

SBM HOLDINGS LTD

INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

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FOR THE SIX MONTHS ENDED 30 JUNE 2021

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Management Discussion and Analysis

The management of SBM Holdings Ltd (the "Group") is pleased to present their Management Discussion and Analysis, in accordance with the Bank of Mauritius Guideline on Public Disclosure of Information for the six months ended 30 June 2021.

Financial Review

Group key financial highlights

	Unaudited Six Months ended 30 June 2021	Unaudited Six Months ended 30 June 2020	Audited Year ended 31 December 2020
Key Financial indicators			
Statement of Profit or Loss (MUR million)			
Net interest income	3,535	3,467	7,196
Operating income	5,734	5,615	11,222
Profit before credit loss expense	2,100	2,360	5,071
Credit loss expense on financial assets and memorandum items	1,162	1,813	3,757
Profit from continuing operations	761	412	1,013
Statement of Financial position (MUR million)			
Total assets	325,096	281,983	288,422
Total gross loans and advances to non bank customers	138,466	132,746	135,983
Deposits from non-bank customers	263,936	207,188	226,862
Tier 1 capital	20,760	21,842	20,626
Total regulatory capital	31,571	31,926	30,669
Risk weighted assets	152,806	144,766	148,284
Shareholders' equity	25,136	26,371	25,196
Share information			
Market price per share (MUR)	4.5	3.9	3.6
Earnings per share (Cents)	29.5	15.9	39.2
Efficiency Ratio (%)			
Cost to income	63.4	58.0	54.8
Performance Ratios (%)			
Capital adequacy ratio	20.7	22.1	20.7
Tier 1 capital adequacy ratio	13.6	15.1	13.9
Return on average shareholders' equity	6.1	3.2	4.1
Return on average assets	0.5	0.3	0.4
Return on average risk-weighted assets	1.0	0.6	0.7
Asset Quality Ratios (%)			
Gross impaired advances to gross advances	12.8	13.6	13.8
Net impaired advances to net advances	4.3	5.9	4.1
Provision coverage ratio	70.0	64.7	64.2
Liquidity Ratio (%)			
Credit to deposit ratio	52.5	64.1	59.9

Management Discussion and Analysis (continued)

Financial Review (continued)

Revenue

Net interest income has increased by 2.0% or 68.2 million from June 2020 to June 2021. As a result of interest expense decreasing consequentially.

Interest expense decreased by MUR 178.4 million compared to the same period last year, and this was driven by an increase in deposits from non bank customers (MUR 263.9 million at 30 June 2021 as opposed to MUR 207.2 million at 30 June 2020).

Non-interest income has increased by MUR 50.8 million as compared to same period last year. The main increases were on account of net trading income amounting to MUR 380.4 million and net gains from financial assets measured at fair value through profit or loss amounting to MUR 44.9 million, offset by a decrease of MUR 250.2 million in net gains on derecognition of financial assets measured at fair value through other comprehensive income and net gains on derecognition of financial assets measured at amortised cost by MUR 57.4 million.

The Group has made a profit before credit loss expense of MUR 2.1 billion for this period as compared to MUR 2.4 billion for same period last year.

Profit after tax for the period stood at MUR 762.9 million.

Cost Control

Non-interest expense of the Group for the period ended 30 June 2021 stood at MUR 3,634.1 million.

	Unaudited	Unaudited	Audited
	Six Months ended 30 June 2021	Six Months ended 30 June 2020	Year ended 31 December 2020
	MUR million	MUR million	MUR million
Personnel expenses	1,600.9	1,422.2	2,859.6
Depreciation of property and equipment	143.7	143.6	290.4
Depreciation of right-of-use assets	103.7	62.5	183.5
Amortisation of intangible assets	402.0	280.6	575.4
Other expenses	1,383.8	1,346.6	2,242.1
Non-interest expense	3,634.1	3,255.6	6,150.9

Total non-interest expense has increased by 11.6% as compared to the same period last year. Depreciation of property and equipment, right of use assets and amortisation of intangible assets has increased by MUR 162.7 million for the period ended June 2021 as compared to the same period last year, coupled with rise in personnel expense by MUR 178.7 million due to annual increase in salary and headcount in continuation to building the human capabilities initiatives.

Credit Exposure

The Group regularly reviews the diversification of its credit portfolio and factors affecting its operating environment. As far as possible, the Group refrains from having concentrations of risk associated with large exposures, representing credit risk concentration through large advances to a single or a group of related clients. While being an important element in the management of risk exposure, the capital strength is a factor that quite often influences the appetite.

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

Management Discussion and Analysis (continued)

Financial Review (continued)

Credit Quality

IFRS 9 addresses classification, measurement and derecognition of financial assets and liabilities, the impairment of financial assets measured at amortised cost or fair value through other comprehensive income and general hedge accounting.

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

Assets and Liabilities

Total assets have increased from MUR 288.4 billion as at 31 December 2020 to MUR 325.1 billion as at 30 June 2021, mainly on account of increase in investment securities, loans and advances as well as cash balances.

Investment in securities amounted to MUR 143.0 billion at 30 June 2021 compared to MUR 121.1 billion at 31 December 2020 representing an increase of MUR 21.9 billion. Investment securities accounted for 44.0 % of total assets at 30 June 2021 (December 2020: 42.0%)

Gross loans and advances to non bank customers stood at MUR 138.5 billion as at June 2021 compared to MUR 136.0 billion as at December 2020, representing an increase of MUR 2.5 billion (1.8%).

Deposits from non-bank customers have increased to reach MUR 263.9 billion as at 30 June 2021 as compared to MUR 226.9 billion as at 31 December 2020.

Capital Structure

The Group has followed the Guidelines of the Bank of Mauritius and has implemented the Standardised Approach to the measurement of credit, market and operational risk.

The Group maintains its capital structure within prudential and supervisory limits and ensures it has adequate capacity for future development and growth.

The table below shows the components of Tier 1 and Tier 2 Capital for the Group and the resulting capital adequacy ratios which stood at 20.7% at 30 June 21 as compared to the statutory requirement of 13.875% including provision for Domestically Systemic Important Banks (D-SIBs) and Capital Conservation Buffer.

	Unaudited Six Months ended 30 June 2021 MUR million	Unaudited Six Months ended 30 June 2020 MUR million	Audited Year ended 31 December 2020 MUR million
Capital Base			
Tier 1	20,760	21,842	20,626
Tier 2	10,812	10,084	10,043
	31,572	31,926	30,669
Risk Weighted Assets			
On balance sheet	129,310	123,529	125,316
Off balance sheet	10,948	10,122	10,663
Operational Risk	11,566	10,525	11,566
Market Risk	982	590	739
	152,806	144,766	148,284
Capital Adequacy Ratio (%)	20.7	22.1	20.7
Tier 1 Capital Adequacy Ratio (%)	13.6	15.1	13.9

The Capital Adequacy Ratio remains unchanged at 20.7% as at 30 June 2021 compared to 31 December 2020.

The USD Class 1 Series Bond amounting to USD 65 million matured on 31 May 2021, the repayment was financed by a private placement of MUR 2 billion.

Management Discussion and Analysis (Continued)

Financial Review (continued)

Capital Structure (continued)

Credit Risk

The Group applies the Guidelines issued by the Bank of Mauritius on Standardised approach to Credit Risk for its evaluation of the Capital requirements for Credit Risk. The regulatory credit risk capital requirement is determined by applying the appropriate risk weights provided in the guidelines to the credit based on its rating assigned by External Credit Assessment Institutions for risk weighted exposures, particularly for sovereign, Central banks of other countries as well as other banking institutions, to each credit exposure.

Risk Management Policies and Controls

The Group has a comprehensive risk management framework to identify, measure, monitor, evaluate and manage the risks assumed in conducting its activities.

The Group has adopted the Basel III recommendations and is compliant with the Bank of Mauritius guidelines.

The Group Risk Management team is responsible for the design and application of risk management framework, and is independent of business units.

The framework is integrated within the Group strategy and business planning processes. The effectiveness of this framework is enhanced by strong risk governance, which includes active participation of the Board of Directors, senior executives and business line management in the risk management process.

Credit Risk Concentration

The Group has complied with the Bank of Mauritius requirements on credit concentration limit and remains within the regulatory limits. Total outstanding credit facilities, net of deposits where there is a right of set off, including guarantees, acceptances, and other similar commitments extended by the Banking Group to any one customer or group of closely-related customers for amounts aggregating more than 10% of its Tier 1 capital amounted to MUR 28.1 billion representing only 135.5% of its Tier 1 capital, well within the 800% allowed under the Bank Of Mauritius (BOM) guideline on credit concentration risk.

Related Party Transactions

The Group provides regular banking services to some of its related parties in the ordinary course of business which are at arm's length and are on terms similar to those offered to non-related parties.

