SBM

SBM Holdings Ltd | Annual Report 2022

Dear Shareholder,

The Directors of SBM Holdings Ltd are pleased to present the Annual Report for the year ended 31 December 2022.

The Board of Directors confirms, to the best of its belief, that the Annual Report, which is complemented by the Sustainability Report, addresses the relevant material matters that impact the performance of the organisation in a fair and transparent manner.

The Board approved and authorised the publication of the SBM Holdings Ltd Annual Report 2022 on 21 April 2023.

Sattar Hajee Abdoula
Group Chairman
SBM Holdings Ltd

Cautionary statements

In this report, SBM Holdings 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 SBM Holdings Ltd 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 company 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 Holdings 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. SBM Holdings Ltd does not undertake to update any forward-looking statement that may be made, from time to time, by the organisation or on its behalf.

50 years of golden stories

SBM was incorporated on 04 June 1973 under the name of The State Commercial Bank Limited. SBM started operations on 03 September 1973 and was officially inaugurated on 18 December 1973.

Over the years, the SBM Group has taken the form of a full-fledged banking and financial services player with subsidiaries operating in Mauritius, India, Madagascar and Kenya.

2023 marks the 50th anniversary of the organisation. While this is being celebrated through various events and initiatives, this Annual Report sheds light on key success stories and breakthroughs witnessed over time, underpinned by illustrations of how our journey has evolved.

Milestones and accomplishments

The SBM Group is a leading banking and financial services player in Mauritius, while also operating abroad. Over past decades, it played a significant role to support the Mauritian socio-economic development.

Dedicated employees, unflinching support to customers, committed investments in the future, proactive decisions and flexibility to change: these are key ingredients which have forged the advancement of the SBM Group over time, while it coped with challenges encountered along the way.

Resolutely moving forward

Reflecting on lessons learnt, replicating what has worked and attempting new recipes: this is what guides the SBM Group as it looks to the future and endeavours to write a new chapter in its growth trajectory.

Conscious of the challenging environment, the Group is committed to grow in a disciplined and well-engineered way, helped by the continuous strengthening of its capabilities.

Retracing SBM's... ...eventful journey over time

1973
Inauguration of The State Commercial Bank Limited – now referred to as SBM Bank (Mauritius) Ltd

1975
Opened the St Pierre branch, the first branch outside the capital

1978
First mobile bank van serving 15 villages in the north

1985
Commenced banking operations in Rodrigues

1990
Launch of credit card services

1991
Launch of first ATM and local debit card

1994
First Mauritian bank to open an overseas branch in Mumbai, India

1995
Listed on the Stock Exchange of Mauritius

First bank in Africa to issue Maestro international debit card

1998
Banque SBM Madagascar SA starting operations in Antananarivo

1999
Incorporation of SBM (NBFC) Holdings Ltd

2002
Inauguration of SBM Park

2009
Partnership with *Agence Française de Développement* under SUNREF programme

2010
Incorporation of SBM Holdings Ltd

Launch of SBM Scholarship Scheme

2011
Incorporation of SBM (NFC) Holdings Ltd

2013
Incorporation of SBM (Bank) Holdings Ltd

First bank in Africa to launch UPI cards

2014
SBM Holdings Ltd becoming the ultimate holding company of the Group, while being listed on the Official Market of the Stock Exchange of Mauritius

2016
Setting up of SBM Foundation

2017
Launch of mobile banking application

SBM Bank (Kenya) Limited completing takeover of ex-Fidelity Commercial Bank Limited

2018
Launch of SBM Academy

SBM Bank (India) Limited becoming the first foreign bank to obtain a Wholly Owned Subsidiary License from the Reserve Bank of India

SBM Bank (Kenya) Limited acquiring selected assets and liabilities of Chase Bank (Kenya) Limited (In Receivership)

Launch of SBM Microfinance operations

2019
SBM Holdings Ltd admitted to the Stock Exchange of Mauritius Sustainability Index (SEMSI)

2020
Launch of contactless cards

SBM Bank (India) Limited inaugurating a first-of-its-kind container branch in Palghar, India

2021
SBM Capital Markets Ltd becoming the first player in Mauritius to launch 2 client portals for Asset Management and Trading Services

First bank in Mauritius to introduce Smart (Android) POS technology

2022
Articulation of the SBM Group Sustainability Agenda

SBM Bank (India) Limited accelerating its growth trajectory amidst neo banking initiatives and FinTech partnerships

Notes:

(i) When not specified, the milestones described relate to SBM Bank (Mauritius) Ltd

(ii) Currently operating under the aegis of SBM (NBFC) Holdings Ltd, the following incorporation dates apply: SBM Fund Services Ltd (1993), SBM Mauritius Asset Managers Ltd (1995), SBM eBusiness Ltd (2014), SBM Factors Ltd (2016), SBM Capital Markets Ltd (2017), SBM Insurance Agency Ltd (2017), SBM Leasing Co. Ltd (2019)

A Photographic Snapshot of SBM's History

Every photo tells a story. Every story is different. Ours is a throwback of our humble beginnings and an aperçu of the strong legacy built along the way. The foundation of SBM's success remains the solid and trustworthy relationships that we have forged with our stakeholders, without whom we would not be where we are today.

Back in the year 1973, our story began in a suite of offices in the old Government Treasury Building, Port Louis…

…before building the iconic SBM Tower, while keeping the essence and historic façade of the former Government Printing Building…

…and providing financial services through mobile bank vans and branches across the island

Throughout the years, we expanded our operations and transformed our traditional brick-and-mortar branches into customer centric hubs, alongside offering digital channels of service delivery to enhance customer experience across our geographies of presence.

Mauritius

India

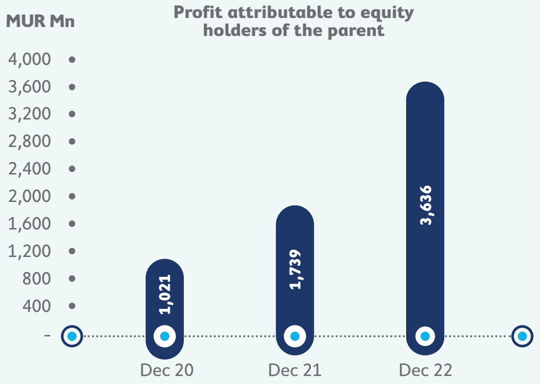
Madagascar

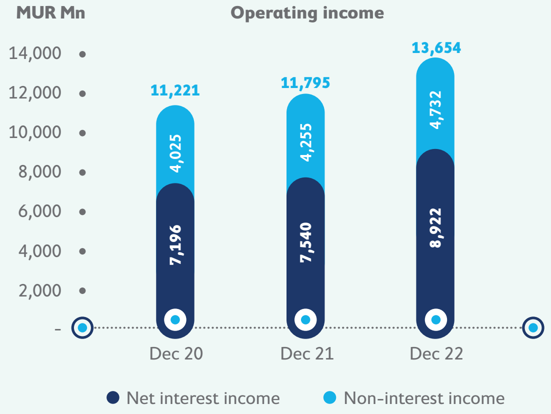
Kenya

Key Highlights for 2022

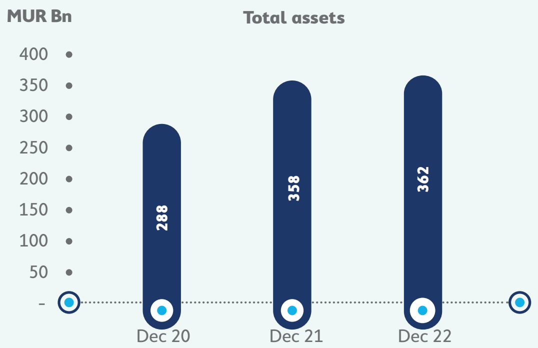
Tangible and encouraging strengthening of the SBM Group's financial performance, as it witnesses a renewed growth impetus...

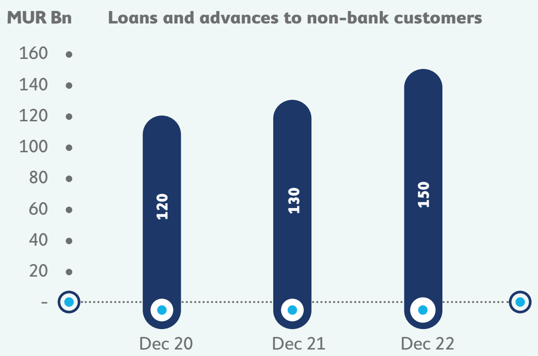
Overall, net profit registered a noticeable rise, notably attributable to higher core earnings...



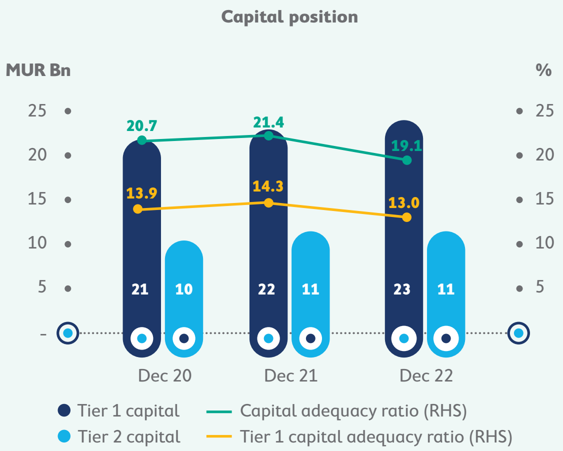


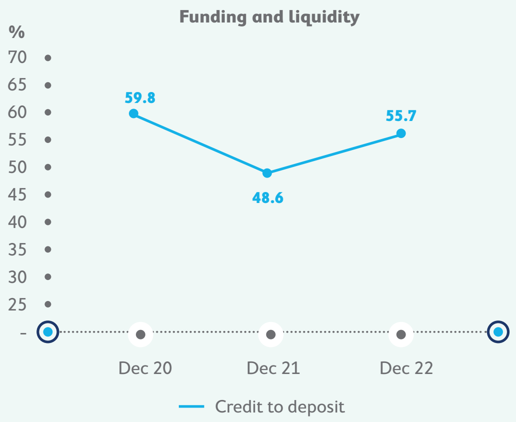
...amidst expanding business volumes, thus reflecting the Group's trustworthiness...





...with key financial ratios staying in sound territories and supporting growth initiatives





Read more on our financial performance in the Financial Review section

...underpinned by key strategic achievements across entities

- Strengthened governance and risk management set-up
- Broadened market footprint across segments and jurisdictions
- Enhanced value proposition and customer experience
- Clear articulation of the Group Sustainability Agenda
- Further headway in technology and digital adoption
- Reinforcement of human resource capabilities

Read more on our strategic initiatives in the Delivering on our Strategy section

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Chairman's Letter

A tangible turnaround in the SBM Group's trajectory and performance

The SBM Group has had a very encouraging year as it strengthened its credentials across its local and foreign entities. Despite challenging market conditions, the Group accelerated its business development impetus, with the support of its Management Team, employees and other stakeholders.

As such, it is reassuring to note that 2022 has been a turnaround year for the organisation. Indeed, it notably, benefitted from sustained, concerted and thoughtful initiatives aimed at restructuring its operations, strengthening its risk management framework and improving its market competitiveness.

Against this backdrop, the Group has recorded a solid financial performance, a testimony to the timeliness and judiciousness of strategies and endeavours embraced and executed in recent years.

Even if the organisation remains on its chartered path whereby additional progress is warranted in order to further advance the long-term holistic interests of the organisation, we have still managed to pursue our strategic ambitions, backed by the gearing up of our operational capabilities and market vigilance.

Our performance and resilience have been the outcome of relentless teamwork, collaboration and synergies across our entities. This is a matter of sheer pride and satisfaction for the Group as a whole.

It is in that light that I wish to extend my warmest thanks and deepest sense of appreciation to all employees of the SBM Group for their exemplary commitment and hard work amidst our combined efforts in sustaining the strategic achievements and strengthening the financial resilience of the organisation. Whereas the context has stayed tough and our operating entities are making gradual progress in bolstering their capabilities, our employees have demonstrated once again that they possess both the ambition and the proficiency to spearhead the organisation to greater heights.

In the same vein, I would like to laud the guidance and far-sightedness delivered by the Directors of the Board of SBM Holdings Ltd and those forming part of other Boards across the Group. I look forward to receiving their continued stewardship with a view to further transforming the Group.

I would also like to express my sincere gratitude to our esteemed clients for standing by our side. I thank them for maintaining their trust in our ability to help them achieve their goals and ambitions.

Finally, I wish to thank our shareholders for staying with us on our journey to a more sustainable future. In the wake of our reinvigorated financial performance, rest assured that we remain totally committed to delivering sound returns in the periods ahead.

Strengthening financial performance on several fronts

Reflecting the perceptible shift in the organisation's fortunes amidst measures taken across jurisdictions, the SBM Group delivered robust financial results. Profit attributable to equity holders of the parent more than doubled to attain MUR 3.6 billion for the year ended 31 December 2022.

Overall, results posted by the Group were underpinned by expanding business activities, favourable interest rate conditions and lower credit loss expense. In the same spirit, it is interesting to observe that return on average shareholders' equity attained 13.6% for the year ended 31 December 2022 as compared to 6.7% for the preceding year. Earnings per share from continuing operations stood at 140.8 cents for the year ended 31 December 2022, compared to 67.3 cents for the preceding year.

Operating income increased by 15.8% to attain MUR 13.7 billion for the year under review. This outcome was driven by increases of 18.3% and 11.2% in net interest income and non-interest income respectively amidst growing business volumes across our presence countries. Notable improvements were registered at the level of both net fee and commission income as well as net trading income.

At another level, operating expenses posted by the Group edged up by 13.9% on the back of unfolding capacity-building measures in terms of human capital and technological readiness.

"The Group upheld sound financial ratios in support of its resilience and strategic endeavours"

The Group benefitted from a sustained rise in gross loans and advances to non-bank customers from MUR 145.1 billion as at 31 December 2021 to reach MUR 163.5 billion as at 31 December 2022. Deposits from non-bank customers stood at MUR 293.4 billion, reflecting the Group's trustworthiness.

The Group upheld sound financial ratios in support of its resilience and strategic endeavours. The capital base of the Group stayed comfortable at MUR 33.6 billion as at 31 December 2022, thus leading to a capital adequacy ratio of 19.1%, which is above regulatory thresholds. Notwithstanding the demanding landscape, the Group has maintained robust funding and liquidity positions.

Besides, the relative improvement of asset quality indicators is an encouraging sign after previous setbacks. Whereas further headway is called for, we are reassured that the bold and active measures adopted to reinforce our risk management policies and processes are progressively bearing fruit.

Chairman's **Letter** (cont'd)

Pursuing our strategic progress across the organisation and its operating entities

During the year under review, the SBM Group pursued its growth around its key strategic orientations, which pertain to the following: (i) Purposeful and sustainable business model; (ii) Simpler and smarter organisation; and (iii) Growth as an international and universal service provider. The operating entities of the Group have further reinforced their capabilities and expanded their market footprint. Key emphasis has been laid on enriching their value propositions and boosting customer proximity. While remaining vigilant to the risks and challenges associated with the operating environment, SBM Holdings Ltd has continuously revisited and refined its functioning for higher operational efficiency levels. In addition, it has noticeably reviewed and bolstered its underlying corporate governance and organisational structure, supported, amongst key developments, by the appointment of a Group CEO.

As a major headway, the SBM Group has articulated and endorsed a clear and comprehensive Sustainability Agenda, while further embarking on its growth trajectory and strengthening its business model. This marks a major milestone in the eventful history of the Group. The core objective of the Group Sustainability Agenda is to nurture a coherent and consistent approach across our operating entities and to focus our efforts on initiatives where we can make the greatest difference. It reflects our unflinching and transparent commitment to help economies and societies confront their toughest challenges. To support our endeavours, we established a fitting governance set-up for appropriate monitoring of our initiatives, while we continue to work on relevant processes which will help us achieve our ambitions. Moving forward, the Group is embarking on a programme of 50 sustainable initiatives encompassing the 3 Pillars and 13 Commitments of its Sustainability Agenda.

Moving forward with resolute, albeit cautious, optimism

As per the IMF and World Bank, the global economy is being confronted by a confluence of shocks, including the war in Ukraine, food and energy crises, surging inflation, policy tightening and climate emergencies. Global growth is anticipated to decelerate this year. Besides, inflationary pressures would warrant our close attention, despite expectations of gradual moderation. In a recent report, the OECD highlighted that concerns about global financial vulnerabilities have risen.

In spite of this unsteady environment, the Mauritian economy has pursued its recovery. Real GDP growth is estimated at 8.7% for 2022 as per Statistics Mauritius, which attests to the country's resilience to potential shocks and its sound foundations. For 2023, the economy should maintain an appreciable and multi-pronged growth trajectory. However, macroeconomic vulnerabilities and downside risks would persist due to the testing global economic and financial landscapes.

"We remain committed to embracing a responsible growth path and generating long-term returns for our shareholders..."

In this context, the Group will maintain its prudent business development approach in Mauritius and abroad. Its strategy is to further capitalise on growth opportunities in the jurisdictions where it operates, while diversifying its revenue streams. In parallel, it continues to effectively support and accompany its customers in their endeavours, alongside further enriching its value proposition. As the SBM Group purposefully moves forward across jurisdictions and markets, it is geared towards further modernising and transforming its operational efficiency and competitive edge for lasting benefits.

Towards these ends, the Board will deliver the necessary guidance and oversight to help Management and employees realise the Group's endeavours, projects and investments in an effective manner.

The Board is committed to positioning the SBM Group as a reference player offering banking and financial services locally and regionally. As such, it will support moves aimed at nurturing long-term value creation and generation for the benefit of the organisation's multiple stakeholders via dedicated actions and initiatives.

We remain committed to embracing a responsible growth path and generating long-term returns for our shareholders, while delivering products and services that enable our customers to grow and prosper. This will remain in our DNA and continue to epitomise who we are and what is our purpose.

Along the way, we will not lose sight of our stakeholder responsibilities, which are geared to the meaningful betterment of the societies, communities and economies in which we operate.

In conclusion, while we look forward to celebrating SBM's 50th anniversary in 2023, I am confident that I can rely on the dynamism and expertise of our people and stakeholders across our entities to make things happen over time. In a world where the only constant is change, the organisation seeks to accomplish meaningful progress, which will make it even smarter and more purposeful.

Sattar Hajee Abdoula
Group Chairman
SBM Holdings Ltd

"The SBM Group has further progressed in the execution of its strategic initiatives across jurisdictions"

Message from the Group CEO

A perceptible shift in the SBM Group's growth momentum

2022 has been an influential year for the organisation, as it wrestled with a particularly challenging context to move further forward in terms of its business activities, earnings and financial soundness.

While coping with the specificities of its presence countries and different entities operating in various jurisdictions, the Group has recorded a striking improvement of its results, aided by the continuous and well-engineered strengthening of its risk management framework and inherent capabilities.

This has not been an easy ride. We however managed to reinforce our functioning and market competitiveness during the past few years. Our organisation stayed focused on delivering for our clients and providing them with outcomes suited to their ambitions.

May I wholeheartedly acknowledge the hard work, resolve and dedication of all our employees from Mauritius and abroad, as they stepped up and leveraged their expertise to accompany our customers in the wake of challenging circumstances, support our operations and uphold the liveliness of our brand promise. I am proud that the organisation can rely on people doing their job effectively, while we continue to gear up the quality of our human capital and bolster staff engagement and welfare.

I am grateful to the Board of Directors of SBM Holdings Ltd and those of the different entities of the Group in the wake of endeavours aimed at transforming and modernising the operations of the organisation, alongside giving a new impetus to its market expansion. Their support and guidance during such challenging times have enabled us to realise our strategic priorities in an opportune way.

Sustained and broad-based improvement of the Group's financial performance

Supported by strategic initiatives unleashed across markets and jurisdictions, the SBM Group registered a noteworthy enhancement of its financial performance and soundness on different fronts.

It is encouraging to observe that profit attributable to equity holders of the parent more than doubled to reach MUR 3.6 billion for the year ended 31 December 2022. This outcome has engendered much-improved returns, which testifies to the effectiveness of strategic decisions and initiatives taken at different echelons and across jurisdictions. Indeed, return on average shareholders' equity attained 13.6% for the year ended 31 December 2022 as compared to 6.7% for the preceding year.

Our core earnings growth has, notably, been underpinned by an increase of 15.0% in net loans and advances to non-bank customers as well as broad-based growth in business activities across segments, with the organisation further benefitting from a high interest rate environment across its presence countries.

Profitability was also helped by an important decline in credit loss expense, amidst the further reinforcement of our risk management set-up and the gradual recovery of economic activities.

The SBM Group preserved healthy financial ratios in support of its resilience against potential shocks and its ongoing growth ambitions. Noticeably, the Group's capital adequacy ratio stood at 19.1%, well above regulatory thresholds. In addition, the Group kept sound funding and liquidity positions, while the decline in NPL ratios is a comforting sign after previous setbacks.

Delivering on our strategic priorities on the back of stronger foundations and capabilities

Spearheading Group-wide initiatives

The SBM Group has further progressed in the execution of its strategic initiatives across jurisdictions. It bolstered its capabilities in support of sound and sustained business growth, with emphasis on reinforcing its risk management framework and human capital and boosting intra-Group synergies.

As it embarks on its growth trajectory and revisits its operations in view of achieving higher efficiency levels, the SBM Group has recently set out to revamp its operating model, after making allowance for the specificities of the organisation and the jurisdictions where we are present. In the wake of the reorganisation exercise, SBM Holdings Ltd performs its duties under the aegis of (i) the Group Executive Office, which comprises the Group Chief Executive Officer ("Group CEO"), the Deputy Group CEO, and the Group Chief Investment Officer, with the Group CEO having the ultimate responsibility to bring all matters of importance to the Board and/or to the relevant sub-committees of the Board of SBMH; and (ii) the Group Executive Committee, which is headed by the Group CEO and is made up of eight key functions, each shouldering specialised poles of expertise.

Message from the Group CEO (cont'd)

Progress made by the different entities of the Group

SBM Bank (Mauritius) Ltd upheld its positioning as the mainstay and flagship of the Group. The bank has remained a leading banking player in Mauritius, while contributing actively to the country's socio-economic development. It pursued its growth strategy, alongside offering adapted and debt structuring solutions to customers as required. In line with its modernisation strategy, the bank uplifted its branch network. It strengthened its assistance to SMEs to accompany them in their growth endeavours. The SME segment has been restructured, supported by key recruitments. The SBM Private Banking and Wealth Management division continued to broaden its value proposition, alongside significantly reducing turnaround time when onboarding new clients. In support of its growth aspirations, the bank further improved its risk management framework, while reinforcing customer onboarding and compliance policies. Also, the bank set out to further upgrade the quality of its human capital, with key recruitments made at various levels. To achieve its new Target Operating Model, an IT Transformation exercise has been launched to pave the way for the appropriate organisational structure, processes and channels that will underpin its advancement.

The SBM Non-Banking Financial Cluster embedded its profile as a prominent player within the domestic financial services industry. The entity has widened its market involvement, supported by higher operational efficiency levels, amidst streamlining of processes, staff recruitment and delivery of customised training. Notable revenue streams have been derived by the Capital Markets arm on the back of continuous efforts to tap into business opportunities arising out of foreign equity market volatility and the strategy to extend the trading hours to cover the major international equity markets.

SBM Bank (India) Limited has, during the year under review, seen notable increases in its advances and business activities across various market segments, while it continued to maintain the quality of its assets, after capitalising on its omnichannel strategies and digital-first business model. As a key focus area, the bank's Private Wealth business has further picked up pace. The bank has increased its physical branch network by adding 4 new branches in the industrial and business centres of Pune, Chandigarh, Kolkata and an unbanked rural centre, Abitghar, taking the total branch network to 12. Key initiatives unleashed have led to the bank's customer base growing significantly in recent times.

Alongside positioning itself as niche market corporate bank with a dedicated value proposition for high-net-worth individuals, SBM Bank (Kenya) Limited helped SMEs and women-led enterprises to access credit on favourable terms. As a key milestone, the bank sealed a risk sharing agreement with the African Guaranteed Fund to increase financing to SMEs.

