at 01 January	41,597,896	1,727,777	43,325,673
Transfers to stage 1	1,366,914	(1,366,914)	-
Transfers to stage 2	(578,400)	578,400	-
New financial assets acquired	60,662,018	300,000	60,962,018
Financial assets that have been repaid	(49,906,125)	(225,000)	(50,131,125)
Fair value and other movements	2,225,063	19,981	2,245,044
Gross carrying amount as at 31 December	55,367,366	1,034,244	56,401,610

At 31 December 2023:	Stage 1 MUR'000	Stage 2 MUR'000	Total MUR'000
Gross carrying amount as at 01 January	32,483,916	1,693,055	34,176,971
Transfers to stage 1	1,083,944	(1,083,944)	-
Transfers to stage 2	(184,884)	184,884	-
New financial assets acquired	160,784,429	-	160,784,429
Financial assets that have been repaid	(151,011,185)	-	(151,011,185)
Fair value and other movements	(1,558,324)	933,782	(624,542)
Gross carrying amount as at 31 December	41,597,896	1,727,777	43,325,673

Other movements include interest and exchange differences.

10. Investment securities (cont'd)

Debt investment securities at FVTOCI (cont'd)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows (cont'd):

At 31 December 2025:	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
ECL allowance as at 01 January	**27,022**	**5,038**	**-**	**32,060**
Transfers to stage 2	**(424)**	**424**	**-**	**-**
Transfers to stage 3	**-**	**(4,242)**	**4,242**	**-**
Net remeasurement of loss allowance	**31,089**	**17,095**	**553,339**	**601,523**
Assets derecognised or repaid	**(4,656)**	**-**	**-**	**(4,656)**
ECL allowance as at 31 December	**53,031**	**18,315**	**557,581**	**628,927**

At 31 December 2024:	Stage 1 MUR'000	Stage 2 MUR'000	Total MUR'000
ECL allowance as at 01 January	57,753	103,434	161,187
Transfers to stage 1	87,733	(87,733)	-
Transfers to stage 2	(507)	507	-
Net remeasurement of loss allowance	(70,646)	(11,112)	(81,758)
Assets derecognised or repaid	(47,311)	(58)	(47,369)
ECL allowance as at 31 December	27,022	5,038	32,060

At 31 December 2023:	Stage 1 MUR'000	Stage 2 MUR'000	Total MUR'000
ECL allowance as at 01 January	4,689	22,480	27,169
Transfers to stage 1	9,176	(9,176)	-
Net remeasurement of loss allowance	46,022	90,130	136,152
Assets derecognised or repaid	(2,134)	-	(2,134)
ECL allowance as at 31 December	57,753	103,434	161,187

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 loss allowance on these debt instruments is recognised in the fair value reserve.

10. Investment securities (cont'd)

Equity instruments designated at FVTOCI

	31 December 2024	31 December 2023	31 December 2022
	MUR'000	MUR'000	MUR'000
Carrying amount as at 01 January	**9,437**	9,053	8,400
Fair value movement	**1,918**	384	653
Carrying amount as at 31 December	**11,355**	9,437	9,053

11. Property and equipment

Accounting policy

Property and equipment are stated at cost (except for freehold land and buildings 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 Bank'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 Property revaluation reserve. Any revaluation decrease is first charged directly against any 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
Equipment, machinery, furniture, fittings and computer equipment (other tangible fixed assets)	3 to 10 years
Motor vehicles	5 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.

11. Property and equipment (cont'd)

Cost or Valuation	Freehold land and buildings	Buildings on leasehold land	Other tangible fixed assets	Motor vehicles	Total property and equipment
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
At 01 January 2023	862,195	1,519,538	2,197,589	4,123	4,583,445
Transfer	-	(6,629)	6,629	-	-
Additions	-	-	127,711	-	127,711
Disposals	-	-	(18,761)	-	(18,761)
At 31 December 2023	862,195	1,512,909	2,313,168	4,123	4,692,395
Revaluation adjustments	154,101	255,910	-	-	410,011
Additions	30,756	284,375	129,053	5,200	449,384
Disposals	-	-	(55,209)	-	(55,209)
At 31 December 2024	**1,047,052**	**2,053,194**	**2,387,012**	**9,323**	**5,496,581**
Revaluation adjustments	**-**	**(110,000)**	**-**	**-**	**(110,000)**
Additions	**-**	**95,592**	**389,008**	**2,761**	**487,361**
Disposals	**-**	**-**	**(130,443)**	**-**	**(130,443)**
At 31 December 2025	**1,047,052**	**2,038,786**	**2,645,577**	**12,084**	**5,743,499**

11. Property and equipment (cont'd)

Accumulated Depreciation	Freehold land and buildings	Buildings on leasehold land	Other tangible fixed assets	Motor vehicles	Total property and equipment
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
At 01 January 2023	38,378	179,992	1,406,422	2,942	1,627,734
Transfer	-	(424)	424	-	-
Disposal	-	-	(18,408)	-	(18,408)
Charge for the year	14,334	60,842	138,794	644	214,614
At 31 December 2023	52,712	240,410	1,527,232	3,586	1,823,940
Revaluation adjustments	(70,343)	(299,148)	-	-	(369,491)
Disposal	-	-	(55,208)	-	(55,208)
Charge for the year	19,477	76,254	146,123	884	242,738
At 31 December 2024	**1,846**	**17,516**	**1,618,147**	**4,470**	**1,641,979**
Transfer	**-**	**4,739**	**(4,739)**	**-**	**-**
Disposal	**-**	**-**	**(128,708)**	**-**	**(128,708)**
Charge for the year	**22,157**	**94,917**	**203,824**	**1,475**	**322,373**
At 31 December 2025	**24,003**	**117,172**	**1,688,524**	**5,945**	**1,835,644**
Net book value					
At 31 December 2025	**1,023,049**	**1,921,614**	**957,053**	**6,139**	**3,907,855**
Progress payments on tangible fixed assets					**216,523**
					4,124,378
At 31 December 2024	1,045,206	2,035,678	768,865	4,853	3,854,602
Progress payments on tangible fixed assets					570,316
					4,424,918
At 31 December 2023	809,483	1,272,499	785,936	537	2,868,455
Progress payments on tangible fixed assets					571,448
					3,439,903

Other tangible fixed assets (included within Property and equipment) consist of equipment, furniture, fittings and computer equipment.

11. Property and equipment (cont'd)

Details of the Bank's land and buildings and information about the fair value hierarchy are as follows:

	Fair value level	31 December 2025	31 December 2024	31 December 2023
		MUR'000	MUR'000	MUR'000
Freehold land	Level 2	**591,001**	591,001	485,001
Freehold buildings	Level 3	**432,048**	454,205	324,482
Buildings on leasehold land	Level 3	**1,921,614**	2,035,678	1,272,499
		2,944,663	3,080,884	2,081,982

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:

	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
Freehold land and buildings	**458,858**	469,024	475,545
Buildings on leasehold land	**680,846**	611,085	386,796
	1,139,704	1,080,109	862,341

The freehold land and buildings and buildings on leasehold land are periodically valued by an independent chartered valuation surveyor. The valuation exercise conducted as at 31 December 2024 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.

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12. Right-of-use assets and lease liability

Accounting policy

The Bank as lessee

The Bank assesses whether a contract is or contains a lease, at inception of the contract. The Bank recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

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 Bank 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 Bank 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 Bank 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 Bank 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 Bank leases several assets including land, buildings and equipment. The average lease term of the majority leases is 5 years except one lease with a term of more than 25 years.

The Bank applies 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.

12. Right-of-use assets and lease liability (cont'd)

Right-of-use assets	Land and buildings	Other tangible fixed assets	Total
Cost	**MUR'000**	**MUR'000**	**MUR'000**
At 01 January 2023	292,015	134,821	426,836
Additions	41,210	-	41,210
Expiry	(5,741)	-	(5,741)
Termination	(26,304)	(117,135)	(143,439)
At 31 December 2023	301,180	17,686	318,866
Additions	65,406	7,998	73,404
Expiry	(12,381)	-	(12,381)
Termination	(47,653)	(17,151)	(64,804)
At 31 December 2024	**306,552**	**8,533**	**315,085**
Additions	**14,475**	**-**	**14,475**
Expiry	**(76,529)**	**(533)**	**(77,062)**
Termination	**(344)**	**-**	**(344)**
At 31 December 2025	**244,154**	**8,000**	**252,154**
Accumulated Depreciation			
At 01 January 2023	99,007	93,679	192,686
Expiry	(5,741)	-	(5,741)
Termination	(16,296)	(98,783)	(115,079)
Charge for the year	55,904	16,748	72,652
At 31 December 2023	132,874	11,644	144,518
Expiry	(12,381)	-	(12,381)
Termination	(45,805)	(12,118)	(57,923)
Charge for the year	64,347	3,182	67,529
At 31 December 2024	**139,035**	**2,708**	**141,743**
Expiry	**(76,529)**	**(533)**	**(77,062)**
Termination	**(226)**	**-**	**(226)**
Charge for the year	**61,029**	**2,279**	**63,308**
At 31 December 2025	**123,309**	**4,454**	**127,763**
Net book value			
At 31 December 2025	**120,845**	**3,546**	**124,391**
At 31 December 2024	167,517	5,825	173,342
At 31 December 2023	168,306	6,042	174,348

12. Right-of-use assets and lease liability (cont'd)

The following are the amounts recognised in profit or loss:	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
Gain / (loss) on termination	**3,177**	(1,088)	5,306
Depreciation expense on right-of-use assets	**63,308**	67,529	72,652
Interest expense on lease liability (Note 26)	**11,183**	13,978	12,572
Total amount recognised in profit or loss	**77,668**	80,419	90,530
LEASE LIABILITY			
At 01 January	**183,519**	183,049	189,756
Additions	**14,475**	73,404	41,210
Interest expense	**11,183**	13,978	12,572
Termination	**(3,295)**	(5,794)	(23,054)
Total cash outflows	**(70,613)**	(81,118)	(37,435)
At 31 December	**135,269**	183,519	183,049

For short term leases (leases with a lease term of 12 months or less) and leases of low value assets (servers, computers, printers, CCTV cameras), the Bank 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 413,860 and MUR 86.2 million for low value assets for the year ended 31 December 2025. (2024: Short term lease: MUR 1.2 million & low value assets: MUR 98.1 million; 2023: Short term lease: MUR 2.5 million & low value assets: MUR 32.0 million).

At 31 December 2025, the Bank does not have any commitment for short-term leases. There are no variable lease payment in the lease contracts of the Bank.

Maturity analysis of lease liability are as follows:	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
Up to 1 year	**11,726**	16,967	9,074
1 to 5 years	**64,146**	110,353	153,664
Above 5 years	**59,397**	56,199	20,311
	135,269	183,519	183,049
Further analysed into:			
Current	**11,726**	16,967	9,074
Non current	**123,543**	166,552	173,975
	135,269	183,519	183,049

The Bank does not face significant liquidity risk with regards to its lease liabilities. All the lease obligations are denominated in Mauritian Rupees.

13. Intangible assets

Accounting policy

Intangible assets with finite useful lives, that are acquired separately, are carried at cost less accumulated amortisation and accumulated impairment losses. Software is 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, that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

(a) WIP Software

The Bank is developing a few softwares. These costs will be transferred under "Software" as soon as they will be in use at the Bank.

(b) Intellectual property rights

The Bank 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.

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FOR THE YEAR ENDED 31 DECEMBER 2025

13. Intangible assets (cont'd)

	Software	WIP Software (Note (a))	Intellectual Property (Note (b))	Total
Cost	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
At 01 January 2023	4,100,695	151,487	284,917	4,537,099
Additions	-	559,592	-	559,592
Transfers	353,233	(353,233)	-	-
Transfer to expenses	-	(29,262)	-	(29,262)
At 31 December 2023	4,453,928	328,584	284,917	5,067,429
Additions	15,247	234,420	-	249,667
Transfers	304,710	(304,710)	-	-
Transfer to expenses	-	(57,173)	-	(57,173)
At 31 December 2024	**4,773,885**	**201,121**	**284,917**	**5,259,923**
Additions	**-**	**149,088**	**-**	**149,088**
Transfers	**43,507**	**(43,507)**	**-**	**-**
Assets derecognised	**(11,880)**	**-**	**(284,917)**	**(296,797)**
Transfer to expenses	**-**	**(9,726)**	**-**	**(9,726)**
At 31 December 2025	**4,805,512**	**296,976**	**-**	**5,102,488**
Accumulated amortisation				
At 01 January 2023	2,733,672	-	284,917	3,018,589
Charge for the year	425,194	-	-	425,194
At 31 December 2023	3,158,866	-	284,917	3,443,783
Charge for the year	561,293	-	-	561,293
At 31 December 2024	**3,720,159**	**-**	**284,917**	**4,005,076**
Charge for the year	**638,814**	**-**	**-**	**638,814**
Written off	**11,880**	**-**	**-**	**11,880**
Assets derecognised	**(11,880)**	**-**	**(284,917)**	**(296,797)**
At 31 December 2025	**4,358,973**	**-**	**-**	**4,358,973**
Net book value				
At 31 December 2025	**446,539**	**296,976**	**-**	**743,515**
At 31 December 2024	1,053,726	201,121	-	1,254,847
At 31 December 2023	1,295,062	328,584	-	1,623,646

All intangibles are tested for impairment on an annual basis and the intangible assets have not been impaired during the years under review.

14. Other assets

	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
Accounts receivable[1]	**501,050**	605,789	314,178
Balances due in clearing	**2,023**	9,776	1,963
Prepayments	**214,689**	262,785	235,344
Refund for income tax	**20,430**	20,430	20,430
Other receivables[2]	**1,143,447**	86,037	171,085
	1,881,639	984,817	743,000

[1]The accounts receivable are mainly transition accounts that will be cleared the following day and the impairment loss thereon is insignificant.

[2]Other receivables consist mainly of staff benefit expenses amounting to MUR 1,072.8 million in the current year.

[2]Repossessed assets (Land and Buildings) amounting to MUR 8.2 million (FY 2024: MUR 7.4 million and FY 2023: MUR 6.9 million) have also been included under 'Others receivables'. The Bank's policy is to dispose of such assets as soon as the market permits.

15. Pension liabilities

Accounting policy

(i) Defined benefit plan

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 statement 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 statement 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 statement of financial position represents the actual deficit or surplus in the Bank'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 statement 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

15. Pension liabilities (cont'd)

The amount included in the statement of financial position arising from the Bank's obligation in respect of its defined benefit plans is as follows:

Pension liabilities	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
Defined benefit pension plan (Note 15 (a))	**149,675**	386,930	242,288
Residual retirement gratuities (Note 15 (b))	**337,478**	306,679	183,132
	487,153	693,609	425,420

(a) Defined benefit pension plan

The Bank 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. The Bank 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 Fund 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 plan provides for a pension at retirement and a benefit in death or disablement in service before retirement.

There has been no plan amendment, curtailment or settlement during the year except for some employee transfers between related entities within SBM Group.

The plan exposes the Bank 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.