Outstanding loans to executive officers of Group totalled MUR 266.2 million as at 30 June 2021.

On and off balance sheet exposures to related parties after set off amounted to MUR 2,315.4 million representing 1.7% of aggregate on and off balance sheet exposures and 11.2% of Tier 1 Capital, well within the limit of 60% as per the BOM Guideline on related party transactions.

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

Market risk

Market risk is the risk of loss resulting from adverse movement in market rates or prices such as interest rates, foreign exchange rates and equity prices. The Group's market risks are monitored by the Market Risk Team and reported to the Market Risk Forum and Board Risk Committee on a regular basis.

A description of each market risk category is provided below:

Interest rate risk

The Group's interest rate risk arises mostly from mismatches in the repricing of its assets and liabilities. The Group uses an interest rate gap analysis to measure and monitor the interest rate risk. Prudential limits for currency wise gaps, expressed as a percentage of assets, have been set for specific time buckets and earnings at risk is calculated based on different shock scenarios across major currencies.

Management Discussion and Analysis (continued)

Risk Management Policies and Controls (continued)

Market risk (continued)

Interest rate risk (continued)

The Group actively manages its interest rate exposures with the objective of enhancing net interest income within established risk tolerances limits. Interest rate risk arising from the Group's funding and investment activities is managed in accordance with established procedures which are designed to control the risk to income and economic value of shareholders' equity. The impact of the effect of a specified shift in interest rates on the Group's annual net income and the economic value are periodically assessed.

Equity risk

This is the risk of loss due to changes in the prices, volatility of individual equity instruments and equity indices.

Market risk is monitored consistently and reported to the senior management on a daily basis and to Group Asset and Liability Committee ("ALCO"). Movements of major currencies, trends and forecasts are analysed in ALCO. Furthermore, the matching of Group Assets and Liabilities is closely monitored through gap analysis between assets and liabilities.

Foreign Exchange risk

Foreign exchange risk is defined as the risk arising from movement in exchange rate from one currency to another. The Group mitigates this risk by exercising stringent control over its foreign currency exposure by setting prudential limits. The overall exposure to foreign exchange is reported by the Chief Risk Officer to the Group Risk Management Committee ("RMC").

Liquidity risk

Liquidity risk is the risk of potential earnings volatility arising from being unable to fund assets at reasonable rates over required maturities. The Group ensures that sufficient liquidity is maintained to fund its day-to-day operations, meet deposit withdrawals and loan disbursements. Liquidity risk is managed by setting prudential limits on maturity mismatches, liquid assets ratios, concentration of deposits by type and entity. Liquidity gap analysis is used to measure and monitor the mismatches by time buckets and currency under realistic and stress scenarios.

RMC provides senior management oversight of liquidity risk and meets on a monthly basis to review the Group's liquidity profile or more frequently if required.

Operational risk

Operational risk is the risk of loss, whether direct or indirect, to which the Group is exposed due to external events, human error, or the inadequacy or failure of processes, systems or controls. According to the Basel Committee, it is defined as: "the risk of loss resulting from inadequate or failed internal processes, people, systems or external events." Operational risk, in some form, exists in each of the Group's business and support activities, can result in financial loss, regulatory sanctions and damage to Group reputation.

The Group has developed policies, standards and assessment methodologies to ensure that operational risk is appropriately identified, managed and controlled.

Internal audit

The internal audit team directly reports to the Audit Committee. It performs an independent appraisal of the Group's compliance with internal control systems, accounting practices, information systems, providing assurance regarding the Group corporate governance, control systems and risk management processes. This function operates as per good corporate governance practices.

Compliance

The Group is committed to the highest standards of business integrity, transparency and professionalism in its activities. The purpose of the compliance function is to ensure that all business transactions and activities comply with appropriate laws, regulations, policies, guidelines and ethical standards.

The compliance function operates as per good corporate governance practices. This unit is fully operational and attends regularly all the Compliance Committees organised by the Bank of Mauritius. During the period under review, the Group has complied with all regulatory requirements, policies, guidelines and ethical standards.

Statement of Corporate Governance Practices

Company law requires the Board to prepare financial statements for each financial period/year which indicates fairly the financial position, financial performance, changes in equity and cash flows of the Group and the Company. In preparing those financial statements, the Board shall:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

The Directors of the Group are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Banking Act 2004 and the Mauritius Companies Act 2001 as applicable. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors delegates the day to day running of the Group and the Company to the Management. The Board of Directors is made up of Non Executive Members which are as follows:

	Appointment date	Independent/ Non independent
(1) Mr. Abdul Sattar Adam Ali Mamode Hajee Abdoula - Chairman	11 Mar 20	Independent
(2) Mr Jean Paul Emmanuel Arouff	11 Mar 20	Non-Independent
(3) Ms. Shakilla Bibi Jhungeer	13 Mar 20	Independent
(4) Mr Varun Krishn Munoosingh	13 Aug 20	Non-Independent
(5) Mr. Roodesh Muttylall	30 Jun 15	Non-Independent
(6) Ms. Sharon Ramdenee	14 Dec 18	Independent
(7) Mr Visvanaden Soondram	11 Mar 20	Non-Independent
(8) Mr. Subhas Thecka	23 Jun 17	Independent

The Committees reporting to the Board are as follows:

- Audit Committee
- Corporate Governance & Conduct Review Committee
- Nomination & Remuneration Committee
- Risk Management Committee
- Strategy Committee
- Committee of Special Examination
- IT Committee

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

Statement of Management's Responsibility for Financial Reporting

The Group's interim unaudited condensed financial statements have been prepared by management, which is responsible for their integrity, consistency, objectivity and reliability. International Financial Reporting Standards, as well as the requirements of the Banking Act 2004, the Mauritius Companies Act 2001 and other applicable laws and regulations have been applied and management has exercised its judgement and made best estimates as deemed necessary.

The Group has designed and maintained its accounting systems, related internal controls and stringent procedures, to provide reasonable assurance that financial records are complete and accurate and that assets are safeguarded against loss from unauthorised use or disposal. These processes include careful selection and training of qualified staff, the implementation of organisational and governance structures providing a well defined division of responsibilities, authorisation levels and accountability for performance, and the communication of the Group policies, procedures manuals and guidelines throughout the Group.

The Group's Board of Directors, acting in part through the Audit Committee, which consists of independent directors, oversees management's responsibility for financial reporting, internal controls, assessment and control of major risk areas and assessment of significant related party transactions.

The Group's Internal Auditor, who has full and free access to the Audit Committee, conducts a well designed programme of internal audits in coordination with the Group's external auditor. In addition, the Group's compliance function maintains policies, procedures and programmes directed at ensuring compliance with regulatory requirements.

Pursuant to the provisions of the Banking Act 2004, the Bank of Mauritius makes such examination and inquiry into the operations and affairs of the Group as it deems necessary.

The Group's External Auditor, Deloitte, has full and free access to the Board of Directors and its committees to discuss the audit and matters arising therefrom, such as their observations on the fairness of financial reporting and the adequacy of internal controls.

Approved by the Board on **12 August 2021** and signed on its behalf by:



Abdul Sattar Adam Ali Mamode Hajee Abdoula
Chairman



Subhas THECKA
Director

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

Introduction

We have reviewed the accompanying interim unaudited condensed financial statements set out on pages 10 to 32 which comprise the interim unaudited condensed statements of financial position of **SBM Holdings Ltd ("the Company")** and of its subsidiaries ("**the Group**") as at 30 June 2021, and the related interim unaudited condensed statements of profit or loss and statements of other comprehensive income, interim unaudited condensed statements of changes in equity, interim unaudited condensed statements of cash flows and other explanatory notes for the quarter and six months then ended. The Board of directors and management are responsible for the preparation and presentation of these unaudited condensed interim financial statements in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on these unaudited condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements ("ISRE") 2410: "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim unaudited condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.