"...the SBM Group registered a noteworthy enhancement of its financial performance and soundness on different fronts"

In line with its sustainability agenda, the bank provided mid-term financing to a next generation renewable energy company to provide access to clean and affordable energy to nearly half a million people through off-grid solar home systems.

Amidst the testing economic context, Banque SBM Madagascar consolidated its relationship with existing customers, explored new business opportunities and worked towards building a sustainable revenue stream while gearing up to widen its loan book in sectors where there is limited presence. Further progress was made to improve the effectiveness of the risk management set-up. Customer service quality was enhanced with the renovation of the bank's headquarters.

Looking forward to responsible growth, while fulfilling our corporate responsibilities

The global economy remains in a testing territory, with overall growth expected to, in the foreseeable future, remain weak by historical standards amidst the war in Ukraine, high inflationary pressures and financial markets vulnerabilities. Against this backdrop, the economies of the Group's presence countries remain under scrutiny even if increasingly visible signs of recovery are being witnessed.

The operating environment is posing several challenges and expectations, amidst economic vulnerabilities as well as the fast-paced movements and dynamics in banking and financial services. Notably, technology change has made financial markets much more accessible. This environment, thus, calls upon business operators to adopt a cautious, flexible and pragmatic growth agenda.

Along with capitalising on synergies amongst entities and functions, the SBM Group is intent on harnessing the building blocks for continued success, as it looks at the future with confidence.

Whereas the organisation has made significant headway in recent years, we are mindful that the journey towards creating a smart and resilient organisation is an ongoing one. In this respect, we have set out to undertake the investments and recruitments that will enable the organisation to prudently and determinedly diversify its revenue streams, strengthen its balance sheet and bolster its financial soundness. Achieving those objectives implies striking a good balance between taking risks and embracing opportunities, while promoting the efficient functioning of our operating entities.

Our customers will remain our prime 'raison-d'être' and the backbone of all our endeavours. Hence, we will strive to achieve constant technological innovations and promote best-in-class experiences. As a key focus area, we will further enrich our customer relationships, experiences and proximity, alongside developing our digital platforms and delivering optimal service quality. While cautiously managing our operating expenses, our aim is to, over time, build more secure, powerful and scalable digital and technology platforms, systems and channels that can usher in market-leading capabilities. This is a key ambition of the Group, and we are committed to tread imaginatively on this path.

To these ends, our entities will lay unflinching emphasis on driving their operational efficiency. This would be made possible by positioning the Group as an Employer of Choice and a Great Place to Work. Harnessing our human capital and mastering talent management remain on top of our agenda. Moreover, a further streamlining of operational policies and processes will be undertaken. Above all, we will ensure that the new governance structure of the Group delivers the necessary clout and clarity to help entities operate in an even more structured, disciplined and competitive manner.

In the same vein, our business development initiatives will be guided by an unrelenting strengthening of our risk management set-up across our different operating entities and at SBM Holdings level, with a major bedrock being having a clear and coherent risk appetite. The need to grow in a sensible way will guide our strategic priorities, which should contribute to sound financial outcomes over time.

All in all, we look forward to upholding our positive growth momentum and our business development thrust, supported by agility, innovation, efficiency and pragmatism in the way we engage with our customers and we collaborate. But, we should not lose sight of the dynamic environment in which we operate, thence the need to remain on our guard. As we advance in a volatile operating context, we are confident that the SBM Group has the necessary physical and financial resources, capital position and funding structure to capitalise on business opportunities and pursue its growth path.

In addition, we aim to put sustainability at the heart of what we do. We will continue to facilitate the transition to low-carbon economies and inclusive societies, alongside backing our clients in their own transitions by means of well-thought initiatives, products and services across different mediums. We will always take pride in our endeavours to support societies and communities as we gear up to fulfill our CSR and ESG responsibilities in various fields, aided by strong staff engagement.

Concluding remarks

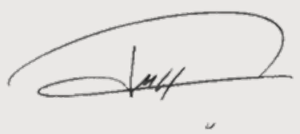
As we near our 50 years of existence, this is a wonderful opportunity for our organisation to on-board a renewed phase of its growth trajectory, while building upon the progress achieved in recent years. In fine, we seek to position the SBM Group as a prominent player in Mauritius and, eventually, within the Asia-Africa corridor, conscious that this is a long-standing itinerary.

Continuity and consistency will be key in bringing our endeavours to fruition and achieving long-lasting success for the SBM Group. Alongside focusing on long term imperatives and outcomes, we will put the organisation's purpose at the very foundation of our relationships with our multiple stakeholders, with an eye on achieving constant and flexible adaptation to ever-changing world realities.

We will gear up to move in this direction and live our principles in a way that creates sound and sustainable value and progress for our shareholders, customers, employees as well as the societies and communities in which we work and live, while helping to address their biggest challenges.

"Continuity and consistency will be key in bringing our endeavours to fruition and achieving long-lasting success for the SBM Group"

We know that the road to growth and excellence is demanding. We know that it is long, and we also know that the next stages will be even tougher and longer. I, nonetheless, believe in each and every SBM employee and I remain confident that we will realise our goals, together and in good harmony.



Raoul Gufflet
Group Chief Executive Officer
SBM Holdings Ltd

About this Report

Key Philosophy

Our reporting philosophy is grounded on our aim to provide our stakeholders with a holistic, relevant, balanced and transparent depiction and appraisal of the financial and non-financial performance and positioning of the SBM Group.

The primary purpose of the report is to explain how SBM creates sustainable value for the benefit of its stakeholders, while managing risks and opportunities faced. This should allow the stakeholders to make better and informed decisions about the SBM Group.

The report has been based on the key principles set out by the Integrated Reporting Framework, which is now overseen by the IFRS Foundation.

Materiality and Contents

This report covers our business model, strategic focus areas, governance and risk management set-up as well as our specific initiatives and achievements.

Information displayed is guided by matters deemed as material to the Group. We define material matters as those that are significant to achieve the Group's vision, mission, goals and strategies and are pertinent to its core values. Materiality is influenced by our operating environment, market development drivers as well as the various internal and external challenges which have or are likely to have a bearing on our activities.

Scope and Boundary

Scope: Operations and positioning of the SBM Group and its various banking and non-banking financial entities

Period covered: From 01 January 2022 to 31 December 2022. Material events after this date and up to the approval of this report on 21 April 2023 are also catered for in this report

Navigation Toolkit

Read more in this report

Further details on our website

Learn more in the Sustainability Report on our website

Creating Long-term Stakeholder Value

We interact with a range of stakeholders, who have a direct or indirect impact on our business, through various channels. While this helps us to continuously build strong and trusting relationships, our regular stakeholder engagement enables us to set out and deliver a coherent strategy that drives sustainable value creation, after making judicious use of our various forms of capital.

Leveraging our resources...

Financial capital
Financial capital refers to the money we obtain from providers of capital that we use to conduct our business activities and execute our strategy. The way we spend our financial resources is also indicative of our commitment to a sustainable future.

Manufactured capital
Manufactured capital is our tangible and intangible infrastructure that we use to conduct our business activities. We aim to make efficient and sustainable use of our equipment and buildings as well as IT infrastructure to serve our clients and stakeholders with zero compromise on security and in a spirit of ease of doing business.

Human capital
Our people are our most valuable asset. They are crucial to achieve our strategic objectives and to create value for our stakeholders. The Group cultivates human capital by carefully identifying, onboarding, developing and retaining talent. SBM also ensures a healthy, safe, equal and sustainable environment for its people.

Intellectual capital
Intellectual capital, also referred to as organisational capital, includes knowledge-based intangibles, intellectual property - such as patents, copyrights, software, rights and licences - as well as systems, procedures and protocols.

Social and relationship capital
Social and relationship capital refers to the relationships we have built with our customers, capital providers, regulators and other stakeholders over time. It is reflected by how SBM puts customers first, treats its employees with integrity, adheres to the highest ethical standards and acts as a socially responsible organisation.

Natural capital
Natural capital relates to the natural resources on which we depend to carry out business activity and create value for our stakeholders. Although our control over and access to natural resources are limited, we strive to use them intelligently and responsibly.

...to meet our stakeholders' needs

Shareholders, debt holders and investor community
Striving to generate sound and sustainable financial returns

Customers
Delivering relevant financial solutions and advice to our customers

Employees
Shaping a competent and engaged workforce that is ready to meet our customer needs

Societies and communities
Promoting an inclusive and socially advanced nation

Suppliers and strategic partners
Leveraging networks and ecosystems to achieve our ambitions

Governments and regulators
Doing the right business, the right way

About this Report (cont'd)

Principles and Assurance

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

Deloitte, the Group's External Auditor, has provided independent assurance on the Annual Financial Statements and has expressed an unqualified audit opinion. The full content of the Annual Report has been reviewed by the Senior Management Team of SBM Holdings Ltd (SBMH) and, in line with related mandates, specific reports were also reviewed and recommended to the Board of Directors of SBMH for approval by the Corporate Governance, Conduct Review & Sustainability, Audit, Risk Management and Strategy Committees.

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

Your feedback matters

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

Corporate Profile

“...SBM is, in a way, an extension of myself...”

One day - I was 18 and had just finished college – I answered a job advert from SBM that I saw in a daily newspaper. Seven months later, I was recruited as Clerical Officer at SBM’s branch in Chemin Grenier. 32 years later, I am still at SBM, as a branch manager.

The bank is in a way an extension of myself: I met my husband at SBM, where he was an employee like me, and my daughter – who’s now 25 and who’s getting married soon – in a way grew up at the bank. SBM has made me feel valued, allowed me to develop and grow, both personally and professionally. I’m emotionally linked to SBM in that, above everything, the bank gave me the opportunity to help a lot of people. I love helping people. This closeness is vital to me.

Mala Dauguenette
Branch Manager, SBM Mahebourg

SBM

Corporate Profile

Our Brand and Identity

Introduction

Leveraging a legacy of around 50 years, the SBM Group is a leading banking and financial services player in Mauritius, while contributing to the country's socio-economic development over time. The SBM Group is actively involved in the Asia-Africa corridor by means of dedicated banking subsidiaries operating in India, Madagascar and Kenya.

Our underlying ambitions

While gearing up to uphold its financial resilience and operational excellence, the SBM Group is committed to promoting the long-term interests of its shareholders and other stakeholders. By means of entities operating in Mauritius and abroad, it is intent on expanding its customer base and strengthening its business growth path, backed by continued investments and a resilient business model.

Our strategic positioning

The SBM Group offers a comprehensive and distinctive suite of products and services which are adapted to the needs of its individual, corporate and institutional clients in the banking and non-banking financial fields across the countries where it is present. The Group entities are guided by clear strategic orientations to grow their businesses, while preserving the soundness of their operations.

Our purpose and philosophy

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 shareholders, meet the relevant needs of our stakeholders and support the development of the community at large

Values

- Customer centricity
- Integrity
- Prudence
- Trustworthiness
- Respect

Key facts and figures

Capitalising on its skilled and talented workforce...

3,115
out of which
1,822 - local entities | 1,293 - foreign entities

...as well as an extensive and innovative reach across different platforms...

103 branches and counters

174 ATMs

4,027 POS

...the SBM Group has built its growth story on a widening customer base...

~5,964,600
out of which
~578,140 - local entities | ~5,386,460 - foreign entities

~210,480 Internet banking customers

~102,890 SMS banking customers

~486,010 e-commerce users

...while depicting a local stock market profile that reflects its prominence

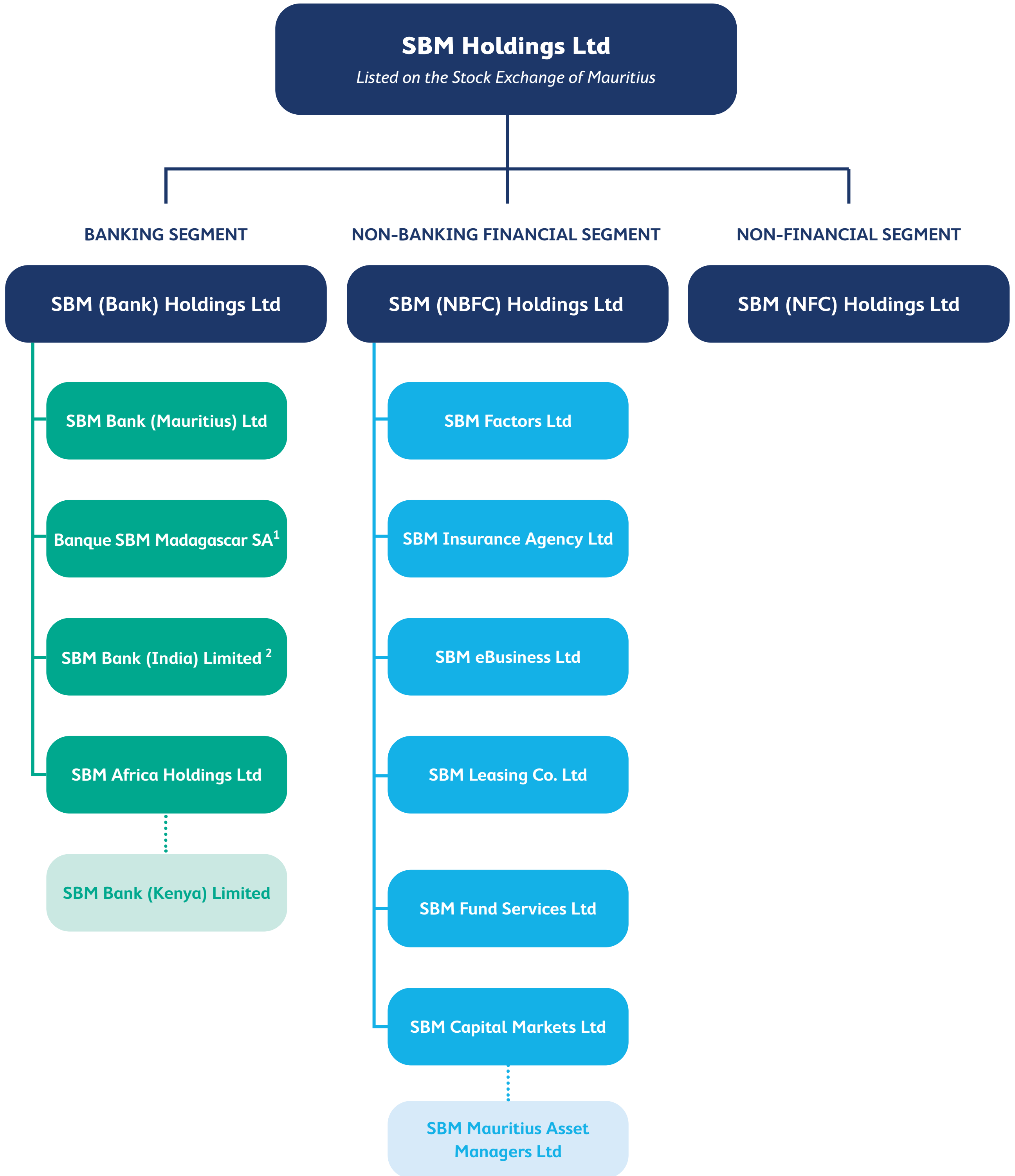
Third largest listing on the Official Market of the Stock Exchange of Mauritius

Market capitalisation of **MUR 13.6 billion**

18,309 shareholders

Corporate Profile (cont'd)

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)

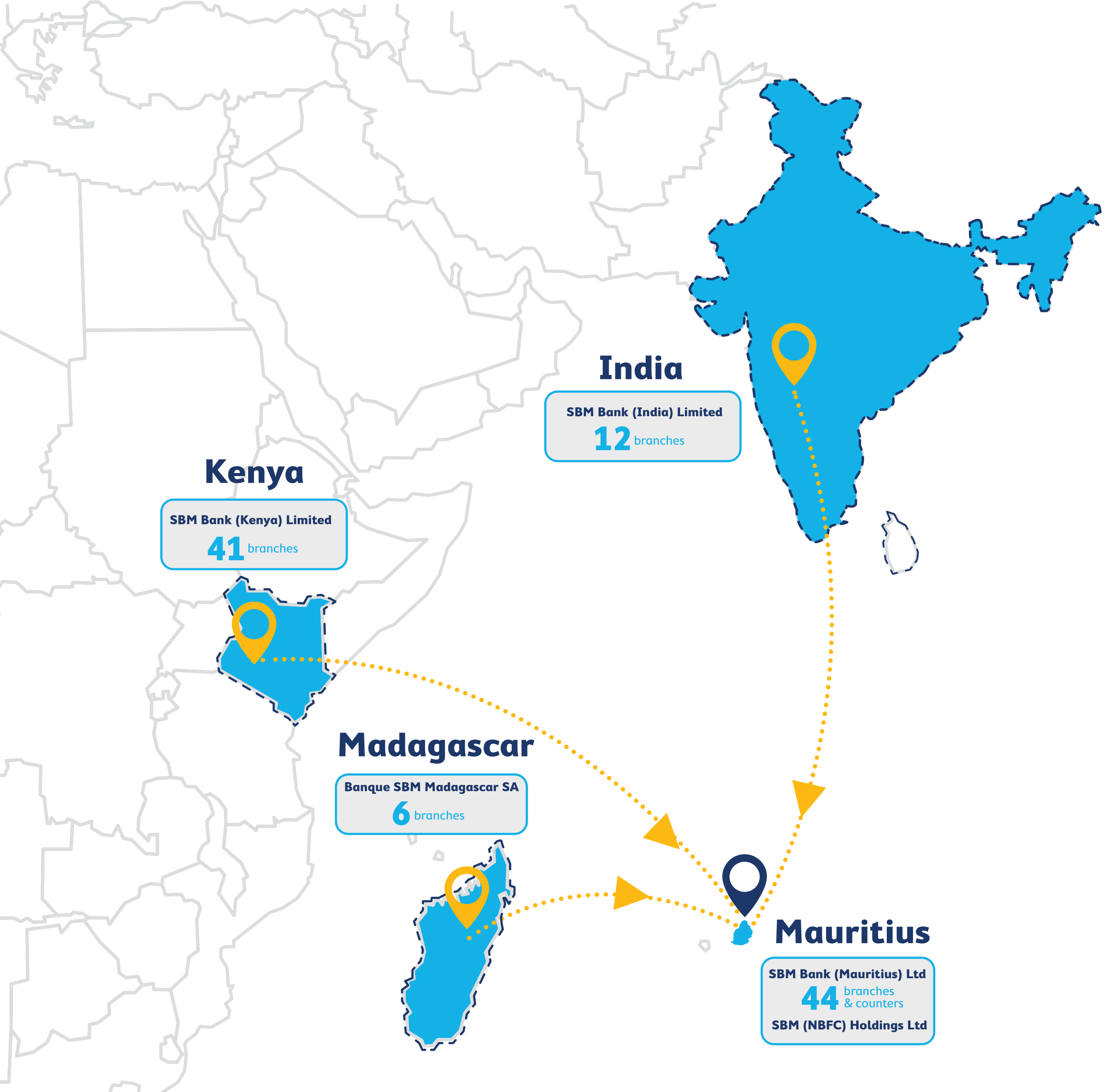
In process of winding up:

- SBM Bank Representative Office, Yangon Myanmar
- SBM Maharaja Fund
- SBM Bank (Seychelles) Limited

Corporate **Profile** (cont'd)

Our Footprint

Well anchored in the Mauritian landscape, the SBM Group also operates in India, Madagascar and Kenya through its full-fledged banking subsidiaries. We provide an extensive range of banking and financial solutions in these countries, while also facilitating cross-border financing opportunities for trade and investment along the Asia-Africa corridor.



Legend

Headquarters

------ Boundary International: India: other

SBM Bank (Mauritius) Ltd

Total assets	Staff count
MUR 269.1 Bn	1,680

- It is the mainstay and flagship of the SBM Group. It is a leading banking operator in Mauritius, while contributing actively to the country's socio-economic development over time.
- The bank attends to the needs of a wide and diversified range of customer segments, comprising Retail, Private Banking & Wealth, SME, Corporate, Institution and Government. It depicts market shares of around 26% and 25% as regard local customer loans and rupee deposits respectively, while being also involved in cross-border transactions.
- With the support of its dedicated employees and multichannel capabilities, it provides seamless and innovative experiences to its customers, alongside delivering an extensive range of products and services, based on the principles of proximity. Solutions offered to clients include easy-to-use and secured internet banking and mobile banking services.

SBM Bank (India) Limited

Total assets	Staff count
MUR 53.7 Bn	563

- After operating as a branch of SBM Bank (Mauritius) Ltd since 1994, the bank has, since 01 December 2018, begun operations as the first bank in India to receive a universal banking license from the Reserve Bank of India through the Wholly Owned Subsidiary route.
- The bank relies on an omnichannel strategy, with a digital-first business model driving its journey. While capitalising on a granular, diversified and sustainable liability base, the bank is actively engaged with Fintech collaborators, partners and business correspondents.
- It has three primary business divisions - Corporate, Retail and Treasury - which cater for clients across and outside India. It has built a respected brand, backed by its human expertise and branches located in Mumbai, New Delhi, Chandigarh, Pune, Bengaluru, Chennai, Hyderabad, Kolkata, Ahmedabad, Ramachandrapuram, Palghar and Abitghar.
- It has invested significant resources to build a robust risk management framework and bolster its capabilities in support of its growing retail and corporate businesses.

SBM Bank (Kenya) Limited

Total assets	Staff count
MUR 29.1 Bn	630

- The bank is well positioned to offer an unprecedented banking experience to its client base. It offers a wide range of financial solutions to its valued customers and plays a key role in supporting the country's economic growth.
- The bank services its customers through multi-channel capabilities, including a large branch network spread across the country, complemented by ATMs, mobile banking and online banking services, simple payment solutions, card business, agency banking services and a contact centre to match the needs of the segmented client base.
- Solutions offered are tailor-made for specific segments, which include Consumer Banking, SME and Corporate Banking. Within Consumer Banking, centres of excellence are operated to address the needs of women, youth, diaspora and High-Net-Worth individuals.

Corporate
Profile (cont'd)

Banque SBM Madagascar SA

Total assets	Staff count
MUR 2.2 Bn	100

- Starting its operations back in 1998 and headquartered in Antananarivo, the bank operates branches in Antsahavola, Andraharo, Tanjombato, Behoririka, Talatamaty and Toamasina.
- The bank acts mostly as a corporate bank that operates in a niche market and services customers with a predominantly wholesale banking focus, while leveraging the key strengths of the Group. The bank also provides dedicated services to High-Net-Worth customers.
- Through its continuous endeavours, the bank has developed into a trusted banking partner for several large and medium corporate entities in the local business arena.

SBM (NBFC) Holdings Ltd

Staff count
102

- As a leading player in the Mauritian landscape, SBM NBFC - which has been operating for more than 20 years - provides services with respect to Investment Management, Collective Investment Schemes Funds, Trading and Structuring, Corporate Finance Advisory, Capital Raising, Registry, Fund Administration, Factoring and Insurance Agency.
- By complementing the range of solutions offered by the banking entities of the Group and delivering innovative end-to-end financial solutions, the entity has consolidated SBM's position as a strong and reputable financial services provider in Mauritius.
- It capitalises on the business acumen of its sales workforce and leverages synergies among the sales teams of Group entities to deepen market penetration, notably with respect to local and foreign corporates.