15. Pension liabilities (cont'd)

(a) Defined benefit pension plan (cont'd)

	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
Present value of funded defined benefit obligation	2,328,412	2,464,694	2,077,037
Fair value of plan assets	(2,178,737)	(2,077,764)	(1,834,749)
Net liability arising from defined benefit obligation	149,675	386,930	242,288
Reconciliation of net defined benefit liability			
Balance at start of the year	386,930	242,288	356,412
Amount recognised in statement of profit or loss	66,045	54,846	73,305
Amount recognised in other comprehensive income	(260,100)	138,086	175,867
Less employer contributions	(43,200)	(48,290)	(363,296)
Balance at end of the year	149,675	386,930	242,288
Components of amount recognised in statement of profit or loss			
Current service cost	46,668	42,835	40,187
Net interest on net defined benefit liability	19,377	12,011	33,118
Total expense as above	66,045	54,846	73,305
Components of amount recognised in other comprehensive income			
Return on plan assets (excluding amount included in net interest expense)	(82,148)	(204,159)	(83,990)
Liability experience loss	-	292,158	-
Liability loss/(gain) due to change in demographic assumptions	-	28,887	(5,452)
Liability loss/(gain) due to change in financial assumptions	(177,952)	21,200	265,309
Total	(260,100)	138,086	175,867
Reconciliation of fair value of plan assets			
Balance at start of the year	2,077,764	1,834,749	1,420,269
Interest income	107,794	99,272	82,132
Employer contributions	43,200	48,290	363,296
Benefits paid	(132,169)	(108,706)	(114,938)
Return on plan assets excluding interest income	82,148	204,159	83,990
Balance at end of the year	2,178,737	2,077,764	1,834,749

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

15. Pension liabilities (cont'd)

(a) Defined benefit pension plan (cont'd)

	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
Reconciliation of present value of defined benefit obligation			
Balance at start of the year	2,464,694	2,077,037	1,776,681
Current service cost	46,668	42,920	40,187
Interest expense	127,171	111,283	115,250
Past service cost	-	(85)	-
Benefits paid	(132,169)	(108,706)	(114,938)
Liability experience loss	-	292,158	-
Liability loss/(gain) due to change in demographic assumptions	-	28,887	(5,452)
Liability (gain)/loss due to change in financial assumptions	(177,952)	21,200	265,309
Balance at end of the year	2,328,412	2,464,694	2,077,037

	31 December 2025	31 December 2024	31 December 2023
Allocation of plan assets at end of year	%	%	%
Equity - Overseas quoted	51	47	42
Equity - Local quoted	15	18	19
Debt - Overseas quoted	1	1	-
Debt - Local quoted	6	6	8
Debt - Local unquoted	14	13	17
Investment funds	11	14	14
Cash and other	2	1	-
Total	100	100	100
Reporting entity's own transferable financial instruments	2.0%	2.0%	2.0%

15. Pension liabilities (cont'd)

(a) Defined benefit pension plan (cont'd)

Principal assumptions used at end of year	31 December 2025	31 December 2024	31 December 2023
Discount rate	**6.0%**	5.3%	5.5%
Rate of salary increases	**6.2% / 7.0%**	5.7%	6.2%
Rate of pension increases	**2.0%**	2.0%	2.0%
Average retirement age (ARA)	**65 years**	65 years	65 years
Average life expectancy for:			
- Male at ARA	**15.9 years**	15.9 years	15.9 years
- Female at ARA	**20 years**	20 years	20 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 2025.

Sensitivity analysis on defined benefit pension plan at end of year

	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
Increase due to 1% decrease in discount rate	**330,634**	369,592	311,555
Decrease due to 1% increase in discount rate	**270,096**	297,974	249,244
Increase due to 1% increase in salary increase rate	**95,465**	-	-
Decrease due to 1% decrease in salary increase rate	**86,151**	-	-
Increase due to 1% increase in pension increase rate	**237,498**	-	-
Decrease due to 1% decrease in pension increase rate	**204,900**	-	-
Increase due to 1 year decrease in Normal Retirement Age	**41,911**	-	-
Decrease due to 1 year increase in Normal Retirement Age	**46,568**	-	-
Increase due to 1 year increase in life expectancy	**86,151**	-	-
Decrease due to 1 year decrease in life expectancy	**88,480**	-	-

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 Bank's actuary.

The Bank is expected to make a contribution of around MUR 48.4 million to the SBM Group Pension Fund for the next financial year and the weighted average duration of the defined benefit obligation is 13 years.

The most recent actuarial valuation exercise was carried out at 31 December 2025 by Actuarix Consulting Limited.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

15. Pension liabilities (cont'd)

(b) Residual retirement gratuities

The liability relates to residual retirement gratuities payable under the Workers' Rights Act 2019 and is unfunded.

The Bank 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 amount included in the statement of financial position arising from the Bank's obligation in respect of its residual retirement gratuities is as follows:

	31 December 2025	31 December 2024	31 December 2023
Reconciliation of net defined benefit liability	**MUR'000**	MUR'000	MUR'000
Balance at start of the year	**306,679**	183,132	192,695
Amount recognised in statement of profit or loss	**57,269**	28,490	(25,508)
Amount recognised in other comprehensive income	**(15,428)**	107,574	22,588
Less benefits paid	**(11,042)**	(12,517)	(6,643)
Balance at end of the year	**337,478**	306,679	183,132
Components of amount recognised in statement of profit or loss			
Current service cost	**43,335**	31,336	19,309
Past service cost	**(1,979)**	(12,246)	(57,509)
Net interest on net defined benefit liability	**15,913**	9,400	12,692
Total expense as above	**57,269**	28,490	(25,508)
Components of amount recognised in other comprehensive income			
Liability experience loss	**25,814**	32,274	252
Liability loss / (gain) due to change in demographic assumptions	**-**	83,912	(13,251)
Liability (gain) / loss due to change in financial assumptions	**(41,242)**	(8,612)	35,587
Total	**(15,428)**	107,574	22,588

15. Pension liabilities (cont'd)

(b) Residual retirement gratuities (cont'd)

	31 December 2025	31 December 2024	31 December 2023
Reconciliation of present value of defined benefit obligation	**MUR'000**	MUR'000	MUR'000
Balance at start of the year	**306,679**	183,132	192,695
Current service cost	**43,335**	31,336	19,309
Interest expense	**15,913**	9,400	12,692
Past service cost	**(1,979)**	(12,246)	(57,509)
Other benefits paid	**(11,042)**	(12,517)	(6,643)
Liability experience loss	**25,814**	32,274	252
Liability loss / (gain) due to change in demographic assumptions	**-**	83,912	(13,251)
Liability (gain) / loss due to change in financial assumptions	**(41,242)**	(8,612)	35,587
Balance at end of the year	**337,478**	306,679	183,132

	31 December 2025	31 December 2024	31 December 2023
Principal assumptions used at end of year			
Discount rate	**6.0%**	5.3%	5.5%
Rate of salary increases	**6.2% / 7.0%**	5.7% / 7.0%	6.2% / 7.0%
Rate of pension increases	**2.0%**	2.0%	2.0%
Average retirement age (ARA)	**60/65 years**	60/65 years	60/65 years

Sensitivity Analysis on defined benefit obligation at end of year	**MUR' 000**	MUR' 000	MUR' 000
Increase due to 1% decrease in discount rate	**108,480**	98,551	50,727
Decrease due to 1% increase in discount rate	**91,256**	82,126	42,800
Increase due to 1% increase in salary increase rate	**84,183**	-	-
Decrease due to 1% decrease in salary increase rate	**69,986**	-	-
Increase due to 1% increase in pension increase rate	**22,753**	-	-
Decrease due to 1% decrease in pension increase rate	**23,778**	-	-
Increase due to 1 year decrease in Normal Retirement Age	**6,472**	-	-
Decrease due to 1 year increase in Normal Retirement Age	**9,062**	-	-
Increase due to 1 year increase in life expectancy	**8,332**	-	-
Decrease due to 1 year decrease in life expectancy	**4,863**	-	-

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 Bank's share of contributions.

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15. 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.

The Bank expects to make a contribution of around MUR 27.6 million for the next financial year and the weighted average duration of the defined benefit obligation is 16 years.

The most recent actuarial valuation exercise was carried out at 31 December 2025 by Actuarix Consulting Limited.

(c) Defined contribution plan

As from 01 January 2005, the defined benefit plan has been closed to new entrants and all new entrants of the Bank joined a defined contribution plan operated under the SBM Group Defined Contribution Fund (DC Fund). The Bank is the principal employer of the DC Fund. The assets are managed by SBM Mauritius Asset Managers Ltd and administered by SICOM Ltd.

The Bank made a contribution amounting to MUR 161.78 million to SBM Group DC fund for employees under the defined contribution pension plan (2024: MUR 155.44 million and 2023: MUR 124.10 million).

16. Deposits from banks

	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
Demand deposits	**2,357,672**	2,106,029	1,716,593

17. Deposits from non-bank customers

	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
(i) Retail customers			
Current accounts	**30,671,175**	30,111,549	27,126,029
Savings accounts	**97,893,515**	88,262,196	75,982,793
Time deposits with remaining term to maturity:			
Up to 3 months	**4,088,737**	2,845,262	3,448,559
Over 3 months and up to 6 months	**2,058,747**	1,709,992	1,091,485
Over 6 months and up to 12 months	**4,119,852**	2,949,100	2,299,009
Over 1 year and up to 5 years	**5,115,719**	6,315,532	3,345,624
Over 5 years	**3,833**	7,143	8,102
Total time deposits	**15,386,888**	13,827,029	10,192,779
Total deposits from retail customers	**143,951,578**	132,200,774	113,301,601

17. Deposits from non-bank customers (cont'd)

	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
(ii) Corporate customers			
Current accounts	**62,785,659**	66,811,388	64,616,760
Savings accounts	**4,558,835**	4,320,039	4,080,451
Time deposits with remaining term to maturity:			
Up to 3 months	**37,656,105**	61,761,531	27,551,175
Over 3 months and up to 6 months	**5,168,249**	7,598,378	6,059,843
Over 6 months and up to 12 months	**5,160,385**	2,042,101	3,645,977
Over 1 year and up to 5 years	**796,195**	1,129,506	1,069,746
Over 5 years	**170**	170	170
Total time deposits	**48,781,104**	72,531,686	38,326,911
Total deposits from corporate customers	**116,125,598**	143,663,113	107,024,122
(iii) Government			
Current accounts	**12,314,848**	7,946,142	6,659,776
Savings accounts	**3,726,012**	4,217,740	3,438,240
Time deposits with remaining term to maturity:			
Up to 3 months	**513**	3,217,755	5,996,122
Over 3 months and up to 6 months	**-**	3,215,800	1,930,294
Over 6 months and up to 12 months	**90,043**	23,304	305,760
Over 1 year and up to 5 years	**705,275**	694,006	551,965
Total time deposits	**795,831**	7,150,865	8,784,141
Total deposits from government	**16,836,691**	19,314,747	18,882,157
Total deposits from non-bank customers	**276,913,867**	295,178,634	239,207,880

18. Other borrowed funds

	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
Borrowings from other financial institutions	**1,226,509**	511,088	652,356
Borrowings from banks - Outside Mauritius	**2,508,049**	-	4,001,644
	3,734,558	511,088	4,654,000
Remaining term to maturity			
Up to 3 months	**80,706**	-	4,001,644
Over 3 months and up to 6 months	**2,427,343**	-	-
Over 6 months and up to 12 months	**-**	91,042	-
Over 1 year and up to 5 years	**-**	-	181,257
Over 5 years	**1,226,509**	420,046	471,099
	3,734,558	511,088	4,654,000

NOTES TO THE FINANCIAL STATEMENTS
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18. Other borrowed funds (cont'd)

Borrowings from banks are short term interbank borrowings from foreign banks at 31 December 2025 with an average interest rate 4.2% per annum with a tenor of less than 6 months. The borrowings were fully collateralised in the form of marketable securities.

Borrowings from other financial institutions are long term borrowings taken for refinancing purposes with an interest rate ranging from 2.3% to 4.3% and have maturity date up to 2032.

19. 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.

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 Bank 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) levy

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

The Bank 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.

Banks 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.

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.

19. Taxation (cont'd)

(a) Current tax liabilities

Current tax liabilities can be analysed as follows:	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
At 01 January	**992,214**	535,619	411,835
Income tax provision	**970,983**	749,712	279,220
Fair share contribution	**319,876**	-	-
Corporate Social Responsibility	**99,577**	99,560	101,207
Special levy on banks	**186,416**	186,416	186,416
Corporate Climate Responsibility levy	**153,368**	119,962	-
Additional tax	**-**	-	230,000
Underprovision in prior years	**29,281**	-	71,214
Paid during the year	**(1,592,377)**	(699,055)	(744,273)
At 31 December	**1,159,338**	992,214	535,619

(b) Tax expense

The total tax expense can also be analysed as follows:	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
Income tax provision	**970,983**	749,712	279,220
Additional tax	**-**	-	230,000
Underprovision in prior years	**29,281**	-	71,214
Fair share contribution	**319,876**	-	-
Corporate Social Responsibility	**99,577**	99,560	101,207
Corporate Climate Responsibility levy	**153,368**	119,962	-
Special levy on banks	**186,416**	186,416	186,416
Deferred tax (credit) / charge *(Note 19d)*	**(1,030,830)**	208,571	(254,746)
Total tax expense	**728,671**	1,364,221	613,311

19. Taxation (cont'd)

(c) Tax reconciliation

	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
Profit before tax from continuing operations	**4,448,766**	7,198,930	5,237,968
Tax on accounting profit at 25% (2024: 14% and 2023: 14%)	**1,112,191**	1,007,850	733,315
Underprovision in prior years	**-**	-	71,214
Additional tax	**-**	-	230,000
Non allowable expenses	**486,157**	183,485	139,595
Exempt income	**(180,555)**	(75,123)	(52,131)
Corporate Social Responsibility adjustment	**(11,315)**	40	4,264
Special levy on banks	**186,416**	186,416	186,416
Tax rate differential	**(864,223)**	61,553	(699,362)
Total tax expense	**728,671**	1,364,221	613,311

19. Taxation (cont'd)

(d) Deferred tax (assets)/liabilities

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 tax 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.

Following the change in tax rate for banks, deferred tax has been calculated at the rate of 25% for residents and 20% for non residents & Global Business License holders for temporary differences arising before 30 June 2028. For temporary differences arising after 30 June 2028, the deferred tax rate has been calculated at 17% for residents and 15% for non residents & Global Business License holders. (2024: 14% and 12% , 2023: 14% and 12%).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

19. Taxation (cont'd)

(d) Deferred tax (assets)/liabilities (cont'd)

	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
At 01 January	**(448,134)**	(716,603)	(511,001)
(Credit)/Charge to profit or loss:			
- Movement for the year (Note 19b)	**(1,030,830)**	208,571	(254,746)
(Credit)/charge to other comprehensive income:			
- Remeasurement of retirement benefit obligations	**(6,742)**	(34,392)	(21,338)
- Revaluation of properties	**31,190**	94,290	70,482
At 31 December	**(1,454,516)**	(448,134)	(716,603)

	01 January 2025	Charge/(credit) to profit or loss	Charge/(credit) to OCI	31 December 2025
	MUR'000	MUR'000	MUR'000	MUR'000
Deferred tax assets				
Allowances for credit impairment	**(723,353)**	**(1,021,056)**	**-**	**(1,744,409)**
Pension liability	**(95,670)**	**(16,760)**	**(6,742)**	**(119,172)**
Other provisions	**(16,643)**	**(15,035)**	**-**	**(31,678)**
	(835,666)	**(1,052,851)**	**(6,742)**	**(1,895,259)**
Deferred tax liabilities				
Accelerated capital allowances	**154,713**	**36,914**	**-**	**191,627**
Revaluation of property	**232,819**	**(14,893)**	**31,190**	**249,116**
Net deferred tax assets	**(448,134)**	**(1,030,830)**	**24,448**	**(1,454,516)**

	01 January 2024	Charge/(credit) to profit or loss	Charge/(credit) to OCI	31 December 2024
	MUR'000	MUR'000	MUR'000	MUR'000
Deferred tax assets				
Allowances for credit impairment	(972,401)	249,048	-	(723,353)
Pension liability	(58,844)	(2,434)	(34,392)	(95,670)
Other provisions	(15,362)	(1,281)	-	(16,643)
	(1,046,607)	245,333	(34,392)	(835,666)
Deferred tax liabilities				
Accelerated capital allowances	182,363	(27,650)	-	154,713
Revaluation of property	147,641	(9,112)	94,290	232,819
Net deferred tax assets	(716,603)	208,571	59,898	(448,134)

19. Taxation (cont'd)

(d) Deferred tax (assets)/liabilities (cont'd)

	01 January 2023	Charge/(credit) to profit or loss	Charge/(credit) to OCI	31 December 2023
	MUR'000	MUR'000	MUR'000	MUR'000
Deferred tax assets				
Allowances for credit impairment	(632,984)	(339,417)	-	(972,401)
Pension liability	(37,506)	-	(21,338)	(58,844)
Other provisions	(7,188)	(8,174)	-	(15,362)
	(677,678)	(347,591)	(21,338)	(1,046,607)
Deferred tax liabilities				
Accelerated capital allowances	89,518	92,845	-	182,363
Revaluation of property	77,159	-	70,482	147,641
Net deferred tax assets	(511,001)	(254,746)	49,144	(716,603)

20. Other liabilities

	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
Balance due in clearing	**1,367,179**	2,086,122	3,507,044
Bills payable	**447,149**	475,542	368,042
Accruals for expenses	**1,249,335**	1,475,498	1,400,157
Accounts payable	**1,165,210**	1,199,316	1,697,329
Deferred income	**62,596**	66,912	54,349
Balances in transit	**76,364**	1,520,522	1,014,839
ECL on memorandum items *(Note 23)*	**750,777**	295,277	205,328
	5,118,610	7,119,189	8,247,088

21. Stated capital

Authorised, issued and paid up share capital	Number' Million	MUR'000
At 31 December 2025	**40,000**	**400,000**
At 31 December 2024	40,000	400,000
At 31 December 2023	40,000	400,000

	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
Capital Contribution	**13,054,011**	13,054,011	13,054,011

Fully paid ordinary shares at no par value carry one vote per share and the right to dividend.