Deloitte

Chartered Accountants

12 August 2021

SBM HOLDINGS LTD
INTERIM UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2021

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Notes	The Group			The Company		
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
	30 June 2021	30 June 2020	31 December 2020	30 June 2021	30 June 2020	31 December 2020
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
ASSETS						
Cash and cash equivalents	5	32,753,097	15,517,708	21,577,245	42,426	53,277
Mandatory balances with central bank		12,306,063	11,151,632	11,290,363	-	-
Loans to and placements with banks	6	1,941,829	4,747,772	3,130,387	-	-
Derivative financial instruments		795,804	1,140,412	809,379	-	-
Loans and advances to non-bank customers	7	123,669,349	118,652,418	120,239,381	-	-
Investment securities	8	142,985,705	120,103,258	121,053,397	6,912,317	7,404,438
Investment in subsidiaries		-	-	-	29,344,202	29,523,743
Property and equipment		3,291,539	3,283,349	3,207,034	1,710	2,779
Right of use assets		780,528	783,877	807,230	-	-
Goodwill and other intangible assets		1,961,087	2,523,777	2,296,694	746	1,020
Deferred tax assets		943,741	500,067	806,110	-	-
Other assets		3,667,353	3,578,371	3,204,894	113,300	163,374
Total assets		325,096,095	281,982,641	288,422,094	36,414,701	37,445,156
LIABILITIES						
Deposits from banks		1,726,566	846,759	1,403,315	-	-
Deposits from non-bank customers	9	263,935,693	207,187,607	226,862,221	-	-
Other borrowed funds		12,649,671	27,557,040	15,017,177	-	-
Derivative financial instruments		879,211	1,358,457	1,279,984	-	81,783
Lease liabilities		774,775	776,088	804,407	-	-
Current tax liabilities		150,930	194,852	260,225	-	-
Pension liability		744,206	240,694	743,807	6,768	1,148
Other liabilities		9,274,982	7,209,026	6,711,844	135,839	114,593
Subordinated debts		9,823,959	10,241,235	10,142,786	9,823,959	10,241,235
Total liabilities		299,959,993	255,611,758	263,225,766	9,966,566	10,438,759
SHAREHOLDERS' EQUITY						
Stated capital		32,500,204	32,500,204	32,500,204	32,500,204	32,500,204
Retained earnings		1,516,699	1,212,457	893,576	235,905	203,037
Other reserves		(4,005,770)	(2,466,747)	(3,322,421)	(1,412,943)	(821,813)
		30,011,133	31,245,914	30,071,359	31,323,166	31,881,428
Less: Treasury shares		(4,875,031)	(4,875,031)	(4,875,031)	(4,875,031)	(4,875,031)
Total equity attributable to equity holders of the parent		25,136,102	26,370,883	25,196,328	26,448,135	27,006,397
Total equity and liabilities		325,096,095	281,982,641	288,422,094	36,414,701	37,445,156
Memorandum items	10	38,255,085	30,073,792	33,126,827		

Approved by the Board of Directors and authorised for issue on 12 August 2021.

Abdul Sattar Adam Ali Mamode Hajee Abdoula
Chairman

Subhas THECKA
Director

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

SBM HOLDINGS LTD
INTERIM UNAUDITED CONDENSED STATEMENTS OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

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Notes	The Group				The Company				
	Unaudited	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Unaudited	Audited	
	Quarter ended 30 June 2021 MUR' 000	Quarter ended 30 June 2021 MUR' 000	Six Months ended 30 June 2021 MUR' 000	Year ended 31 December 2020 MUR' 000	Quarter ended 30 June 2021 MUR' 000	Quarter ended 30 June 2021 MUR' 000	Six Months ended 30 June 2021 MUR' 000	Year ended 31 December 2020 MUR' 000	
Continuing Operations	Interest income using the effective interest method	2,825,142	2,728,930	5,500,449	5,611,174	11,054,390	13,410	25,669	52,286
	Other interest income	41,715	59,016	123,094	122,560	202,013	-	-	-
	Interest expense using the effective interest method	(982,024)	(984,074)	(1,834,228)	(2,080,007)	(3,625,431)	(118,697)	(213,321)	(444,508)
	Other interest expense	(99,726)	(105,742)	(254,477)	(187,133)	(434,831)	(10,490)	(30,575)	(50,728)
	Net interest income / (expense)	1,815,107	1,698,125	3,524,838	3,466,594	7,196,141	(115,777)	(218,227)	(442,950)
11	Fee and commission income	399,322	374,864	813,573	780,312	1,451,371	-	-	-
	Fee and commission expense	(20,828)	(13,111)	(40,037)	(28,091)	(57,312)	-	(1)	(13)
12	Net fee and commission income / (expense)	378,494	361,753	773,636	754,221	1,394,059	-	(1)	(13)
13	Net trading income/(expense)	470,424	247,447	919,933	539,560	1,049,474	-	-	(17)
14	Net (loss)/gain from financial assets at fair value through profit or loss	(29,343)	(19,913)	(45,036)	(89,936)	4,708	36,309	40,379	376,448
	Net (loss)/gain on derecognition of financial assets measured at amortised cost	(281,905)	41,172	6,324	63,701	180,325	1,524	772	2,372
Net gain on derecognition of financial assets measured at fair value through other comprehensive income	Other operating (loss)/ income	528,174	515,339	855,515	805,672	1,245,740	-	-	-
	Other operating (loss)/ income	(10,846)	74,057	(10,846)	75,558	151,114	40,000	905,704	274,467
	Non-interest income	1,044,898	2,199,526	2,199,526	2,148,776	4,025,420	537,011	546,854	653,274
	Operating income / (loss)	2,980,005	2,917,980	5,734,364	5,615,370	11,221,561	429,688	328,627	210,324
	Personnel expenses	(799,505)	(729,071)	(1,500,800)	(1,422,223)	(2,859,550)	(23,304)	(39,843)	(56,583)
15	Depreciation of property and equipment	(72,673)	(71,564)	(143,655)	(143,600)	(290,350)	(543)	(485)	(1,671)
	Depreciation of right-of-use assets	(52,770)	(45,423)	(103,735)	(62,503)	(183,480)	-	-	-
	Amortisation of intangible assets	(200,769)	(142,108)	(401,945)	(280,614)	(575,386)	(69)	(137)	(274)
	Other expenses	(710,379)	(507,297)	(1,383,862)	(1,346,610)	(2,242,163)	(167,364)	(323,732)	(529,347)
	Impairment of investment in subsidiaries	-	-	-	-	-	-	-	-
16	Non-interest expense	(1,836,096)	(1,495,463)	(3,634,117)	(3,255,550)	(6,150,829)	(190,959)	(384,197)	(724,000)
	Profit/(loss) before credit loss expense	1,023,909	1,422,517	2,100,247	2,359,820	5,070,632	238,689	(35,570)	(501,551)
	Credit loss expense on financial assets and memorandum items	(615,508)	(948,639)	(1,162,069)	(1,812,786)	(3,757,402)	-	-	(217)
	Profit/(loss) before income tax	408,401	473,878	938,178	547,034	1,313,230	238,689	(35,570)	(501,768)
	Tax (expense) / credit	(83,337)	(63,481)	(177,206)	(135,495)	(300,126)	-	-	336
21	Profit/(loss) for the period/year from continuing operations	345,064	410,397	760,972	411,539	1,013,104	238,689	(35,570)	(501,432)
	Discontinued operations	-	-	-	-	-	-	-	-
Earnings per share:	Profit for the period/year from discontinued operations	-	32,850	1,881	37,434	7,906	-	-	-
	Profit/(loss) for the period/year attributable to equity holders of the parent	345,064	443,247	762,853	448,973	1,021,010	238,689	(35,570)	(501,432)
	From continuing operations	13.4	15.9	29.5	15.9	39.2	-	-	-
	Basic (Cents)	13.4	15.9	29.5	15.9	39.2	-	-	-
	Diluted (Cents)	13.4	15.9	29.5	15.9	39.2	-	-	-
From continuing operations and discontinued operations	Basic (Cents)	13.4	17.2	29.5	17.4	39.5	-	-	-
	Diluted (Cents)	13.4	17.2	29.5	17.4	39.5	-	-	-

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

SBM HOLDINGS LTD
INTERIM UNAUDITED CONDENSED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2021

12

	The Group				The Company			
	Unaudited Quarter ended	Unaudited Quarter ended	Unaudited Six Months ended	Audited Year ended	Unaudited Quarter ended	Unaudited Six Months ended	Unaudited Six Months ended	Audited Year ended
	30 June 2021 MUR' 000	30 June 2020 MUR' 000	30 June 2021 MUR' 000	31 December 2020 MUR' 000	30 June 2021 MUR' 000	30 June 2021 MUR' 000	30 June 2020 MUR' 000	31 December 2020 MUR' 000
Profit/(loss) for the period/year from continuing operations	345,064	443,247	762,853	1,021,010	238,689	(35,570)	(577,160)	(501,432)
Other comprehensive income :								
<i>Items that will not be reclassified subsequently to profit or loss:</i>								
Increase in revaluation of property	-	-	-	754	-	-	-	-
Revaluation gains on equity instruments measured at FVTOCI	404	-	404	(591,373)	-	-	-	(591,373)
Remeasurement of defined benefit pension plan	-	-	-	(747,337)	-	-	-	(7,281)
Deferred tax on remeasurement of defined benefit pension plan	-	-	-	51,409	-	-	-	-
	404	-	404	(1,286,547)	-	-	-	(598,664)
<i>Items that may be reclassified subsequently to profit or loss:</i>								
Exchange differences on translation of foreign operations	369,931	(17,883)	578,475	88,905	-	-	-	-
Reclassification of translation reserve to profit or loss on deconsolidation of subsidiary	(44,423)	-	(44,423)	-	-	-	-	-
Recycling of reserves on derecognition of investment in associate	-	-	-	24,166	-	-	-	-
Investment securities measured at FVTOCI								
Movement in fair value during the period/year	(588,790)	2,330,357	(532,453)	2,035,417	-	(9)	5	258
Reclassification of (losses)/gains included in profit or loss on derecognition	(287,286)	(1,096,006)	(555,519)	(1,235,216)	-	-	-	-
Credit (loss)/allowance relating to debt instruments held at FVTOCI	(2,940)	28,103	30,433	474	-	-	-	-
	(533,608)	1,242,571	(523,453)	913,744	-	(9)	5	258
Total other comprehensive (loss) / income	(533,104)	1,242,571	(523,079)	(372,803)	-	(9)	5	(598,406)
Total comprehensive (loss) / income attributable to equity holders of the parent	(188,040)	1,655,818	(60,226)	648,207	238,689	(35,579)	(577,155)	(1,099,838)

The notes on page 18 to 32 form an integral part of these interim unaudited financial statements.