Making a Difference

Our key success factors

Revenue diversification

- Multi-pronged business growth strategies
- Tapping into emerging and appealing opportunities
- Management of ecosystems and partnerships

Customer experience

- Prompt, convenient and reliable service levels
- Widening panoply of customised products
- Improving distribution and digital channels

Balance sheet management

- Comfortable capital positions for future growth
- Improving and manageable asset quality levels
- Sound funding and liquidity positions

Internal capabilities

- Skilled, diverse and committed workforce
- Upgrading technologies and processes
- Alignment and convergence across entities

Oversight and efficiency

- Robust and scalable risk and governance set-up
- Regulatory and compliance discipline
- Well-engineered cost optimisation initiatives

Culture and values

- Growth-enabling mindset across functions
- Sound behavioural patterns in all circumstances
- Highest standards of conduct and ethics

Sustainability and inclusiveness

- Trustworthy stakeholder relationships
- Caring and healthy societies and environment
- Well-being and engagement of employees

Our awards and accolades

SBM Bank (Mauritius) Ltd

- Best Private Bank and Best Retail Customer Services Bank 2022 - International Finance Awards
- Straight-Through Processing Performance Excellence Award - Citi Treasury & Trade Solutions Group
- Ranked 5th in Top Employer Brand Category - Brand Magic 2022 Mauritius

SBM Bank (Kenya) Limited

- Straight-Through Processing Performance Excellence Award - Citi Treasury & Trade Solutions Group
- Best Bank in Diversity & Inclusion 2022 - World Economic Magazine
- Best SME Bank, Best Bank in Women Banking and Best Gender Equality Index in Diversity and Inclusion 2022 - World Business Outlook
- 1st Runner Up for Best Bank in Promoting Gender Inclusivity - Kenya Bankers Association Catalyst Awards
- Ranked 5th for Economic Empowerment - Gender Mainstreaming Awards 2022

Group Governance and Leadership

Board of Directors of SBM Holdings Ltd

From left to right:

Mr Abdul Sattar Adam Ali Mamode Hajee Abdoula (also known as Sattar Hajee Abdoula) - *Group Chairman,*
Mr Raoul Claude Nicolas Gufflet (also known as Raoul Gufflet), Ms Shakilla Bibi Jhungeer and Mr Jean Paul Emmanuel Arouff

From left to right:

Mr Ramprakash Maunthrooa, Ms Sharon Ramdenee, Mr Visvanaden Soondram and Dr Subhas Thecka

Committee key

- (A) Audit Committee
- (CG) Corporate Governance, Conduct Review & Sustainability Committee
- (NR) Nomination & Remuneration Committee
- (RM) Risk Management Committee
- (S) Strategy Committee
- Chair of the Committee

Board of Directors of SBM Holdings Ltd (cont'd)

Mr Sattar Hajee Abdoula

Group Chairman / Independent Director

Date of appointment: 11 March 2020

Background and experience

Mr Hajee Abdoula is a seasoned Chartered Accountant and one of the leading insolvency practitioners in Mauritius. Well-known for being an innovative and strategic thinker, his expertise is sought after by many large companies in various sectors, both locally and internationally. He has also been an advisor for the Government of Ghana to determine the framework for the creation of the Ghana International Financial Services Centre. He has been involved in the global business sector for many years, serving both as a Board Member and advisor on structuring and tax matters on several occasions. He is a Member of the Mauritius Institute of Professional Accountants and INSOL International, an international association of restructuring and insolvency professionals. He holds an Auditor's Licence from the Financial Reporting Council of Mauritius, an Insolvency Practitioner's Licence of Mauritius, and the ICAEW Insolvency and Practicing Licences. He has been a Non-Executive Director and Chairman of Audit Committee of a UK FTSE 100 company at the time of its listing on the UK Stock Exchange.

Qualifications

- Fellow of the Institute of Chartered Accountants in England and Wales (FCA, ICAEW)

Directorship in other entities

Banque SBM Madagascar SA (Chairman), SBM Africa Holdings Ltd, SBM Bank (India) Limited (Chairman), SBM Bank (Kenya) Limited (Chairman), SBM Capital Markets Ltd (Chairman), SBM eBusiness Ltd (Chairman), SBM Factors Ltd (Chairman), SBM (NBFC) Holdings Ltd (Chairman), SBM 3S Ltd (Chairman) and various Boards of local/ global business/ foreign entities

Committee membership

S

Mr Jean Paul Emmanuel Arouff

Non-Executive Director

Date of appointment: 11 March 2020

Background and experience

Mr Arouff has over 20 years of experience in journalism, specialised in reviewing economic and financial markets. He was previously the Editor-in-Chief of Business Magazine, a leading economic news publication in the region, and acted as the country correspondent for the international news agency Reuters on economic and financial matters.

Qualifications

- Masters in Journalism

Directorship in other entities

Economic Development Board, Landscope (Mauritius) Ltd, SBM (Bank) Holdings Ltd, SBM Bank (Mauritius) Ltd and SBM (NFC) Holdings Ltd

Committee membership

CG NR

Group Governance and Leadership (cont'd)

Board of Directors of SBM Holdings Ltd (cont'd)

Committee key

- (A) Audit Committee
- (CG) Corporate Governance, Conduct Review & Sustainability Committee
- (NR) Nomination & Remuneration Committee
- (RM) Risk Management Committee
- (S) Strategy Committee
- Chair of the Committee

Mr Raoul Gufflet

Executive Director / Group Chief Executive Officer

Date of appointment: 28 November 2022

Background and experience

Mr Gufflet is a seasoned professional, who has spent nearly three decades in the banking and financial sector. Over the years, he has gathered an extensive knowledge of the banking sector and financial markets across a large variety of jurisdictions. He started his career as a strategic consultant in the field of restructuring and corporate advisory at PwC in France, Eastern Europe and Africa. He has been involved in several studies which were jointly conducted with the World Bank and the European Bank for Reconstruction and Development on financial institutions, both in developed and transitional economies.

Prior to joining the SBM Group, he was the Deputy Chief Executive Officer of a renowned bank in Mauritius and served as the Director of several of its entities across Africa and the Indian Ocean. He led the transformation of most of its business lines, aligning them with best international standards as well as with new digital, regulatory and compliance international trends. He has also been instrumental in developing that institution's Corporate and Institutional Banking arm and led the creation of its franchise in the Structured Finance and Commodities spectrum on the African continent. As a firm believer in ESG principles for responsible banking and finance, he is committed to developing a sustainable banking and capital market philosophy, which is a prerequisite for unlocking shareholder value.

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
- Masters 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 Bank (India) Limited, SBM Bank (Kenya) Limited and SBM Bank (Mauritius) Ltd

Committee membership

RM S

Ms Shakilla Bibi Jhungeer

Independent Director

Date of appointment: 13 March 2020

Background and experience

Ms Jhungeer is a barrister. She attended the Bar Vocational Course at the College of Law, London from 2009 to 2010 and was called to the Bar at Lincoln's Inn on 14 October 2010 and to the Mauritius Bar Association on 20 January 2012. She has previously served as Board Member of the Independent Commission Against Corruption from February 2015 till October 2019. She also sits on the Council of *"Wemove"*, a platform designed to promote women empowerment across all subsidiaries of the SBM Group.

Qualifications

- Masters in International Law and Criminal Justice – University of East London, UK
- Bachelor of Laws (LLB) – Buckinghamshire Chilterns University College, UK

Directorship in other entities

Rodrigues Duty Free Paradise Ltd, SBM (Bank) Holdings Ltd, SBM Bank (Kenya) Limited, SBM 3S Ltd, SBM Factors Ltd, SBM Insurance Agency Ltd, SBM (NBFC) Holdings Ltd and State Insurance Company of Mauritius Ltd

Committee membership

A CG NR

Board of Directors of SBM Holdings Ltd (cont'd)

Committee key

- (A) Audit Committee
- (CG) Corporate Governance, Conduct Review & Sustainability Committee
- (NR) Nomination & Remuneration Committee
- (RM) Risk Management Committee
- (S) Strategy Committee
- Chair of the Committee

Mr Ramprakash Maunthrooa

Non-Executive Director

Date of appointment: 15 December 2021

Background and experience

Mr Maunthrooa is currently the General Manager of the Central Water Authority. He is also serving as Special Advisor at the Prime Minister's Office.

Mr Maunthrooa has been Senior Advisor at the Prime Minister's Office from January 2015 to April 2019. He has also been the Managing Director of the Economic Development Board (EDB and previously known as the Board of Investment) during 2010/2011.

He was previously a Director on the Boards of Air Mauritius Limited, SBM Holdings Ltd, the EDB and State Insurance Company of Mauritius Ltd. He was also the Chairperson of Airports of Mauritius Co Ltd, Airport Terminal Operations Ltd and Mauritius Duty Free Paradise Co Ltd from December 2021 to August 2022.

Mr Maunthrooa has also been the Director-General of the Mauritius Ports Authority (MPA) and subsequently the Chairperson of the MPA for 2000-2003.

Qualifications

- Fellow of the Institute of Chartered Secretaries & Administrators - UK (FCIS)
- Fellow Member of the Chartered Institute of Transport – UK (FCIT)

Ms Sharon Ramdenee

Independent Director

Date of appointment: 14 December 2018

Background and experience

Ms Ramdenee is currently the CEO of Agiliss Ltd, one of the leading fast-moving consumer goods companies operating in Mauritius, and also in the region. In Mauritius, Ms Ramdenee previously held the role of Finance Director of Saint Aubin Group, having also held a commercial and business development role in the organisation. In the UK, she worked for Ernst & Young LLP with a portfolio of high-profile clients located both in United Kingdom and internationally. She qualified as a Chartered Accountant with Ernst & Young London since 2005.

Qualifications

- PhD Business & Management (current reading – completion 2023) – Warwick Business School, UK
- Fellow of The Institute of Chartered Accountants in England & Wales (FCA, ICAEW)
- MBA *(with Distinction)* specialising in Strategy and Marketing – Warwick Business School, UK
- Bachelor Degree in Law and Business – University of Warwick, UK

Directorship in other entities

Agiliss Ltd, SBM Bank (India) Limited, SBM Bank (Kenya) Limited and SBM (NFC) Holdings Ltd

Committee Membership

A CG RM S

Committee key

- (A) Audit Committee
- (CG) Corporate Governance, Conduct Review & Sustainability Committee
- (NR) Nomination & Remuneration Committee
- (RM) Risk Management Committee
- (S) Strategy Committee
- Chair of the Committee

Board of Directors of SBM Holdings Ltd (cont'd)

Mr Visvanaden Soondram

Non-Executive Director

Date of appointment: 11 March 2020

Background and experience

Mr Soondram is currently Deputy Financial Secretary at the Ministry of Finance, Economic Planning and Development. He has a fruitful career spanning over more than 25 years within the same Ministry where he has previously served as Accountant, Lead Analyst and Director.

Qualifications

- Fellow of The Association of Chartered Certified Accountants, UK (FCCA)
- Masters Degree in Finance – University of Mauritius

Directorship in other entities

Airport Holdings Ltd, Economic Development Board, SBM (Bank) Holdings Ltd and SBM Bank (Mauritius) Ltd

Committee membership

NR S

Dr Subhas Thecka

Independent Director

Date of appointment: 23 June 2017

Background and experience

Dr Thecka is a Senior Lecturer at the Charles Telfair Institute since 2006 where he teaches accounting, banking and finance and is also a Member of the Mauritius Institute of Professional Accountants. He has worked for 20 years at the management level in different sectors and 18 years as Lecturer at tertiary level.

Qualifications

- PhD in Business Sustainability – Open University of Mauritius
- Fellow of The Association of Chartered Certified Accountants, UK (FCCA)
- Master of Business Administration – Glasgow Caledonian University, Scotland
- Graduate Diploma in Marketing – CIM, UK
- Diploma in International Marketing – University of Mauritius
- Diploma in Sustainability – TAFE, Australia

Committee membership

A RM

Group Governance and Leadership (cont'd)

Our Leadership Team

Senior Management Team - SBM Holdings Ltd

Mr Raoul Gufflet

Group Chief Executive Officer

Please refer to page 30

Dr Roshan Boodhoo

Deputy Group Chief Executive Officer

Background and experience

Dr Boodhoo started his career in the finance and corporate credit departments of an international bank in Mauritius. During his career so far, he has occupied several high-profile positions. Prior to joining the SBM Group, Dr Boodhoo was the Group Chief Executive Officer of a financial services company. Under his leadership, the company which he was operating in Mauritius and Luxembourg, embarked on an expansion plan abroad and established operations in International Financial Centres of repute, namely in London, Dubai, Cape Town and Shanghai.

Dr Boodhoo has also served as Director for several entities in the financial and non-financial services sectors including Investment Banks, Life Insurance Companies, IT & Telecommunications firms. From 2016 to 2021, Dr Boodhoo was also a Director representing Africa on the EMEA Board of PrimeGlobal, one of the 5 largest financial associations in the world with a combined turnover in excess of USD 2.5 billion.

During his career, Dr Boodhoo has been a regular speaker and panelist in several international conferences. Dr Boodhoo has also published a number of research papers on finance and investment related topics. As a business-savvy individual, he has earned the reputation of being a fast thinker and a highly-motivated and focused leader who thrives in a fast-paced environment.

Qualifications

- Doctorate in Management (specialisation in Business Administration) – Institute of Business Management, India
- Fellow of the International Compliance Association
- Fellow of the Institute of Management Specialists
- Fellow Chartered Financial Manager
- Master of Arts in Finance and Investment – The University of Nottingham, UK
- Executive Master of Business Administration (Finance) – Institute of Business Management, India
- BSc (Hons) Banking and International Finance – University of Technology, Mauritius

Senior Management Team - SBM Holdings Ltd (cont'd)

Mr Anoop Kumar Nilamber

Group Chief Investment Officer

Background and experience

Mr Nilamber is a seasoned professional with over 15 years of experience in the banking, investment and corporate sectors, having worked in international reputed financial institutions, including HSBC France.

He was previously a member on the board of several key entities including MauBank Ltd, Airports of Mauritius Co. Ltd, the State Investment Corporation Ltd, SME Mauritius Ltd and the Mauritius Revenue Authority, among others.

His past experiences include those of Economic Advisor at the Ministry of Finance and Economic Development, CEO at Mauritius Duty Free Paradise Ltd, Group Chief Executive Officer at Airports of Mauritius Co. Ltd and lecturer at the Université Panthéon-Assas Paris II, France.

Prior to this appointment, Mr Nilamber was the CEO of SBM Bank (Mauritius) Ltd since July 2021.

Qualifications

- Master's Degree in Banking and Finance – Université Panthéon - Assas - Paris II, France
- BSc (Licence) in Economics – Université Panthéon - Assas - Paris II, France

Mr Kabirsingh (Kavi) Baboolall

Group Chief Strategy and Projects Officer

Background and experience

Mr Baboolall is a finance professional with a career spanning almost 20 years. He has successfully led the overseas expansion of the SBM Group in Kenya and India. In his current role and as an active sustainability advocate, he is heavily involved in the Group's Sustainability Agenda, ensuring adherence to the Group's strategic orientations.

Mr Baboolall serves as Director in several entities of the SBM Group. He is also a Councillor on the SBM Foundation, which is the CSR arm of the SBM Group.

Prior to joining SBM, Mr Baboolall gained extensive exposure in the UK investment banking sector with a top Tier Investment Bank and has run his own company, through which he advised and managed projects for two European investment banks.

Qualifications

- Fellow of The Institute of Chartered Accountants in England and Wales (FCA, ICAEW)
- Bachelor Degree in Accounting and Finance – University of Warwick, UK

Group Governance and Leadership (cont'd)

Our Leadership Team (cont'd)

Senior Management Team - SBM Holdings Ltd (cont'd)

Mr Sivakrisna (Kovi) Goinden

Head of Finance & Capital Management

Background and experience

Mr Goinden has 19 years' experience in the finance and accounting sector including 15 years in the banking sector. He currently manages the finance and procurement functions of the Group as well as giving support to the different entities across SBM Group.

Over the years, Mr Goinden has contributed much to the SBM Group given his vast past experience in merger and acquisitions, Group restructuring and capital projects.

Mr Goinden acts as Director on several entities of the SBM Group and is a Councillor on the SBM Foundation, the CSR arm of the Group.

Qualifications

- Fellow of The Association of Chartered Certified Accountants, UK (FCCA)
- Post Graduate Diploma in Business Administration, Herriot Watt University, UK

Directorship in other entities

Industrial Finance Corporation of Mauritius (Equity) Ltd (Previously known as "SME Equity Fund")

Mr Ahmad Mazahir Koussa

Group Chief Risk and Compliance Officer

Background and experience

Mr Koussa is responsible for helping to define, set and manage both financial and non-financial risks across the Group and ensuring the risk framework remains effective.

Before joining SBM Holdings Ltd, he served as Vice President of Group Risk Management at First Abu Dhabi Bank for their global Corporate and Investment Banking division. Prior to that, he oversaw the Risk Management function of the Wealth and Investment segment of Barclays DIFC in the UAE. His former appointments include working at senior management levels in the risk and governance areas of Standard Bank Group and Barclays Capital. He started his career with a Big 4 firm in London as an auditor.

Qualifications

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

Senior Management Team - SBM Holdings Ltd (cont'd)

Mr Neelesh Sharma Sawoky

Head of Internal Audit & Investigation, SBM Bank (Mauritius) Ltd

Background and experience

Mr Sawoky joined the SBM Group as Head of Internal Audit in February 2015. He is a seasoned professional with more than 24 years in the banking and financial sector, of which over 15 years of expertise in leading the Internal Audit function of various banks. He has led audits both locally and overseas. Over the years, he has also been instrumental in establishing high performing Internal Audit Teams within several banking institutions. Mr Sawoky is an avid supporter of data analytics and technology to support audit work and besides the internal audit function, he also oversees the Investigation Team of SBM Bank (Mauritius) Ltd.

Qualifications

- Certified Fraud Examiner (CFE)
- Certified Internal Auditor (CIA)
- Certified Financial Services Auditor (CFSA)
- Fellow of The Association of Chartered Certified Accountants, UK (FCCA)
- Master of Business Administration, University of Derby, UK

Mrs Rita-Devi Persand Gujadhur

Head of Performance Management

Background and experience

Mrs Gujadhur is a seasoned banker with a long career spanning over 35 years at SBM. She joined the Trade Finance Department in 1988, where she spent 9 years and acquired a full insight of the trade finance operations. She has from then on assumed various positions of increasing responsibilities in the bank within the International Banking Division and as Head of Value-Based Performance Management, Head of Operations Centre & Trade Finance and also as Head of Strategy & Data Analytics. Mrs Gujadhur has been an active member in various key forums like Operational Risk Forum, Management Credit Forum, Portfolio Credit Forum, Asset and Liability Management Committee, Capital Allocation & Planning Committee and Group Executive Forum and she has also been involved in the implementation of major IT projects within the bank.

Qualifications

- MBA – Heriot Watt University, Edinburgh Business School, UK
- Diploma in Business Management – Surrey European Management School, University of Surrey, UK

Group Governance and Leadership (cont'd)

Our Leadership Team (cont'd)

Senior Management Team - SBM Holdings Ltd (cont'd)

Mr Jaswant Rao (Nuvin) Balloo

Group Head Research & Strategic Planning and Execution and Lead Economist

Background and experience

Mr Balloo is a seasoned professional with around 17 years of experience in the banking and financial services sector. After obtaining his Master of Economics from the University of Sydney, Australia, he worked as an Economic Advisor at KPMG Mauritius, where he participated in influential projects and studies for private and public sector clients operating locally and abroad. He then joined a leading banking and financial services player where he acted as the Deputy Head of the Strategy, Research and Development department as well as the Lead Economist. There, he took part in a wide range of high-profile projects and assignments that closely contributed to the sound and sustained growth of the organisation in Mauritius and across the African continent, alongside helping to strengthen its goodwill vis-à-vis stakeholders.

Qualifications

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

Chief Executive Officers of Subsidiaries

Mr Sanjaiye Rawoteea

Acting Chief Executive Officer, SBM Bank (Mauritius) Ltd

Background and experience

Mr Rawoteea is a seasoned banker with a long career spanning over 20 years in the banking sector, with 10 years dedicated to Private Banking and Wealth Management in both local and international banks, he brings a broad experience to the organisation.

Mr Rawoteea joined SBM in 2009 where he has since held several senior positions, including those of Senior Relationship Manager in the Private Banking Division and Head of Sales & Marketing at the SBM Non-Banking Financial Cluster.

He was instrumental in setting up, in 2017, the Private Wealth Division within the bank with the objective to provide Wealth Management Solutions to Ultra High-Net-Worth clients.

He has also served as the Head of Consumer Banking, overseeing the Private Banking & Wealth Management and Retail Banking Divisions of the bank.

Additionally, Mr Rawoteea serves as Executive Director on the Board of Directors of SBM Bank (Mauritius) Ltd.

Qualifications

- Graduate and alumnus of the Harvard Business School
- MBA, Management College of Southern Africa
- Bachelor of Commerce, University of Natal, South Africa

Mr Shailendrasingh (Shailen) Sreekeessoon

Chief Executive Officer, SBM (NBFC) Holdings Ltd

Background and experience

Mr Sreekeessoon has over 20 years of experience in the business and financial sectors in Mauritius, including more than 10 years at senior management level. His experience includes marketing and economic research, strategy, strategic communications, programme management, commercial and investment banking and SME financing. He has spearheaded several research publications and has been an economics spokesperson for the institution. Formerly the Head of Strategy and Research, he joined the Non-Banking Financial Cluster of the SBM Group in July 2019 and was promoted to CEO in 2020. Under his leadership, this cluster has experienced significant growth and innovation, and has become a prominent part of the Group. He is a Member of the Board of Directors of the different entities within the Non-Banking Financial Cluster.

Qualifications

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

Group Governance and Leadership (cont'd)

Our Leadership Team (cont'd)

Chief Executive Officers of Subsidiaries (cont'd)

Mr Sidharth Rath

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

Background and experience

Mr Rath has been at the helm of SBMBI's activities in his capacity as MD & CEO of the bank since the commencement of its operations in December 2018. With over 30 years of professional experience in the financial sector, Mr Rath was previously the Group Executive and Head of Corporate, Transaction and International Banking of Axis Bank. He has headed multiple businesses and product groups which include client coverage and relationship for Corporates, Financial Institutions and Governments, Global Markets, Asset-Liability Management, Trade & Transaction Capital Markets. He was instrumental in setting up Corporate and Project Advisory Services, Capital Markets and Investment Banking and Asset Management Businesses for Axis Bank. He was a member of the Securities Exchange Board of India, Corporate Bonds and Securitisation Advisory Committee, Member of the Advisory Board of the National Securities Clearing Corporation Ltd and Director on the Board of Swift India Ltd.

Qualifications

- Post Graduate Diploma in Management – Xavier Institute of Management, Bhubaneswar, Odisha, India
- B.Com (Hons) Accountancy & Management – Berhampur University, Odisha, India

Mr Moezz Mir

Chief Executive Officer, SBM Bank (Kenya) Limited

Background and experience

Mr Mir is a highly experienced corporate and investment banker. He is known for being a commercially focused and results-oriented individual whose endeavour, driven by his entrepreneurial spirit, leads to business turnaround, strategy formulation and execution. He has held a number of executive level positions including serving as Managing Director within leading financial institutions, especially in the East African region. He is responsible for the overall operations of the 41 branches of SBM Bank (Kenya) Limited in his capacity as CEO.

Qualifications

- Bachelor Degree (Hons) in Economics – Kingston University, London
- Global Executive Development Program (GEDP) – Gordon Institute of Business Science, South Africa

Chief Executive Officers of Subsidiaries (cont'd)

Mr Youdananda Munian

Officer-in-Charge, Banque SBM Madagascar SA

Background and experience

Mr Munian has a long career in the banking sector, having held several roles within the SBM Group prior to his appointment at Banque SBM Madagascar SA where he is also Head of Credit, Money Laundering Report Officer (Level 2), Risk Officer, Acting Head of Sales, Cross Selling Champion and Coordinator for the desk of Private Banking and International Banking of SBMBM. Given his role, he has been actively involved in the formulation, review and implementation of the bank's strategy to grow the Group's Malagasy operations.

Qualifications

- Advanced Diploma in Accounting and Finance – The Institute of Commercial Management, UK

Delivering on **our Strategy**

"...SBM is truly a relationship-based bank..."

We are grateful to partner with a bank that shares the same mission, that of building sustainable African businesses. My initial interaction with SBM was back in 2020, amid the COVID-19 pandemic, whereby the bank approached us to deliver a tailor-made Business Continuity Programme for some of their SME customers.

While working with the bank and interacting with the staff members on a regular basis, it was clear that SBM was truly a relationship-based bank which motivated me to open our Corporate account at SBM Kenya. Beyond the trusted banking expertise, they have remained committed to enriching the quality of service for their customers.

All of this to say, having experienced SBM as a thought partner, and then as a Corporate banking partner, it was a no-brainer that I have committed to a personal banking relationship with them too!