The capital contribution refers to additional capital over and above the actual stated capital. It is fully paid up, unsecured, interest free and is perpetual with no maturity date. The shareholder shall not demand, sue for or receive payment of the whole or any part of the capital contribution or claim any set-off which would result in the principal amount of the capital contribution outstanding to be reduced. The Bank reserves the right to issue ordinary shares against the amount of capital contribution at any time.

22. Dividend proposed and paid

	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
Cash dividend declared:			
2025: 6.25 cents per share; 2024: 6.25 cents per share and 2023: 4 cents per share	**2,500,000**	2,500,000	1,600,000
Less dividend paid: 2025: 6.25 cents per share; 2024: 6.25 cents per share and 2023: 4 cents per share	**(2,500,000)**	(2,500,000)	(1,600,000)
Dividend payable	**-**	-	-

Dividends amounting to MUR 2.5 billion have been proposed and paid to the Shareholder during the year under review. (Year ended 31 Dec 2024: MUR 2.5 billion).

23. Memorandum items

	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
(a) Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers			
Acceptances on account of customers	**149,871**	241,345	160,930
Guarantees on account of customers	**11,010,690**	14,612,823	11,954,740
Letters of credit and other obligations on account of customers	**1,509,707**	1,135,720	708,702
Other contingent items	**-**	-	1,084,574
	12,670,268	15,989,888	13,908,946
(b) Commitments			
Undrawn credit facilities	**21,870,837**	18,331,999	18,656,632
(c) Others			
Inward bills held for collection	**157,463**	136,300	199,289
Outward bills sent for collection	**1,732,164**	2,439,405	351,646
	1,889,627	2,575,705	550,935
Total	**36,430,732**	36,897,592	33,116,513

23. Memorandum items (cont'd)

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification.

At 31 December 2025:

	Stage 1	Stage 2	Stage 3	Total
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**
Internal rating grade				
Performing				
High grade	**13,770,999**	**566,752**	**-**	**14,337,751**
Standard grade	**11,048,671**	**2,487,023**	**-**	**13,535,694**
Sub-standard grade	**5,693,300**	**688,728**	**-**	**6,382,028**
Non-performing				
Individually impaired	**-**	**-**	**2,175,259**	**2,175,259**
Total	**30,512,970**	**3,742,503**	**2,175,259**	**36,430,732**

At 31 December 2024:

	Stage 1	Stage 2	Stage 3	Total
Internal rating grade	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Performing				
High grade	10,165,192	998,974	-	11,164,166
Standard grade	9,532,933	2,803,103	-	12,336,036
Sub-standard grade	12,346,871	410,517	-	12,757,388
Non-performing				
Individually impaired	-	-	640,002	640,002
Total	32,044,996	4,212,594	640,002	36,897,592

At 31 December 2023:

	Stage 1	Stage 2	Stage 3	Total
Internal rating grade	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Performing				
High grade	12,537,285	428,391	-	12,965,676
Standard grade	11,020,862	1,368,950	-	12,389,812
Sub-standard grade	5,127,326	2,506,235	-	7,633,561
Non-performing				
Individually impaired	-	-	127,464	127,464
Total	28,685,473	4,303,576	127,464	33,116,513

Details of the Bank's internal grading system are set out in Note 38(b)(i).

23. Memorandum items (cont'd)

An analysis of changes in the gross carrying amount is as follows:

At 31 December 2025:	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Gross carrying amount as at 01 January	**32,044,996**	**4,212,594**	**640,002**	**36,897,592**
Financial assets originated	**14,724,564**	**1,565,062**	**385,938**	**16,675,564**
Assets derecognised	**(15,037,955)**	**(1,643,268)**	**(461,201)**	**(17,142,424)**
Transfers to Stage 1	**120**	**(120)**	**-**	**-**
Transfers to Stage 2	**(1,212,895)**	**1,212,895**	**-**	**-**
Transfers to Stage 3	**(5,860)**	**(1,604,660)**	**1,610,520**	**-**
Gross carrying amount as at 31 December	**30,512,970**	**3,742,503**	**2,175,259**	**36,430,732**

At 31 December 2024:	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Gross carrying amount as at 01 January	28,685,473	4,303,576	127,464	33,116,513
Financial assets originated	13,943,963	2,253,624	42,272	16,239,859
Assets derecognised	(10,202,459)	(2,059,840)	(196,481)	(12,458,780)
Transfers to Stage 1	353,132	(353,132)	-	-
Transfers to Stage 2	(579,635)	579,635	-	-
Transfers to Stage 3	(155,478)	(511,269)	666,747	-
Gross carrying amount as at 31 December	32,044,996	4,212,594	640,002	36,897,592

At 31 December 2023:	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Gross carrying amount as at 01 January	21,889,191	6,683,223	165,453	28,737,867
Financial assets originated	16,673,048	2,122,348	2,000	18,797,396
Assets derecognised	(10,835,788)	(3,506,318)	(76,644)	(14,418,750)
Transfers to Stage 1	2,169,985	(2,169,985)	-	-
Transfers to Stage 2	(1,210,963)	1,210,963	-	-
Transfers to Stage 3	-	(36,655)	36,655	-
Gross carrying amount as at 31 December	28,685,473	4,303,576	127,464	33,116,513

An analysis of changes in the corresponding ECL allowances is as follows:

At 31 December 2025:	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
ECL allowance as at 01 January	**115,472**	**3,793**	**176,012**	**295,277**
Movement for the year	**25,319**	**4,707**	**526,488**	**556,514**
Assets derecognised	**(70,199)**	**(6,315)**	**(24,500)**	**(101,014)**
Transfers to Stage 2	**(10,495)**	**10,495**	**-**	**-**
Transfers to Stage 3	**(36)**	**(102)**	**138**	**-**
At 31 December	**60,061**	**12,578**	**678,138**	**750,777**

23. Memorandum items (cont'd)

An analysis of changes in the corresponding ECL allowances is as follows (cont'd):

At 31 December 2024:	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
ECL allowance as at 01 January	69,635	8,229	127,464	205,328
Movement for the year	83,450	2,719	106,871	193,040
Assets derecognised	(38,610)	(4,757)	(59,724)	(103,091)
Transfers to Stage 1	1,497	(1,497)	-	-
Transfers to Stage 2	(500)	500	-	-
Transfers to Stage 3	-	(1,401)	1,401	-
ECL allowance as at 31 December	115,472	3,793	176,012	295,277

At 31 December 2023:	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
ECL allowance as at 01 January	75,026	14,207	165,453	254,686
Movement for the year	48,903	5,433	38,418	92,754
Assets derecognised	(57,029)	(8,439)	(76,644)	(142,112)
Transfers to Stage 1	3,116	(3,116)	-	-
Transfers to Stage 2	(381)	381	-	-
Transfers to Stage 3	-	(237)	237	-
ECL allowance as at 31 December	69,635	8,229	127,464	205,328

Legal Claims

The Bank is subject to various legal claims from former employees and customers with claims totalling 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 of MUR 497.3 million on the basis that so far there is no indication that the claims would succeed in court.

Contingent liability

The Bank has been subject to an investigation by the Regulators on certain daily cash withdrawals exceeding the threshold of MUR 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.

24. Assets pledged

The carrying amounts of assets pledged as security for borrowings are:

	31 December 2025	31 December 2024	31 December 2023
Investments securities:	**MUR'000**	MUR'000	MUR'000
Bank of Mauritius Bonds / Government of Mauritius Bonds	**-**	-	1,200,000
Other investment securities	**2,494,683**	-	1,129,691
	2,494,683	-	2,329,691
Analysed as:			
- In Mauritius	**-**	-	2,329,691
- Overseas	**2,494,683**	-	-
	2,494,683	-	2,329,691

25. Capital commitments

	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
Approved and contracted for	**189,422**	1,111,861	1,216,167
Approved and not contracted for	**1,796,661**	698,554	766,249

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

Property, plant and equipment	**617,195**	-	338,175
Intangible assets	**1,179,466**	698,554	428,074

26. Net interest income

	31 December 2025	31 December 2024	31 December 2023
Interest Income using the effective interest method	**MUR'000**	MUR'000	MUR'000
Cash and cash equivalents	**675,698**	704,232	310,794
Loans to and placements with banks	**533,099**	282,920	111,099
Loans and advances to non-bank customers	**9,705,197**	8,991,651	8,517,842
Investment securities at amortised cost	**2,625,984**	2,442,978	2,356,238
Investment securities at FVTOCI	**2,625,383**	2,284,346	1,491,324
	16,165,361	14,706,127	12,787,297
Other interest income			
Investment securities measured at FVTPL	**251,011**	196,268	85,009
Derivatives held for risk management	**76,506**	115,624	129,285
	327,517	311,892	214,294
Total interest income	**16,492,878**	15,018,019	13,001,591
Interest expense using the effective interest method			
Deposits from customers	**(6,366,767)**	(5,420,160)	(4,200,159)
Other borrowed funds	**(58,666)**	(40,981)	(136,086)
Interest expense on lease liabilities *(Note 12)*	**(11,183)**	(13,978)	(12,572)
Other	**(2,893)**	(2,538)	(5,859)
	(6,439,509)	(5,477,657)	(4,354,676)
Other interest expense			
Derivatives held for risk management	**(92,192)**	(131,378)	(152,389)
	(92,192)	(131,378)	(152,389)
Total interest expense	**(6,531,701)**	(5,609,035)	(4,507,065)
Net interest income	**9,961,177**	9,408,984	8,494,526

27. Net fee and commission income

	31 December 2025	31 December 2024	31 December 2023
Fee and commission income	**MUR'000**	MUR'000	MUR'000
Retail banking customer fees	**399,427**	382,529	374,597
Corporate banking customer fees	**579,406**	659,696	562,499
Card income	**587,767**	544,552	463,031
Other fees	**84,839**	78,728	102,248
Total fee and commission income	**1,651,439**	1,665,505	1,502,375
Fee and commission expense			
Interbank transaction fees	**(53,023)**	(55,314)	(54,795)
Other fees	**(33,656)**	(29,195)	(46,940)
Total fee and commission expense	**(86,679)**	(84,509)	(101,735)
Net fee and commission income	**1,564,760**	1,580,996	1,400,640
Timing of revenue recognition			
Services transferred at a point in time	**1,075,152**	1,135,764	1,032,220
Services transferred over time	**489,608**	445,232	368,420
Total revenue from contracts with customers	**1,564,760**	1,580,996	1,400,640

28. Net trading income

	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
Profit arising on dealings in foreign currencies	**991,697**	992,901	888,021
Fair value movements on debt securities held for trading	**642,378**	733,936	603,450
Derivatives	**153,829**	77,724	(24,212)
	1,787,904	1,804,561	1,467,259

The interest element which also form part of the fair value of debt securities held for trading are disclosed in Note 26.

29. Net gains / (losses) from financial assets at FVTPL

	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
Financial assets mandatorily measured at FVTPL	**73,668**	(2,120)	30,269
Derivatives held for risk management purposes	**1,296**	(5,100)	(10,488)
	74,964	(7,220)	19,781

30. (a) Net losses on derecognition of financial assets measured at amortised cost

	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
Debt securities measured at amortised cost	**-**	(11,443)	(21,394)

The Bank 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 11.44 million for the year ended 31 December 2024.

30. (b) Net gains on derecognition of financial assets measured at FVTOCI

	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
Debt securities measured at FVTOCI	**148,780**	51,566	21,565

The Bank disposed of these assets due to the risks associated.

31. Personnel expenses

Accounting policy

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 Standards as issued by the IASB requires or permits the inclusion of the benefits in the cost of an asset.

Refer to Note 15 for accounting policy on defined benefit plans.

31. Personnel expenses (cont'd)

	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
Salaries	1,915,250	2,053,897	1,824,737
Other social security obligations	89,405	99,741	82,918
Defined contribution plan	161,775	155,440	124,101
Defined benefit plan *(Note 15 (a))*	66,045	54,846	73,305
Residual retirement gratuities *(Note 15 (b))*	57,269	28,490	(25,508)
Benefits under early retirement scheme	58,729	101,165	23,530
Staff welfare costs	160,328	107,077	126,908
Other benefits	53,587	58,447	79,530
	2,562,388	2,659,103	2,309,521

32. Other expenses

	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
Software licensing and other information technology costs	1,150,241	895,133	754,688
Utilities and telephone charges	69,186	69,120	69,533
Professional charges	260,372	226,210	244,265
Marketing costs	115,217	119,874	155,311
Rent, repairs, maintenance and security charges	289,094	236,245	251,197
Licence and other registration fees	31,212	30,694	27,611
Postage, courier and stationery costs	51,581	49,367	58,972
Insurance costs	46,601	49,903	54,639
Other operational and administrative costs	263,122	332,713	600,370
	2,276,626	2,009,259	2,216,586

33. Credit loss movement on financial assets and memorandum items

The table below shows the movement in credit losses recognised in the statement of profit or loss under IFRS 9:

At 31 December 2025:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**
Loans and advances to non-bank customers	**(75,633)**	**601,702**	**2,397,355**	**2,923,424**
Loans and placements with banks*	**6,431**	**(1,295)**	**-**	**5,136**
Debt instruments measured at amortised cost and FVTOCI	**21,017**	**96,998**	**761,684**	**879,699**
Loan commitments	**(54,155)**	**11,375**	**387**	**(42,393)**
Other off balance sheet items (Guarantees, Letters of credit, Acceptances)	**(1,256)**	**(2,590)**	**501,739**	**497,893**
Other financial assets	**-**	**-**	**30,041**	**30,041**
Total credit loss expense	**(103,596)**	**706,190**	**3,691,206**	**4,293,800**
Bad debts recovered				**(1,047,304)**
				3,246,496

At 31 December 2024:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**
Loans and advances to non-bank customers	179,626	(780,362)	943,478	342,742
Loans and placements with banks*	81,799	(8,163)	-	73,636
Debt instruments measured at amortised cost and FVTOCI	(23,397)	(142,581)	-	(165,978)
Loan commitments	43,194	-	-	43,194
Other off balance sheet items (Guarantees, Letters of credit, Acceptances)	2,643	(4,436)	48,548	46,755
Total credit loss expense	283,865	(935,542)	992,026	340,349
Bad debts recovered				(224,104)
				116,245

At 31 December 2023:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**
Loans and advances to non-bank customers	321,863	(1,418,088)	1,848,473	752,248
Loans and placements with banks*	3,382	9,458	-	12,840
Debt instruments measured at amortised cost and FVTOCI	79,227	123,231	-	202,458
Loan commitments	(5,541)	-	-	(5,541)
Other off balance sheet items (Guarantees, Letters of credit, Acceptances)	150	(5,978)	(37,989)	(43,817)
Other financial assets	13,035	-	-	13,035
Total credit loss expense	412,116	(1,291,377)	1,810,484	931,223
Write off				111
Bad debts recovered				(12,030)
				919,304

*ECL movement for cash and cash equivalents is included under loans and placements with banks.