SBM HOLDINGS LTD

INTERIM UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

13

The Group	Stated capital MUR' 000	Treasury shares MUR' 000	Statutory reserve MUR' 000	Retained earnings MUR' 000	Property revaluation reserve MUR' 000	Other reserves (Note 22) MUR' 000	Total equity MUR' 000
At 01 January 2020	32,500,204	(4,875,031)	687,074	1,114,355	383,615	(5,262,096)	24,548,121
Profit for the period	-	-	-	448,973	-	-	448,973
Other comprehensive income for the period	-	-	-	-	-	1,373,789	1,373,789
Total comprehensive income for the period	-	-	-	448,973	-	1,373,789	1,822,762
Reclassification from other reserve to revaluation reserve	-	-	-	-	(2,019)	2,019	-
Transfer from retained earnings to statutory reserve	-	-	2,531	(2,531)	-	-	-
Revaluation surplus realised on depreciation	-	-	-	25,629	(25,629)	-	-
Transfer from retained earnings to other reserve	-	-	-	(373,969)	-	373,969	-
At 30 June 2020	32,500,204	(4,875,031)	689,605	1,212,457	355,967	(3,512,319)	26,370,883
At 01 January 2020	32,500,204	(4,875,031)	687,074	1,114,355	383,615	(5,262,096)	24,548,121
Profit for the year	-	-	-	1,021,010	-	-	1,021,010
Other comprehensive (loss) / income for the year	-	-	-	(995,928)	754	322,371	(372,803)
Total comprehensive income for the year	-	-	-	325,082	754	322,371	648,207
Reclassification of reserves	-	-	6,709	(10,125)	2,285	1,131	-
Revaluation surplus realised on depreciation	-	-	-	53,505	(53,505)	-	-
Transfer from retained earnings to other reserve	-	-	-	(589,241)	-	589,241	-
At 31 December 2020	32,500,204	(4,875,031)	693,783	893,576	333,149	(4,349,353)	25,196,328
At 01 January 2021	32,500,204	(4,875,031)	693,783	893,576	333,149	(4,349,353)	25,196,328
Profit for the period	-	-	-	762,853	-	-	762,853
Other comprehensive (loss) for the period	-	-	-	-	-	(823,079)	(823,079)
Total comprehensive income / (loss) for the period	-	-	-	762,853	-	(823,079)	(60,226)
Revaluation surplus realised on depreciation	-	-	-	25,797	(25,797)	-	-
Transfer from retained earnings to statutory reserve	-	-	106,477	(106,477)	-	-	-
Transfer from statutory reserve to other reserve	-	-	(18,808)	-	-	18,808	-
Transfer from retained earnings to other reserve	-	-	-	(59,050)	-	59,050	-
30 June 2021	32,500,204	(4,875,031)	781,452	1,516,699	307,352	(5,094,574)	25,136,102

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

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

SBM HOLDINGS LTD
INTERIM UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2021

14

	Stated capital	Treasury shares	Retained earnings	Net unrealised investment fair value reserve	Total equity
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
The Company					
At 01 January 2020	32,500,204	(4,875,031)	780,197	(821,818)	27,583,552
Loss for the period	-	-	(577,160)	-	(577,160)
Other comprehensive income for the period	-	-	-	5	5
Total comprehensive (loss)/ income for the period	-	-	(577,160)	5	(577,155)
At 30 June 2020	32,500,204	(4,875,031)	203,037	(821,813)	27,006,397
At 01 January 2020	32,500,204	(4,875,031)	780,197	(821,818)	27,583,552
Loss for the year	-	-	(501,432)	-	(501,432)
Other comprehensive loss for the year	-	-	(7,290)	(591,116)	(598,406)
Total comprehensive loss for the year	-	-	(508,722)	(591,116)	(1,099,838)
At 31 December 2020	32,500,204	(4,875,031)	271,475	(1,412,934)	26,483,714
At 01 January 2021	32,500,204	(4,875,031)	271,475	(1,412,934)	26,483,714
Loss for the period	-	-	(35,570)	-	(35,570)
Other comprehensive loss for the period	-	-	-	(9)	(9)
Total comprehensive loss for the period	-	-	(35,570)	(9)	(35,579)
At 30 June 2021	32,500,204	(4,875,031)	235,905	(1,412,943)	26,448,135

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

SBM HOLDINGS LTD
INTERIM UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

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	The Group			The Company		
	Unaudited Six Months ended	Unaudited Six Months ended	Audited Year ended 31 December 2020	Unaudited Six Months ended	Unaudited Six Months ended	Audited Year ended 31 December 2020
Note	30 June 2021	30 June 2020		30 June 2021	30 June 2020	2020
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Net cash generated from / (used in) operating activities	14,587,195	(16,539,210)	2,197,241	219,165	(205,005)	(400,801)
Net cash (used in) / generated from financing activities	(3,118,288)	14,184,007	1,377,245	(660,754)	-	350,000
Net cash (used in)/generated from investing activities	(293,656)	(307,479)	(181,545)	179,542	79,650	176,642
Net change in cash and cash equivalents	11,175,251	(2,662,682)	3,392,941	(262,047)	(125,355)	125,841
Expected credit loss allowance on cash and cash equivalents	601	(736)	3,178	-	-	-
Cash and cash equivalents at beginning of period/year	21,577,245	18,181,126	18,181,126	304,473	178,632	178,632
Cash and cash equivalents at period/year end	32,753,097	15,517,708	21,577,245	42,426	53,277	304,473

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

1 General information

SBM Holdings Ltd (the "Company") is a public company incorporated on 18 November 2010 and domiciled in Mauritius. The Company is listed on the Stock Exchange of Mauritius as from 03 October 2014 pursuant to the Group restructuring approved by the Bank of Mauritius. The address of its registered office is SBM Tower, 1 Queen Elizabeth II Avenue, Port Louis, Mauritius.

The Group operates in the financial services sector, principally commercial banking. The interim unaudited condensed financial statements are presented in Mauritian Rupee, which is the Group's and Company's functional and presentation currency. All values are rounded to the nearest thousand (MUR'000), except where otherwise indicated.

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

In the current period, the Group and the Company have applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to their operations and effective for accounting periods beginning on 01 January 2021.

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

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

IAS 39 Financial Instruments: Recognition and Measurement Amendments regarding replacement issues in the context of the IBOR reform

IFRS 7 Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform

IFRS 9 Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform

IFRS 16 Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19 - related rent concession is a lease modification

IFRS 16 Leases - Amendments regarding replacement issues in the context of the IBOR reform

Other standards, amendments and interpretations, which are effective for the period beginning on 01 January 2021, are not relevant to the Group and the Company.

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

IAS 1 Presentation of Financial Statements - Amendments regarding classification of liabilities (effective 1 January 2023)

IAS 1 Presentation of Financial Statements - Amendments regarding the disclosure of accounting policies (effective 01 January 2023)

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

IAS 12 Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations (effective 01 January 2023)

IAS 16 Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (effective 01 January 2022)

IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous (effective 01 January 2022)

IFRS 9 Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018 - 2020 (fees in the '10 per cent' test for derecognition of financial liabilities) (effective 1 January 2022)

IFRS 16 Leases - Amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification (effective 1 April 2021)

The directors anticipate that these amendments will be adopted in the financial statements for the annual periods beginning on the respective dates as indicated above. The directors have not yet had an opportunity to consider the potential impact of the adoption of these amendments.