Judith Mwangangi
Co-founder and Head of Business - Tactive Consulting

SBM

Delivering on our Strategy

Our Operating Environment

Our approach

The context

- Fast-evolving economic, market and industry environments across jurisdictions
- Heightened impact – in terms of both scope and depth – of contextual developments on our operations, our functioning as well as business development strategies and initiatives
- Increased linkages between the external landscape and the Group's business model

Our responses

- Strategically position the Group in view of long-term value creation for its stakeholders, while underpinning the operational and financial resilience of our different operating entities
- Systematic and effective monitoring of the operating environment, alongside critically appraising related risks and challenges as regard immediate and longer-term business imperatives
- Refinement of growth-enabling strategies and customer value proposition
- Reinforced market vigilance and customer proximity across presence countries
- Bolstered capabilities in terms of people, process, technology and synergies

The economic landscape

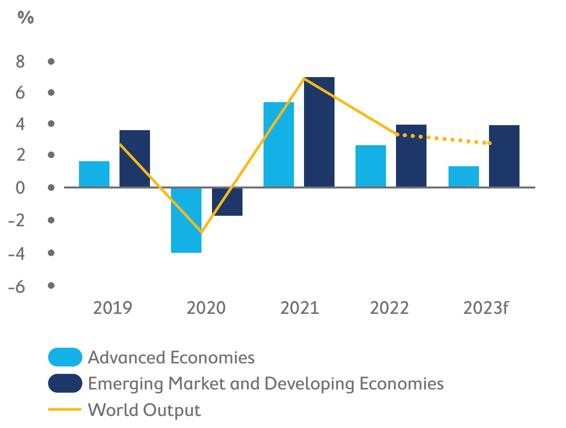
As per the IMF, the global economy is poised to slow down in 2023, before rebounding next year. Global growth, estimated at 3.4% in 2022, is projected to fall to 2.8% in 2023 before rising to 3.0% in 2024. The forecast of low growth in 2023 reflects the war in Ukraine, high inflationary pressures and the rise in central bank interest rates, especially in advanced economies. The IMF added that global inflation is set to fall from 8.7% in 2022 to 7.0% in 2023 and 4.9% in 2024, partly reflecting declining international fuel and nonfuel commodity prices due to weaker global demand.

Against the backdrop of a testing global environment, the economies of the Group's presence countries have, during the year under review, faced up to challenging conditions with respect to sectorial performances, exports of goods and services, foreign exchange and financial market conditions as well as the general macroeconomic set-up, notably as regard persistently high inflation rates. This situation has impacted the market environment, with repercussions on the demand for credit, while hikes have been observed in interest rates on the back of the tightening monetary policy stances adopted by the authorities.

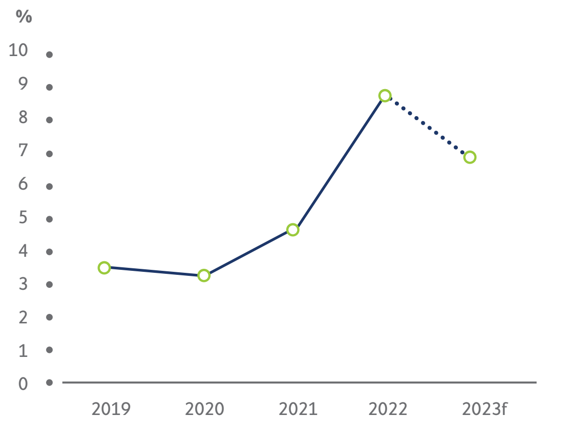
Nonetheless, the economic and market landscapes in our presence countries have been gradually recovering during 2022. Looking ahead, our presence countries are likely to be exposed to a demanding global environment, amidst the war in Ukraine, volatile financial and commodity markets as well as higher interest rates. That said, they are, as per recent reports, likely to pursue their recovery momentum in 2023, albeit at difference paces, supported by dedicated measures and policies by the public and private sectors.

As regard Mauritius, it is gradually getting back to shape, with the country witnessing year-on-year real GDP growth rates of 6.0%, 14.3%, 7.5% and 7.7% in the first, second, third and fourth quarters of 2022 respectively. Encouragingly, the tourism industry recorded a significant upturn, with spillover effects on other areas of the economy. According to the Bank of Mauritius, the manufacturing, financial services, construction and wholesale and retail trade sectors maintained good momentum and prospects are quite promising going forward. The Central Bank added that headline inflation for the 12-months ended December 2022 stood at 10.8%, compared to 4.0% for the 12-months ended December 2021, before highlighting that the metric is forecast to come down to around 6% in 2023.

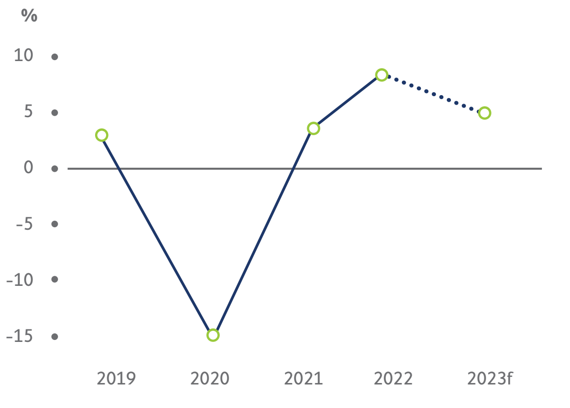
Global real GDP growth



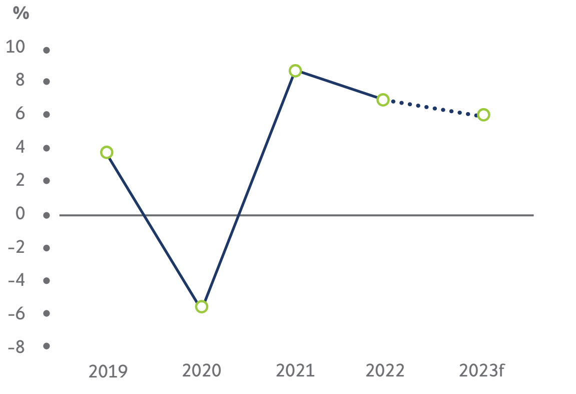
Global inflation



Mauritius - Real GDP growth

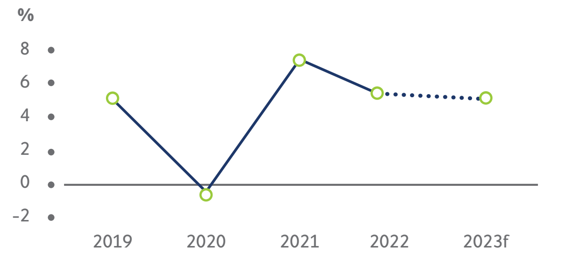


India - Real GDP growth

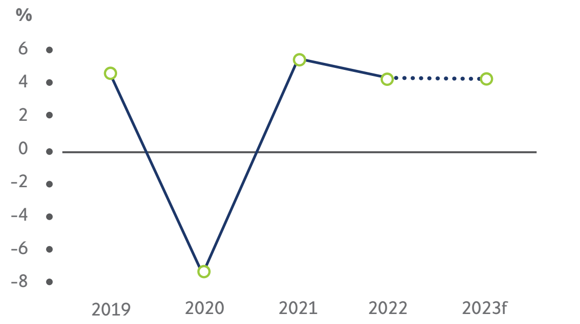


Note: Data and forecasts are presented on a fiscal year basis

Kenya - Real GDP growth



Madagascar - Real GDP growth



Source: IMF World Economic Outlook, April 2023

Delivering on our Strategy (cont'd)

Our Operating Environment (cont'd)

Key influences on our operating set-up and associated responses

Transformation of society, evolution of customer needs and country-level imperatives

- Responding to the growing demand for increasingly convenient, accessible, personalised as well as rapidly-delivered solutions, alongside fostering the systematic adaptation of business lines and entities to evolving customer needs, notably via seamless omni-channel solutions
- Remodelling our operations and value proposition in tune with observed demographic trends as well as the changing socio-economic and age profiles of our customer base
- Accompanying and guiding customers afflicted by the sanitary and economic crisis, while working cooperatively with the fiscal and monetary authorities to support sound and sustained economic recovery in the face of the uncertain and unsteady operating context
- Promoting social advancement and inclusiveness by means of our financial solutions and dedicated sustainability initiatives, alongside underpinning the well-being of people
- Reshaping our internal operations and offering responsible and long-term client solutions towards meeting environmental needs and the United Nations Sustainable Development Goals, alongside tapping into business opportunities linked to sustainability initiatives

Competitive trends and industry dynamics

- Adapting to a new environment whereby our competitors across markets are systematically enriching their financial solutions and spearheading their business diversification thrusts
- Dealing with competitive pressures associated with new industry entrants, including Fintech and Big Tech disruptors and other players across the financial services industry
- Focusing on the right promotional and communication channels, in line with the ubiquitous nature of social media and the changing profiles of the customer base, alongside moving in a fast and pragmatic way to preserve the Group's reputation and brand image
- Embracing innovation as well as emerging technological platforms and systems to drive operational efficiencies, reshape interactions with stakeholders and provide superior client experiences in a landscape marked by a rising rate of digital adoption
- Tackling the growing volume, intensity and sophistication of cyberattacks, backed by the endorsement of appropriate risk management frameworks, policies and processes

Increasingly demanding requirements in terms of compliance and regulations

- Coping with the ever more exigent nature of local and international norms, codes and standards of operation insofar as they impact strategic orientations and business decisions
- Thriving in a legal and regulatory environment which is triggering a growing range of requirements and policies that have an impact on our business model, internal operations, value proposition, support to the real sector, capital and liquidity management

Exigencies linked to rapidly occurring climate change and sustainability imperatives

- Identifying risks, challenges and opportunities associated with climate change, alongside adopting an integrated approach towards developments taking place in the sustainability field
- Building further resilience and flexibility in our operations and accompanying our customers across markets, in line with their growth ambitions and the nature of challenges faced
- Supporting our customers in their endeavours to embrace more sustainable consumption and production models as well as incurring climate-resilient investments
- Gradually strengthening our Environmental, Social and Governance (ESG) standards, policies and processes as well as our value proposition and information disclosures vis-à-vis external stakeholders
- Meeting societal and community expectations for social and environmental progress
- Embedding climate risk management within our underlying business model

Evolving operational realities and employee requirements

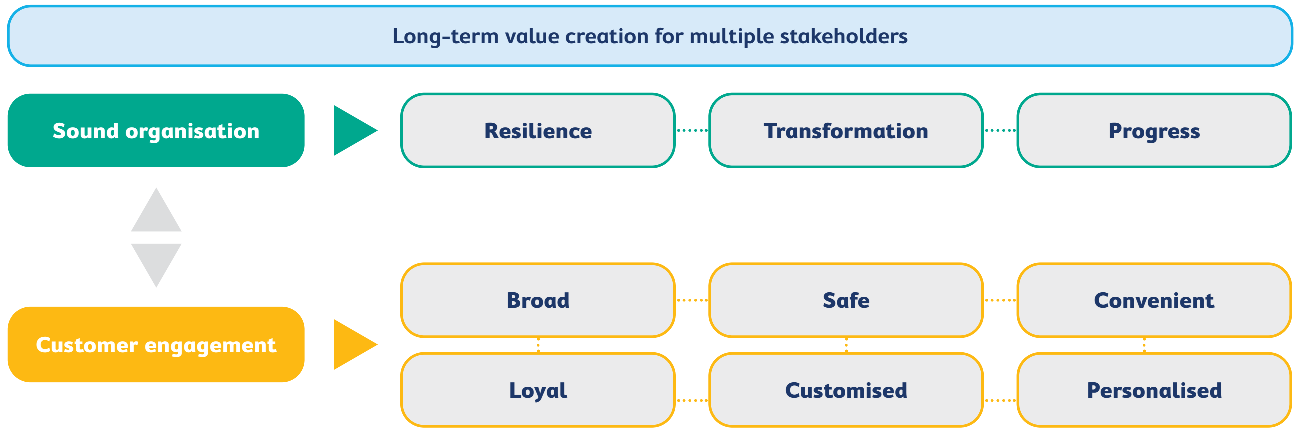
- Strengthening internal productivity and operational efficiency levels in a fast-changing landscape which lays increasing emphasis on cost rationalisation and resource optimisation, a leaner and more agile operating model, forging of partnerships and synergies with key partners within the ecosystem, review of organisational structures, advanced analytics, among others
- Boosting employees' engagement and productivity amidst a highly competitive industry
- Recruiting people with diverse, adaptable, innovative, agile and digitally-enabled skills, expertise and leadership abilities in order to remain relevant in a changing banking and financial services landscape, alongside growing and retaining top talents across segments
- Creating an appropriate environment that facilitates the dissemination and adoption of flexible working arrangements and remote working practices, while reflecting on the organisation's business imperatives and the demands of the economic and sanitary environment
- Pursuing the agenda to foster the safety and well-being of employees, in response to pressures emanating from a challenging sanitary context and growing business volumes

Delivering on our Strategy (cont'd)

Key Strategic Directions

Our philosophy

The SBM Group is committed to achieving sound and sustained growth in its business activities across jurisdictions, supported by its financial resilience. Its strategic direction is founded on a clear and coherent view of what it seeks to achieve and where it wants to go. It is geared to promoting a smart, agile, innovative, and forward-looking organisation. In this way, it is dedicated to creating and nurturing meaningful and long-standing relationships with its shareholders and other stakeholders.



Our main focus areas

Capitalising on sustained progress achieved...

Building on realisations posted during the last 50 years, the Group has set out to anchor its business model on ambitious, yet prudent, foundations, while making allowance for the risks and exigencies associated with the fast-changing operating landscape. It is dedicated to further strengthen its growth impetus across markets and jurisdictions as well as to reinforce its stakeholder engagement, backed by higher operational efficiency levels.

...the SBM Group is dedicated to continuously strengthen its strategic pathways...

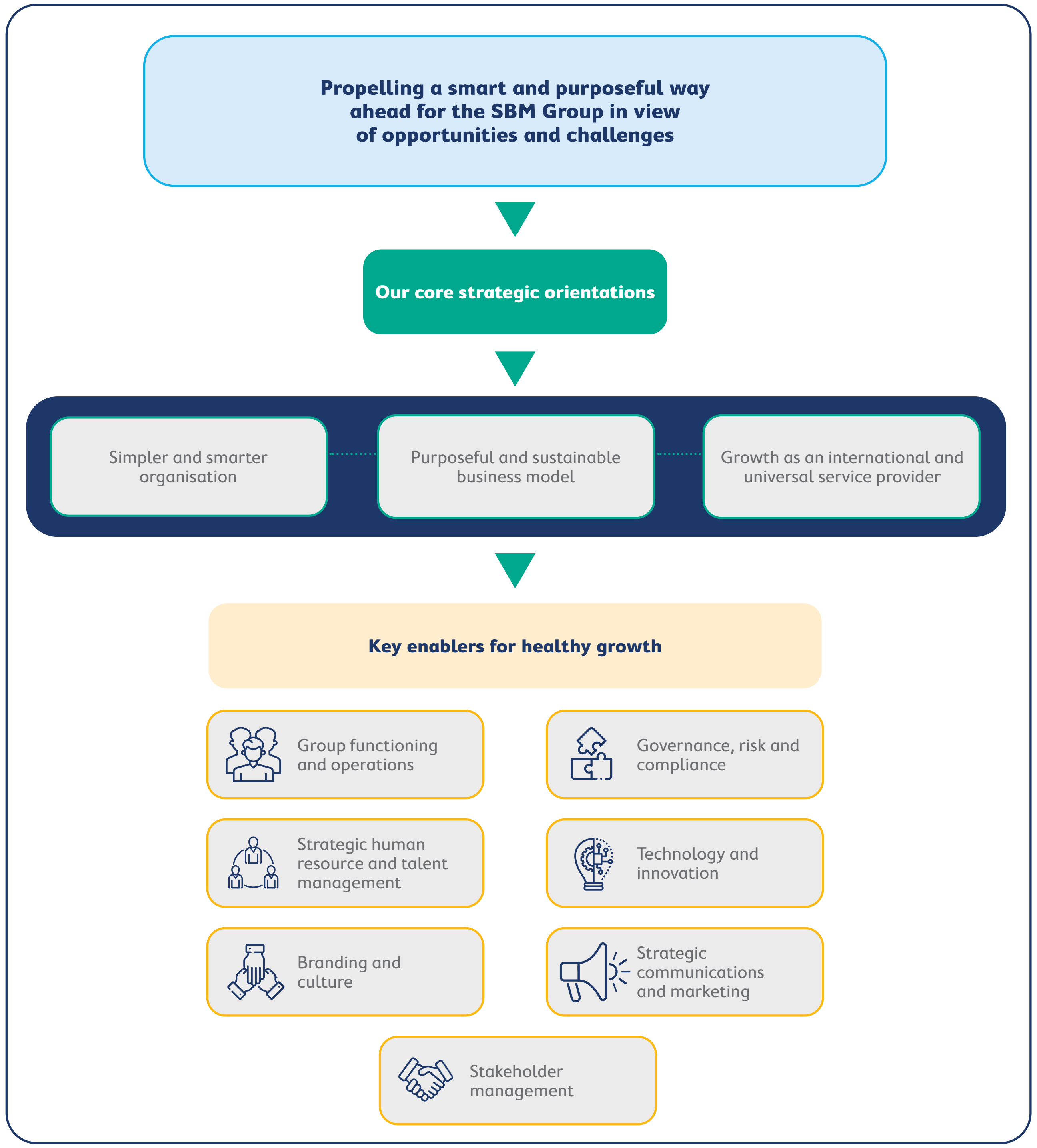
In line with the directions and appetite approved by the Board of Directors, the Group is committed to continuously refine its strategic pathways in light of the evolving operating context. The aim is to define and nurture a clear and coherent view of where it wants to go and what are the means to achieve its objectives.

...alongside supporting the interests and development of its banking and non-banking entities...

While promoting its growth endeavours, the Group is conscious that its entities face up to different market, economic and cultural backgrounds, thus calling for an informed and methodological approach in ascertaining their needs and requirements in terms of business development and risk management. Along the way, the Group aims to forge internal synergies and collaborations for the ultimate benefit of the organisation.

...underpinned by solid enablers and clear directions for its different operating entities

The Group will continuously reinforce its human, physical and technological capabilities in view of promoting efficiency and customer service excellence. Towards those ends, it will pursue its digital transformation and aim for cost optimisation. Judicious capital management is also key to spurring our growth agenda.



Delivering on our Strategy (cont'd)

Key Strategic Directions (cont'd)

Our value creation model

Value drivers

Financial capital
- Funding resources
- Disciplined capital allocation
- Reinvested cashflows

Manufactured capital
- Building and equipment
- Scalable and digital ready infrastructure

Human capital
- Skills and talents
- Employee engagement
- Culture and values
- Leadership and oversight
- Diverse teams

Intellectual capital
- Brand image and goodwill
- Policies and processes
- Intellectual property

Social and relationship capital
- Trusted customer relationships
- Market presence
- Community engagement
- Stakeholder partnerships

Natural capital
- Use of natural resources (eg. land, water, energy)

Our diversified and integrated business model

Our underlying aspirations

Sustain resilience, progress and goodwill of Group entities

Accompany our stakeholders in good and bad times

Support sound socio-economic progress of our countries of operation

Our comprehensive value proposition

- Deposits
- Credit
- Cards
- Digital and mobile solutions
- Wealth management
- Trade finance

- Trading of financial instruments
- Stockbroking
- E-commerce
- Portfolio management
- FX
- Leasing

- Factoring
- Structured products/capital markets
- Advisory
- Bancassurance
- Custody

Our key enabling considerations

Financial and non-financial risks | Business opportunities | Economy | Market and industry | Society and culture | Laws and regulations | Climate change

Scrutinising and coping with the evolving context

Leveraging our resources...

Capital and funding | Brand equity | Employees | Infrastructure | Expertise and knowledge

...and our growth enabling foundations...

Customer experience → Managing our resources, relations and partnerships ← Scenario planning

Risk, conduct and ethics → Capitalising on agile and optimised operations ← Strategy management

Integration and inclusiveness → Leveraging a solid and flexible decision making framework ← Judicious investment

Group synergies and collaboration

...to realise the aspirations of our stakeholders

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

Sustained stakeholder value

Financial capital
- Strong balance sheet
- Sound financial ratios
- Shareholder returns

Manufactured capital
- Safe and convenient digital channels and platforms
- Productive operations
- Transformed cost base

Human capital
- Diverse and competent teams
- Dedicated and motivated workforce
- Continuous staff skills upgrade

Intellectual capital
- Trustworthy reputation and brand
- Technology enabled products and services

Social and relationship capital
- High quality customer service
- Tailored and seamless products and services
- Financial well-being and advancement of customers
- Social and inclusive progress and prosperity
- Development of local economy and entrepreneurship

Natural capital
- Environmental sustainability
- Sustainable financing
- Sound internal operations

Delivering on our Strategy (cont'd)

Our Strategy Execution Journey

Key realisations

While facing up to the challenges emanating from the operating landscape across jurisdictions, the Group has made further progress against its strategic objectives and upheld its financial soundness. Towards those ends, the Group capitalised on its healthy and flexible business model, alongside continuously enriching its value proposition and strengthening customer proximity. Initiatives put in place have borne interesting results. They helped to further turn around the organisation, aided by reinforced growth foundations.

The Group continued to reinforce its inherent capabilities in support of sound and sustained business growth, notably in terms of risk management and compliance, human capital and operational efficiency. Further headway has been realised in improving the way the Group functions, with additional streamlining and simplification of the operating model. Strengthened corporate governance has remained high on the agenda, with a key development being the appointment of the Group CEO. In the same vein, the Group further improved the strategic oversight of its operating entities, mindful of their specificities and operating landscapes.

Our corporate sustainability path

Guiding principles

At the SBM, we recognise that the success of our organisation across the countries in which we operate depends on the economic, social and environmental consequences of our actions and operations. We believe that, as a responsible corporate citizen, it is our duty to endorse sustainable actions to maintain a sound operational and financial performance, while creating value for our stakeholders.

Over the years, our endeavour to craft a sustainable business has led us to build a strong and diversified institution, supported by the adoption of good corporate governance practices. In fact, the Group strongly believes in making judicious use of natural resources to protect and preserve the environment, alongside adopting initiatives to optimise its ecological footprint.

Engaging with stakeholders

Partnering with stakeholders who share our values and have an interest in our business and in forging a sustainable future is of utmost importance for us in view of our ambition to make a difference both as a corporate citizen and social partner. Our active and well-calibrated stakeholder management allows us to build positive and long-lasting relationships that help us deliver on our strategic and sustainable development goals.