34. Cash (used in) / generated from operating activities

	Notes	31 December 2025	31 December 2024	31 December 2023
Operating activities		**MUR'000**	MUR'000	MUR'000
Profit for the year		**3,720,095**	5,834,709	4,624,657
Adjustments to determine net cash flows:				
Depreciation of property and equipment	11	**322,373**	242,738	214,614
Depreciation of right-of-use assets	12	**63,308**	67,529	72,652
Amortisation of intangible assets	13	**650,694**	561,293	425,194
Pension expense		**123,314**	83,336	47,797
Credit loss expense on financial assets	33	**4,293,800**	116,245	919,304
Exchange difference		**255,826**	2,269,534	256,282
Net loss on termination of finance lease / disposal of property and equipment		**271**	1,088	5,659
Tax expense	19b	**728,671**	1,364,221	613,311
Interest income		**(16,492,878)**	(15,018,019)	(13,001,591)
Interest expense		**6,531,701**	5,609,035	4,507,065
Operating profit before working capital changes		**197,175**	1,131,709	(1,315,056)
Change in operating assets and liabilities				
Net change in derivative financial assets		**(71,117)**	(191,067)	252,157
Net change in loans to and placements with banks		**(6,450,133)**	(4,743,349)	(1,619,577)
Net change in loans and advances to non-bank customers		**(11,772,918)**	(16,631,973)	(3,897,666)
Net change in investment securities		**17,577,222**	(11,782,530)	(12,383,883)
Net change in other assets		**(892,901)**	(241,563)	60,639
Net change in deposits from banks		**222,358**	349,444	277,234
Net change in deposits from non-bank customers		**(17,555,427)**	50,282,054	9,750
Net change in derivative financial liabilities		**87,143**	28,837	(131,050)
Net change in other liabilities		**(2,516,763)**	(1,172,886)	1,607,818
Cash (used in) / generated from operating activities		**(21,175,361)**	17,028,676	(17,139,634)

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34. Cash (used in) / generated from operating activities (cont'd)

Reconciliation of liabilities arising from financing activities

	At 01 January	Repayments	Additions	Other changes[(i)]	Foreign Exchange Movement	At 31 December
2025	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Lease liabilities	**183,519**	**(59,430)**	**14,475**	**(3,294)**	**-**	**135,270**
Other borrowed funds	**511,088**	**(151,916)**	**3,297,263**	**5,571**	**72,552**	**3,734,558**
	694,607	**(211,346)**	**3,311,738**	**2,277**	**72,552**	**3,869,828**
2024						
Lease liabilities	183,049	(67,140)	73,404	(5,794)	-	183,519
Other borrowed funds	4,654,000	(7,740,277)	3,593,990	(2,635)	6,010	511,088
	4,837,049	(7,807,417)	3,667,394	(8,429)	6,010	694,607
2023						
Lease liabilities	189,756	(24,863)	41,210	(23,054)	-	183,049
Other borrowed funds	757,808	(346,777,281)	350,660,203	3,371	9,899	4,654,000
	947,564	(346,802,144)	350,701,413	(19,683)	9,899	4,837,049

(i) Other changes include non-cash transactions such as interests accrued but not yet paid.

35. Related party disclosures

Accounting policy

For the purposes of these financial statements, parties are considered to be related to the Bank if they have the ability, directly or indirectly, to control the Bank or exercise significant influence over the Bank in making financial and operating decisions, or vice versa, or if they and the Bank are subject to common control. Key management personnel relate to directors and senior officers of the Bank.

	Key management personnel			Immediate holding company and fellow subsidiaries			Ultimate holding company			Government and Government related entities		
	31 Dec 2025	31 Dec 2024	31 Dec 2023	**31 Dec 2025**	31 Dec 2024	31 Dec 2023	**31 Dec 2025**	31 Dec 2024	31 Dec 2023	**31 Dec 2025**	31 Dec 2024	31 Dec 2023
Balances:	**MUR'000**	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
(a) Credit facilities												
(i) Loans												
Balance at beginning of year	**446,023**	424,460	311,346	**1,003,712**	975,450	1,410,956	**203,400**	1,600	1,600	**17,554,716**	10,517,504	9,908,225
Loans of directors / entities who ceased to be related parties during the year	**(41,615)**	(53,378)	(31,548)	**-**	-	-	**-**	-	-	**-**	-	-
Existing loans of new related parties	**30,426**	30,718	78,132	**-**	-	-	**-**	-	-	**-**	-	-
Other net movements	**(69,010)**	44,223	66,530	**(368,604)**	28,262	(435,506)	**1,855,349**	201,800	-	**(6,333,788)**	7,037,212	609,279
Balance at end of year	**365,824**	446,023	424,460	**635,108**	1,003,712	975,450	**2,058,749**	203,400	1,600	**11,220,928**	17,554,716	10,517,504
(ii) Off-balance sheet obligations												
Memorandum items	**-**	1,050	323	**14,167**	39,491	22,984	**-**	-	-	**5,089,409**	542,285	457,841
Market related off balance sheet exposures	**-**	-	-	**-**	-	486	**-**	-	-	**1,235,823**	3,571,550	916,298
(b) Placements	**-**	-	-	**79,484**	24,404	146,779	**-**	-	-	**-**	-	-
(c) Receivables	**-**	-	-	**82,475**	51,966	54,724	**15,045**	16,679	534	**-**	-	-
(d) Deposits	**479,322**	319,207	262,520	**1,243,679**	2,231,897	882,502	**3,230,664**	2,514	710,730	**36,726,448**	43,724,462	32,536,869
(e) Borrowings	**-**	-	-	**-**	-	-	**-**	-	-	**-**	-	2,000,690
(f) Derivative liabilities	**-**	-	-	**-**	8,009	30,091	**-**	-	-	**14,086**	55,125	2,671
(g) Payables	**-**	-	-	**4,432**	5,829	20,844	**6,587**	9,100	1,297	**-**	-	-
Transactions:												
(h) Interest income	**12,825**	12,278	13,191	**41,821**	45,431	69,159	**29,928**	150	-	**797,987**	785,354	766,856
(i) Interest expense	**9,675**	8,094	5,155	**9,448**	4,833	74	**71,840**	-	-	**558,209**	778,296	637,310
(j) Other income	**475**	338	649	**19,629**	24,036	17,357	**53,969**	10,707	4,557	**138,095**	119,346	81,832
(k) Other expenses	**-**	-	-	**6,945**	-	11,928	**21,400**	19,296	26,704	**-**	-	-
(l) Emoluments of directors	**41,852**	37,520	31,854	**-**	-	-	**-**	-	-	**-**	-	-
(m) Emoluments of key management personnel excluding directors	**219,137**	237,638	193,676	**-**	-	-	**-**	-	-	**-**	-	-

35. Related party disclosures (cont'd)

The above mentioned outstanding balances arose in the normal course of business. For the year ended 31 December 2025, the Bank has recognised expected credit losses on amounts owed by related parties amounting to MUR 61.3 million (2024: MUR 64.4 million and 2023: MUR 17.0 million) as per ECL model currently being applied on financial assets. At 31 December 2025, non-performing facilities pertaining to related parties amounted to MUR 1,074.4 million (2024 & 2023: MUR Nil). The Bank has not written off any amount owed by related party for the year ended 31 December 2025 (2024 & 2023: MUR Nil).

The Government of Mauritius (GOM), by virtue of board representation, exercises significant influence on SBM Holdings Ltd.

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 remaining 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.

Related party transactions in relation to pension plans are as follows:

	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
Deposits at end of year	**86,952**	94,388	446,502

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.

36. Capital management

The Bank 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 Bank are disclosed in the statement of changes in equity.

The Bank has 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.

The Bank has also met its respective minimum capital adequacy ratio requirements.

	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
Tier 1 capital	**26,755,935**	24,903,096	22,136,531
Tier 2 capital	**2,469,759**	2,400,350	1,854,613
Eligible capital base	**29,225,694**	27,303,446	23,991,144
Risk weighted assets	**161,446,059**	146,245,310	123,980,669
Capital adequacy ratio (%)	**18.10**	18.67	19.35

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 on a gone 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. Events after reporting date

There have been no significant events after the statement of financial position date which, in the opinion of the board of directors, requires disclosure or adjustment to the financial statements for the year ended 31 December 2025.

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 Bank 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 Bank are 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 the Bank's financial assets and financial liabilities:

Financial assets	Classification and measurement category	31 December 2025	31 December 2024	31 December 2023
		MUR'000	MUR'000 (Restated)	MUR'000 (Restated)
Cash and cash equivalents	Amortised Cost	**36,911,350**	50,859,071	33,747,919
Loans to and placements with banks	Amortised Cost	**14,038,281**	7,595,289	2,853,065
Derivative financial instruments	Fair value through P&L	**542,532**	480,219	297,875
Loans and advances to non-bank customers	Amortised cost	**139,919,629**	129,907,656	112,117,910
Investment securities	Amortised cost	**62,577,163**	69,620,110	70,704,626
Investment securities	Fair value through OCI	**42,818,682**	56,401,610	43,325,673
Investment securities	Fair value through P&L	**17,018,869**	14,576,711	11,359,276
Equity investments	Fair value through OCI	**11,355**	9,437	9,053
Other assets	Amortised Cost	**1,591,486**	637,481	591,976
Total financial assets		**315,429,347**	330,087,584	275,007,373
Financial liabilities				
Deposits from banks	Amortised Cost	**2,357,672**	2,106,029	1,716,593
Deposits from non-bank customers	Amortised Cost	**276,913,867**	295,178,634	239,207,880
Other borrowed funds	Amortised Cost	**3,734,558**	511,088	4,654,000
Derivative financial instruments	Fair value through P&L	**515,506**	437,028	415,277
Other liabilities (including lease liability)	Amortised Cost	**4,637,940**	6,780,479	7,867,807
Total financial liabilities		**288,159,543**	305,013,258	253,861,557

An amount of MUR 290 million representing prepayments, accrued income and taxes have been excluded from other assets under the above section. (2024: MUR 347 million & 2023: MUR 151 million)

An amount of MUR 616 million representing advance commission and taxes have been excluded from other liabilities under the above section. (2024: MUR 522 million & 2023: MUR 562 million)

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38. Risk management (cont'd)

(a) (ii) Fair values

Accounting policy

The Bank measures financial instruments, such as, derivatives at fair value at each reporting date. Fair values of financial instruments measured at amortised cost are also disclosed under this note. 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 Bank. 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.

	31 December 2025		31 December 2024		31 December 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
	MUR'000	MUR'000	MUR'000 (Restated)	MUR'000 (Restated)	MUR'000 (Restated)	MUR'000 (Restated)
Financial assets						
Cash and cash equivalents	**36,911,350**	**36,911,350**	50,859,071	50,859,071	33,747,919	33,747,919
Loans to and placements with banks	**14,038,281**	**14,038,281**	7,595,289	7,595,289	2,853,065	2,853,065
Derivative financial instruments	**542,532**	**542,532**	480,219	480,219	297,875	297,875
Loans and advances to non-bank customers	**139,919,629**	**139,859,084**	129,907,656	129,839,517	112,117,910	111,693,597
Investment securities	**122,414,714**	**119,467,102**	140,598,431	137,990,106	125,389,575	121,699,510
Equity investments	**11,355**	**11,355**	9,437	9,437	9,053	9,053
Other assets	**1,591,486**	**1,591,486**	637,481	637,481	591,976	591,976
	315,429,347	**312,421,190**	330,087,584	327,411,120	275,007,373	270,892,995
Financial liabilities						
Deposits from banks	**2,357,672**	**2,357,672**	2,106,029	2,106,029	1,716,593	1,716,593
Deposits from non-bank customers	**276,913,867**	**276,874,015**	295,178,634	295,098,617	239,207,880	239,093,947
Other borrowed funds	**3,734,558**	**3,734,558**	511,088	511,088	4,654,000	4,654,000
Derivative financial instruments	**515,506**	**515,506**	437,028	437,028	415,277	415,277
Other liabilities (including lease liability)	**4,637,940**	**4,637,940**	6,780,479	6,780,479	7,867,807	7,867,807
	288,159,543	**288,119,691**	305,013,258	304,933,241	253,861,557	253,747,624

38. Risk management (cont'd)

(a) (ii) Fair values (cont'd)

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 investment has been fair valued at year end based on the net assets value of the investee. The Bank fair values its investment in mutual funds using net asset values.

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 38 (a)(iii), the fair values of the other financial assets and financial liabilities are categorised in level 3.

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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.

	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
31 December 2025				
Derivative financial assets	-	542,532	-	542,532
Investment securities mandatorily measured at FVTPL				
Debt securities	15,988,392	-	1,030,477	17,018,869
Investments at FVTOCI				
Debt securities	38,245,076	2,627,372	1,946,234	42,818,682
Equity investments	-	-	11,355	11,355
Total assets	54,233,468	3,169,904	2,988,066	60,391,438
Derivative financial liabilities	-	515,506	-	515,506
Total liabilities	-	515,506	-	515,506

38. Risk management (cont'd)

(a) (iii) Fair value measurement hierarchy (cont'd)

	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
31 December 2024	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Derivative financial assets	-	480,219	-	480,219
Investment securities mandatorily measured at FVTPL				
Debt securities	13,834,932	-	741,779	14,576,711
Investments at FVTOCI				
Debt securities	51,422,124	2,678,428	2,301,058	56,401,610
Equity investments	-	-	9,437	9,437
Total assets	65,257,056	3,158,647	3,052,274	71,467,977
Derivative financial liabilities	-	437,028	-	437,028
Total liabilities	-	437,028	-	437,028
31 December 2023				
Derivative financial assets	-	297,875	-	297,875
Investment securities mandatorily measured at FVTPL				
Debt securities	10,961,227	-	398,049	11,359,276
Investments at FVTOCI				
Debt securities	38,222,063	2,804,612	2,298,998	43,325,673
Equity investments	-	-	9,053	9,053
Total assets	49,183,290	3,102,487	2,706,100	54,991,877
Derivative financial liabilities	-	415,277	-	415,277
Total liabilities	-	415,277	-	415,277

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38. Risk management (cont'd)

(a) (iii) Fair value measurement hierarchy (cont'd)

Reconciliation of level 3 assets:

	Investment securities measured at FVTPL	Investment securities measured at FVOCI	Total
	MUR'000	**MUR'000**	**MUR'000**
Balance at 01 January 2025	**741,779**	**2,310,495**	**3,052,274**
Additions	**232,332**	**-**	**232,332**
Disposals	**(64,968)**	**(415,143)**	**(480,111)**
Foreign exchange adjustment	**(13,139)**	**60,320**	**47,181**
Movement in fair value	**134,473**	**1,917**	**136,390**
Balance at 31 December 2025	**1,030,477**	**1,957,589**	**2,988,066**
Balance at 01 January 2024	398,049	2,308,051	2,706,100
Additions	709,563	-	709,563
Disposals	(461,067)	-	(461,067)
Foreign exchange adjustment	26,978	2,058	29,036
Movement in fair value	68,256	386	68,642
Balance at 31 December 2024	741,779	2,310,495	3,052,274
Balance at 01 January 2023	505,428	1,431,258	1,936,686
Additions	-	875,968	875,968
Disposals	(105,685)	-	(105,685)
Foreign exchange adjustment	4,692	172	4,864
Movement in fair value	(6,386)	653	(5,733)
Balance at 31 December 2023	398,049	2,308,051	2,706,100

(b) Credit risk

The Bank is exposed to credit risk through its lending, trade finance, treasury, investment 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 Bank as and when they fall due. The Bank'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 Bank has a tiered credit sanctioning process depending on the group exposure. Credit exposures and risk profile are monitored by the risk management team and are reported regularly to the Board Risk Management Committee. The Bank has strengthened its Enterprise Risk Management Framework to ensure comprehensive coverage of the full spectrum of risks across the institution.