3 Accounting policies

These interim unaudited condensed financial statements do not include all the information and disclosures contained in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2020, which have been prepared under International Financial Reporting Standards (IFRSs).

(a) Basis of preparation

These interim unaudited condensed financial statements for the six months ended 30 June 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting. The accounting policies adopted in the preparation of the interim unaudited condensed financial statements for the period ended 30 June 2021 are consistent with those followed in the preparation of the Group's audited financial statements for the year ended 31 December 2020, except for the adoption of new standards and interpretations effective as from 01 January 2021. The nature and the effect of these changes are disclosed above in 2(a).

3 Accounting policies (Continued)**(b) Comparative figures**

Where necessary, the figures for the period ended 30 June 2020 are restated or reclassified to conform with changes in presentation or in accounting policies applied in the audited financial statements for the year ended 31 December 2020.

4 Significant accounting judgements and estimates

The preparation of interim unaudited condensed financial statements requires the directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim unaudited condensed financial statements, the significant judgements made by the directors in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2020.

5 Cash and cash equivalents

	The Group			The Company		
	Unaudited 30 June 2021 MUR' 000	Unaudited 30 June 2020 MUR' 000	Audited 31 December 2020 MUR' 000	Unaudited 30 June 2021 MUR' 000	Unaudited 30 June 2020 MUR' 000	Audited 31 December 2020 MUR' 000
Cash in hand	1,605,531	1,437,130	2,016,632	-	-	-
Foreign currency notes and coins	1,170,650	1,121,689	1,318,174	-	-	-
Unrestricted balances with central banks	21,524,253	6,418,675	11,290,418	-	-	-
Loans and placements with banks	3,189,237	2,113,308	2,543,251	-	-	-
Balances with banks	5,264,496	4,432,491	4,410,441	42,426	53,277	304,473
	32,754,167	15,523,293	21,578,916	42,426	53,277	304,473
Less expected credit loss allowance	(1,070)	(5,585)	(1,671)	-	-	-
	32,753,097	15,517,708	21,577,245	42,426	53,277	304,473

An analysis of changes in the corresponding ECL allowances is, as follows:

	THE GROUP		
	Unaudited 30 June 2021 MUR' 000 Stage 1	Unaudited 30 June 2020 MUR' 000 Stage 1	Audited 31 December 2020 MUR' 000 Stage 1
ECL allowance as at 01 Janaury	5,585	1,671	4,849
Movement for the year	1,070	5,585	1,671
Assets repaid	(5,585)	(1,671)	(4,849)
ECL allowance as at 30 June / 31 December	1,070	5,585	1,671

6 Loans to and placements with banks

	The Group		
	Unaudited 30 June 2021 MUR' 000	Unaudited 30 June 2020 MUR' 000	Audited 31 December 2020 MUR' 000
Loans to and placements with banks	-	692,583	353,508
- In Mauritius	1,962,579	4,083,444	2,797,237
- Outside Mauritius	1,962,579	4,776,027	3,150,745
Less expected credit loss allowance	(20,750)	(28,255)	(20,358)
	1,941,829	4,747,772	3,130,387

6 Loans to and placements with banks (Continued)

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

	Unaudited 30 June 2021 Stage 1 MUR' 000	Unaudited 30 June 2020 Stage 1 MUR' 000	Audited 31 December 2020 Stage 1 MUR' 000
Internal rating grade			
Performing			
High grade	-	-	-
Standard grade	1,629,313	3,584,363	2,807,724
Sub-standard grade	333,266	1,191,664	343,021
	1,962,579	4,776,027	3,150,745
Less expected credit loss allowance	(20,750)	(28,255)	(20,358)
Total	1,941,829	4,747,772	3,130,387

7 Loans and advances to non-bank customers

	The Group		
	Unaudited 30 June 2021 MUR' 000	Unaudited 30 June 2020 MUR' 000	Audited 31 December 2020 MUR' 000
Retail customers	42,444,268	40,830,874	41,555,983
- Credit cards	475,304	468,253	510,114
- Mortgages	28,492,117	26,206,998	27,601,971
- Other retail loans	13,476,847	14,155,623	13,443,898
Corporate customers	47,511,025	48,639,452	47,903,770
Government	7,554	8,121	7,705
Entities outside Mauritius (including offshore / Global Business Licence Holders)	48,503,453	43,267,400	46,515,477
Gross Loans and advances	138,466,300	132,745,847	135,982,935
Less expected credit loss allowance	(14,796,951)	(14,093,429)	(15,743,574)
Net Loans and advances	123,669,349	118,652,418	120,239,361

(a) Gross advances by sectors

	The Group		
	Unaudited 30 June 2021 MUR' 000	Unaudited 30 June 2020 MUR' 000	Audited 31 December 2020 MUR' 000
Agriculture and fishing	3,149,828	4,936,900	4,884,288
Manufacturing	11,489,798	10,142,016	12,257,856
of which EPZ	1,905,731	1,870,008	1,778,560
Tourism	15,959,252	13,639,456	16,326,449
Transport	4,140,476	3,904,983	3,745,354
Construction	13,321,445	10,669,613	11,705,352
Financial and business services	9,144,577	13,185,780	9,383,774
Traders	15,945,268	14,875,666	14,678,244
Personal	45,642,828	41,379,597	42,908,381
of which credit cards	1,431,922	501,474	577,282
Professional	277,779	179,589	379,839
Global Business Licence holders	4,827,992	10,375,970	8,565,272
Others	14,567,057	9,456,277	11,148,126
	138,466,300	132,745,847	135,982,935

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

(b) Credit quality and risk exposure

The Group Unaudited				
00 January 1900				
Internal rating grade	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Performing				
High grade	44,795,864	1,290,857	-	46,086,721
Standard grade	45,503,819	6,440,043	-	51,943,862
Sub-standard grade	7,888,569	13,665,213	-	21,553,782
Past due but not impaired	-	1,136,810	-	1,136,810
Non-performing				
Individually impaired	-	-	17,745,125	17,745,125
Total	98,188,252	22,532,923	17,745,125	138,466,300
Less expected credit loss allowance	(949,639)	(1,426,559)	(12,420,753)	(14,796,951)
Net loans and advances	97,238,613	21,106,364	5,324,372	123,669,349

The Group made a write off of MUR 2.3 billion during the first half of 2021.

The Group Unaudited				
30 June 2020				
Internal rating grade	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Performing				
High grade	42,469,168	1,984,949	-	44,454,117
Standard grade	44,085,161	6,028,415	416,159	50,529,735
Sub-standard grade	10,750,564	8,313,332	-	19,063,896
Past due but not impaired	103,189	971,233	-	1,074,422
Non-performing				
Individually impaired	-	-	17,623,677	17,623,677
Total	97,408,082	17,297,929	18,039,836	132,745,847
Less expected credit loss allowance	(906,494)	(1,518,051)	(11,668,884)	(14,093,429)
Net loans and advances	96,501,588	15,779,878	6,370,952	118,652,418

The Group Audited				
31 December 2020				
Internal rating grade	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Performing				
High grade	41,942,338	1,442,105	-	43,384,443
Standard grade	44,793,986	8,836,941	-	53,630,927
Sub-standard grade	11,176,371	7,333,128	-	18,509,499
Past due but not impaired	-	1,736,224	-	1,736,224
Non-performing				
Individually impaired	-	-	18,721,842	18,721,842
Total	97,912,695	19,348,398	18,721,842	135,982,935
Less expected credit loss allowance	(951,035)	(1,050,019)	(13,742,520)	(15,743,574)
Net loans and advances	96,961,660	18,298,379	4,979,322	120,239,361

SBM HOLDINGS LTD
NOTES TO AND FORMING PART OF THE INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

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8 Investment securities

	The Group			The Company		
	Unaudited 30 June 2021 MUR' 000	Unaudited 30 June 2020 MUR' 000	Audited 31 December 2020 MUR' 000	Unaudited 30 June 2021 MUR' 000	Unaudited 30 June 2020 MUR' 000	Audited 31 December 2020 MUR' 000
Measured at:						
Debts securities at amortised cost	64,942,617	44,765,259	45,901,246	1,379,520	1,022,522	1,077,577
Debt securities at fair value through other comprehensive income	66,675,522	62,861,854	58,899,447	9,557	8,494	8,637
Debt securities at Fair value through profit or loss	4,711,328	5,138,502	9,580,368	265,379	667,437	661,057
Equity securities designated at FVTOCI	5,137,383	6,015,694	5,181,355	3,636,307	4,227,687	3,636,307
Equity shares measured at FVTPL	1,622,332	1,479,049	1,622,852	1,622,332	1,479,049	1,622,332
	143,089,182	120,260,358	121,185,268	6,913,095	7,405,189	7,005,910
Less expected credit loss allowance	(103,477)	(157,100)	(131,871)	(778)	(751)	(778)
	142,985,705	120,103,258	121,053,397	6,912,317	7,404,438	7,005,132