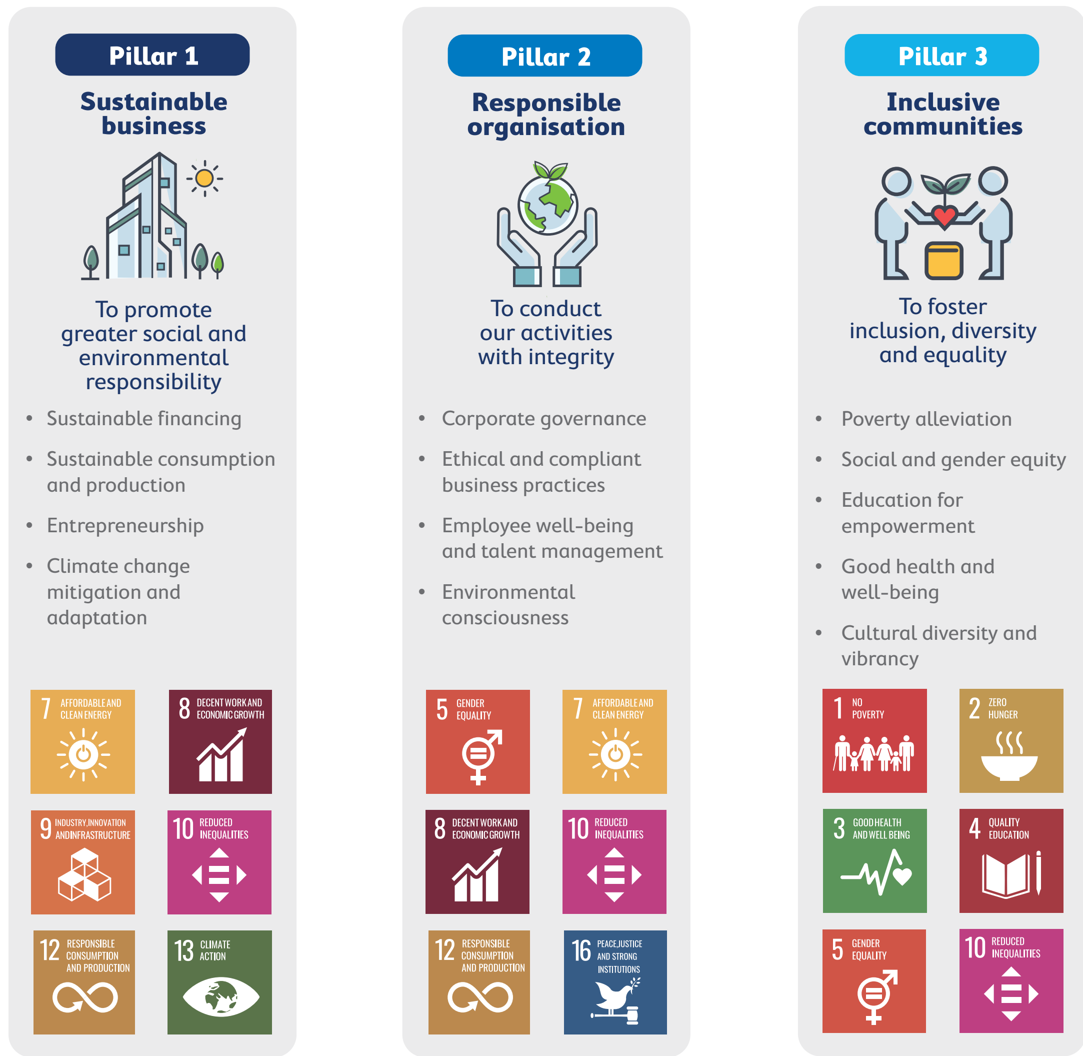
Articulation of the Group Sustainability Agenda

During the last financial year, building on previous initiatives and endeavours, SBM has embarked on a new era of its strategic trajectory and articulated a clear Group Sustainability Agenda. The objective is to have a coherent and consistent approach across operating entities and to focus our efforts where we can make the greatest difference for SBM, our stakeholders and the society. Three pillars with underlying 13 commitments have been designed to define what the organisation stands for and how decisions are made.

The SBM Group Sustainability Agenda expresses the type of organisation we are and want to be as well as our unique role in shaping a defining vision for Mauritius and the economies where we operate. Our approach to sustainability is targeted and collaborative, while addressing the critical and emerging ESG issues which impact the Group and the communities served. SBM recognises the impact on and the opportunity to positively contribute to all 17 United Nations Sustainable Development Goals (SDGs). However, it has prioritised 12 SDGs which have the highest materiality to its business and key stakeholders. The Agenda was approved by the Board of SBM Holdings Ltd (SBMH) in October 2022 and endorsed by all the leaders and Boards of our operating subsidiaries.

We recognise that there is a notable amount of progress still to be made, but we are completely committed to achieving our ambition. Over the coming years, we will aim at increasing our momentum and will continue to be transparent about our progress. We will build capacity in specific areas through the support of subject matter experts.

The SBM Group Sustainability Agenda: 3 Pillars and 13 Commitments



Learn more in the Sustainability Report on our website

Delivering on **our Strategy** (cont'd)

Our Strategy Execution Journey (cont'd)

Key initiatives undertaken by the Group and its entities

The Group promoted and financed green projects shaping up the socio-economic landscape, notably those relating to clean energy as well as climate change mitigation and adaptation. Our commitment towards the environment is, notably, formalised through a Group-wide Environmental and Social Policy, which provides clarity and transparency in our operations and market activities. While being committed to improving customer service, ethics and responsible business practices remain among key focus areas. The governance framework, policies and procedures have been enhanced to foster a culture of ethics within the Group. Also, initiatives have been rolled out to attract talent and develop capabilities. Furthermore, SBM Holdings Ltd has affirmed its commitment to sustainable practices through its entry in the Stock Exchange of Mauritius Sustainability Index (SEMSI) in 2019.

In April 2022, SBM Bank (Mauritius) Ltd (SBMBM) launched the SBM Eco Auto Lease, which is a leasing facility crafted to meet the needs of individuals and SMEs wishing to buy a hybrid or an electric vehicle, thereby promoting the shift to a low carbon transportation system. Moreover, to advocate sustainable behaviours, the Group's banking subsidiaries in Mauritius, Kenya and India pursued their efforts to enhance delivery channels and encourage paperless initiatives. The Group has gone beyond providing financial solutions to customers. Our subsidiaries and the SBM Foundation participated in CSR activities in line with the commitments under Pillar 3 of our Sustainability Agenda. One such example is the partnership of SBM Bank (India) Limited with Govardhan Skill Centre in Palghar, under the aegis of the Govardhan Ecovillage. The bank sponsored key projects such as the setting up of a computer laboratory and providing patronage to a Self-Help Group for Tribal Women.

SBM Foundation

The SBM Foundation drives the Corporate Social Responsibility (CSR) function within the SBM Group. The CSR strategy revolves around supporting high-impact social development and sustainable projects, with actions being targeted at the needy and vulnerable groups of society. The SBM Foundation makes use of the CSR funds allocated to it by the different entities of the SBM Group located in Mauritius.

During the year under review, the CSR initiatives have been delivered through three main ways:

- Funding of CSR projects requested from NGO partners as per the following categories:
  - Learning through play: sports, music and culture
  - Women empowerment and child care
  - Education for disabled persons
  - Education for out-of-school youth
- SBM Foundation Scholarship Scheme for bright and needy students
- SBM staff volunteering activities

Learn more in the Sustainability Report on our website

Progress across entities during the period under review

SBM Bank (Mauritius) Ltd

Key highlights

The bank has maintained its position as a leading player in the domestic banking industry, supported by its sustained growth momentum across different segments. It has upheld the depth and quality of its involvement vis-à-vis individual and corporate customers and remained committed to ensuring that customers enjoy a seamless banking experience, anywhere and anytime.

The bank's achievements have won it the Best Private Bank and Best Retail Customer Services Bank awards at the International Finance Awards 2022. Locally, the bank preserved its prominent market shares, which stood at around 37% and 23% as regard mortgages and corporate banking respectively towards end of last year.

Strategic initiatives and key enablers

Despite a challenging operating environment, the bank undertook the disciplined execution of its strategic intents throughout 2022. Along the way, it closely monitored impacted files, while offering adapted and debt restructuring solutions to customers where need be.

In line with its modernisation strategy and leveraging committed investments, the bank uplifted its branch network. During 2022, an additional 8 branches were renovated, thus bringing the total number of renovated branches to 23. The strategy is based on the premise of infrastructure modernisation and uplifting the service model to cater for the increasingly sophisticated needs of customers. At the same time, the ATM Park at both renovated branches and offsite locations was expanded and refurbished with an improved look and feel, while delivering an array of additional intelligent features, including online cash deposits functions. Reflecting its aim to promote financial inclusion and the country's socio-economic development, the bank bolstered its assistance to SMEs in view of their growth endeavours, while offering advisory, transactional and lending services. The SME segment has been restructured, with key recruitments (Senior Manager and Relationship Managers), policy reviews and conduct of Open Days. The bank embarked on a journey to enhance customer proximity and in-branch customer experience by decentralising its SME services, with dedicated SME desks and hubs set up across the network of branches situated in different regions of Mauritius and Rodrigues. The SBM Private Banking and Wealth Management division continued to broaden its value proposition and enhance its service quality, alongside significantly reducing turnaround time when onboarding new clients.

Furthermore, as a recent offering, the bank has introduced its Zero Interest Medical Loan to the domestic market. The loan is a special scheme which has been designed in collaboration with the Ministry of Health and Wellness as well as selected private hospitals, with the aim being to provide relief, on favourable terms and conditions, to citizens of Mauritius undergoing treatment. On another note, with the completion of the bank's Segment B remediation plan and in view of the continued reinforcement of its capabilities, the international business is being spearheaded in a prudent and targeted manner. Notably, a consultant with experience in Oil & Gas and other commodities was appointed, with his role being to identify key business opportunities as well as recommend proper enablers and structures to effectively tap into business leads.

As a key achievement, the bank reinforced its focus on eco-friendly banking with the launch in April 2022 of the SBM Eco Auto Lease, which is a leasing facility for Mauritian residents seeking to buy an electric or hybrid vehicle. Designed for two specific segments, namely retail and SME banking, SBM Eco Auto Lease reinforces the bank's commitment to help the country's transition to a low-carbon economy, with focus on sustainable and environmentally responsible development. In the same spirit, emphasis has been laid on the adoption of e-statements by customers, with active promotion campaigns launched on digital channels and press adverts. Following the issue of the Bank of Mauritius guideline on Climate-related and Environmental Financial Risk Management effective as from 01 April 2022, the bank aligned its existing Environmental and Social Risk Policy, which has been renamed to Climate-related, Environmental and Social Risk Policy, supported by ongoing initiatives to develop the required internal framework having the necessary controls and procedures.

To achieve the bank's new Target Operating Model, an IT transformation exercise has been launched to pave the way for the appropriate organisational structure, processes, tools and digital channels that will underpin the advancement of the organisation. The bank has set out to strengthen its IT ecosystem and lay the foundations of its longer-term digital journey. It is focusing on revamping its digital channels offering by replacing its current internet banking and mobile banking solutions with upmarket offerings, along with introducing more attractive experiences covering customer journeys, credit journeys and payment journeys.

Delivering on our Strategy (cont'd)

Our Strategy Execution Journey (cont'd)

Progress across entities during the period under review (cont'd)

SBM Bank (Mauritius) Ltd (cont'd)

Strategic initiatives and main enablers (cont'd)

To support its growth endeavours, the bank has, in addition to the further streamlining of policies and procedures in view of, reinforced its human resource capabilities, notably in relation to customer relationship management, international corporate banking, project management and operations. The bank has taken the initiative to start a job grading and evaluation exercise to promote a good pay grade framework, career architecture and to be at par with the market. The bank has successfully completed its Young Graduate Programme, whereby 12 young graduates were recruited and have, since, been deployed across several functions.

The bank further improved its risk management framework, while reinforcing customer onboarding and compliance policies, backed by the review and strengthening of internal procedures and standards to factor in changes in the business and operating environment as well as regulatory stipulations. Dedicated risk awareness sessions were held with sales staff and credit workshops were conducted to sensitise employees on the need to adhere to applicable policies and procedures. The bank embarked on an initiative to enhance the risk culture across the organisation, with Business Risk Coordinators (BRCs) being identified and continuous training conducted with BRCs from departments and branches. The bank reviewed its credit scoring models with the collaboration of external service providers to align with global practices alongside incorporating country and industry risks. Strengthened focus has been laid on cyber security, with enhanced layered security controls established at various levels and awareness sessions held with relevant stakeholders.

As part of its ongoing effort to improve customer experience, the bank renovated its branch at Quartier Millitaire

To further increase client proximity, an SME Open Day was held on 27 August 2022 at Riverside Shopping Centre

The bank celebrated completion of the SBM Talent Finder Programme, which is a commitment to develop a diverse, talented and skilled workforce. The certificate remittance ceremony was held on 14 October 2022

Looking ahead

Despite the challenging economic and market environments, the bank will maintain the disciplined execution of its strategy and seek to preserve its financial soundness, with an eye on the quality of its asset book. It will tap into appealing business opportunities and further transform its functioning. Customer service will continue to be enhanced through renovated branches, progress on the digital front, process reengineering and continuous customer survey feedback. While further consolidating and strengthening its foothold in the domestic markets along with closely monitoring problem files, the bank is intent on further diversifying its revenue streams. It will thoughtfully execute its international banking strategies, backed by bolstered capabilities and a fitting risk appetite.

Overall, the Management has devised a three-year plan, with the underlying focus areas being to (i) consolidate domestic business; (ii) prudently grow international footprint; and (iii) enhance customer experience. Continued emphasis will be laid on a cautious management of operating costs, while ensuring that the necessary investments are undertaken to further enhance the bank's physical, human and technological capabilities. As a major endeavour, the bank will move forward to fill in important Management positions, alongside attracting, developing and retaining key talents across different areas. Also, the bank will embrace key sustainability principles across its operations, risk management and business development initiatives, with focus on adopting ESG principles.

SBM Bank (India) Limited

Key highlights

During the last financial year, the bank accelerated its growth impetus, after capitalising on a comprehensive and diverse suite of retail and corporate banking products and services to meet the payments, settlements, remittances and credit needs of its clients. With the help of a growing team abiding by a customer-first and 'Banking as a Service' model, the bank has actively set out to deepen its digital partnerships and worked with Business Correspondents to expand its reach and contribute to financial inclusion within the country.

Strategic initiatives and main enablers

As a key accomplishment, the advances of the bank have grown consistently, with a key focus area being managing the health of the asset book. Corporate advances grew from INR 30 billion at December 2021 to INR 41 billion at December 2022, while retail advances grew from over INR 8 billion to INR 14 billion during the same period. The bank offered a comprehensive range of retail banking products and services, ranging from customer deposits, retail loans, commercial and consumer credit cards, prepaid cards, debit cards, retail forex, real-time money transfer solutions, remittances and wealth management products. The bank focused on further enhancing the quality of customer experiences at its branches, by hosting customised events for its Private and Wealth customers, revamping existing premises and undertaking the strategic expansion of the overall branch network. In this respect, the bank added 4 new branches in the industrial and business centres of Pune, Chandigarh, Kolkata and an unbanked rural centre, Abitghar, thus extending the total network to 12.

The Private Wealth business picked up pace, with the bank aiming to become a key player in this space. It is now well poised to capitalise on its expanding client base and has taken steps in this direction by enhancing the bank's business analytics framework. With a focus on the NRI as well as the domestic HNI(High Net worth Individuals) and UHNI(Ultra High Net worth Individuals) segments in its private banking and branch-led retail distribution, the bank collaborated with third parties which could offer intuitive investment and insurance products to its clients, backed by the bank's capabilities in essential banking services and customer support. Accordingly, the bank partnered with tech-led financial companies to enhance the user interface and experience with regard to the cards, settlements and remittances businesses. These card propositions further cater to different segments such as students, early salaried individuals, MSMEs, etc. Some of these card products also act as credit builder products, thereby building credit history and enhancing financial discipline in the targeted customer segments. In the settlements segment, the bank continued to deploy a widespread Micro ATM network in collaboration with partners, which helped it to spread its banking services across urban, semi-urban and rural areas, alongside typically targeting the low-income bracket customers.

Furthermore, a sizeable MSME book is being gradually built through onward lending to institutions that provide micro finance and small-business loans in semi-urban and rural areas. The bank also leverages the synergies with internal and external channels like Relationship Managers, existing customers, Direct Selling Agents (DSAs), Referral Agents, etc. to spur growth in the MSME book. On this front, it is worth noting that various industries such as textile, manufacturing, electronics as well as food and beverages were covered, allowing both increased sectorial diversification and granularity in the advances base. Additionally, dedicated teams were set up to attend to the needs of the growing MSME segment, which accounts for around 29% of India's GDP and represents a sizable opportunity. In parallel, the bank also built on various other key offerings in the corporate banking space catering to the credit and trade finance requirements of large and mid-size players. Also, the debt market sales desk became fully functional, going on to onboard Provident Funds, Wealth Management companies, Co-operative Banks and other corporates. Trading and sales activities pertaining to the Treasury desk were mostly concentrated around high yielding corporate bonds issued by high-rated corporates and Public Sector Units with guarantee from the State or Central Government, with the annual turnover in this segment exceeding INR 60 billion in 2022.

Delivering on our Strategy (cont'd)

Our Strategy Execution Journey (cont'd)

Progress across entities during the period under review (cont'd)

SBM Bank (India) Limited (cont'd)

Strategic initiatives and main enablers (cont'd)

To support its growth endeavours, several capacity-building initiatives were unleashed. The bank believes that continuous learning and development of its employees translates into incessantly improving products and services. During the year, various programmes were conducted, focusing on induction, leadership development, Data and IT Security and mandatory trainings. Customer service has been ramped up with the launch of a 24x7 Customer Contact Centre and a new customer friendly website (which was integrated with the bank's existing customer grievance redressal mechanism). Furthermore, most of the bank's urban location branches, which cater for the UHNI, HNI and corporate customers, have a coffee lounge to enhance the experience of the customer's visit to the branch. Bettering the customer experience is a firm priority for the bank and , to this end, a customer service survey is conducted annually, whereby a questionnaire is sent to the customers, taking feedback on their perception of the bank's service delivery. A Customer Service Steering Committee is conducted monthly with the bank's Executive Members. Key points covered during the meeting include (i) reporting on categories and number of complaints; (ii) trend analysis and deep dive into problem areas; and (iii) trend analysis on cyber queries made with the bank. This helps the bank understand the customers, their requirements and expectations better. In line with the growing preference for video content, the bank embarked on a unique video-first content driven strategy to increase followers on social media along with a strengthening of customer engagement. There has been a significant increase in followers on LinkedIn and Instagram. The bank believes in the power of stories and, thus, on social media, it continues to narrate engaging and emphatic stories that portray the people behind the brand, i.e. employees and customers as prime ambassadors. In another light, cost review and optimisation are a key execution priority for the bank's Management, while including the review of all categories of spending and an analysis of how the various businesses can be run to ensure that costs increase at a slower rate than income.

SBM Infinite event held in July 2022 for select SBM Private clients

The bank added an additional branch, opened in Chandigarh, to its network in August 2022

Looking ahead

Overall, the bank aims to play an increasingly prominent role in India's socio-economic and financial landscape. Through a three-point strategy revolving around Thinking Global, Empowering Consumers through digitally led products and Strong Social Focus on Upliftment, the bank aspires to cement its market position, notably supported by bespoke propositions that appeal to first-generation wealth creators, small and medium business owners, large well-rated corporates, HNIs, UHNIs and NRIs.

Tactically, the bank will continue to anchor its business model on building a granular, diversified and sustainable liability base, which, in turn, will seek to drive its book expansion. Along the way, building on its core strengths, the bank will stay focused on strengthening its products' suite by introducing necessary systems, applications and processes, specifically in the cards, transaction banking and trade finance segments, with the intention being to use such enablers as a medium to achieve deeper and multi-pronged banking relationships. In addition, the bank will invest resources in reinforcing its risk management, compliance and governance frameworks to safeguard its business and, more importantly, to secure and promote the interests of all its stakeholders.

SBM Bank (Kenya) Limited

Key highlights

Driven by innovation and a clear growth agenda, the bank has positioned itself as a niche corporate bank, complemented by a targeted value proposition for HNWIs whilst serving the consumer and SME segments through this ecosystem value chain. As a progressive bank, it plays a part in transforming the livelihoods of the Kenyan people by opening up markets for green businesses, accelerating wealth creation and improving the quality of life.

Strategic initiatives and main enablers

As a key initiative during the year under review, the bank sealed a risk-sharing agreement with the African Guarantee Fund amounting to USD 10 Million to increase financing to SMEs. This facility will unlock growth opportunities for the SMEs, alongside boosting transactions in the 'green' space, and supporting women-led enterprises in their attempt to access credit on favourable terms. With this partnership, the bank is helping to mitigate the challenges these clients face in scaling up their businesses as well as achieving value added and wealth creation opportunities. This arrangement aligns to the bank's strategic intent of providing support to SMEs through value partnerships, conscious of the financial hurdles SMEs face, in accessing finance, due to their risk profile. Support to SMEs contributes to the national endeavour of transforming the livelihoods and welfare of the Kenyan people.

In line with its ESG goals, the bank provided funding to a next-generation renewable energy company to promote access to clean, reliable and affordable energy to nearly half a million people through off-grid solar home systems in the country. The transaction will contribute to the United Nations Sustainable Development Goals: Affordable and Clean Energy (SDG 7) and Climate Mitigation (SDG 13).

SBM Bank (Kenya) Limited has entrenched its brand as a catalyst for empowering women. Through the SBM Women Market Program, the bank has been deliberate in providing linkages that seek to educate, empower, and protect women through advisory services, investment, insurance and wealth management. This is out of the bank's appreciation of the huge catalytic effect the economic success of women has on society and the unique environmental factors that impede the progress and success of women-led businesses. Through these capacity-building initiatives, SBM Bank (Kenya) Limited has been recognised with numerous accolades that solidify its reputation as a catalyst for empowering women.

The bank continues to identify opportunities to provide services to underserved individuals and businesses and as a result, strives to empower customers to achieve their dreams and financial goals and to drive economic growth in the country.

Annual appreciation and celebration of women customers during International Women's Day

Looking ahead

In line with its vision which is to be one of the leading and trusted financial services providers, driven by innovation and technology, the bank is dedicated to further improving its functioning and competitive positioning. In spite of the turbulent operating environment and currency volatility, the bank is mindful of the array of growth opportunities that can be tapped into. It is committed to playing an integral role in the growth and development of the Kenyan economy and society by providing customised and innovative solutions to businesses and individuals. In this spirit, the bank's aim is to provide clients with exceptional experiences, through revamping of branches, the enhancement of its customer value proposition and the upgrade of its IT infrastructure.

To this end, the bank will leverage intra-Group synergies and sign-up value partnerships, alongside achieving its business process reengineering and digital transformation initiatives.

Delivering on **our Strategy** (cont'd)

Our Strategy Execution Journey (cont'd)

Progress across entities during the period under review (cont'd)

Banque SBM Madagascar SA

Key highlights

Despite the testing economic environment and competitive market conditions, the bank has pursued its growth path. It has served niche markets, especially several large and medium corporate entities with a predominantly wholesale banking focus. Private banking services were also provided to High Net Worth clients.

Strategic initiatives and main enablers

Overall, the bank has further consolidated its relationships with long-standing clients, explored new business opportunities and worked towards building a sustainable revenue stream, helped by initiatives to widen the loan book in sectors and segments where there is limited presence. To improve its brand image and customer service levels, the bank renovated its headquarters for enhanced layout and facilities. It continued to provide appealing customer experiences by focusing on service excellence, built on the pricing structure and the time taken to respond to customer demands. It accompanied customers during troublesome times. Indeed, all clients with financial difficulties have been closely monitored, while ensuring that the bank does not face up to any untoward impacts.

Emphasis was laid on gradually strengthening the relevant operational controls adopted by the bank with a view to delivering improved discipline and coherence in the way it functions and interacts with customers. The bank has further reassessed the way it is run to ensure that there are adequate mechanisms to guard against any potential business disruptions. Further headway has been made to bolster the overall risk management and compliance set-up of the bank, backed by dedicated teams and resources, notably intended to track, manage and review risks faced by the bank, exercise appropriate control of relevant departments and ensure the systematic monitoring of files to manage impairment levels. Also, the bank reviewed existing policies and procedures by capitalising on the experience and capabilities of the Group, thus reducing turnaround time with respect to credit assessment and disbursement. Dedicated training programmes, both internal and external, were conducted to reinforce the skills sets of employees. The bank undertook sustainability initiatives, which helped improve its goodwill and prominence.

Food distribution for Christmas festivity held in December 2022, at the orphanages: Akany Avoko Faravohitra, Akany Felana Maitso in Ambohibao and Foyer Montfort.

Looking ahead

The bank is committed to achieving its vision which can be delineated as follows: (i) to be a trusted, agile, prompt and influential financial services provider in the country; (ii) to be an employer of choice, alongside promoting engaged employees as well as attracting and retaining top talents; (iii) to prudently manage risks faced; and (iv) to support the sustainable development of economic activities in Madagascar. The bank aims to uphold its contribution to the development of the SBM Group by building lasting relationships with its customers and onboarding high-potential operators, alongside tapping into and delivering the most adapted banking solutions to meet customer needs. A core ambition is to diversify the bank's portfolio by targeting sectors that are witnessing a noticeable growth trajectory.

To meet its objectives, the bank will provide appropriate training to staff to impart expertise and knowledge as regard the key sectors being targeted and contemplated, along with harnessing dedicated know-how in terms of risk management, engaging into active marketing activities to improve its visibility and reinforcing synergies with Group entities. It will ensure that all robust controls are in place across departments so that operations and activities are adequately monitored, which should eventually contribute to better manage impaired accounts in a challenging environment. The bank looks forward to better manage and optimise its operating costs, with a major aspiration being to gradually bring down the cost to income ratio to more sustainable levels.