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:

	31 December 2025	31 December 2024	31 December 2023
Fund-based exposures:	**MUR' 000**	MUR' 000 *(Restated)*	MUR'000 *(Restated)*
Cash and cash equivalents	**33,537,457**	47,663,827	30,256,372
Loans to and placements with banks	**14,126,204**	7,670,399	2,871,465
Derivative financial instruments	**542,532**	480,219	297,875
Loans and advances to non-bank customers	**147,618,949**	134,795,763	119,070,245
Investment securities	**122,755,557**	140,656,441	125,484,436
Other assets	**1,591,486**	637,481	591,976
	320,172,185	331,904,130	278,572,369
Non-fund based exposures:			
Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers	**14,559,893**	18,565,593	14,459,881
Credit commitments	**21,870,837**	18,331,999	18,656,632
	36,430,730	36,897,592	33,116,513

An analysis of the Bank'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 has been disclosed in Notes 8, 9 and 10.

An analysis of credit exposures, including non-fund based facilities, for advances to non-bank customers that are neither past due nor impaired using the Bank's credit grading system is given below:

	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
Grades:			
1 to 3 - High Grade	**78,675,177**	51,000,552	58,529,743
4 to 6 - Standard	**52,317,863**	48,979,920	43,623,505
7 to 10 (including unrated) - Sub standard	**34,317,015**	57,540,365	30,009,826
	165,310,055	157,520,837	132,163,074

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 Bank also has 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.

NOTES TO THE FINANCIAL STATEMENTS
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38. Risk management (cont'd)

(b) Credit risk (cont'd)

(i) Maximum credit exposure (cont'd)

Overview of modified loans

From a risk management point of view, once an asset is modified, the Bank 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 where modification did not result in derecognition. No modification gains/ losses were recognised as amounts were not material.

	31 December 2025		31 December 2024		31 December 2023	
	Gross carrying amount	**ECL**	Gross carrying amount	ECL	Gross carrying amount	ECL
	MUR'000	**MUR'000**	MUR'000	MUR'000	MUR'000	MUR'000
Modified loans	**2,877,197**	**29,591**	3,657,297	45,691	6,707,188	171,665

(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 Bank 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 Bank 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 Bank 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 Bank also has internal acquisition scorecards for its retail facilities. The Bank'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 Bank'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.

38. Risk management (cont'd)

(b) Credit risk (cont'd)

(ii) Credit risk assessment (cont'd)

Internal credit risk ratings (cont'd)

The Bank uses credit risk grades as a primary input into the determination of the term structure of the PD for corporate exposures. The Bank 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 Bank's internal credit risk grades to external ratings.

Bank's credit risk grades	BOM external rating grade	Standard & Poor's Rating services	Moody's Investors rating	Fitch ratings	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 Bank 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.

Irrespective of the outcome of the above assessment, the Bank 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 Bank has reasonable and supportable information that demonstrate otherwise. The Bank 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 Bank 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 Bank 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 Bank 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 Bank expects to receive.

Loan commitments are assessed along with the category of loan the Bank is committed to provide, i.e. commitments to provide corporate loans are assessed using similar criteria to corporate loans.

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38. Risk management (cont'd)

(b) Credit risk (cont'd)

(ii) Credit risk assessment (cont'd)

1. Inputs, assumptions and techniques used in estimating ECL (cont'd)

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 Bank 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 Bank 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 Bank 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 Bank also abides by the Bank on Mauritius Guideline on Classification, Provisioning and Write-off of credit exposures effective 30 September 2024.

2. Incorporation of forward-looking information

The Bank 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 economic experts and consideration of a variety of external actual and forecast information, the Bank 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 Bank 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 Bank 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 Bank 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

38. Risk management (cont'd)

(b) Credit risk (cont'd)

(ii) Credit risk assessment (cont'd)

2. Incorporation of forward-looking information (cont'd)

In the prior financial year, the Bank 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 Bank 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 Bank 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.

Significant increase in credit risk (SICR)

The Bank 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 Bank 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 Bank 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 Bank 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 Bank's historical experience and expert credit assessment including forward-looking information.

Forward-looking information includes the future prospects of the industries in which the Bank'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 Bank 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:

- 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 Bank uses the same methodologies and data used to measure the loss allowance for ECL.

The quantitative factors that indicate a significant increase in credit risk are reflected in PD models on a timely basis. However the Bank 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 Bank 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 Bank has also considered classification requirements under the BoM Guideline on Classification, Provisioning and Write-Off of Credit Exposures.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

38. Risk management (cont'd)

(b) Credit risk (cont'd)

(ii) Credit risk assessment (cont'd)

3. 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 corporate 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 of 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 matric using the Vasicek Transformation.

38. Risk management (cont'd)

(b) Credit risk (cont'd)

(ii) Credit risk assessment (cont'd)

3. Measurement of ECL (cont'd)

LGD

Loss Given Default ("LGD") represents the magnitude of the expected loss in the event of default. The Bank 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.

Retail, Corporate and SME LGD model uses 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 Bank 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 Bank 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 Bank 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 Bank has the contractual right to demand repayment or to cancel the commitment or guarantee.

However, for loans with a funded component, the Bank measures ECL over a period longer than the maximum contractual period if the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank'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 Bank can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Bank 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 Bank 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 Bank has the legal right to call it earlier.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

38. Risk management (cont'd)

(b) Credit risk (cont'd)

(ii) Credit risk assessment (cont'd)

3. Measurement of ECL (cont'd)

EAD (cont'd)

Loan commitments and letters of credit: When estimating LTECLs for undrawn loan commitments, the Bank 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 Bank'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 Bank 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.

Credit cards and other revolving facilities: The Bank's product offering includes a variety of corporate and retail overdraft and credit cards facilities, in which the Bank has the right to cancel and/or reduce the facilities with one day's notice. The Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Bank's expectations of the customer behaviour, its likelihood of default and the Bank'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 Bank 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 Bank 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.

38. Risk management (cont'd)

(b) Credit risk (cont'd)

(ii) Credit risk assessment (cont'd)

3. Measurement of ECL (cont'd)

EAD (cont'd)

Collateral valuation

To mitigate its credit risks on financial assets, the Bank 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 Bank'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 Bank 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 Bank'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 Bank's policy.

In its normal course of business, the Bank 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.

4. 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.

The Bank renegotiates loans to customers in financial difficulties to maximise collection opportunities and minimise the risk of default. Under this policy, renegotiation is performed on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to renegotiation policy. For financial assets modified, the estimate of PD reflects whether the modification has improved or restored the Bank's ability to collect interest and principal based on the Bank's previous experience on similar renegotiation.

NOTES TO THE FINANCIAL STATEMENTS
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38. Risk management (cont'd)

(b) Credit risk (cont'd)

(ii) Credit risk assessment (cont'd)

4. Modified financial asset (cont'd)

Generally modification of financial assets is a qualitative indicator of a significant increase in credit risk and may constitute evidence that the exposure is credit-impaired/ in default. A customer needs to demonstrate consistently good payment behaviour over a period of time, as prescribed by BOM guidelines on The Guideline on 'Classification, Provisioning and Write offs before the exposure is no longer considered to be credit-impaired/ in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to lifetime ECL.

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

38. Risk management (cont'd)

(b) Credit risk (cont'd)

(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 Bank 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 Bank 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	31 December 2025	31 December 2024	31 December 2023	Principal Type of collateral held
	MUR'000	MUR'000 *(Restated)*	MUR'000 *(Restated)*	
Fund-based exposures:				
Cash and cash equivalents	**33,537,457**	47,663,827	30,256,372	*Unsecured*
Loans to and placements with banks	**14,126,204**	7,670,399	2,871,465	*Unsecured*
Derivative financial instruments	**542,532**	480,219	297,875	*Unsecured*
Loans and advances to non-bank customers	**147,618,949**	134,795,763	119,070,245	*Residential/ Commercial property/Floating charge on assets*
Investment securities	**122,755,557**	140,656,441	125,484,436	*Unsecured*
Other assets	**1,591,486**	637,481	591,976	*Unsecured*
Non-fund based exposures:				
Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers	**14,559,893**	18,565,593	14,459,881	*Fixed/Floating charge on assets*
Credit commitments	**21,870,837**	18,331,999	18,656,632	*Unsecured*

In addition to the collateral included in the table above, the Bank 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 Bank's collateral policy during the year.

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38. Risk management (cont'd)

(b) Credit risk (cont'd)

(iv) Ageing of loans and advances of loans to non-bank customers:

Under the Bank'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:

	31 December 2025		31 December 2024		31 December 2023	
	Gross Carrying Amount	Loss Allowance	Gross Carrying Amount	Loss Allowance	Gross Carrying Amount	Loss Allowance
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
0-30 days	**131,690,463**	**1,199,281**	125,216,478	951,076	109,835,627	1,508,097
31-60 days	**3,442,236**	**121,339**	1,577,085	38,312	1,639,964	49,794
61-89 days	**1,407,641**	**203,437**	572,675	8,600	1,349,548	40,833
Total	**136,540,340**	**1,524,057**	127,366,238	997,988	112,825,139	1,598,724

(v) Impaired financial assets

Loans and advances are assessed for impairment 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, which indicate that the account may be impaired.

The carrying amount of impaired financial assets and specific allowance held are shown below:

	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
Loans and advances (Note 9c)	**11,078,609**	7,429,525	6,245,106
Specific allowance held in respect of impaired advances (Note 9c)	**6,175,263**	3,890,119	5,353,611
Fair value of collaterals of impaired advances	**6,165,742**	4,221,488	1,142,327

38. Risk management (cont'd)

(b) Credit risk (cont'd)

(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:

	31 December 2025	31 December 2024	31 December 2023
Portfolio	**MUR'000**	MUR'000	MUR'000
Agriculture	**-**	7,190,426	2,755,624
Building Contractors	**-**	-	2,091,908
Commerce- Wholesale	**4,776,121**	5,469,270	2,823,048
Financial Institutions	**13,129,297**	-	2,590,748
Real Estate	**11,102,217**	14,401,415	8,647,728
Services	**3,437,725**	3,244,846	3,223,968
Tourism	**14,629,514**	7,741,570	4,066,777
	47,074,874	38,047,527	26,199,801

(vii) Offsetting financial instruments

Loans and advances to customers

The Bank holds cash collateral and marketable securities to mitigate the credit risk of securities lending.

Derivative financial instruments

The Bank 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 Bank 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 Bank 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 Bank is unable to meet its obligations as they fall due. The Bank 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 bank 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 Bank 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 Bank's strong HQLA position provides a robust buffer against liquidity stress.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

38. Risk management (cont'd)

(c) Liquidity risk (cont'd)

(i) The tables below show the contractual timing of cash flows for financial assets and liabilities of the Bank.

	Up to 1 month	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Non-Maturity Bucket	Total
31 December 2025	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Financial assets								
Non-derivative cash flows								
Cash and cash equivalents	**35,079,235**	**520,107**	**332,020**	**583,763**	**319,736**	**80,366**	**1,590**	**36,916,817**
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	**15,827,433**	**11,635,465**	**7,510,619**	**9,288,399**	**36,516,834**	**108,297,886**	**8,426,512**	**197,503,148**
Investment securities	**28,333,179**	**5,440,661**	**8,160,269**	**6,011,386**	**32,287,938**	**66,964,165**	**599,297**	**147,796,895**
Equity investments	**-**	**-**	**-**	**-**	**-**	**-**	**11,355**	**11,355**
Other assets	**-**	**-**	**-**	**-**	**-**	**-**	**8,328,439**	**8,328,439**
Total non-derivative cash flows	**80,187,278**	**18,387,518**	**16,694,649**	**20,201,047**	**77,429,789**	**175,342,417**	**17,367,193**	**405,609,891**
Derivative cash flows								
Derivative financial instruments	**-**	**-**	**-**	**-**	**-**	**-**	**542,532**	**542,532**
Total derivative cash flows	**-**	**-**	**-**	**-**	**-**	**-**	**542,532**	**542,532**
Total financial assets	**80,187,278**	**18,387,518**	**16,694,649**	**20,201,047**	**77,429,789**	**175,342,417**	**17,909,725**	**406,152,423**
Financial liabilities								
Non-derivative cash flows								
Deposits from banks	**2,282,724**	**75,740**	**-**	**-**	**-**	**-**	**-**	**2,358,464**
Deposits from non-bank customers	**248,146,469**	**8,182,794**	**5,384,955**	**9,536,939**	**5,328,407**	**1,357,352**	**25,000**	**277,961,916**
Other borrowed funds	**14,874**	**97,882**	**2,488,993**	**44,805**	**173,600**	**1,124,802**	**-**	**3,944,956**
Other liabilities (including lease liability)	**-**	**-**	**-**	**-**	**-**	**-**	**38,735,996**	**38,735,996**
Total non-derivative cash flows	**250,444,067**	**8,356,416**	**7,873,948**	**9,581,744**	**5,502,007**	**2,482,154**	**38,760,996**	**323,001,332**
Derivative cash flows								
Derivative financial instruments	**-**	**-**	**-**	**-**	**-**	**-**	**515,506**	**515,506**
Total derivative cash flows	**-**	**-**	**-**	**-**	**-**	**-**	**515,506**	**515,506**
Total financial liabilities	**250,444,067**	**8,356,416**	**7,873,948**	**9,581,744**	**5,502,007**	**2,482,154**	**39,276,502**	**323,516,838**
Liquidity Gap	**(170,256,789)**	**10,031,102**	**8,820,701**	**10,619,303**	**71,927,782**	**172,860,263**	**(21,366,777)**	**82,635,585**

Non-maturity bucket includes 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)

(c) Liquidity risk (cont'd)

31 December 2024	Up to 1 month MUR'000 (Restated)	1-3 months MUR'000 (Restated)	3-6 months MUR'000 (Restated)	6-12 months MUR'000 (Restated)	1-3 years MUR'000 (Restated)	Over 3 years MUR'000 (Restated)	Non-Maturity Bucket MUR'000 (Restated)	Total MUR'000 (Restated)
Financial assets								
Non-derivative cash flows								
Cash and cash equivalents	48,698,806	740,358	708,594	274,707	331,939	114,450	-	50,868,854
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	22,809,423	7,501,962	7,164,755	10,569,809	36,736,168	102,817,533	6,152,399	193,752,049
Investment securities	20,319,734	4,015,541	18,522,047	11,266,768	43,091,903	67,733,631	-	164,949,624
Equity investments	-	-	-	-	-	-	9,437	9,437
Other assets	-	-	-	-	-	-	7,286,058	7,286,058
Total non-derivative cash flows	91,831,333	12,318,625	26,566,966	25,819,489	84,542,309	170,665,614	13,447,894	425,192,230
Derivative cash flows								
Derivative financial instruments	-	-	-	-	-	-	480,219	480,219
Total derivative cash flows	-	-	-	-	-	-	480,219	480,219
Total financial assets	91,831,333	12,318,625	26,566,966	25,819,489	84,542,309	170,665,614	13,928,113	425,672,449
Financial liabilities								
Non-derivative cash flows								
Deposits from banks	2,094,975	-	-	11,501	-	-	-	2,106,476
Deposits from non-bank customers	257,479,015	13,015,021	12,590,492	4,985,117	6,193,733	2,191,197	-	296,454,575
Other borrowed funds	1,400	74	6,309	98,752	25,176	444,821	-	576,532
Other liabilities (including lease liability)	-	-	-	-	-	-	38,503,381	38,503,381
Total non-derivative cash flows	259,575,390	13,015,095	12,596,801	5,095,370	6,218,909	2,636,018	38,503,381	337,640,964
Derivative cash flows								
Derivative financial instruments	-	-	-	-	-	-	437,028	437,028
Total derivative cash flows	-	-	-	-	-	-	437,028	437,028
Total financial liabilities	259,575,390	13,015,095	12,596,801	5,095,370	6,218,909	2,636,018	38,940,409	338,077,992
Liquidity Gap	(167,744,057)	(696,470)	13,970,165	20,724,119	78,323,400	168,029,596	(25,012,296)	87,594,457