9 Deposits from non-bank customers

	The Group		
	Unaudited 30 June 2021 MUR'000	Unaudited 30 June 2020 MUR'000	Audited 31 December 2020 MUR'000
Retail	114,289,391	100,914,135	104,387,700
Corporate	130,405,134	92,015,986	106,532,550
Government	19,241,168	14,257,486	15,941,971
	263,935,693	207,187,607	226,862,221

10 Memorandum Items

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

	The Group		
	Unaudited 30 June 2021 MUR'000	Unaudited 30 June 2020 MUR'000	Audited 31 December 2020 MUR'000
Acceptances on account of customers	664,196	916,356	361,590
Guarantees on account of obligations on account of customers	12,659,862	11,123,631	11,433,868
Undrawn credit facilities	2,230,655	863,318	3,974,549
Other contingent items	17,624,928	15,730,813	15,342,522
	2,938,726	(7,400)	202,295
	36,118,367	28,626,718	31,314,824

Others

	The Group		
	Unaudited 30 June 2021 MUR'000	Unaudited 30 June 2020 MUR'000	Audited 31 December 2020 MUR'000
Inward bills held for collection	343,989	211,482	227,129
Outward bills sent for collection	1,792,729	1,235,592	1,584,874
	2,136,718	1,447,074	1,812,003
Total	38,255,085	30,073,792	33,126,827

SBM HOLDINGS LTD
**NOTES TO AND FORMING PART OF THE INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021**
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10 Memorandum Items (continued)
Acceptance, guarantees, letter of credit, endorsements and other obligations on account of customers (Continued)

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification.

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

Unaudited 30 June 2020			
Internal rating grade	Stage 1 Individual	Stage 2 Individual	Stage 3 Total
	MUR' 000	MUR' 000	MUR' 000
Performing			
High grade	18,107,935	77,781	-
Standard grade	4,449,815	289,064	-
Sub-standard grade	5,477,855	1,670,477	-
Non-performing			
Individually impaired	-	-	865
Total	28,035,605	2,037,322	865
Less: expected credit losses classified under other liabilities	(118,599)	(25,054)	(5,653)
	27,917,006	2,012,268	(4,788)

Audited 31 December 2020			
Internal rating grade	Stage 1 Individual	Stage 2 Individual	Stage 3 Total
	MUR' 000	MUR' 000	MUR' 000
Performing			
High grade	16,897,993	8,047	-
Standard grade	8,939,807	334,060	-
Sub-standard grade	5,652,054	1,050,223	-
Past due but not impaired	-	54,140	-
Non-performing			
Individually impaired	-	-	190,503
Total	31,489,854	1,446,470	190,503
Less: expected credit losses classified under other liabilities	(106,504)	(111,407)	(150,812)
	31,383,350	1,335,063	39,691

11 Net interest income/(expense)

	The Group				The Company			
	Unaudited Quarter ended 30 June 2021 MUR'000	Unaudited Quarter ended 30 June 2020 MUR'000	Unaudited Six Months ended 30 June 2021 MUR' 000	Unaudited Six Months ended 30 June 2020 MUR'000	Unaudited Quarter ended 30 June 2020 MUR'000	Unaudited Six Months ended 30 June 2021 MUR' 000	Unaudited Quarter ended 30 June 2020 MUR' 000	Audited Year ended 31 December 2020 MUR' 000
Interest income using the effective interest method								
Cash and cash equivalents	19,874	32,531	43,483	71,957	-	-	-	-
Loans to and placements with banks	11,319	45,343	25,927	87,785	-	-	-	-
Loans and advances to non bank customers	1,779,517	1,587,810	3,498,139	3,361,779	-	-	-	-
Investment securities at amortised cost	814,937	748,753	1,535,702	1,446,727	13,163	25,484	26,202	51,929
Investment securities at FVTOCI	199,495	314,493	397,198	642,926	247	185	358	357
Other	-	-	-	22,672	-	-	-	-
	2,825,142	2,728,930	5,500,449	5,611,174	13,410	25,669	26,560	52,286
Other interest income								
Investment securities	(6,866)	(2,680)	(14,290)	(2,109)	-	-	-	-
Derivative financial instruments	48,581	61,696	137,384	124,669	-	-	-	-
	-	-	-	-	-	-	-	-
	41,715	59,016	123,094	122,560	-	-	-	-
Total interest income	2,866,857	2,787,946	5,623,543	5,733,734	13,410	25,669	26,560	52,286
Interest expense								
Deposits from non-bank customers	(693,535)	(658,129)	(1,313,526)	(1,465,856)	-	-	-	-
Other borrowed funds	(137,171)	(191,939)	(278,750)	(349,799)	(479)	(479)	-	-
Subordinated debts	(107,589)	(118,697)	(212,842)	(236,932)	(118,697)	(212,842)	(236,932)	(444,508)
Interest expense on lease liabilities	(13,729)	(15,309)	(29,110)	(27,420)	-	-	-	-
	(952,024)	(984,074)	(1,834,228)	(2,080,007)	(118,697)	(213,321)	(236,932)	(444,508)
Total interest expense	(952,024)	(984,074)	(1,834,228)	(2,080,007)	(118,697)	(213,321)	(236,932)	(444,508)
Other interest expense								
Derivative financial instruments	(99,726)	(105,747)	(254,477)	(187,133)	(10,490)	(30,575)	(17,619)	(50,728)
Total interest expense	(1,051,750)	(1,089,821)	(2,088,705)	(2,267,140)	(129,187)	(243,896)	(254,551)	(495,236)
Net interest income/(expense)	1,815,107	1,698,125	3,534,838	3,466,594	(115,777)	(218,227)	(227,991)	(442,950)

12 Net fee and commission income / (expense)

	The Group				The Company			
	Restated Unaudited		Unaudited		Unaudited		Audited	
	Unaudited Quarter ended 30 June 2021	Quarter ended 30 June 2020	Six Months ended 30 June 2021	Six Months ended 30 June 2020	Unaudited Quarter ended 30 June 2021	Unaudited Quarter ended 30 June 2020	Unaudited Six Months ended 30 June 2021	Audited Year ended 31 December 2020
	MUR'000	MUR'000	MUR' 000	MUR' 000	MUR'000	MUR'000	MUR' 000	MUR' 000
Fee and commission income								
Retail banking customer fees	84,120	69,118	172,242	144,854	-	-	-	-
Corporate banking customer fees	128,817	152,427	304,137	291,207	-	-	-	-
Brokerage income	20,814	15,268	49,039	35,713	-	-	-	-
Assets Management fees	11,589	6,247	21,802	16,029	-	-	-	-
Card income	100,030	72,518	186,766	174,220	-	-	-	-
Other	43,952	59,286	79,687	118,289	-	-	-	-
Total fee and commission income	389,322	374,864	813,673	780,312	-	-	-	-
Fee and commission expense								
Interbank transaction fees	(11,542)	(7,111)	(22,956)	(12,347)	-	-	-	-
Brokerage	(9,386)	2,815	-	-	-	-	-	-
Other	(20,928)	(8,815)	(17,081)	(13,744)	-	-	(1)	(13)
Total fee and commission expense	(41,856)	(13,111)	(40,037)	(26,091)	-	-	(1)	(13)
Net fee and commission income	368,394	361,753	773,636	754,221	-	-	(1)	(13)

13 Net trading income

	The Group				The Company			
	Restated Unaudited		Unaudited		Unaudited		Audited	
	Unaudited Quarter ended 30 June 2021	Quarter ended 30 June 2020	Six Months ended 30 June 2021	Six Months ended 30 June 2020	Unaudited Quarter ended 30 June 2021	Unaudited Quarter ended 30 June 2020	Unaudited Six Months ended 30 June 2021	Audited Year ended 31 December 2020
	MUR'000	MUR'000	MUR' 000	MUR' 000	MUR'000	MUR'000	MUR' 000	MUR' 000
Profit arising from dealing in foreign currencies								
Debt securities	392,858	125,586	710,831	247,191	-	-	-	-
Other interest rate instruments	22,882	48,810	12,327	140,084	17	17	-	-
	54,684	73,051	196,775	152,285	(17)	(17)	(17)	(17)
Net trading income	470,424	247,447	919,933	539,560	-	-	-	-