SBM Non-Banking Financial Cluster

Key highlights

As a prominent player within the domestic financial services industry, the SBM Non-Banking Financial Cluster (SBM NBFC) has, by means of its dedicated subsidiaries, delivered attractive solutions to clients across several sectors of activity, notably products and services pertaining to investment management, CIS funds, trading and structuring, corporate finance advisory, capital raising, registry, fund administration, factoring and insurance.

Strategic initiatives and main enablers

During the last financial year, SBM NBFC has capitalised on the business acumen of its internal sales workforce and synergies forged with the sales teams of Group entities. It has remained resilient in response to challenges faced, thanks to a healthy business model as well as the collective efforts and commitments of all employees, insofar as they helped to foster higher levels of customer experience and promote enhanced operational efficiency. As a key initiative geared towards meeting the expectations of its multiple stakeholders and preserving the soundness of its activities, the team remained committed to supporting clients impacted by the demanding economic environment, with regular face-to-face meetings held to better understand client requirements and assist with the most appropriate financing, investment and insurance offerings, alongside crafting out proper restructuring plans.

In spite of the fragile market landscape and a highly competitive environment, SBM NBFC has pursued its multi-pronged business growth. In particular, remarkable revenue streams have been derived by the Capital Markets arm, notably the trading segment, on the back of continuous efforts to tap into business opportunities arising out of foreign equity market volatility and the strategy to extend the trading hours to cover the major international equity markets. Furthermore, the Investment Management arm has performed relatively well in a context where interest rates are rising and the market for associated solutions is becoming increasingly dynamic. Assets under management increased by a noticeable extent, supported by endeavours to increase client mandates and subscription in CIS funds, while training was provided to better equip front-liners when advising clients on the different investment solutions being offered. On the insurance side, collaboration with SBM Bank (Mauritius) Ltd has been stepped up, which adds up to initiatives aimed at diversifying business volumes and revenue levels across segments as well as boosting market visibility. In the factoring field, SBM NBFC maintained its strategy of consolidating its existing client base and supporting clients with erratic revenue streams by restructuring their facilities and closely monitoring their payments cycles. Besides, business development headway was achieved in the corporate finance and e-business segments.

To underpin its growth path and mindful of the impact of the higher interest rate environment on market activities, SBM NBFC has reinforced its capabilities whilst adjusting the way it conducts its business in alignment with the changing operating landscape. A specific team has been set up to assess and improve operational efficiency across the different business lines. This initiative has started to yield positive results, notably via the streamlining and review of key processes, amidst the intention to optimise costs and turnaround time with a view to building a competitive edge in the market. Staff recruitments were undertaken in key areas, while customised training has been delivered to bridge competency gaps in selected fields. Risk policies were reviewed and revamped to better identify and deal with inherent risks faced in the wake of the demanding operating landscape. Also, the different business teams have worked continuously towards enhancing synergies and capitalising on the network of other Group entities to promote the concept of a one-stop-shop financial services provider of choice.

Looking ahead

While remaining mindful of the challenging context, SBM NBFC is intent on achieving its core mission, which is to complement and add value to the services of other entities of the SBM Group by offering innovative end-to-end financial solutions to customers. It aims to strengthen its strategic positioning and financial resilience across all its lines of operation, backed by the commitment of its employees and on the back of an improved infrastructure. In accordance with the legal and regulatory guidelines, it will explore appealing growth opportunities across business segments, alongside pursuing initiatives to promote customer service excellence.

Towards these ends, it will adopt a disciplined approach amidst volatile market conditions, in line with set risk policies and risk appetites. It will continue investing in human capital and fostering employee engagement, encouraging gender diversity across its staff and enhancing leadership skills at Management level. It will further enhance operational processes to improve customer experiences and optimise cost. It will adopt more robust and efficient technologies to promote greater efficiency and flexibility in the way business activities are conducted and customers are engaged with.

Corporate Governance Report

“...SBM is more than just a bank; they are our friends...”

It’s been three years now since I decided to go into agriculture, leaving behind my job in marketing and management. When I approached SBM for financing solutions, they did not hesitate to accompany me in my new endeavours.

I was impressed by their proximity to their clients. Today, I grow crops in greenhouses which also consist of a complex irrigation system powered by solar panels. I must highlight that the biggest help I received from SBM was during the lockdown period when I could not work. The reimbursement of my loan was rescheduled and this was a great relief for me.

Doorgaduth (Sandip) Ramdin
Vegetable grower - Vallée des Prêtres

SBM

Corporate Governance Report

The Board of Directors (the Board) of SBM Holdings Ltd ensures that SBMH and its subsidiaries (collectively referred to as the "Group" or "SBM Group") are run sustainably, responsibly and efficiently while remaining committed to the highest standards of corporate governance despite operating in a challenging environment.

SBM Holdings Ltd (SBMH or the Company) is a public company listed on the Official Market of the Stock Exchange of Mauritius (SEM) since 03 October 2014 following a restructuring exercise of the Group, approved by the Bank of Mauritius (BOM) under Section 32A of the Banking Act 2004. Prior to this, the State Bank of Mauritius Ltd (now known as SBM Bank (Mauritius) Ltd), was the holding company, being listed since 1995.

We are pleased to present the Corporate Governance Report (the Report) for the year ended 31 December 2022. The Report depicts how the Board remains committed to promoting effective and robust corporate governance at SBMH.

Compliance with the National Code of Corporate Governance for Mauritius (the Code)

SBMH operates a best practice corporate governance framework appropriate to the organisation. For the financial year 2022, the Board confirms that SBMH has continued to meet its obligations under the Code and, where appropriate, adopted the recommended best practices as stipulated in the Code, except for Principle Three. Reason for non-application is explained further in the Report.

Our Corporate Governance Philosophy

SBMH believes that good corporate governance emerges from the application of the best and sound management practices and compliance with the applicable rules and regulations coupled with adherence to the highest standards of transparency and business ethics. The Board guides the success of the Group by steering the overall corporate direction, setting policies, choosing senior executives and ensuring that major decisions taken are ethical, transparent and prudent. The Board undertakes to work towards the vision and mission of the Group and to ensure that this philosophy is upheld across the organisation.

Corporate Governance Scorecard for Mauritius

In 2021, SBMH embarked on the Corporate Governance Scorecard (the Scorecard) journey organised by the National Committee on Corporate Governance, which aims at highlighting the areas of focus with regards to corporate governance practices. The results of the first edition of the Scorecard which were announced in November 2022 and published on an anonymous basis, allowed companies to assess their level of compliance with the governance principles as defined by the following three main areas: (a) Board Effectiveness, (b) Audit Oversight & Effectiveness, and (c) Relations with Stakeholders, Shareholders, Sustainability & Inclusiveness.

Participation to the Scorecard evaluation exercise was on a voluntary basis and the detailed ratings and results of all participants were treated with utmost confidentiality. SBMH received an individual feedback report and we are proudly announcing that our Group achieved a score that was above the average. In view of improving its disclosures in terms of governance practices, the Board of SBMH is pleased to inform its shareholders of its participation in the second edition of the Scorecard.

Our Key Focus Areas for the Financial Year 2022

Principle One – Governance Structure

By virtue of the First Schedule of the Financial Reporting Act 2004, SBMH qualifies as a Public Interest Entity.

Accountability Statement

SBMH is headed by an effective Board of Directors which is collectively accountable and responsible for the performance and good running of the Group. The Board, assisted by its Board Committees and Management Team, ensures that the Group operates within a clearly defined governance framework through appropriate delegation of authority and clear line of responsibilities, while enabling the Board to have adequate control and oversight over the operations of its subsidiaries.

Our Corporate Governance Structure

Good corporate governance is the foundation attribute to a healthy organisation and sets the tone as to how an organisation operates and behaves both internally and towards the market. It helps to build trust with stakeholders and promotes long-term financial viability, opportunities and returns.

SBMH acknowledges that an effective corporate governance framework defines responsibilities, helps the Board to deliver the Group's strategy and is vital for decision making. It supports long-term sustainable growth while operating within effective controls. Having the right systems and controls in place ensures that the Board and its Committees effectively oversee the business and maintain the highest standards of corporate governance across the Group. Despite uncertainties in the business environment, the Board has remained focused on its strategies, objectives and governance throughout the year.

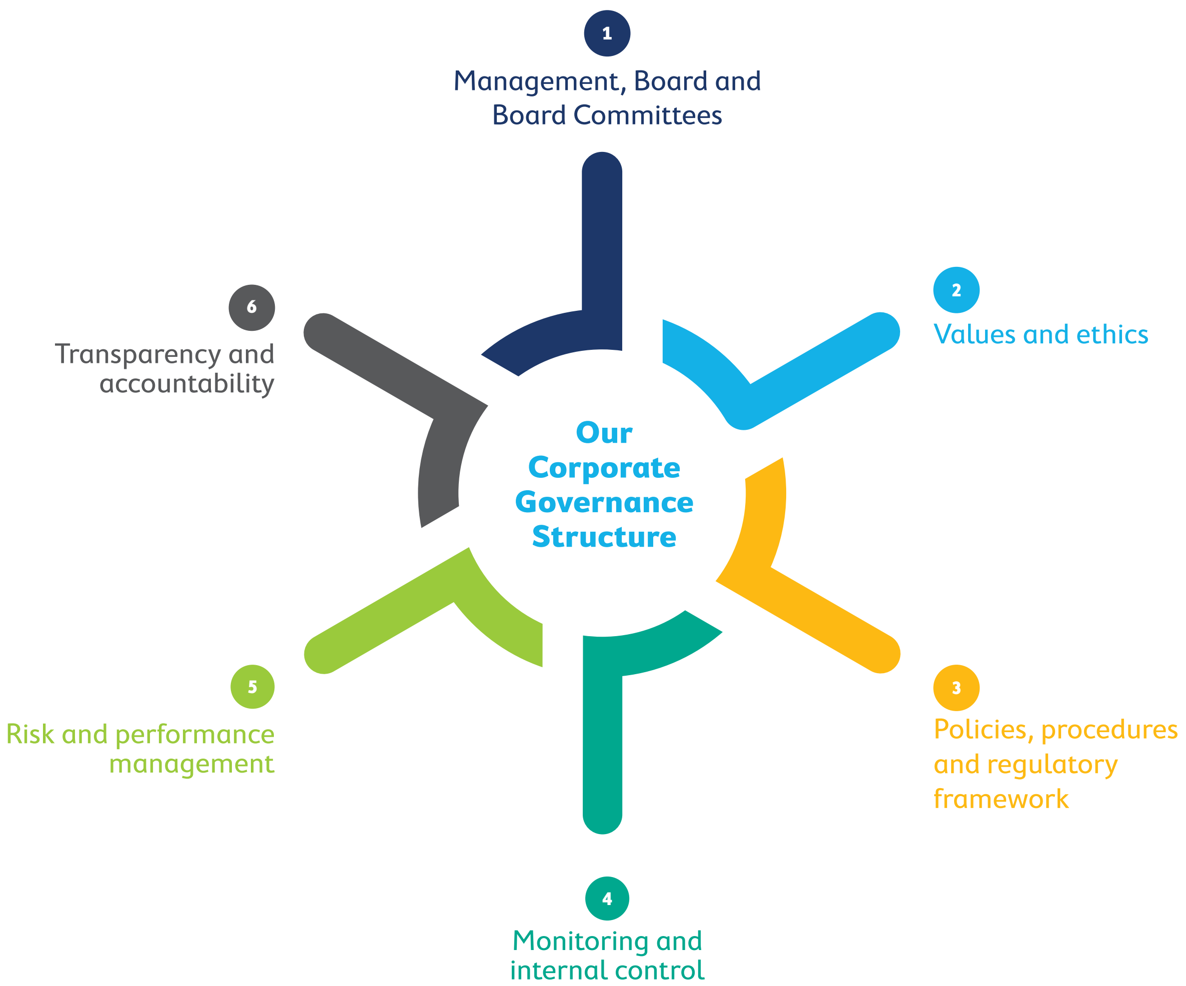
Corporate Governance **Report** (cont'd)

Principle One - Governance Structure (cont'd)

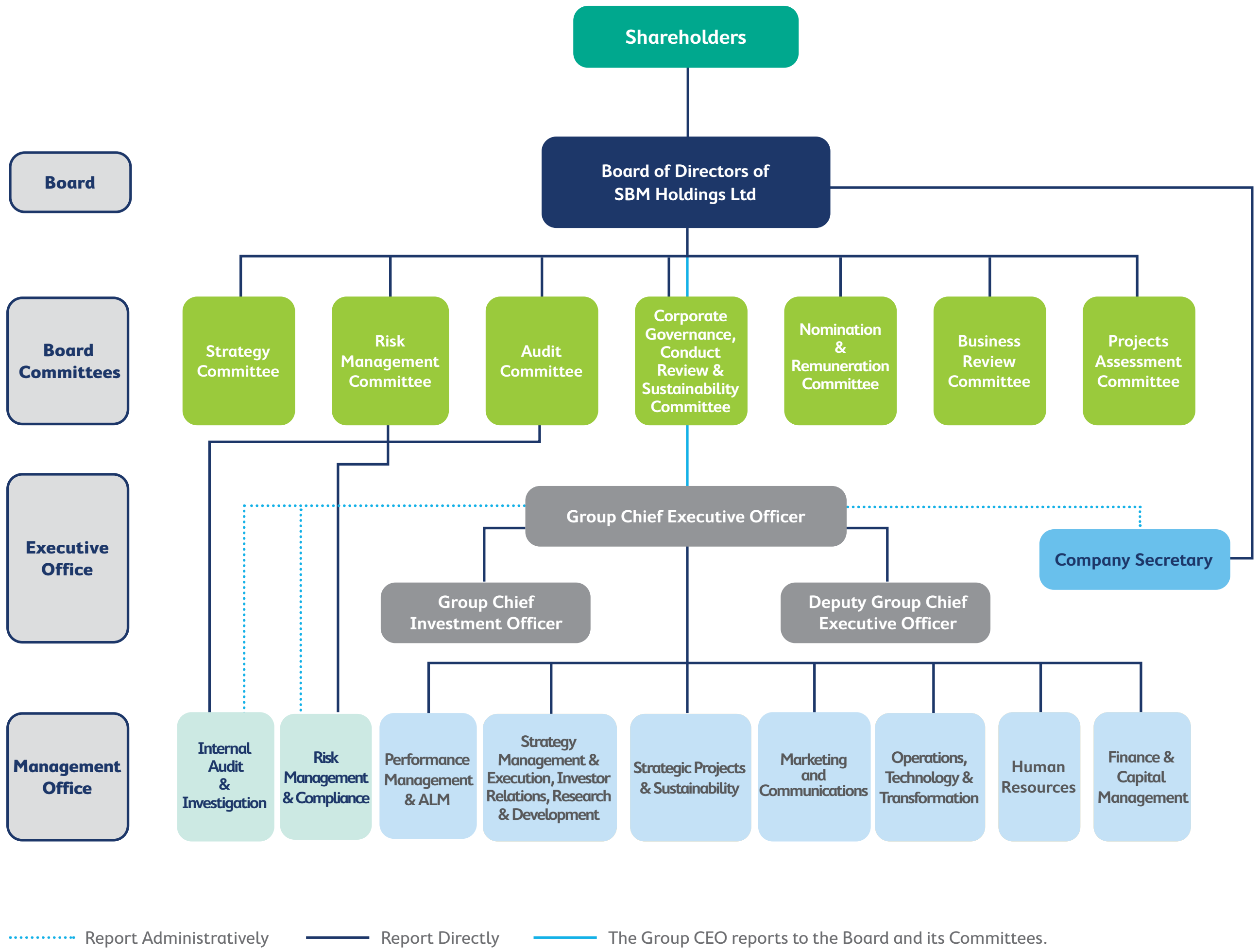
Our Corporate Governance Structure (cont'd)

The corporate governance framework in place promotes fairness, accountability and transparency. The Group's corporate culture is anchored on (a) competent leadership, (b) effective internal controls, (c) a strong risk culture, and (d) accountability to shareholders. The internal controls cover financial, operational, compliance, technology, as well as risk management policies and systems.

The main governance practices at SBMH are depicted as follows:



SBMH Governance Structure and Leadership



The subsidiaries of the Group have their own Board/Board Committees which are in line with the governance principles applicable as per the in-country laws and regulations.

The Chief Executive Officers (CEOs) of the banking subsidiaries and SBM (NBFC) Holdings Ltd (SBM NBFC) report to their respective Board/Committees and also have a dotted reporting line to the Group CEO of SBMH on all matters concerning the operations of their respective entities.

Corporate Governance Report (cont'd)

Principle One - Governance Structure (cont'd)

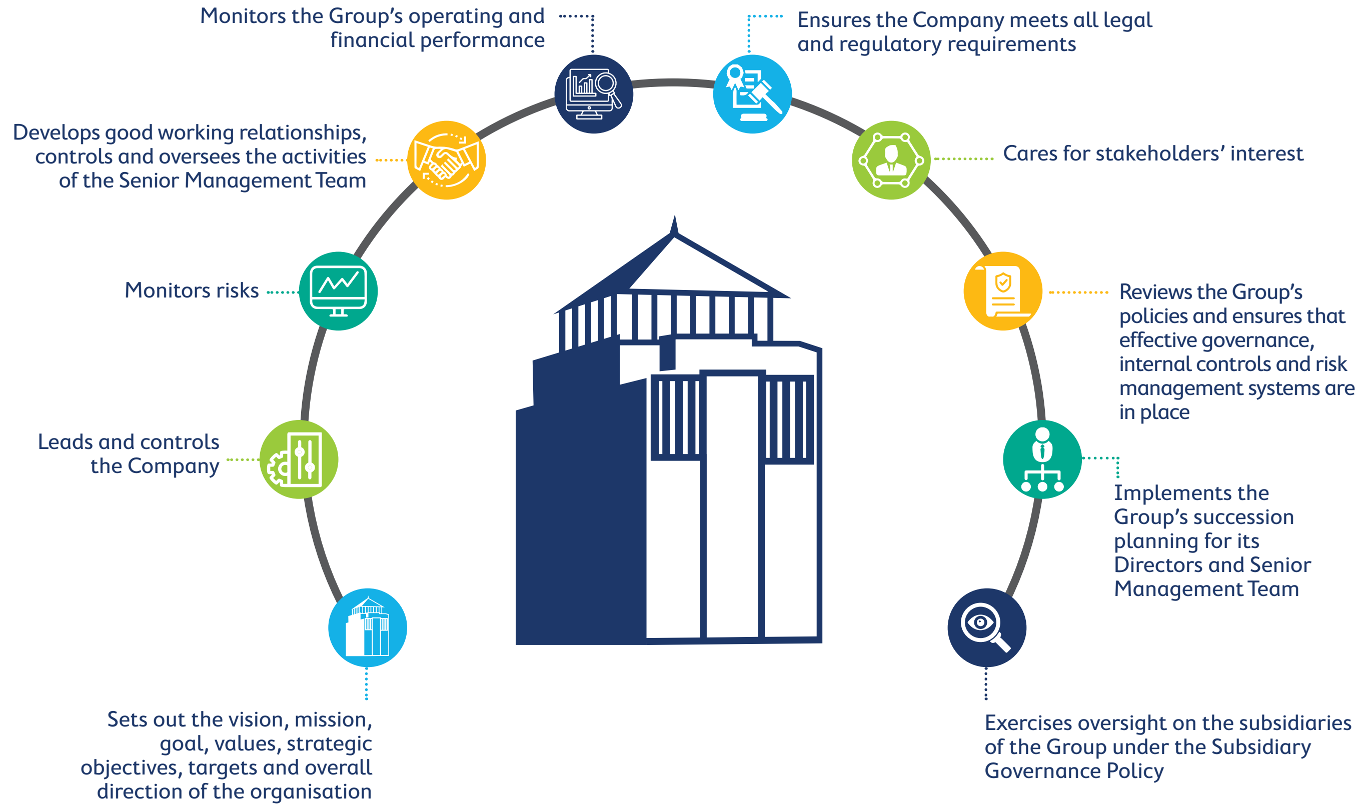
Board Charter

In accordance with good governance practices, the Board has adopted a Charter which sets out its objectives, roles and responsibilities. The Charter is an extension of the Constitution of SBMH and should be read in conjunction. The Charter is reviewed at regular intervals to keep abreast of recent developments in law, regulations and governance practices. Any change proposed is approved by the Board through the Corporate Governance, Conduct Review & Sustainability (CGCRS) Committee.

The Charter is available on our website

The Role of the Board of Directors

The Board, elected by the shareholders, is the governing body of the Company. It is responsible for setting the Company's strategy, risk appetite, operating goals, and for monitoring the implementation of satisfactory controls in all relevant areas such as: accounting, financial, legal, regulatory and compliance. The Board also supervises the Management in fulfilling its obligations and responsibilities, and continually assesses the Company's financial position. It discharges some of its responsibilities directly and others through its sub-committees. The key roles and responsibilities of the Board are depicted as follows:



Powers of the Board

The Board exercises its powers in line with the Companies Act 2001 (the Act) and in accordance with the provisions of its Constitution. The Board plays a central role in the strategic guidance of the Company and the Group as well as in supervising the overall business activities. It is empowered to guide the overall administration and can directly intervene in major decisions required for the proper conduct of business and in order to create stakeholders' value and ensure long term sustainability of the Group. The Board makes use of its powers and performs its functions in good faith and for a proper purpose, in the best interest of the Company. The role and responsibilities of the Board are set out in its Charter.

Code of Ethics and Business Conduct

The Board has adopted a Code of Ethics and Business Conduct (COE) with the aim of achieving long term growth and sustainability through great service provision and high ethical behaviours. The COE sets out the principles and standards of behaviour that help to achieve a number of organisational goals, both internally and externally. The COE applies to anyone who is employed by or works within the SBM Group including employees (both permanent and temporary), contractors and consultants. The Group also encourages its subsidiaries to adopt and maintain similar conduct and ethical standards to those outlined in the COE.

The Board is fully committed to abide by the COE and hence regularly monitors and evaluates compliance with same. The COE is reviewed at regular intervals.

The COE is available on our website

Key governance positions

Whilst the Chairman and the Group CEO are collectively responsible for the leadership of the Group and for promoting the highest standards of integrity and probity, good governance requires a clear and effective division of accountability and responsibility between the Chairman and the Group CEO. Each plays a distinctive but complementary role to ensure that there is a proper balance of power and authority and that no individual has unfettered powers of decision and control.

Mr Sattar Hajee Abdoula is the Chairman of the Board of SBMH. He is responsible for leading the Board, with focus on strategic matters, overseeing the Group's business and setting high governance standards. He ascertains that appropriate decisions are taken to ensure continuity at the Board level. In accordance with Section 21 of the Constitution of SBMH, which stipulates that *"The Chairman of the Board shall be an independent director"*, Mr Hajee Abdoula classifies as an Independent Director.

Mr Raoul Gufflet is the Group CEO of SBMH and, by virtue of Section 14.1 of the Constitution of SBMH, he is an Executive Director on the Board of SBMH. He is responsible for the day-to-day leadership and management of the Company. He is also a Non-Executive Director of various subsidiaries of the SBM Group.

The key governance positions and roles are set out in the following table. These have been approved by the Board through the CGCRS Committee and are critical to ensure the Board's performance towards the Group's strategy and the achievement of a high level of good governance.