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FOR THE YEAR ENDED 31 DECEMBER 2025

38. Risk management (cont'd)

(c) Liquidity risk (cont'd)

31 December 2023	Up to 1 month MUR'000 (Restated)	1-3 months MUR'000 (Restated)	3-6 months MUR'000 (Restated)	6-12 months MUR'000 (Restated)	1-3 years MUR'000 (Restated)	Over 3 years MUR'000 (Restated)	Non-Maturity Bucket MUR'000 (Restated)	Total MUR'000 (Restated)
Financial assets								
Non-derivative cash flows								
Cash and cash equivalents	31,702,864	836,260	554,674	368,217	188,433	100,835	-	33,751,283
Loans to and placements with banks	561,381	691,203	54,300	1,596,008	73,029	-	-	2,975,921
Loans and advances to non-bank customers	12,661,335	8,852,204	6,293,562	9,775,611	38,200,072	98,760,951	4,419,784	178,963,519
Investment securities	15,248,186	2,997,106	13,769,904	8,665,028	42,790,241	65,886,945	-	149,357,410
Equity investments	-	-	-	-	-	-	9,053	9,053
Other assets	-	-	-	-	-	-	6,697,499	6,697,499
Total non-derivative cash flows	60,173,766	13,376,773	20,672,440	20,404,864	81,251,775	164,748,731	11,126,336	371,754,685
Derivative cash flows								
Derivative financial instruments	-	-	-	-	-	-	297,875	297,875
Total derivative cash flows	-	-	-	-	-	-	297,875	297,875
Total financial assets	60,173,766	13,376,773	20,672,440	20,404,864	81,251,775	164,748,731	11,424,211	372,052,560
Financial liabilities								
Non-derivative cash flows								
Deposits from banks	1,651,518	65,573	-	-	-	-	-	1,717,091
Deposits from non-bank customers	206,209,654	13,552,092	9,140,612	6,205,623	3,317,013	1,811,843	-	240,236,837
Other borrowed funds	3,019,243	1,023,752	44,228	80,128	223,749	350,048	-	4,741,148
Other liabilities (including lease liability)	-	-	-	-	-	-	35,119,148	35,119,148
Total non-derivative cash flows	210,880,415	14,641,417	9,184,840	6,285,751	3,540,762	2,161,891	35,119,148	281,814,224
Derivative cash flows								
Derivative financial instruments	-	-	-	-	-	-	415,277	415,277
Total derivative cash flows	-	-	-	-	-	-	415,277	415,277
Total financial liabilities	210,880,415	14,641,417	9,184,840	6,285,751	3,540,762	2,161,891	35,534,425	282,229,501
Liquidity Gap	(150,706,649)	(1,264,644)	11,487,600	14,119,113	77,711,013	162,586,840	(24,110,214)	89,823,059

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 Bank's market risks are monitored by the Market Risk Team and reported to the Alco Forum and Risk Management Committee on a regular basis.

(i) Interest rate risk

The Bank's interest rate risk arises mostly from mismatches in the repricing of its assets and liabilities. The Bank 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 Bank'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 includes 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.

31 December 2025	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
Assets								
Cash and cash equivalents	12,095,226	-	-	-	-	-	24,816,124	36,911,350
Loans to and placements with banks	12,031,900	2,079,367	-	-	-	-	(72,986)	14,038,281
Derivative financial instruments	-	-	-	-	-	-	542,532	542,532
Loans and advances to non-bank customers	142,231,636	3,761,438	153,882	313,799	1,738,126	1,592,239	(9,871,491)	139,919,629
Investment securities	12,612,527	14,439,076	7,538,684	13,453,901	38,031,729	35,143,197	1,195,600	122,414,714
Equity investments	-	-	-	-	-	-	11,355	11,355
Other assets	-	-	-	-	-	-	1,591,486	1,591,486
Total assets	178,971,289	20,279,881	7,692,566	13,767,700	39,769,855	36,735,436	18,212,620	315,429,347
Liabilities								
Deposits from banks	586,737	75,000	-	-	-	-	1,695,935	2,357,672
Deposits from non-bank customers	168,030,163	6,509,589	7,617,366	923,844	561,674	-	93,271,231	276,913,867
Other borrowed funds	2,211,577	1,515,062	-	-	-	-	7,919	3,734,558
Derivative financial instruments	-	-	-	-	-	-	515,506	515,506
Other liabilities (including lease liability)	-	-	-	-	-	-	4,637,940	4,637,940
Total liabilities	170,828,477	8,099,651	7,617,366	923,844	561,674	-	100,128,531	288,159,543
On balance sheet interest rate sensitivity gap	8,142,812	12,180,230	75,200	12,843,856	39,208,181	36,735,436	(81,915,911)	27,269,804
Off balance sheet interest rate sensitivity gap	306,497	(998,358)	(814)	40,718	1,000,000	(296,641)	-	51,402
	8,449,309	11,181,872	74,386	12,884,574	40,208,181	36,438,795	(81,915,911)	27,321,206

38. Risk management (cont'd)

(d) Market risk (cont'd)

(i) Interest rate risk (cont'd)

31 December 2024	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 (Restated)	MUR'000 (Restated)	MUR'000 (Restated)	MUR'000 (Restated)	MUR'000 (Restated)	MUR'000 (Restated)	MUR'000 (Restated)	MUR'000 (Restated)
Assets								
Cash and cash equivalents	28,995,419	-	-	-	-	-	21,863,652	50,859,071
Loans to and placements with banks	5,695,342	1,941,986	-	-	-	-	(42,039)	7,595,289
Derivative financial instruments	-	-	-	-	-	-	480,219	480,219
Loans and advances to non-bank customers	124,675,310	3,502,693	233,743	1,019,422	490,580	2,893,155	(2,907,247)	129,907,656
Investment securities	13,519,415	23,698,281	11,685,277	21,680,694	35,004,419	35,028,627	(18,282)	140,598,431
Equity investments	-	-	-	-	-	-	9,437	9,437
Other assets	-	-	-	-	-	-	637,481	637,481
Total assets	172,885,486	29,142,960	11,919,020	22,700,116	35,494,999	37,921,782	20,023,221	330,087,584
Liabilities								
Deposits from banks	71,481	-	11,068	-	-	-	2,023,480	2,106,029
Deposits from non-bank customers	183,026,013	11,893,399	4,149,496	603,421	1,484,783	-	94,021,522	295,178,634
Other borrowed funds	508,739	-	-	-	-	-	2,349	511,088
Derivative financial instruments	-	-	-	-	-	-	437,028	437,028
Other liabilities (including lease liability)	-	-	-	-	-	-	6,780,479	6,780,479
Total liabilities	183,606,233	11,893,399	4,160,564	603,421	1,484,783	-	103,264,858	305,013,258
On balance sheet interest rate sensitivity gap	(10,720,747)	17,249,561	7,758,456	22,096,695	34,010,216	37,921,782	(83,241,637)	25,074,326
Off balance sheet interest rate sensitivity gap	(12,861,113)	(2,186,320)	(90,200)	(113,127)	(544,410)	(336,475)	-	(16,131,645)
	(23,581,860)	15,063,241	7,668,256	21,983,568	33,465,806	37,585,307	(83,241,637)	8,942,681

38. Risk management (cont'd)

(d) Market risk (cont'd)

(i) Interest rate risk (cont'd)

31 December 2023	Up to 3 months MUR'000 (Restated)	3-6 months MUR'000 (Restated)	6-12 months MUR'000 (Restated)	1-2 years MUR'000 (Restated)	2-5 years MUR'000 (Restated)	Over 5 years MUR'000 (Restated)	Non-interest sensitive MUR'000 (Restated)	Total MUR'000 (Restated)
Assets								
Cash and cash equivalents	7,797,082	-	-	-	-	-	25,950,837	33,747,919
Loans to and placements with banks	2,855,915	-	-	-	-	-	(2,850)	2,853,065
Derivative financial instruments	-	-	-	-	-	-	297,875	297,875
Loans and advances to non-bank customers	113,042,848	3,718,983	320,937	356,784	536,954	785,957	(6,644,553)	112,117,910
Investment securities	10,843,195	13,251,806	7,214,741	23,643,606	35,092,031	35,691,377	(347,181)	125,389,575
Equity investments	-	-	-	-	-	-	9,053	9,053
Other assets	-	-	-	-	-	-	591,976	591,976
Total assets	134,539,040	16,970,789	7,535,678	24,000,390	35,628,985	36,477,334	19,855,157	275,007,373
Liabilities								
Deposits from banks	65,000	-	-	-	-	-	1,651,593	1,716,593
Deposits from non-bank customers	138,648,349	7,485,394	3,754,393	173,220	1,769,999	-	87,376,525	239,207,880
Other borrowed funds	4,649,015	-	-	-	-	-	4,985	4,654,000
Derivative financial instruments	-	-	-	-	-	-	415,277	415,277
Other liabilities (including lease liability)	-	-	-	-	-	-	7,867,807	7,867,807
Total liabilities	143,362,364	7,485,394	3,754,393	173,220	1,769,999	-	97,316,187	253,861,557
On balance sheet interest rate sensitivity gap	(8,823,324)	9,485,395	3,781,285	23,827,170	33,858,986	36,477,334	(77,461,030)	21,145,816
Off balance sheet interest rate sensitivity gap	281,273	(1,019,378)	(2,685)	-	1,000,000	(346,173)	-	(86,963)
	(8,542,051)	8,466,017	3,778,600	23,827,170	34,858,986	36,131,161	(77,461,030)	21,058,853

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:

	31 December 2025 MUR'000	31 December 2024 MUR'000	31 December 2023 MUR'000
Increase/(decrease) in profit	**288,008**	60,743	(24,768)

38. Risk management (cont'd)

(d) Market risk (cont'd)

(ii) Fair value hedges

	31 December 2025				31 December 2024				31 December 2023			
	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		Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged items	
Micro fair value hedges	**Assets MUR'000**	**Liabilities MUR'000**	**Assets MUR'000**	**Liabilities MUR'000**	**Assets MUR'000**	**Liabilities MUR'000**	**Assets MUR'000**	**Liabilities MUR'000**	**Assets MUR'000**	**Liabilities MUR'000**	**Assets MUR'000**	**Liabilities MUR'000**
Fixed rate corporate loans	**273,261**	**-**	**-**	**2,641**	303,924	-	-	10,242	308,516	-	-	15,643

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:

	31 December 2025			31 December 2024			31 December 2023		
	Notional Amount	Carrying Amount		Notional Amount	Carrying Amount		Notional Amount	Carrying Amount	
Micro fair value hedges		Assets	Liabilities		Assets	Liabilities		Assets	Liabilities
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Interest rate swaps	**228,547**	**3,028**	**-**	254,645	10,716	-	279,741	15,977	-

The below table sets out the outcome of the Bank's hedging strategy, set out in Notes 9 and 10, 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:

		31 December 2025			31 December 2024			31 December 2023		
		Gain / (loss) attributable to the hedged risk			Gain / (loss) attributable to the hedged risk			Gain / (loss) attributable to the hedged risk		
Hedged items	**Hedging instruments**	**Hedged items**	**Hedging instruments**	**Hedge ineffectiveness**	**Hedged items**	**Hedging instruments**	**Hedge ineffectiveness**	**Hedged items**	**Hedging instruments**	**Hedge ineffectiveness**
Micro fair value hedge relationships hedging assets		**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Fixed rate corporate loans	Interest rate swaps	**(2,641)**	**3,028**	**387**	(10,242)	10,716	474	(15,643)	15,977	334
Total micro fair value hedge relationships		**(2,641)**	**3,028**	**387**	(10,242)	10,716	474	(15,643)	15,977	334

38. Risk management (cont'd)

(d) Market risk (cont'd)

(ii) Fair value hedges (cont'd)

The maturity profile of the hedging instruments used in micro fair value hedge relationships is as follows:

At 31 December 2025:	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	TOTAL
Fixed rate corporate loans	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
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
At 31 December 2023:						
Fixed rate corporate loans						
Interest rate swap (Notional amount)	-	-	-	-	279,741	279,741

(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 Bank exercises strict control over its foreign currency exposures. The Bank 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 for Mauritius and Indian Operations 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:

	MUR	USD	GBP	EURO	INR	KES	OTHER	TOTAL
31 December 2025	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Assets								
Cash and cash equivalents	**19,014,129**	**13,994,256**	**449,703**	**1,586,875**	**70,200**	**8,849**	**1,787,338**	**36,911,350**
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**	**-**	**7,989**	**542,532**
Loans and advances to non-bank customers	**96,923,787**	**26,931,812**	**555,903**	**15,450,550**	**-**	**-**	**57,577**	**139,919,629**
Investment securities	**84,988,666**	**35,224,641**	**-**	**1,695,053**	**517,709**	**-**	**-**	**122,426,069**
Other assets	**1,495,764**	**17,805**	**1,620**	**77,938**	**(2,915)**	**-**	**1,274**	**1,591,486**
Total monetary financial assets	**203,403,478**	**88,566,757**	**1,007,226**	**20,003,864**	**584,995**	**8,849**	**1,854,178**	**315,429,347**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

38. Risk management (cont'd)

(d) Market risk (cont'd)

(iii) Currency risk (cont'd)