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

	The Group			The Company			
	Restated						
	Unaudited Quarter ended 30 June 2021	Unaudited Quarter ended 30 June 2020	Unaudited Six Months ended 30 June 2021	Unaudited Six Months ended 30 June 2020	Unaudited Quarter ended 30 June 2021	Unaudited Quarter ended 30 June 2020	Audited Year ended 31 December 2020
	MUR'000	MUR'000	MUR' 000	MUR' 000	MUR'000	MUR' 000	MUR' 000
Financial assets mandatorily measured at FVTPL	1,855	32,442	(1,360)	12,873	10,799	25,646	366,601
Derivatives held for risk management purposes	(31,198)	(52,355)	(43,676)	(102,809)	35,508	10,663	9,847
	(29,343)	(19,913)	(45,036)	(89,936)	46,307	36,309	376,448

15 Credit loss expense on financial assets and memorandum items

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

The Group				
Unaudited Quarter ended 30 June 2020	Unaudited Six Months 30 June 2020			
Total	Stage 1	Stage 2	Stage 3	Total
MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Loans and advances to non bank customers	989,454	177,275	(379,518)	2,128,688
Loans and placements with banks	(5,475)	3,526	-	-
Debt instruments measured at amortised cost	10,520	(4,352)	-	-
Other receivables	-	-	-	-
Loan commitments	13,204	(40,982)	-	-
Off balance sheet items (Guarantees, Letters of credit, Acceptances)	26,585	21,750	9,297	(2,802)
Total credit loss under IFRS 9	1,034,288	157,217	(370,221)	2,125,885
Write off	-			
Recoveries	(85,649)			
Total credit loss/(income)	948,639			1,812,786

The Group				
Audited Year ended 31 December 2020				
Stage 1	Stage 2	Stage 3	Total	
MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Loans and advances to non bank customers	240,789	(861,268)	4,286,735	3,666,256
Loans and placements with banks	(7,732)	-	-	(7,732)
Debt instruments measured at amortised cost	(36,353)	-	-	(36,353)
Loan commitments	(18,351)	-	-	(18,351)
Other receivables	13,338	-	-	13,338
Off balance sheet items (Guarantees, Letters of credit, Acceptances)	(11,729)	95,898	142,355	226,524
Total credit loss under IFRS 9	179,962	(765,370)	4,429,090	3,843,682
Write off				185,371
Recoveries				(271,651)
Total credit loss				3,757,402

The Company				
Unaudited Quarter ended 30 June 2021	Unaudited Quarter ended 30 June 2020	Unaudited Six Months ended 30 June 2021	Unaudited Six Months ended 30 June 2020	Audited Year ended 31 December 2020
Stage 1	Stage 1	Stage 1	Stage 1	Stage 1
MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Debt instruments measured at amortised cost	-	-	(190)	(217)
Total credit loss	-	-	(190)	(217)

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16 Taxation

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

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

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

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

	The Group				The Company			
	Unaudited Quarter ended 30 June 2021	Unaudited Quarter ended 30 June 2020	Unaudited Six Months ended 30 June 2021	Unaudited Six Months ended 30 June 2020	Unaudited Quarter ended 30 June 2021	Unaudited Quarter ended 30 June 2020	Unaudited Six Months ended 30 June 2021	Audited Year ended 31 December 2020
	MUR'000	MUR'000	MUR' 000	MUR' 000	MUR'000	MUR'000	MUR' 000	MUR' 000
Income tax								
Income tax expense	152,164	57,206	161,372	147,407	-	-	-	-
Movement in deferred tax	(149,490)	(53,776)	(107,619)	(132,778)	-	-	-	-
Corporate social responsibility contribution	17,821	17,209	37,770	35,182	-	-	-	(336)
Bank levy	42,842	42,842	85,683	85,684	-	-	-	-
	63,337	63,481	177,206	135,495	-	-	-	(336)

17 Dividend

No dividend has been proposed and/or paid during the period under review.

18 Segment Information

	The Group Unaudited 30 June 2021				
	Banking MUR' 000	Non-bank financial institutions MUR' 000	Non financial institutions MUR' 000	Intersegment adjustments MUR' 000	Group Total MUR' 000
Revenue from external customers	7,708,315	44,789	110,002	-	7,863,106
Revenue from other segments of the entity	-	175,005	469,500,000	(1,044,505)	-
Total gross revenue	7,708,315	219,794	579,502	(1,044,505)	7,863,106
Net interest income	3,731,337	22,229	(218,728)	-	3,534,838
Operating income	6,195,389	211,948	335,606	(1,008,579)	5,734,364
Profit after tax	1,626,411	92,989	(39,937)	(916,610)	762,853
Segment assets	343,709,236	3,527,840	36,582,885	(58,723,866)	325,096,095
Segment liabilities	290,126,235	1,508,481	9,968,220	(1,642,943)	299,959,993

	The Group Unaudited 30 June 2020				
	Banking MUR' 000	Non-bank financial institutions MUR' 000	Non financial institutions MUR' 000	Intersegment adjustments MUR' 000	Group Total MUR' 000
Revenue from external customers	7,717,402	2,222	188,977	-	7,908,601
Revenue from other segments of the entity	-	280,279	115,000	(395,279)	-
Total gross revenue	7,717,402	282,502	303,977	(395,279)	7,908,601
Net interest income	3,658,668	35,917	(227,991)	-	3,466,594
Operating income	5,662,261	286,229	49,287	(382,407)	5,615,370
Profit after tax	1,151,066	204,839	(577,232)	(329,700)	448,973
Segment assets	299,862,365	4,076,766	38,089,439	(60,045,929)	281,982,641
Segment liabilities	245,567,993	1,381,266	10,439,539	(1,777,041)	255,611,758

	The Group Audited 31 December 2020				
	Banking MUR' 000	Non-bank financial institutions MUR' 000	Non financial institutions MUR' 000	Intersegment adjustments MUR' 000	Group Total MUR' 000
Revenue from external customers	14,725,097	92,299	521,739	-	15,339,135
Revenue from other segments of the entity	-	409,161	215,000	(624,161)	-
Total gross revenue	14,725,097	501,460	736,739	(624,161)	15,339,135
Net interest income	7,544,024	72,395	(420,278)	-	7,196,141
Operating income	11,129,516	508,422	241,490	(657,867)	11,221,561
Profit after tax	1,416,704	310,603	(484,065)	(222,232)	1,021,010
Segment assets	307,642,895	3,981,468	37,059,449	(60,261,718)	288,422,094
Segment liabilities	253,740,545	1,432,582	10,406,916	(2,354,277)	263,225,766

19 Fair value of Financial Assets and Financial Liabilities

The Group	Unaudited 30 June 2021		Unaudited 30 June 2020		Audited 31 December 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Financial assets						
Cash and cash equivalents	32,753,097	32,753,097	15,517,708	15,517,708	21,577,245	21,577,245
Mandatory balances with Central bank	12,306,063	12,306,063	11,151,632	11,151,632	11,290,363	11,290,363
Loans to and placements with banks	1,941,829	1,941,829	4,747,772	4,747,772	3,130,387	3,130,387
Derivative financial instruments	795,804	795,804	1,140,412	1,140,412	809,379	809,379
Loans and advances to non-bank customers	123,669,349	123,394,097	118,652,418	118,486,231	120,239,361	120,051,834
Investment securities	142,985,705	140,655,981	120,103,258	120,900,497	121,053,397	123,216,788
Other assets	2,946,756	2,946,756	2,984,075	2,984,075	2,650,217	2,650,217
	317,398,603	314,793,627	274,297,275	274,928,327	280,750,349	282,726,213
Financial liabilities						
Deposits from banks	1,726,566	1,726,566	846,759	846,759	1,403,315	1,403,315
Deposits from non-bank customers	263,935,693	263,958,036	207,187,607	207,220,461	226,862,221	226,889,978
Other borrowed funds	12,649,671	12,649,671	27,557,040	27,557,040	15,017,177	15,017,177
Derivative financial instruments	879,211	879,211	1,358,457	1,358,457	1,279,984	1,279,984
Lease liabilities	774,775	774,775	776,088	715,957	804,407	804,407
Other liabilities	9,226,414	9,226,414	6,811,032	6,811,032	6,009,465	6,009,465
Subordinated debts	9,823,959	9,823,959	10,241,235	10,241,235	10,142,786	10,142,786
	299,016,289	299,036,632	254,778,218	254,750,941	261,519,355	261,547,112
The Company						
	Unaudited 30 June 2021		Unaudited 30 June 2020		Audited 31 December 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Financial assets						
Cash and cash equivalents	42,426	42,426	53,277	53,277	304,473	304,473
Investment securities	6,912,317	7,411,588	7,404,438	7,004,296	7,005,132	7,519,611
Other assets	112,586	112,586	162,955	162,955	48,900	48,900
	7,067,329	7,566,600	7,620,670	7,220,528	7,358,505	7,872,984
Financial liabilities						
Derivative financial instruments	-	-	81,783	81,783	41,524	41,524
Other liabilities	135,839	135,839	114,593	114,593	211,206	211,206
Subordinated debts	9,823,959	9,823,959	10,241,235	10,241,235	10,142,786	10,142,786
	9,959,798	9,959,798	10,437,611	10,437,611	10,395,516	10,395,516

- For loans and advances to non-bank customers, all the fixed loans and advances maturing after one year has been fair valued based on the current prevailing lending rate and are classified as level 2 assets.
- For investment securities, all the government bonds and BOM bonds have been fair valued based on the latest weighted yield rate and are classified as level 2 assets.
- For deposits from non-bank customers, all the term deposits maturing after one year have been fair valued based on the current prevailing savings rate and are classified as level 2 assets.