Corporate Governance Report (cont'd)

Principle One - Governance Structure (cont'd)

Key governance positions (cont'd)

Key roles and responsibilities

Chairman

- Provides leadership and governance to the Board so as to create conducive environment and conditions as well as effective performance delivery by the overall Board
- Ensures that all key issues are discussed by the Board in a timely manner
- Chairs Board Meetings and ensures that the Board, as a whole, plays a full and constructive part in the formulation of the Group's strategy and policies, and that the decisions taken by the Board are in the Group's best interests and fairly reflect a consensus reached by the Board
- Promotes the highest standards of integrity, probity and corporate governance within the Group
- Ensures that the strategy and policies approved by the Board are effectively implemented by the Senior Management Team
- Sets the Board Meeting schedules and agendas, in consultation with the Company Secretary and Group CEO, to take full account of the important issues facing the Group and the concerns of all Directors. Also ensures that adequate time is allocated for thorough discussion on critical and strategic matters
- Arranges informal meetings of the Directors at least once annually including meetings amongst the Non-Executive Directors, and ensures that sufficient time and consideration is given to complex, contentious or sensitive issues
- Is responsible for the induction of new Directors and their continuing development, as well as internally facilitated board evaluation and succession planning
- Leads the communication programme with stakeholders, including shareholders

Group Chief Executive Officer

- Is responsible for the day-to-day running of the organisation's operations and oversees the operations of its subsidiaries
- Ensures that the Group is mobilised to achieve its strategic objectives set by the Board at the start of the year and that decisions of the Board are implemented effectively and in a timely manner
- Monitors the ongoing financial and non-financial performance and management of the Group and its subsidiaries so as to ensure maximum shareholder value, consistent with observing its obligations to all its stakeholders
- Acts as strategic partner by developing, analysing and implementing the long-term growth initiatives, plans and strategies
- Leads, builds and maintains an effective and efficient Top Management Team who is capable of delivering the Group's strategies and objectives
- Acts as a liaison between Top Management Team and the Board of SBMH
- Supports the Chairman and the Company Secretary to ensure compliance across the Group in relation to all aspects of corporate governance and promotes high standards of integrity, probity, ethics, diversity and inclusion
- Consults regularly the Chairman, the Board and the CEO of entities on matters that may have a material impact on the operation of SBMH and its subsidiaries
- Ensures that the corporate culture and values are embraced throughout the organisation and across its subsidiaries
- Establishes the optimum internal control and risk management framework across the Group

Key roles and responsibilities (cont'd)

Group Chief Risk & Compliance Officer

- Oversees the day-to-day management of risks, drives, supports and coordinates risk management activities throughout the Group and in line with the strategic objectives
- Oversees the Group's risk governance and internal controls and the nature of the risks being faced by the SBM Group
- Responsible for maintaining an effective system of internal control and risk management by ensuring that appropriate systems and processes are in place
- Responsible for the development and implementation of relevant framework and policies across the Group
- Reviews and assesses the implementation of the risk control tools and systems to enhance the control framework within the Group and its entities
- Reviews and assesses the current risk appetite framework against best practice, defines a risk appetite statement, formulates and reports on key risk appetite metrics
- Adopts such principles of Corporate Governance and Codes of Best Practice that promote effective risk management within the Group
- Provides regular reports to the Risk Management Committee, Senior Management and the Board on findings relating to the Group's risk appetite framework
- Formulates and makes recommendations to the Board on risk management issues
- Identifies the principal risks and uncertainties that could potentially affect the Group and ensures that appropriate plans are in place
- Reviews the Group's policies on a regular basis
- Reviews the design, completeness and effectiveness of the Group Enterprise Risk Management Framework (Group ERMF)
- Devises and encourages participation in risk trainings and knowledge transfer initiatives across the entities

Directors

- Promote the success of the Group
- Take decisions in the best interest of the Company and its stakeholders
- Monitor the delivery of the Company's strategy and constructively challenge and assist in the development of same
- Monitor the performance of the Senior Management Team against the objectives set and ensure that the Group has adequate and proper internal controls as well as a robust risk management system
- Participate actively in the Board's/Committees' decision-making, exercise independent judgement, and bring valuable knowledge and experience to the Board
- Exercise reasonable care, skills and diligence in discharging their duties

The Group Chief Financial Officer's roles and responsibilities have partly been assigned to the Head of Finance & Capital Management, who is supported by other Senior Management Team members.

Leadership Team

The SBM Group has a diverse and experienced Senior Management Team, comprising the Management Team at SBMH level and the CEO of each operating entity, who effectively collaborate to achieve the strategy and objectives that contribute to the overall success of the Group. The profiles of the Senior Management Team are found under the 'Corporate Profile' section.

Corporate Governance Report (cont'd)

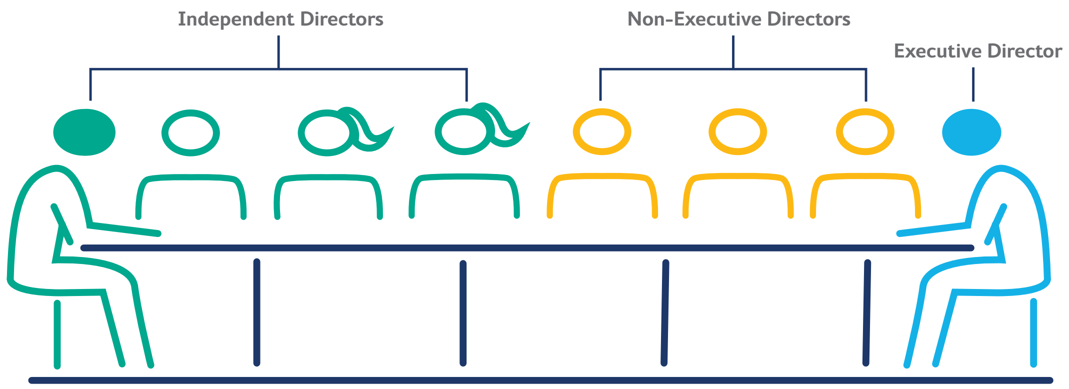
Principle Two - The Structure of the Board and its Committees

The Board should comprise individuals having a diverse mix of backgrounds, skills, knowledge and experience.

Composition and Size of Board

Section 14.1 of the Constitution of the SBMH stipulates that: *"The number of Directors shall not be less than Seven (7) nor more than Eleven (11). The Chief Executive of the Company shall be an ex officio member of the Board."*

SBMH has a unitary Board of eight Directors as detailed below:



Name of Director	Category
Mr Sattar HAJEE ABDOULA	Independent Director (also Chairman)
Mr Jean Paul Emmanuel AROUFF	Non-Executive Director
Mr Raoul GUFFLET	Executive Director (also Group CEO)
Ms Shakilla Bibi JHUNGEER	Independent Director
Mr Ramprakash MAUNTHROOA	Non-Executive Director
Ms Sharon RAMDENEE	Independent Director
Mr Visvanaden SOONDRAM	Non-Executive Director
Dr Subhas THECKA	Independent Director

Composition and Size of Board (cont'd)

The Board acknowledges that Principle Two of the Code requires that *"All Boards should consider having a strong executive management presence with at least two Executives as Members."* Following the appointment of Mr Raoul Gufflet as the Group CEO of SBMH in November 2022, he has been appointed as Executive Director in line with Section 14.1 of the Constitution of SBMH.

The Board believes that based on the size of the Company and its relative shareholding structure, there is a suitable representation in terms of the balance of executive, non-executive and independent directors and the skills, knowledge and experience of its Directors who collectively provide the core abilities for the leadership of the Company. The Board is of the view that the spirit of the Code is met through the attendance and/or participation of the Group CEO as Executive Director and the Senior Management Team in relevant Committees and Board deliberations as and when required.

As per the Charter of SBMH, a Director is deemed to be independent where in general, he has no relationship with the company or any other company such that his independence could be questioned. SBMH has aligned its criteria to determine the independence of Directors as per the applicable legislations and best practices in force in Mauritius and same is reflected in its Charter.

The Board has a sufficient number of Directors who do not have any relationship with the organisation and with the majority shareholders. All the Directors reside in Mauritius.

SBMH is led by an effective and committed Board, with a culture of openness and transparency at Board and Committee meetings. A culture of challenge is promoted across the Board and Committees and Directors are encouraged to participate actively in discussions and to share their views and opinions in order to avoid groupthink.

A well-balanced board should be made up of individual directors having different and unique professional background, knowledge, skills, experience and diversity of thoughts which will help the company to achieve its objectives while optimising the decision-making process.

The Board acknowledges its fiduciary duties towards the organisation and ensures that SBMH adheres to all applicable rules and legislations in force in all the jurisdictions where it operates.

The profiles of the Directors are found under the 'Corporate Profile' section.

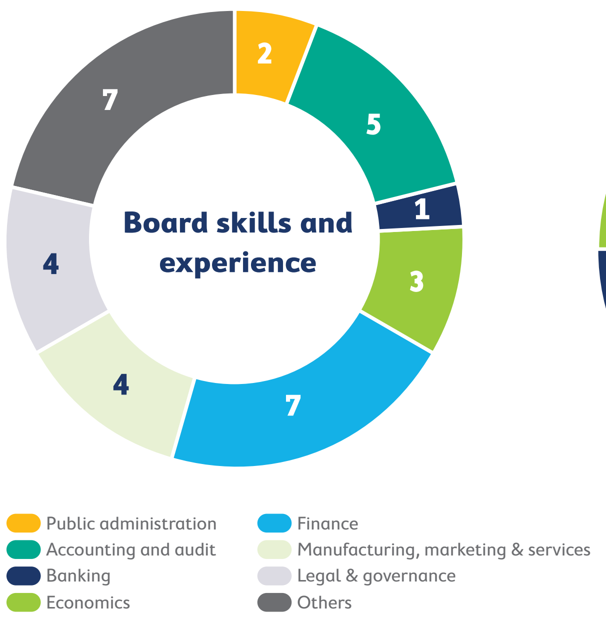
Corporate Governance Report (cont'd)

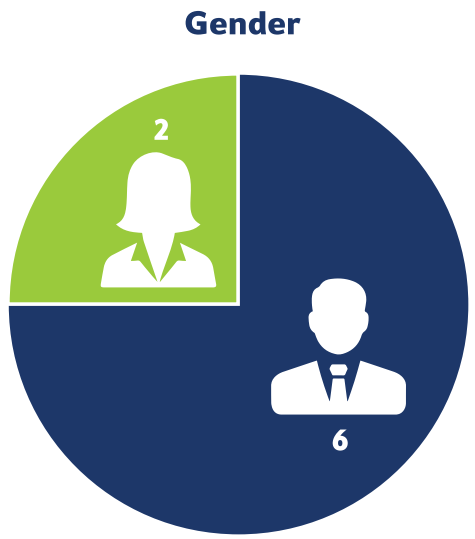
Principle Two - The Structure of the Board and its Committees (cont'd)

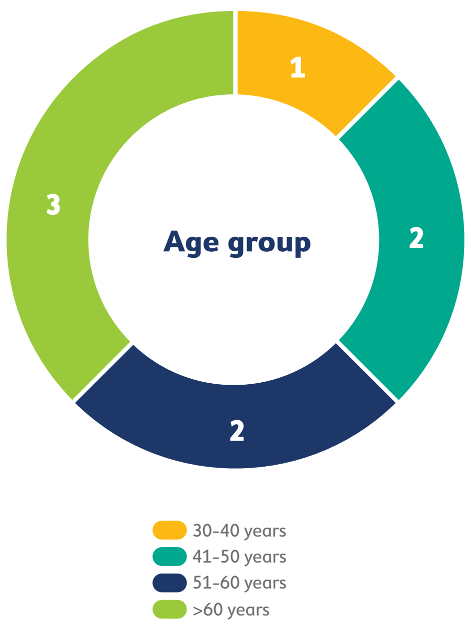
Board diversity

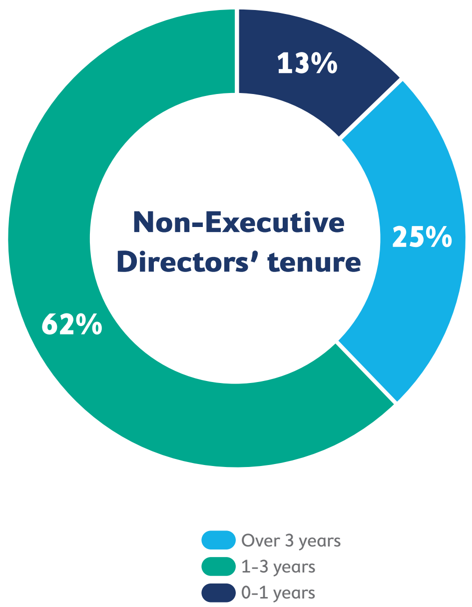
Diversity and inclusion are key considerations in the director selection process. When recommending new directors to the Board, the Nomination & Remuneration Committee (REMCO) lays due emphasis on the balance of skills, knowledge and experience required for the Board and its Committees to operate effectively. SBMH also acknowledges the requirement for gender representation on its Board of Directors.

The following charts provide an overview of the diversity of the Board of SBMH.









The Company Secretary

The Company Secretary is at the forefront of ensuring that good corporate governance is adhered to within the Company and that SBMH complies with relevant legislations and regulations while keeping the Board Members informed and updated on their legal duties. The appointment or removal of the Company Secretary is a matter for decision by the Board. The Company Secretary is accountable to the Board, through the Chairman, for (a) advising on corporate governance matters, (b) ensuring that Board procedures are followed, (c) that applicable rules and regulations are complied with and (d) that due account is taken of relevant codes of best practice.

Key roles and responsibilities
Company Secretary

- Has a central role in enhancing and maintaining a high level of corporate governance across the Company and its Board
- Is responsible for the efficient administration of the Company, particularly with regards to ensuring compliance with statutory and regulatory requirements
- Provides guidance to the Board in respect of its duties, responsibilities, and powers in line with all applicable laws and regulations
- Arranges meetings of the Shareholders and the Directors and ensures that minutes of proceedings of all these meetings are properly recorded in accordance with paragraph 8 of the Fifth Schedule and paragraph 6 of the Eighth Schedule of the Act respectively
- Is responsible for ensuring proper information flow within the Board and its Committees and between the Senior Management Team and Non-Executive Directors, in addition to facilitating induction and assisting in the professional development of Non-Executive Directors as required
- Ensures that all statutory registers are properly maintained and certifies in the Annual Financial Statements of the Company that all returns, as required under the Act, have been filed with the Registrar of Companies (ROC)
- Ensures that a copy of the Annual Financial Statements and, where applicable, the Annual Report are sent in accordance with sections 219 and 220 to every person entitled to such statements or report as per the Act

Mrs Dayawantee (Poonam) Ramjug Chumun is the Company Secretary of SBMH. She is an Associate of the Chartered Governance Institute (UK) and an ACCA Affiliate. She started her career at SBM in 2002 and joined the SBM Corporate Affairs function in 2007. Formerly the Company Secretary of the SBM Non-Banking Cluster and SBM Bank (Mauritius) Ltd (SBMBM), she was appointed as the Company Secretary of SBMH in March 2015. She leads the company secretarial function of SBMH and has extensive experience in company secretarial and corporate governance matters. She has been instrumental in the implementation of several Group corporate governance initiatives. She attends all Board and Committees meetings of SBMH and is also the Secretary of other SBM subsidiaries.

Board meetings

Board meetings are essential for healthy and good corporate governance of any organisation. It is an important mechanism through which the Directors discharge their duties as defined by the in-country laws and regulations. In line with good corporate governance, the Company Secretary, in consultation with the Chairman and the Group CEO, works out an annual board calendar at the beginning of each financial year. The calendar is then communicated to the Directors and the Senior Management Team once finalised.

The Chairman of the Board sets, in consultation with the Group CEO and the Company Secretary, the agenda - taking into account the challenges and concerns faced by the Group and its Directors - and ensures that adequate time is allocated for thorough discussion of critical and strategic matters. Board papers are circulated to the Directors at least 5 working days ahead of scheduled meetings so as to facilitate meaningful, informed and focused deliberations and decisions during the meetings. The documents are normally uploaded on a secured software installed on an iPad which is handed over to the Directors at the time they are on-boarded. Where physical attendance is not possible, meetings are conducted by means of audio and/or video conferences in accordance with the Constitution of the Company.

Corporate Governance Report (cont'd)

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

Board meetings (cont'd)

While Board meetings are attended by the Board Members, Senior Management and officers of the Company and its subsidiaries, advisors and subject matter experts are also invited for specific matters.

In line with Section 11.4 of the Charter, Directors wishing to have information on the Company have access to the officers (including Senior Management Team) of the Company provided that they do not interfere in the operational activities of the Company. Furthermore, Directors, on an individual basis or jointly, have access to independent professional advice at the cost of the Company, provided that the matter relates to the affairs or business of the Board or any specific Board Committees.

The Board normally meets quarterly, but ad hoc meetings are convened as and when required. During the period under review, Board and Committee Meetings were held physically and/or virtually. Given the Group's sound and deeply embedded governance framework, principles and practices, the switch to remote meetings did not impact the effectiveness of Board or Committee oversight. The Board and Management collaborate effectively, ensuring continuity in effective governance and decision-making.

During the financial year ended 31 December 2022, a total of 20 Board meetings were held and the attendance of the Directors is detailed in the following table.

Members	Independent	Board Member since	Meeting attendance
Chairman			
Mr Sattar Hajee Abdoula *(Chairman)*	✓	March 2020	20/20
Executive Director			
Mr Raoul Gufflet*	✗	November 2022	1/1
Non-Executive Directors			
Mr Jean Paul Emmanuel Arouff	✗	March 2020	16/20
Ms Shakilla Bibi Jhungeer	✓	March 2020	20/20
Mr Ramprakash Maunthrooa	✗	December 2021	12/20
Mr Roodesh Muttylall**	✗	June 2015	18/20
Ms Sharon Ramdenee	✓	December 2018	16/20
Mr Visvanaden Soondram	✗	March 2020	15/20
Dr Subhas Thecka	✓	June 2017	20/20

**Mr Raoul Gufflet was appointed as an Executive Director effective 28 November 2022*
***Mr Roodesh Muttylall resigned as Director of SBMH effective 05 January 2023*

In line with good governance practices, during FY 2022, a separate meeting of the Independent Directors without the Non-Executive and Executive Directors was conducted in closed session by the Chairman.

The primary objective of these sessions is to provide the Independent Directors with the opportunity to discuss among peers and to raise matters which they may not wish to discuss in the presence of any interested Non-Executive Directors.

However, the meeting of Independent Directors with the Non-Executive Directors and without the Executive Directors was not held due to absence of Executive Directors on the SBMH Board. With the appointment of Mr Raoul Gufflet as Executive Director, the said meeting will henceforth be held.

Board activities and principal decisions

The key topics discussed at the Board level for the year ended 31 December 2022 are as follows:

Strategy

- Monitored developments in the operating environment
- Reviewed progress on execution of strategy against the strategic plans of all the banking and non-banking entities of the Group on a quarterly basis
- Monitored the evolution of SBMH share price
- Monitored the implementation of approved strategic initiatives of the Group and provided guidance to deal with the risks and issues that arose

Financial matters

- Reviewed and approved the Group's financial statements on a quarterly basis
- Assessed and monitored the Group's financial performance and its main businesses
- Discussed and approved dividend payment
- Reviewed the valuation of equity investments held by the Group
- Reviewed the reports from the Audit Committee and Internal Audit Team
- Reviewed the capital requirements of the Group and its subsidiaries
- Took note of the financial statements of the operating entities of the Group
- Reviewed and recommended the re-appointment of Deloitte as the statutory auditor for the SBM Group for FY 2022 to its shareholders for approval
- Approved the 3-year strategic plan and budget 2023-2025 of SBMH and the Group

Governance, legal and risk

- Reviewed and approved the Directors' training needs for FY 2022
- Reviewed and approved amendments proposed to existing/new policies for the Group
- Reviewed related party transactions on a quarterly basis
- Considered matters relating to Board succession and approved appointments to the Board Committees and subsidiaries of the Group
- Ensured that the Group has a solid risk management system in place in terms of people, systems, policies, controls and reporting
- Monitored the implementation of a governance review remediation plan on a quarterly basis
- Monitored the share dealings by Directors and their associates as defined by the internal policies
- Reviewed and approved the Terms of References (TOR) of the Board Committees/Management Committees
- Approved to carry out an internally facilitated Board Evaluation Exercise for FY 2022
- Recommended to the shareholders the nomination of Directors

Others

- Approved the appointment of a Group Chief Executive Officer
- Approved/took note of the minutes of proceedings of Board/Board Committees of SBMH
- Reviewed reports from Chairpersons of Board Committees of SBMH
- Approved the remuneration/productivity bonus for employees of SBMH
- Reviewed and approved the SBMH Annual Report 2021
- Discussed on the selection of the agency for the design of SBMH Annual Report 2022
- Monitored the Group's governance initiatives being driven at Management level

Corporate Governance Report (cont'd)

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

The SBMH Board Governance Structure

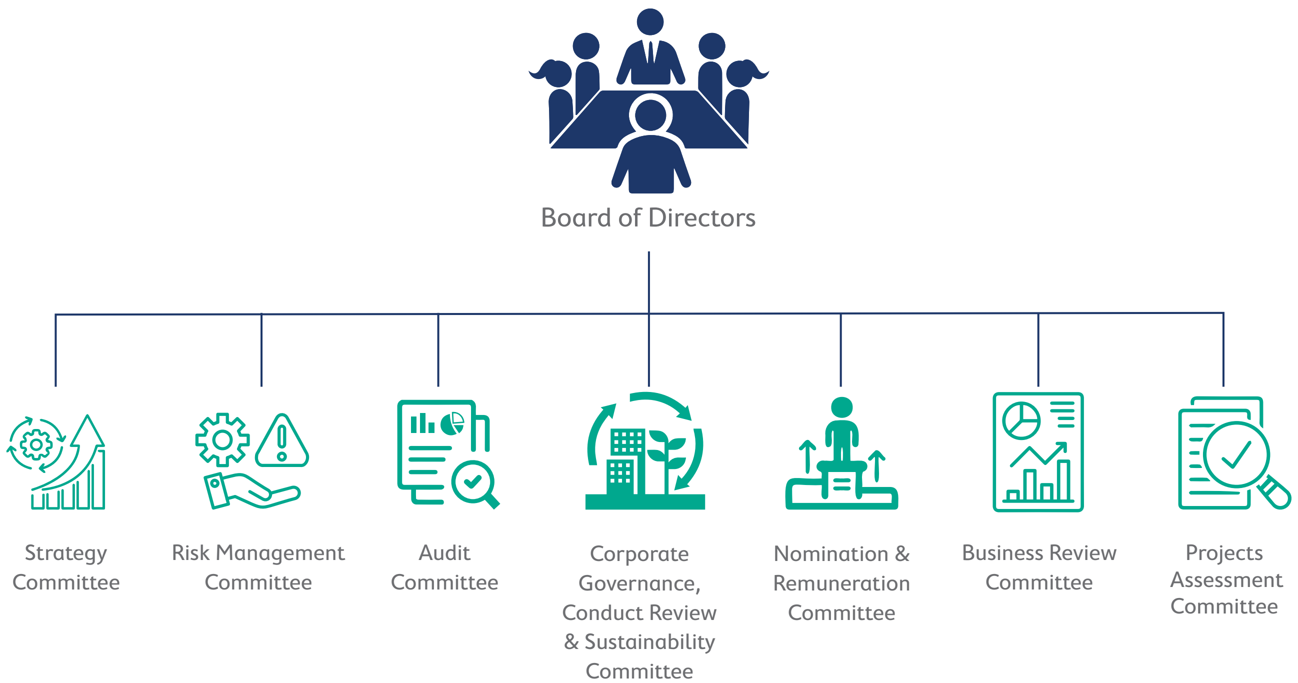
The Board is supported by the activities of the Board Committees, which ensure that specific matters receive the right level of attention and consideration. The Board evaluates and reviews the membership as well as the roles and responsibilities of these Committees on a yearly basis or as and when required.

Appointments on each Board Committee are made in accordance with the provisions of their respective TOR. All the Board Committees are adequately constituted. The profiles of the Directors provide a thorough insight of the background, qualification and experience of the Directors, based on which they are nominated on the respective Board Committees.

The governance framework is illustrated under Principle One.

The governance framework and the TOR of the Board Committees are available on our website

Board Committees



Strategy Committee

The Strategy Committee (a) discusses matters of strategic nature and makes proposals to the Board on the Group's strategy, (b) monitors performance against targets set in line with the approved strategy using the balanced scorecard methodology, and (c) reviews progress on the implementation of the Group's strategic initiatives to ensure that the Group is on track to meet its strategic objectives.

The Committee held four (4) scheduled meetings during the year, both in person and virtually.

Members	Independent	Committee Member since	Meeting attendance
Mr Sattar Hajee Abdoula *(Chairman)*	✓	March 2020	4/4
Dr Roshan Boodhoo*	✗	March 2022	3/4
Mr Raoul Gufflet	✗	March 2022	3/4
Ms Sharon Ramdenee	✓	August 2020	4/4
Mr Visvanaden Soondram	✗	March 2020	2/4

**Dr Roshan Boodhoo ceased to be a Member of the Strategy Committee effective 24 January 2023*

The Senior Management Team of SBMH and SBM (Bank) Holdings Ltd (SBMBH) attended the meetings held during the year, as and when required.