	MUR	USD	GBP	EURO	INR	KES	OTHER	TOTAL
31 December 2025 (cont'd)	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Liabilities								
Deposits from banks	**780,788**	**1,284,053**	**16,654**	**275,122**	**-**	**-**	**1,055**	**2,357,672**
Deposits from non-bank customers	**170,893,180**	**84,957,998**	**3,688,827**	**13,728,621**	**-**	**365**	**3,644,876**	**276,913,867**
Other borrowed funds	**-**	**2,508,049**	**-**	**1,226,509**	**-**	**-**	**-**	**3,734,558**
Derivative financial instruments	**413,284**	**65,751**	**1,596**	**-**	**684**	**-**	**34,191**	**515,506**
Other liabilities (including lease liability)	**3,070,145**	**1,410,168**	**35,937**	**106,799**	**(10,519)**	**-**	**25,410**	**4,637,940**
Total monetary financial liabilities	**175,157,397**	**90,226,019**	**3,743,014**	**15,337,051**	**(9,835)**	**365**	**3,705,532**	**288,159,543**
On balance sheet position	**28,246,081**	**(1,659,262)**	**(2,735,788)**	**4,666,813**	**594,830**	**8,484**	**(1,851,354)**	**27,269,804**
Off balance sheet position	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net currency position	**28,246,081**	**(1,659,262)**	**(2,735,788)**	**4,666,813**	**594,830**	**8,484**	**(1,851,354)**	**27,269,804**
31 December 2024	*(Restated)*	*(Restated)*	*(Restated)*	*(Restated)*	*(Restated)*	*(Restated)*	*(Restated)*	*(Restated)*
Assets								
Cash and cash equivalents	19,257,455	30,118,072	247,333	599,863	22,900	100	613,348	50,859,071
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	-	-	2,832	480,219
Loans and advances to non-bank customers	90,561,719	24,002,003	582,428	14,702,566	-	-	58,940	129,907,656
Investment securities	84,834,855	53,692,467	-	1,532,608	547,938	-	-	140,607,868
Other assets	528,867	20,380	1,375	85,677	-	-	1,182	637,481
Total monetary financial assets	195,308,539	113,845,114	836,226	18,850,465	570,838	100	676,302	330,087,584
Liabilities								
Deposits from banks	1,115,317	822,256	12,717	147,972	2,779	-	4,988	2,106,029
Deposits from non-bank customers	163,005,324	114,570,090	2,560,061	13,548,399	-	160	1,494,600	295,178,634
Other borrowed funds	-	-	-	511,088	-	-	-	511,088
Derivative financial instruments	193,278	240,728	-	18	731	6	2,267	437,028
Other liabilities (including lease liability)	4,167,032	3,963,106	(331,765)	214,143	(2,042)	-	(1,229,995)	6,780,479
Total monetary financial liabilities	168,480,951	119,596,180	2,241,013	14,421,620	1,468	166	271,860	305,013,258
On balance sheet position	26,827,588	(5,751,066)	(1,404,787)	4,428,845	569,370	(66)	404,442	25,074,326
Off balance sheet position	-	-	-	-	-	-	-	-
Net currency position	26,827,588	(5,751,066)	(1,404,787)	4,428,845	569,370	(66)	404,442	25,074,326

38. Risk management (cont'd)

(d) Market risk (cont'd)

(iii) Currency risk (cont'd)

31 December 2023	MUR	USD	GBP	EURO	INR	KES	OTHER	TOTAL
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
	(Restated)	*(Restated)*	*(Restated)*	*(Restated)*	*(Restated)*	*(Restated)*	*(Restated)*	*(Restated)*
Assets								
Cash and cash equivalents	17,983,804	13,211,520	667,853	1,061,072	145,875	746	677,049	33,747,919
Loans to and placements with banks	(18,400)	2,798,532	-	72,933	-	-	-	2,853,065
Derivative financial instruments	173,679	120,790	2,053	-	-	-	1,353	297,875
Loans and advances to non-bank customers	82,433,478	15,506,837	662,505	13,481,706	-	-	33,384	112,117,910
Investment securities	79,573,714	43,659,185	-	1,611,976	553,753	-	-	125,398,628
Other liabilities (including lease liability)	515,382	12,875	2,750	60,296	-	-	673	591,976
Total monetary financial assets	180,661,657	75,309,739	1,335,161	16,287,983	699,628	746	712,459	275,007,373
Liabilities								
Deposits from banks	563,696	1,093,966	1,506	36,141	-	-	21,284	1,716,593
Deposits from non-bank customers	146,586,279	75,234,986	2,767,561	13,680,037	-	112	938,905	239,207,880
Other borrowed funds	4,001,644	-	-	652,356	-	-	-	4,654,000
Derivative financial instruments	102,511	305,097	-	-	2,588	-	5,081	415,277
Other liabilities (including lease liability)	3,863,708	3,368,654	54,252	523,905	(1,701)	-	58,989	7,867,807
Total monetary financial liabilities	155,117,838	80,002,703	2,823,319	14,892,439	887	112	1,024,259	253,861,557
On balance sheet position	25,543,819	(4,692,964)	(1,488,158)	1,395,544	698,741	634	(311,800)	21,145,816
Off balance sheet position	-	-	-	-	-	-	-	-
Net currency position	25,543,819	(4,692,964)	(1,488,158)	1,395,544	698,741	634	(311,800)	21,145,816

The following table demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, and the impact on the Bank's profit and equity.

	Impact on profit after tax and equity					
Change in currency by:	USD	GBP	EURO	INR	KES	OTHER
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
31 December 2025						
5%	**(82,963)**	**(136,789)**	**233,341**	**29,741**	**424**	**(92,568)**
-5%	**82,963**	**136,789**	**(233,341)**	**(29,741)**	**(424)**	**92,568**
31 December 2024						
5%	(287,553)	(70,239)	221,442	28,469	(3)	20,222
-5%	287,553	70,239	(221,442)	(28,469)	3	(20,222)
31 December 2023						
5%	(234,648)	(74,408)	69,777	34,937	32	(15,590)
-5%	234,648	74,408	(69,777)	(34,937)	(32)	15,590

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FOR THE YEAR ENDED 31 DECEMBER 2025

38. Risk management (cont'd)

(d) Market risk (cont'd)

(iii) Currency risk (cont'd)

Value-at-Risk Analysis

The Bank 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 Bank 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 Bank 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 Bank 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 Bank's VAR amounted to:

	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
Minimum for the year	**2,941**	2,875	1,390
Maximum for the year	**14,475**	20,747	11,226
Year end	**4,696**	4,187	5,167

(iv) Equity price sentivity analysis

The Bank is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than for trading purposes and the Bank 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 statement of profit or loss. Changes in prices of held-for-trading investments are reflected in the statement of profit or loss.

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 statement of profit or loss as reflected below. A 5% decrease would have resulted in an equivalent loss being booked.

	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
Statement of other comprehensive income	**568**	472	453

(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 (accounting policies).

39. Other reserves

Provision reserve

The Bank 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.

Statutory reserve

This reserve represents transfers from retained earnings in accordance with the Banking Act 2004. A sum equal to not less than 15% of the profit for the year is transferred each year until the balance is equal to the amount paid as stated capital.

Fair value reserve

This reserve comprises fair value movements recognised on equity and debts instruments measured at FVTOCI.

Property revaluation reserve

The net property revaluation reserve is used to record increases in the fair value of land and buildings (net of deferred tax on the revalued asset) and decreases to the extent that such decreases relates to an increase on the same asset previously recognised in equity.

	31 December 2025	31 December 2024	31 December 2023
	MUR'000	MUR'000	MUR'000
Provision reserve	**652,543**	1,153,919	-
Statutory reserve	**400,000**	400,000	400,000
Fair value reserve	**706,665**	(161,636)	(139,863)
Property revaluation reserve	**1,508,889**	1,722,791	1,090,001
	3,268,097	3,115,074	1,350,138

40. Maturity analysis of assets and liabilities

	31 December 2025		
	Current	**Non current**	**Total**
	MUR'000	**MUR'000**	**MUR'000**
ASSETS			
Cash and cash equivalents	**36,911,350**	**-**	**36,911,350**
Loans to and placements with banks	**6,125,919**	**7,912,362**	**14,038,281**
Derivative financial instruments	**149,250**	**393,282**	**542,532**
Loans and advances to non-bank customers	**29,847,913**	**110,071,716**	**139,919,629**
Investment securities	**23,937,969**	**98,488,100**	**122,426,069**
Property and equipment	**-**	**4,124,378**	**4,124,378**
Right-of-use assets	**-**	**124,391**	**124,391**
Intangible assets	**-**	**743,515**	**743,515**
Deferred tax assets	**-**	**1,454,516**	**1,454,516**
Other assets	**1,881,639**	**-**	**1,881,639**
Total assets	**98,854,040**	**223,312,260**	**322,166,300**
LIABILITIES			
Deposits from banks	**2,357,672**	**-**	**2,357,672**
Deposits from non-bank customers	**270,292,675**	**6,621,192**	**276,913,867**
Other borrowed funds	**2,508,049**	**1,226,509**	**3,734,558**
Derivative financial instruments	**201,387**	**314,119**	**515,506**
Lease liability	**11,726**	**123,543**	**135,269**
Current tax liabilities	**1,159,338**	**-**	**1,159,338**
Pension liabilities	**-**	**487,153**	**487,153**
Other liabilities	**5,083,587**	**35,023**	**5,118,610**
Total liabilities	**281,614,434**	**8,807,539**	**290,421,973**

40. Maturity analysis of assets and liabilities (cont'd)

	31 December 2024		
	Current	Non current	Total
	MUR'000	MUR'000	MUR'000
ASSETS	*(Restated)*	*(Restated)*	*(Restated)*
Cash and cash equivalents	50,859,071	-	50,859,071
Loans to and placements with banks	3,533,053	4,062,236	7,595,289
Derivative financial instruments	104,724	375,495	480,219
Loans and advances to non-bank customers	33,106,240	96,801,416	129,907,656
Investment securities	39,593,944	101,013,924	140,607,868
Property and equipment	-	4,424,918	4,424,918
Right-of-use assets	-	173,342	173,342
Intangible assets	-	1,254,847	1,254,847
Deferred tax assets	-	448,134	448,134
Other assets	984,817	-	984,817
Total assets	128,181,849	208,554,312	336,736,161
LIABILITIES			
Deposits from banks	2,106,029	-	2,106,029
Deposits from non-bank customers	287,032,277	8,146,357	295,178,634
Other borrowed funds	91,042	420,046	511,088
Derivative financial instruments	77,378	359,650	437,028
Lease liability	16,967	166,552	183,519
Current tax liabilities	992,214	-	992,214
Pension liabilities	-	693,609	693,609
Other liabilities	7,095,154	24,035	7,119,189
Total liabilities	297,411,061	9,810,249	307,221,310

40. Maturity analysis of assets and liabilities (cont'd)

	31 December 2023		
	Current	Non current	Total
	MUR'000	MUR'000	MUR'000
ASSETS	*(Restated)*	*(Restated)*	*(Restated)*
Cash and cash equivalents	33,747,919	-	33,747,919
Loans to and placements with banks	2,789,590	63,475	2,853,065
Derivative financial instruments	110,768	187,107	297,875
Loans and advances to non-bank customers	21,462,316	90,655,594	112,117,910
Investment securities	25,990,301	99,408,327	125,398,628
Property and equipment	-	3,439,903	3,439,903
Right-of-use assets	-	174,348	174,348
Intangible assets	-	1,623,646	1,623,646
Deferred tax assets	-	716,603	716,603
Other assets	743,000	-	743,000
Total assets	84,843,894	196,269,003	281,112,897
LIABILITIES			
Deposits from banks	1,716,593	-	1,716,593
Deposits from non-bank customers	234,232,272	4,975,608	239,207,880
Other borrowed funds	4,001,644	652,356	4,654,000
Derivative financial instruments	214,056	201,221	415,277
Lease liability	9,074	173,975	183,049
Current tax liabilities	535,619	-	535,619
Pension liabilities	-	425,420	425,420
Other liabilities	8,226,236	20,852	8,247,088
Total liabilities	248,935,494	6,449,432	255,384,926

41. Supplementary information as required by Bank of Mauritius

The Bank of Mauritius requires the Bank to disclose its assets and liabilities, income and expenditure classified into Residents and Non-Residents. Non-Resident activity is essentially directed to the provision of international financial services that give rise to 'foreign source income', excluding global business licence services. Resident activity relates to all banking business other than Non Resident activity. Expenditure incurred by the Bank but which is not directly attributable to its income derived from Mauritius or its foreign source income is apportioned in a fair and reasonable manner. 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.

(a) Statement of financial position

	Residents	Non Residents	Total	Residents	Non Residents	Total	Residents	Non Residents	Total
	31-Dec 2025	31-Dec 2025	31-Dec 2025	31-Dec 2024	31-Dec 2024	31-Dec 2024	01-Jan 2023	31-Dec 2023	31-Dec 2023
	MUR'000	MUR'000	MUR'000	MUR'000 (Restated)	MUR'000 (Restated)	MUR'000 (Restated)	MUR'000 (Restated)	MUR'000 (Restated)	MUR'000 (Restated)
ASSETS									
Cash and cash equivalents	**33,532,003**	**3,379,347**	**36,911,350**	49,577,994	1,281,077	50,859,071	29,512,473	4,235,446	33,747,919
Loans to and placements with banks	**939,498**	**13,098,783**	**14,038,281**	-	7,595,289	7,595,289	-	2,853,065	2,853,065
Derivative financial instruments	**134,381**	**408,151**	**542,532**	202,566	277,653	480,219	193,646	104,229	297,875
Loans and advances to non-bank customers	**122,886,196**	**17,033,433**	**139,919,629**	116,760,263	13,147,393	129,907,656	106,774,839	5,343,071	112,117,910
Investment securities	**88,698,215**	**33,727,854**	**122,426,069**	88,117,532	52,490,336	140,607,868	82,565,151	42,833,477	125,398,628
Property and equipment	**3,925,632**	**198,746**	**4,124,378**	4,226,952	197,966	4,424,918	3,150,676	289,227	3,439,903
Right-of-use assets	**108,477**	**15,914**	**124,391**	160,644	12,698	173,342	147,057	27,291	174,348
Intangible assets	**695,950**	**47,565**	**743,515**	1,180,923	73,924	1,254,847	1,217,104	406,542	1,623,646
Deferred tax assets	**1,189,397**	**265,119**	**1,454,516**	274,784	173,350	448,134	330,276	386,327	716,603
Other assets	**1,789,464**	**92,175**	**1,881,639**	842,211	142,606	984,817	679,436	63,564	743,000
Total assets	**253,899,213**	**68,267,087**	**322,166,300**	261,343,869	75,392,292	336,736,161	224,570,658	56,542,239	281,112,897
LIABILITIES									
Deposits from banks	**1,643,955**	**713,717**	**2,357,672**	1,233,317	872,712	2,106,029	1,518,372	198,221	1,716,593
Deposits from non-bank customers	**244,737,470**	**32,176,397**	**276,913,867**	275,861,786	19,316,848	295,178,634	216,138,021	23,069,859	239,207,880
Other borrowed funds	**-**	**3,734,558**	**3,734,558**	-	511,088	511,088	4,001,644	652,356	4,654,000
Derivative financial instruments	**99,116**	**416,390**	**515,506**	196,338	240,690	437,028	281,922	133,355	415,277
Lease liability	**117,963**	**17,306**	**135,269**	160,040	23,479	183,519	156,915	26,134	183,049
Current tax liabilities	**558,588**	**600,750**	**1,159,338**	957,999	34,215	992,214	454,164	81,455	535,619
Pension liabilities	**448,954**	**38,199**	**487,153**	641,216	52,393	693,609	389,712	35,708	425,420
Other liabilities	**3,732,498**	**1,386,112**	**5,118,610**	5,154,332	1,964,857	7,119,189	4,331,218	3,915,870	8,247,088
Total liabilities	**251,338,544**	**39,083,429**	**290,421,973**	284,205,028	23,016,282	307,221,310	227,271,968	28,112,958	255,384,926
SHAREHOLDER'S EQUITY									
Stated capital			**400,000**			400,000			400,000
Capital contribution			**13,054,011**			13,054,011			13,054,011
Retained earnings			**15,022,219**			12,945,766			10,923,822
Other reserves			**3,268,097**			3,115,074			1,350,138
Total equity			**31,744,327**			29,514,851			25,727,971
Total liabilities and equity			**322,166,300**			336,736,161			281,112,897