19 Fair value of Financial Assets And Financial Liabilities (Continued)

Fair value measurement hierarchy

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

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

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

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

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

The Group

	Unaudited			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
30 June 2021				
Derivative financial assets	-	795,804	-	795,804
Investment securities mandatorily measured at FVTPL				
Debt securities	4,626,421	28,881	56,026	4,711,328
Equity securities	-	1,622,332	-	1,622,332
Investments at FVTOCI (debt and equity instruments)				
Debt securities	62,839,465	3,836,057	-	66,675,522
Equity securities	72,782	668,682	4,395,919	5,137,383
Total assets	67,538,668	6,951,766	4,451,945	78,942,369
Derivative financial liabilities	-	879,211	-	879,211
Total liabilities	-	879,211	-	879,211
	Unaudited			
	Level 1	Level 2	Level 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
30 June 2020				
Derivative financial assets	-	1,140,412	-	1,140,412
Investment securities mandatorily measured at FVTPL				
Debt securities	3,953,801	-	1,184,701	5,138,502
Equity securities	-	1,479,049	-	1,479,049
Investments at FVTOCI (debt and equity instruments)				
Debt securities	62,318,462	-	543,392	62,861,854
Equity securities	70,071	2,306,646	3,638,977	6,015,694
Total assets	66,342,334	4,926,106	5,367,070	76,635,511
Derivative financial liabilities	-	1,358,457	-	1,358,457
Total liabilities	-	1,358,457	-	1,358,457

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19 Fair value of Financial Assets And Financial Liabilities (Continued)

	Audited			
	Level 1 MUR' 000	Level 2 MUR' 000	Level 3 MUR' 000	Total MUR' 000
31 December 2020				
Derivative financial assets	-	809,379	-	809,379
Investment securities mandatorily measured at FVTPL				
Debt securities	9,580,368	-	-	9,580,368
Equity securities	-	1,622,852	-	1,622,852
Investments at FVTOCI (debt and equity instruments)				
Debt securities	58,644,453	-	254,994	58,899,447
Equity securities	70,959	695,204	4,415,192	5,181,355
Total assets	68,295,780	3,127,435	4,670,186	76,093,401
Derivative financial liabilities	-	1,279,984	-	1,279,984
Total liabilities	-	1,279,984	-	1,279,984

There was no transfer between levels during the period

The Company

	Unaudited			
	Level 1 MUR' 000	Level 2 MUR' 000	Level 3 MUR' 000	Total MUR' 000
30 June 2021				
Investment securities mandatorily measured at FVTPL				
Debt securities	265,379	-	-	265,379
Equity securities	-	1,622,332	-	1,622,332
Investments at FVTOCI (debt and equity instruments)				
Debt securities	9,557	-	-	9,557
Equity securities	-	-	3,636,307	3,636,307
Total assets	274,937	1,622,332	3,636,307	5,533,675
Derivative financial liabilities	-	-	-	-
Total liabilities	-	-	-	-

30 June 2020				
Investment securities mandatorily measured at FVTPL				
Debt securities	667,437	-	-	667,437
Equity securities	-	1,479,049	-	1,479,049
Investments at FVTOCI (debt and equity instruments)				
Debt securities	8,494	-	-	8,494
Equity securities	-	-	4,227,687	4,227,687
Total assets	675,931	1,479,049	4,227,687	6,382,667
Derivative financial liabilities	-	81,783	-	81,783
Total liabilities	-	81,783	-	81,783

31 December 2020				
Investment securities mandatorily measured at FVTPL				
Debt securities	661,057	-	-	661,057
Equity securities	-	1,622,332	-	1,622,332
Investments at FVTOCI (debt and equity instruments)				
Debt securities	8,637	-	-	8,637
Equity securities	-	-	3,636,307	3,636,307
Total assets	669,694	1,622,332	3,636,307	5,928,333
Derivative financial liabilities	-	41,524	-	41,524
Total liabilities	-	41,524	-	41,524

20 COVID-19

COVID-19 has shaken the world since the beginning of the year 2020. The Group has, however, proactively built up a significant liquidity cushion and undertaken a detailed review of its asset portfolio. The asset review has been based on three scenarios of increasing severity to assess the impact on the Group's profitability, liquidity, capital adequacy and asset quality. The results of the stress testing have been presented to and agreed by the Board.

As at 30 June 2021, the increase in the overall credit risk has been factored into the Group's quarterly results which have resulted in an increase in the provisioning levels to the extent known/identified as of the balance sheet date, without anticipating/speculating on the trajectory of the pandemic going forward which is not possible to ascertain given the nature and breadth of the global crisis.

The environment remains very dynamic and any new information available is promptly fed in our scenarios. The updated results are then reviewed by management and communicated to the Board on a regular basis.

21 Discontinued operations

The Board has approved the exit of SBM Bank (Seychelles) Ltd ("SBMBS") in the Seychelles. The approval from the Central Bank of Seychelles has been received on 30 July 2020 and it has submitted its banking license to the Central Bank of Seychelles on 18 December 2020. The winding up of SBMBS was concluded on 24 May 2021. The results of the foreign subsidiary for the six months ended 30 June 2021 are presented below:

	Unaudited Six months ended 30 June 2021 MUR' 000	Unaudited Six months ended 30 June 2020 MUR' 000	Audited Year ended 31 December 2020 MUR' 000
Interest income using the effective interest method	24	3,589	5,141
Interest expense using the effective interest method	-	(277)	(311)
Net interest income	24	3,312	4,830
Fee and commission income	-	29	87
Fee and commission expense	-	(2)	(2)
Net fee and commission income	-	27	85
Other income			
Net trading income	1,857	35,871	52,084
	1,857	35,871	52,084
Non- interest income	1,857	35,898	52,169
Operating income	1,881	39,210	56,999
Personnel expenses	-	(3,797)	(8,655)
Depreciation of property and equipment	-	(942)	(1,597)
Depreciation of right-of-use assets	-	(2,277)	(2,277)
Amortisation of intangible assets	-	(1,056)	(243)
Other expenses	-	(483)	(36,307)
Non- interest expense	-	(8,555)	(49,079)
Profit/(loss) before credit loss expense	1,881	30,655	7,920
Credit loss gain on financial assets and memorandum items	-	394	470
Profit/(loss) before income tax	1,881	31,049	8,390
Tax credit/(charge)	-	6,385	(484)
Profit for the period/year from discontinued operations	1,881	37,434	7,906

SBM HOLDINGS LTD

**NOTES TO AND FORMING PART OF THE INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

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22 Net other reserves

	Fair value reserve on financial instruments recognised in OCI					Net translation reserve	General reserve	Earnings reserve	Restructure reserve	Total
The Group	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
At 01 January 2020	(149,143)	267,387	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the period	1,179,174	194,615	-	-	-	-	-	-	-	1,373,789
Reclassification from translation reserve to revaluation reserve	-	2,019	-	-	-	-	-	-	-	2,019
Transfer from retained earnings to general reserve	-	-	373,969	-	-	373,969	-	-	-	373,969
At 30 June 2020	1,030,031	464,021	373,969	2,935,807	(8,316,147)	(3,512,319)				
At 01 January 2020	(149,143)	267,387	-	-	-	-	-	-	-	-
Total comprehensive income for the year	209,300	113,071	-	-	-	-	-	-	-	322,371
Transfer from retained earnings to general reserve	-	-	590,372	-	-	590,372	-	-	-	590,372
At 31 December 2020	60,157	380,458	590,372	2,935,807	(8,316,147)	(4,349,353)				
At 01 January 2021	60,157	380,458	590,372	2,935,807	(8,316,147)	(4,349,353)				
Total comprehensive income / (loss) for the period	(1,357,131)	534,052	-	-	-	(823,079)	-	-	-	(823,079)
Transfer from statutory reserve to general reserve	-	-	18,808	-	-	18,808	-	-	-	18,808
Transfer from retained earnings to general reserve	-	-	59,050	-	-	59,050	-	-	-	59,050
30 June 2021	(1,296,974)	914,510	668,230	2,935,807	(8,316,147)	(5,094,574)				