41. Supplementary information as required by Bank of Mauritius (cont'd)

(b) Operating Income

	Residents	Non Residents	Total	Residents	Non Residents	Total	Residents	Non Residents	Total
	31-Dec 2025	31-Dec 2025	31-Dec 2025	31-Dec 2024	31-Dec 2024	31-Dec 2024	31-Dec 2023	31-Dec 2023	31-Dec 2023
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Continuing operations									
Interest income using the effective interest method	**12,605,896**	**3,559,465**	**16,165,361**	11,878,085	2,828,042	14,706,127	10,691,101	2,096,196	12,787,297
Other interest and similar income	**282,970**	**44,547**	**327,517**	251,563	60,329	311,892	155,201	59,093	214,294
Interest expense using the effective interest method	**(5,988,119)**	**(451,390)**	**(6,439,509)**	(4,989,141)	(488,516)	(5,477,657)	(4,065,477)	(289,199)	(4,354,676)
Other interest and similar expense	**(55,158)**	**(37,034)**	**(92,192)**	(93,625)	(37,753)	(131,378)	(118,327)	(34,062)	(152,389)
Net interest income	**6,845,589**	**3,115,588**	**9,961,177**	7,046,882	2,362,102	9,408,984	6,662,498	1,832,028	8,494,526
Fee and commission income	**1,539,171**	**112,268**	**1,651,439**	1,466,418	199,087	1,665,505	1,382,734	119,641	1,502,375
Fee and commission expense	**(9,165)**	**(77,514)**	**(86,679)**	(7,367)	(77,142)	(84,509)	(5,582)	(96,153)	(101,735)
Net fee and commission income	**1,530,006**	**34,754**	**1,564,760**	1,459,051	121,945	1,580,996	1,377,152	23,488	1,400,640
Other income									
Net trading income	**689,968**	**1,097,936**	**1,787,904**	761,866	1,042,695	1,804,561	863,343	603,916	1,467,259
Net gains / (losses) from financial assets at FVTPL	**73,668**	**1,296**	**74,964**	15	(7,235)	(7,220)	(5,670)	25,451	19,781
Net losses on derecognition of financial assets measured at amortised cost	**-**	**-**	**-**	-	(11,443)	(11,443)	-	(21,394)	(21,394)
Net gains / (losses) on derecognition of financial assets measured at FVTOCI	**1,461**	**147,319**	**148,780**	(4,627)	56,193	51,566	4,421	17,144	21,565
Other operating income	**26,660**	**6,406**	**33,066**	22,120	5,533	27,653	9,704	3,758	13,462
	791,757	**1,252,957**	**2,044,714**	779,374	1,085,743	1,865,117	871,798	628,875	1,500,673
Non interest income	**2,321,763**	**1,287,711**	**3,609,474**	2,238,425	1,207,688	3,446,113	2,248,950	652,363	2,901,313
Operating income	**9,167,352**	**4,403,299**	**13,570,651**	9,285,307	3,569,790	12,855,097	8,911,448	2,484,391	11,395,839

41. Supplementary information as required by Bank of Mauritius (cont'd)

(c) Sectorwise Distribution of Loans and Advances

	Residents	Non Residents	Total	Residents	Non Residents	Total	Residents	Non Residents	Total
	31-Dec 2025	31-Dec 2025	31-Dec 2025	31-Dec 2024	31-Dec 2024	31-Dec 2024	31-Dec 2023	31-Dec 2023	31-Dec 2023
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Other Non-Financial Corporations									
A - Agriculture, forestry and fishing	**3,421,906**	**-**	**3,421,906**	4,142,196	-	4,142,196	2,523,393	561,599	3,084,992
B - Mining and quarrying	**-**	**2,277,604**	**2,277,604**	-	1,080,550	1,080,550	-	-	-
C - Manufacturing	**5,155,352**	**2,503,601**	**7,658,953**	4,935,147	25	4,935,172	3,622,204	-	3,622,204
D - Electricity, gas, steam and air conditioning supply	**903,519**	**-**	**903,519**	762,725	-	762,725	1,170,200	40	1,170,240
E - Water supply; sewerage, waste management and remediation activities	**1,271**	**-**	**1,271**	6,989	-	6,989	6,175	-	6,175
F - Construction	**4,502,396**	**695,847**	**5,198,243**	4,019,968	403,321	4,423,289	4,006,115	-	4,006,115
G - Wholesale and retail trade; and repair of motor vehicles and motorcycles	**4,734,798**	**2,655,678**	**7,390,476**	5,252,182	3,494,827	8,747,009	5,057,081	1,099,875	6,156,956
H - Transportation and storage	**272,738**	**-**	**272,738**	241,061	-	241,061	232,556	-	232,556
I - Accommodation and food service activities	**10,420,954**	**97,601**	**10,518,555**	9,776,801	282,033	10,058,834	11,913,048	365,336	12,278,384
J - Information and communication	**647,902**	**361,813**	**1,009,715**	729,504	435,845	1,165,349	298,401	-	298,401
L - Real estate activities	**10,747,702**	**1,055,544**	**11,803,246**	9,880,790	172,433	10,053,223	11,708,893	211,979	11,920,872
M - Professional, scientific and technical activities	**641,944**	**1,300**	**643,244**	627,462	523,139	1,150,601	310,646	623,290	933,936
N - Administrative and support service activities	**479,264**	**87**	**479,351**	347,256	87	347,343	279,518	87	279,605
P - Education	**146,185**	**-**	**146,185**	141,845	-	141,845	141,896	-	141,896
Q - Human health and social work activities	**42,155**	**-**	**42,155**	36,917	-	36,917	41,087	-	41,087
R - Arts, entertainment and recreation	**69,229**	**-**	**69,229**	101,647	-	101,647	43,328	-	43,328
S - Other service activities	**50,893**	**20**	**50,913**	34,447	12	34,459	29,107	5	29,112
Financial Corporations (excluding Global Business Companies)	**8,963,471**	**1,669,235**	**10,632,706**	4,824,507	1,100,069	5,924,576	4,012,343	83,795	4,096,138
Public Non-Financial Corporations	**9,400,937**	**-**	**9,400,937**	11,562,996	-	11,562,996	9,455,400	-	9,455,400
Global Business Corporations (GBCs)	**3,184,595**	**-**	**3,184,595**	3,167,096	-	3,167,096	3,376,325	-	3,376,325
Households	**66,341,328**	**1,728,655**	**68,069,983**	60,807,311	1,444,057	62,251,368	54,148,784	1,312,330	55,461,114
Central Bank	**-**	**-**	**-**	1	-	1	297	-	297
Banks	**950,098**	**13,176,106**	**14,126,204**	-	7,670,400	7,670,400	-	2,871,466	2,871,466
Non-Bank Deposit Taking Institutions	**12**	**-**	**12**	-	-	-	6,704	-	6,704
Central Government	**3,006**	**4,418,646**	**4,421,652**	4,560	4,398,628	4,403,188	5,382	2,396,756	2,402,138
State and Local Government	**-**	**-**	**-**	-	-	-	-	-	-
Nonprofit Institutions serving resident households	**21,760**	**1**	**21,761**	57,328	-	57,328	26,269	-	26,269
	131,103,415	**30,641,738**	**161,745,153**	121,460,736	21,005,426	142,466,162	112,415,152	9,526,558	121,941,710

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

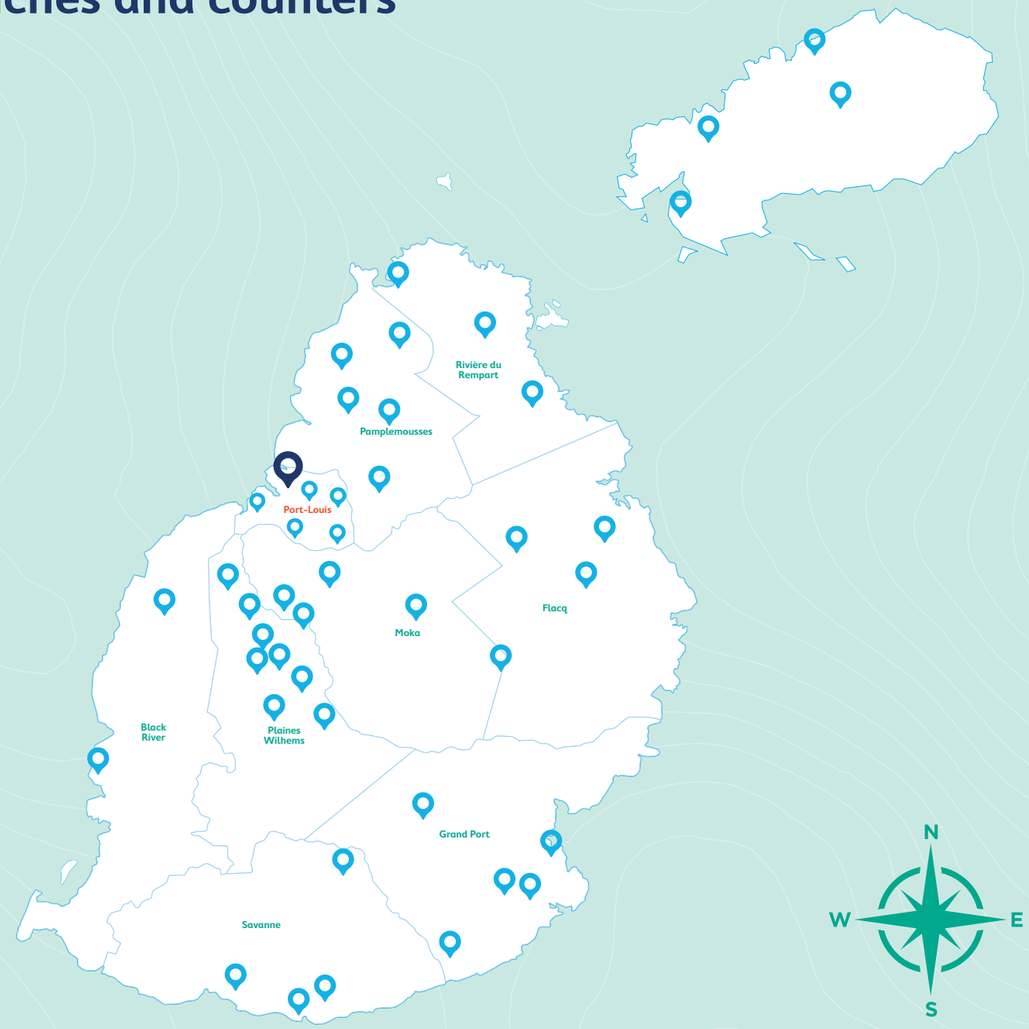
41. Supplementary information as required by Bank of Mauritius (cont'd)

(d) Deposits from non-bank customers

	Residents	Non Residents	Total	Residents	Non Residents	Total	Residents	Non Residents	Total
	31-Dec 2025	31-Dec 2025	31-Dec 2025	31-Dec 2024	31-Dec 2024	31-Dec 2024	31-Dec 2023	31-Dec 2023	31-Dec 2023
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Retail Customers	**135,005,552**	**8,946,026**	**143,951,578**	123,866,127	8,334,647	132,200,774	106,107,827	7,193,774	113,301,601
- Current Accounts	**27,186,500**	**3,484,675**	**30,671,175**	26,406,602	3,704,947	30,111,549	23,634,842	3,491,187	27,126,029
- Savings Accounts	**95,717,937**	**2,175,578**	**97,893,515**	86,343,832	1,918,364	88,262,196	74,263,565	1,719,228	75,982,793
- Time Deposits	**12,101,115**	**3,285,773**	**15,386,888**	11,115,693	2,711,336	13,827,029	8,209,420	1,983,359	10,192,779
Corporate Customers	**92,895,227**	**23,230,371**	**116,125,598**	132,680,912	10,982,201	143,663,113	91,148,037	15,876,085	107,024,122
- Current Accounts	**57,671,555**	**5,114,104**	**62,785,659**	59,832,219	6,979,169	66,811,388	58,212,530	6,404,230	64,616,760
- Savings Accounts	**4,558,835**	**-**	**4,558,835**	4,320,039	-	4,320,039	4,080,451	-	4,080,451
- Time Deposits	**30,664,837**	**18,116,267**	**48,781,104**	68,528,654	4,003,032	72,531,686	28,855,056	9,471,855	38,326,911
Government	**16,836,691**	**-**	**16,836,691**	19,314,747	-	19,314,747	18,882,157	-	18,882,157
- Current Accounts	**12,314,848**	**-**	**12,314,848**	7,946,142	-	7,946,142	6,659,776	-	6,659,776
- Savings Accounts	**3,726,012**	**-**	**3,726,012**	4,217,740	-	4,217,740	3,438,240	-	3,438,240
- Time Deposits	**795,831**	**-**	**795,831**	7,150,865	-	7,150,865	8,784,141	-	8,784,141
	244,737,470	**32,176,397**	**276,913,867**	275,861,786	19,316,848	295,178,634	216,138,021	23,069,859	239,207,880

Additional Information

Branches and counters



LIST OF BRANCHES & COUNTERS

District	Location	Address	Type of Business
Port Louis	Port Louis/Head Office	SBM Tower, 1 Queen Elizabeth II Avenue, Port Louis	Branch
	Pope Henessy Street	18 Jules Koenig Street (opposite the St. Louis cathedral, Port Louis)	Branch
	Cassis	Royal Road, Cassis	Branch
	Plaine Verte	La Paix Square, corner SSR (formerly Desforges) and La Paix Streets, Port Louis	Branch
	Labourdonnais Street	Labourdonnais Street, Port Louis	Branch
	Royal Street	Royal Street, Port Louis	Branch
Black River	Bambous	Royal Road, Bambous	Branch
	Riviere Noire	London Way Shopping Centre Black River Rd - La Preneuse	Branch
Flacq	Bel Air	Royal Road, Bel Air	Branch
	Lallmatie	Royal Road, Lallmatie	Branch
	Central Flacq	Flacq Retail Park, Boulet Rouge, Central Flacq	Branch
	Montagne Blanche	Royal Road, Montagne Blanche	Branch
Grand Port	Rose Belle	Royal Road, Rose Belle	Branch
	Plaine Magnien	Royal Road, Plaine Magnien	Branch
	Mahebourg	Corner Cent Gaulettes and Délices Streets, Mahebourg	Branch

LIST OF BRANCHES & COUNTERS

District	Location	Address	Type of Business
Grand Port	L'Escalier	Royal Road, L'Escalier	Branch
	Plaisance	SSR International Airport, Plaisance	Counter
Moka	St Pierre	L'Agrement, St Pierre	Branch
	Quartier Militaire	Royal Road, Quartier Militaire	Branch
	Reduit	University complex, Réduit	Branch
	Ebène	Ibiza Building, Ground Floor, Lot 15A3, Wall Street, Ebène	Branch
Pamplemousses	Pamplemousses	Royal Road, Pamplemousses	Branch
	SSRN Hospital	SSRNH, Powder Mill Street, Pamplemousses	Branch
	Triolet	Royal Road, Triolet (Near the Triolet Police Station)	Branch
	Long Mountain	Royal Road, Long Mountain	Branch
	Fond du Sac	Royal Road, Fond du Sac	Branch
Plaine Wilhems	Curepipe	Royal Road, Curepipe	Branch
	Candos	Victoria Hospital, Candos	Branch
	Quatre Bornes	27, St Jean Road, Quatre Bornes	Branch
	Rose Hill	Cardinal Margeot Square, Rose Hill	Branch

LIST OF BRANCHES & COUNTERS

District	Location	Address	Type of Business
Plaine Wilhems	Stanley	Hugnin Street, Stanley	Branch
	Mesnil	Royal Road, Mesnil	Branch
	Vacoas	John Kennedy Avenue, Vacoas	Branch
	Beau Bassin	Napier Broome St, Beau Bassin	Branch
Riviere du Rempart	Goodlands	Royal Road, Goodlands	Branch
	Riviere du Rempart	Maurel Road, Riviere Du Rempart	Branch
	Grand Baie	Coeur de Ville, Grand Baie Commercial Complex, La Salette Road, Grand Baie	Branch
Savanne	Surinam	Royal Road, Surinam	Branch
	Rivière des Anguilles	La Barrack Road, Rivière des Anguilles	Branch
	Chemin Grenier	Royal Road, Chemin Grenier	Branch
	Grand Bois	Royal Road, Grand Bois	Branch
Rodrigues	Port Mathurin	Max Lucchesi Street, Port Mathurin	Branch
	Mont Lubin	Mont Lubin	Counter
	La Ferme	La Ferme	Counter
	Plaine Corail	Plaine Corail Airport, Plaine Corail	Counter

Notes



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