Committee activities during the year

- Reviewed the performance and outlook of the Group's operating environment including the economy and competing peers
- Ensured that strategic investments or divestments made are in line with the Group's strategy
- Monitored progress on the execution of the strategy of the Group and its operating subsidiaries against their respective strategic plans using the balanced scorecard
- Monitored the implementation of the Group strategic initiatives and capital morphing
- Monitored the evolution of SBMH share price and reviewed the feedback/comments from the investors for improvement

The Committee had discharged its responsibilities diligently in 2022 and will continue to do so in the future.

Looking Ahead

- Monitor the developments in the operating environment
- Ensure the implementation of selected growth and enabling initiatives
- Track the progress on the execution of the Group's strategy and make necessary recommendations to tackle areas of underperformance
- Ensure that all future strategic investment decisions are implemented as approved by the Board
- Monitor the evolution of the share price of SBMH and take appropriate actions based on feedback/comments from investors

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

Risk Management Committee

The Risk Management Committee (RMC) under the delegated authority of the Board, is accountable for overseeing (a) the effectiveness of the risk management process, including the identification of the principal and emerging risks facing the Group, (b) the risk appetite of the Group, (c) the Group's risk management and compliance framework and (d) the governance structure that supports same.

The Group has an elaborated Risk Management System to keep the Board abreast of the risk assessment and mitigation procedures.

The Committee held four (4) scheduled meetings during the year, both in person and virtually.

Members	Independent	Committee Member since	Meeting attendance
Ms Sharon Ramdenee *(Chairperson)*	✓	July 2019	3/4
Mr Sattar Hajee Abdoula *	✓	August 2020	3/4
Dr Subhas Thecka	✓	August 2017	3/4

**Mr Sattar Hajee Abdoula ceased to be a Member of the RMC effective 24 January 2023 and Mr Raoul Gufflet was appointed as new Member effective same date*

The Group Chief Risk and Compliance Officer (Group CRCO) was in attendance at the meetings.

Committee activities during the year

- Ensured that the Group has a robust risk management system in terms of human resource, systems, policies, control and reporting
- Monitored the Group's overall risk profile and escalated material matters to the Board where appropriate
- Monitored the Group's financial, operational and legal risk profile and the risk heat map on a quarterly basis
- Reviewed its mandate to ensure compliance with the statutory laws and obligations
- Evaluated the stress testing scenarios
- Reviewed the Group's policies for managing risks, particularly in the areas of credit, market, interest rate, liquidity, operational and technological risks and made recommendations thereon to the Board for approval
- Reviewed material legal cases against the Group and its subsidiaries
- Reviewed new and amended policies for the Group

The Committee will build on the 2022 focus areas where appropriate and will do so in the future.

Looking Ahead

- Continue to focus on the impact of the external environment on the Group's risk profile
- Maintain a sound risk management and internal control system
- Closely monitor the business associated risks
- Implement the Group risk management framework
- Focus on cyber security risk, climate change and ESG related risks

Audit Committee

The Audit Committee plays a crucial role in the governance of the Group's financial reporting, risk management, internal control, assurance processes and the external audit. It assists the Board in fulfilling its oversight responsibilities by reviewing and monitoring the integrity of financial information provided to its shareholders, the effectiveness of the system of internal controls, and the risk management framework of the Company as well as the independence and effectiveness of the External Auditors. It also oversees the audit process and performs other duties and responsibilities as assigned by the Board. All Members of the Audit Committee are independent.

Kindly refer to the 'Corporate Profile' section for the profile of the Members of the Audit Committee.

The Committee held five (5) scheduled meetings during the year, both in person and virtually.

Members	Independent	Committee Member since	Meeting attendance
Dr Subhas Thecka *(Chairman)*	✓	August 2017	5/5
Ms Shakilla Bibi Jhungeer	✓	July 2021	5/5
Ms Sharon Ramdenee	✓	April 2019	2/5

Selected members of the Senior Management Team are invited to the Audit Committee as and when required. The Committee met without the presence of the Senior Management Team on a quarterly basis and also met separately with the Head of Internal Audit and Investigation of SBMBM, and the External Auditors respectively.

Committee activities during the year	
Financial reporting	• Considered, analysed, reviewed and debated information, key judgements significant matters raised by the Senior Management Team, the Internal Audit Team and the External Auditors. This ensures that the results and the financial statements of the Group at the end of the year provide a fair representation • Monitored the integrity of the annual and interim financial statements during the year, with focus on key accounting policies, financial reporting issues and judgements together with the findings set out in the reports from the External Auditors • Considered the clarity and completeness of the disclosures within the financial reports
External audit	• Discussed critical policies, judgements and estimates with the External Auditor • Maintained the integrity of the relationship with the External Auditors • Monitored the independence and effectiveness of the External Auditors in terms of their audit quality and expertise • Considered significant audit matters regarding the audit opinion • Recommended the re-appointment of the External Auditors for FY 2022 to the Board for consideration and for onward recommendation to the shareholders for approval

Corporate Governance Report (cont'd)

Audit Committee (cont'd)

Committee activities during the year (cont'd)	
Internal audit	• Monitored and reviewed the effectiveness of the internal audit functions in terms of its scope, execution of its plan, coverage, independence, skills, staffing, overall performance and position within the organisation • Reviewed quarterly reports from the Internal Audit Team which covered the progress on the audit plan and approved proposed amendments to the plan to ensure its alignment to the changing nature of the Group's risk profile • Ensured that the work completed by the Internal Audit Team during the year was directed towards key areas including information and data security and cross-business risks mitigation such as management of third parties • Ensured that timely actions were taken by the Senior Management Team to address the adverse findings, if any, from the Internal Audit Team • Where appropriate, the Senior Management Team was invited to attend meetings to present an update on the status of measures implemented to address audit findings and recommendations • Ensured that there was effective communication between the External Auditors and the Internal Audit Team to ascertain reliability of evidence
Internal control systems	• Reviewed the internal controls and processes of the Group on a quarterly basis. The regular monitoring of the Internal Control Framework allowed the identification of issues and formal tracking of remediation plans • Ensured that significant controls are in place with regards to cyber security • Ensured integrity and accountability from everyone working for the Group

The Committee had discharged its responsibilities diligently in 2022 and will continue to do so in the future.

Looking Ahead

- Further develop the relationship with the Audit Committees of all operating entities to ensure that the Group operates effectively and in a streamlined manner
- Review policies and procedures to adapt to the rapidly changing and challenging environment
- Ensure that the Group continues to provide accurate and timely financial results and implements accounting standards and judgement effectively

Corporate Governance, Conduct Review & Sustainability Committee

The Corporate Governance, Conduct Review & Sustainability (CGCRS) Committee keeps abreast with the current environmental, social and governance trends to ensure that the Group has sound practices and complies with the current legislations. The CGCRS Committee also ensures that the Directors, Senior Management and employees act in an ethical and responsible manner and more so, oversees the sustainability initiatives undertaken by the Group.

The Committee held five (5) scheduled meetings during the year, both in person and virtually.

Members	Independent	Committee Member since	Meeting attendance
Ms Shakilla Bibi Jhungeer *(Chairperson)*	✓	March 2020	5/5
Mr Jean Paul Emmanuel Arouff	✗	March 2020	3/5
Ms Sharon Ramdenee	✓	February 2022	3/5

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

Committee activities during the year

- Reviewed the Corporate Governance Report for SBMH Annual Report 2021
- Reviewed the Governance Review Report and monitored progress relating to actions initiated
- Assessed the Directors' training needs for FY 2022 and made proposals for FY 2023
- Discussed on a Group ERMF to be undertaken to review the existing policies/new policies to be established for the Group
- Reviewed the related party transactions reports quarterly
- Discussed on proposal for board evaluation exercise for FY 2022
- Considered other governance matters

The Committee had discharged its responsibilities diligently in 2022 and will continue to do so in the future.

Looking Ahead

- Review and update the major policies and ensure alignment across the Group
- Ensure that specialised training sessions are regularly provided to Directors
- Oversee and monitor the Group corporate governance framework

Corporate Governance Report (cont'd)

Nomination & Remuneration Committee

The Nomination & Remuneration Committee (REMCO) assists the Board to develop and implement a fair and transparent policy that guides the overall Human Resources (HR) strategy of the Company as well as the remuneration of the Directors and the Senior Management Team. The REMCO fosters a culture where employees feel welcomed, remains focused on ensuring flexibility in pay structures allowing for appropriate reward and recognition of executives, balanced against shareholders' interests and uncertain external influences. In addition, the REMCO plays a crucial role in ensuring that the composition of the Board and its Committees have the balance and diversity of experience and skills to operate effectively and in the best interests of the shareholders.

The Committee held four (4) scheduled meetings during the year, both in person and virtually.

Members	Independent	Committee Member since	Meeting attendance
Mr Jean Paul Emmanuel Arouff *(Chairman)*	✗	August 2020	4/4
Ms Shakilla Bibi Jhungeer	✓	August 2020	4/4
Mr Roodesh Muttylall*	✗	August 2017	3/4

**Mr Roodesh Muttylall ceased to be a Member upon his resignation as Director of SBMH on 05 January 2023 and Mr Visvanaden Soondram was appointed as Member of the REMCO effective 24 January 2023*

The Deputy Group Chief Executive Officer and the Officer-in-Charge of the HR Department of SBMBM were invited to the meetings held during the year, as and when required.

Committee activities during the year

- Considered matters relating to Board succession planning, including the recruitment and appointment of Senior Executives at SBMH level and the nomination of Members to the Board/Board Committees
- Discussed on the onboarding of a Group HR Consultant
- Monitored the recruitment and departure of senior personnel across all subsidiaries
- Ensured transparent and fair recruitment
- Recommended the payment of the productivity bonus and annual salary increment of SBMH employees

The Committee will build on the 2022 focus areas where appropriate and will continue to do so in the future.

Looking Ahead

- Recruit and appoint key Senior Management positions, as and when required
- Work on succession plan for the Board and the key roles, taking diversity, skills and tenure into account and in a fair and transparent manner across the Group
- Review future talent pipeline and ensure the gaps are plugged in a timely manner
- Continue to update the training needs of the Directors in conjunction with the CGCRS Committee to appropriately take the changing operating and regulatory environment into account
- Ensure employees are remunerated fairly and based on merit

New Board Committees

The following Board Committees were established in February 2023 to further assist the Board in delivering its duties effectively:

• Business Review Committee (BRC)

Following the re-organisation of the Group, the BRC, which was previously established at the level of SBMBH, was discontinued and set up at SBMH level. The BRC shall assist the Board in overseeing and monitoring the overall performance of the SBM Group, i.e. SBMH and its subsidiaries within the Banking and the Non-Banking Financial Clusters.

• Projects Assessment Committee (PAC)

The PAC will have an oversight on strategic projects that will have an impact across the SBM Group's operating entities. It will oversee the implementation of Group related projects to ensure that goals and objectives of those projects are achieved within the prescribed time frame, budget and scope of work.

Management Committees

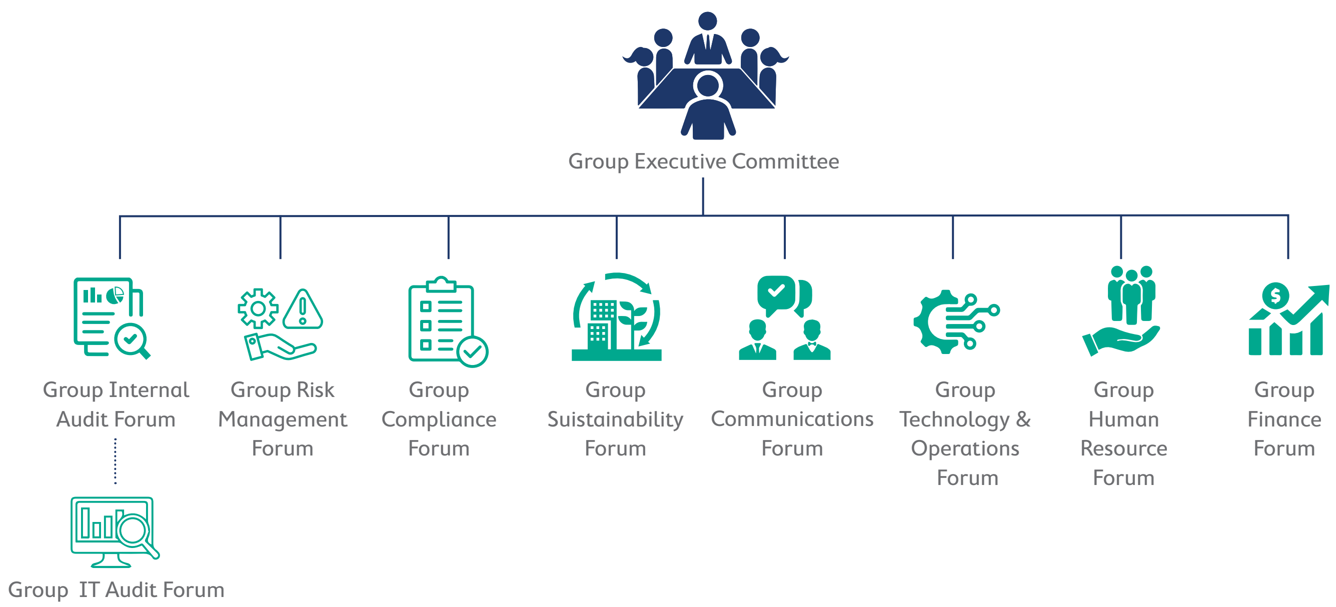
The Management Team, led by the Group CEO, is responsible for setting, managing and executing the strategies of the Company which are approved by the Board, including but not limited to running the operations of the Company under the oversight of the Board and keeping the Board informed of the status of the Company's operations. The Governance Structure of SBMH as detailed under Principle One, provides an overview of the delegated authorities and powers.

• Group Executive Committee (Group ExCo)

The SBMH Board established the Group ExCo, led by the Group CEO and having as members all the Senior Management Team of SBMH. The Group ExCo assists to (a) implement the Group's strategy, operational plans, policies, procedures and budgets, (b) provide support to the entities, (c) assess and manage risks and (d) improve synergy and alignment. The Group ExCo meets on a weekly basis and reports to the SBMH Board/Board Committees through the Group CEO.

• Group Functional Forums

In order to ensure adequate oversight and effective control as well as improve synergy between the different entities of the Group, the following Group Forums have been established at Management level.



Management Committees (cont'd)

- ### Group Functional Forums (cont'd)

These Forums promote the sharing of ideas, knowledge and best practices with the aim of developing a stronger Group structure and discharging their responsibilities within the TOR approved by the Group ExCo. Any matter of significant concern is escalated/brought to the attention of the SBMH Board/Board Committees by the Group CEO, as and when required.

A Group Sustainability Forum was recently established to (a) ensure alignment and a consistent approach to the execution of the Group Sustainability Agenda and (b) promote regular dialogue with stakeholders on Sustainability and Environment, Social and Governance (ESG) matters.

Except for the Group Internal Audit Forum and the Group IT Audit Forum, which are chaired by the Head of Internal Audit & Investigation of SBMBM, the remaining Group Forums are chaired by a Member of the Group ExCo.

Principle Three – Director Appointment Procedures

Appointment of Directors

Sections 14.1, 14.2, 14.3 and 14.6 of the Constitution of SBMH require the following:

Section 14.1

"The number of Directors shall not be less than Seven (7) nor more than Eleven (11). The Chief Executive of the Company shall be an ex officio member of the Board"

Section 14.2

"No Director shall be required to hold shares in the Company to qualify him for appointment/ election.

14.2.1 No person shall however be qualified for appointment/election as a Director (or alternate Director) unless he holds a degree or an equivalent qualification from a recognized University or Institution.

14.2.2 No person shall if he does not qualify to be a fit and proper person as per the criteria laid down in the relevant BOM guideline and/or has ever been convicted of an offence relating to financial crime or other criminal acts shall be eligible for election or appointment as a director on the Board of Directors of the Company".

Section 14.3

"Each Non-Executive Director shall be elected by a separate resolution at the Annual Meeting of Shareholders and shall hold office until the next Annual Meeting and subject to any BOM restrictions, shall be eligible for re-election"

Section 14.6

"Notwithstanding Articles 14.1 and 14.2, the Board may at any time appoint any person as Director provided the total number of Directors does not at any time exceed eleven. Any Director so appointed shall hold office only until the next Annual Meeting and shall be eligible for re-election."

Appointment of Directors (cont'd)

The Board of SBMH has adopted a formal, rigorous and well-defined procedure for the appointment of Directors on its Board. All appointments are made on merit against a set of objective criteria, in the context of skills and experience required for the Board to be effective and guard against groupthink. The CGCRS Committee and the REMCO are responsible for reviewing the composition of the Board and its Committees and for assessing whether the balance of skills, experience, knowledge and diversity is appropriate to operate effectively are in place. The appropriate recommendations are then made to the Board of SBMH.

The responsibility for the appointment of Directors rests with the Board, while ensuring adherence to the criteria laid down in the SBMH Constitution, the Group Fit & Proper Person Policy, the BOM Guidelines on Fit and Proper Person, and the Code in terms of the board balance.

Directors are elected/re-elected on the Board of SBMH via separate resolutions by the shareholders at the Annual Meeting of Shareholders and hold office until the next Annual Meeting.

Appointment process

1. Identify search criteria
The composition of the Board is reviewed and gaps are identified

2. Identify director candidate
Once the candidate is identified, a due diligence is conducted to determine the eligibility and fit and proper status of the candidate

3. In-depth review/due diligence
The CGCRS Committee and the REMCO assess the fitness and probity of the candidate

4. Recommendation to the Board
The CGCRS Committee and the REMCO make the required recommendations to the Board

5. Board appointment
The Board either approves, if the appointment is made out of the normal annual appointment cycle, or recommends to the shareholders at the Annual Meeting of Shareholders for approval, subject to regulatory clearance

6. Results
The new Director is on-boarded and a letter of appointment is issued once the appropriate clearance is received

Principle Three - Director Appointment Procedures (cont'd)

Board induction

The Chairman, with the assistance of the Board and the Company Secretary, through the CGCRS Committee, assumes the responsibility for the induction of new Directors as this enables the latter to be on-boarded in an informed manner, allowing them to better contribute at the board room table, to feel more confident about their knowledge of the organisation, its activities, its staff and risks, and ultimately improve their ability to govern.

On appointment, new Directors are provided with tailored and comprehensive induction programmes to facilitate their understanding of the business, to be able to perform and discharge their responsibilities and duties effectively, including process for dealing with conflicts.

During the reporting period, the newly appointed Group CEO joined the Board as an Executive Director and the Board affirms that a comprehensive induction was undertaken. The topics covered for the induction of the Executive Director were as follows:

- Board Committees, Procedures and Structure
- Overview of Business, key issues and challenges and Key Performance Indicators
- Policies, Procedures, Rules, Regulations & Legislations
- Risk Management, Control Procedures and relevant Disaster recovery plans

Continuous development programme

The Board recognises that continuous training is essential for Directors of the Group to stay current with the rapidly changing global and local landscape.

Annually, the Board with the assistance of the CGCRS Committee, the Company Secretary and SBM Academy, co-develop a formal and customised training plan for the Directors and the Senior Management Team of the Group to ensure that they have adequate level of knowledge and expertise to navigate through the challenges and complexity of the business environment.

Continuous development is embedded in the SBM corporate culture and much emphasis has been laid on AML/CFT and the responsibilities of Directors in terms of compliance, risks and governance. Fintech, new regulatory frameworks, sophisticated cyber-attacks and sustainability risks are heightening the need for both the Directors and the Senior Management Team to stay ahead of the curve to effectively execute their responsibilities. The pillars covered during the reporting period were: (1) Fintech & Emerging Technologies; (2) Compliance; (3) Risk Management Framework; (4) Cyber Risks; (5) Corporate Governance.

Additionally, Directors and Senior Management Team received training on the Virtual Asset and Initial Token Offering Services Act 2021 and the Directors' responsibilities in terms of risk and governance. They were also given an overview on the recently introduced scorecard and the best practices for disclosure. There were also trainings on ESG and sustainability. The training programmes are facilitated by both internal and external subject matter experts. The total number of training hours attended by all Directors of the Group during FY 2022 is 577.

Training courses and continuous development initiatives undertaken by the Directors are closely monitored by the Chairperson of the CGCRS Committee and the Company Secretary.

Succession planning

The Board recognises that effective succession planning for Directors and the Senior Management Team is vital to delivering the Group's strategic initiatives. There are regular discussions on talent and succession planning by Management and the Board, with regular oversight by the REMCO. Further to the re-organisation of the Group and appointment of other key functions at SBMH level, a Group Succession Planning Policy is currently being worked upon in order to comply with Principle Three of the Code.

Principle Four - Director Duties, Remuneration and Performance

Legal duties

The specific duties of a Director are specified in the Act and all Directors are aware of their legal duties and carry out same with due diligence.

Performance evaluation

The Board recognises that it needs to continually monitor and improve its performance.

In accordance with the provisions of the Code, the effectiveness of the Board, its Committees, individual Directors and the Chairman of the Board are reviewed on an annual basis through formal performance evaluation. The performance evaluation exercise for FY 2022 was internally facilitated by the Chairman of the Board, with the support of the SBMH Secretarial Team.

The process for the internal Board/Committees/individual Directors/Chairman evaluation was set as follows:

1. Completion of a detailed questionnaire to assess the effectiveness of the Board, its Committees, individual Directors and the Chairman of the Board
2. Preparation of a composite report by the Company Secretary
3. Summary of evaluation results for Board, Committees, individual Directors and the Chairman of the Board are presented and discussed at the Board Meeting
4. Key areas for development and action plan approved by the Board

The internal evaluation concluded that the Board remained constructive, collegiate, well balanced and supportive and that there is effective leadership from the Chairman, all of which ensure that appropriate corporate governance practices prevail across the Group. All the Board Committees are functioning well in terms of their effectiveness, decision making and rigorous manner in which they are addressing issues brought to their attention and the Directors' contribution to the deliberation of the Board/Committees Meetings are productive.

The key priorities identified for FY 2023 include matters related to the capital structure, performance, operations and strategy of the Group.

Corporate Governance Report (cont'd)

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

Related party transactions and conflicts of interests

The Board has adopted a Group Related Party Transactions and Conflict of Interest Policy (Policy) which is reviewed on a regular basis. The objective of this Policy is to ensure proper approval, disclosure and reporting of transactions as applicable between the Group and any of its related parties is in the best interests of the Group and its stakeholders.

The Board affirms that all conflicts of interest and related party transactions had been conducted in accordance with the Policy.

Good governance requires the Directors and the Senior Management Team to avoid situations where they have, or could have, a direct or indirect conflict with the interests of the Company. They have a continuing duty to immediately disclose to the Board/the Company Secretary of any conflict/potential conflict as and when they may arise and, if authorised, to be included in the Interests Register, which is maintained and updated on a regular basis by the Company Secretary. The Policy as such provides for the safeguards and how situations of conflict are managed.

As part of the induction process, a newly appointed Director is required to complete a Related Party Declaration Form and needs to thereafter submit a quarterly return through the Company Secretary. Related party transactions are not prohibited but same needs to be done on market terms and at arms' length. In line with good governance, each Director has the obligation to report any actual or probable situation of conflict at the beginning of each Board and Board Committee Meeting or before a particular proposal is discussed at that meeting. If such conflict exists, the Directors generally excuse themselves from consideration of the matter.

The Company Secretary maintains an Interests Register, which is available for consultation to the shareholders upon written request to the Company Secretary.

The Group recognises that the Non-Executive Directors have other business interests and directorships outside the Company. All the existing directorships are detailed within the Directors' profiles under the 'Corporate Profile' section.

Directors' interests and dealings in SBMH shares

The Directors of SBMH confirm that they have adhered to the absolute prohibition principles and notification requirements of the Model Code for Securities Transactions by Directors as set out in Appendix 6 of the Stock Exchange of Mauritius Listing Rules.

The Board has adopted and adheres to the Group Insider and Share Dealing Policy which is applicable to Directors and employees of the SBM Group. The objective of the Group Insider and Share Dealing Policy is to ensure compliance with the laws and regulations relating to insider dealing and trading in SBMH securities as well as setting minimum standards of observance. In accordance with good governance and best practices, the Company Secretary maintains a register detailing the dealing in securities of SBMH by the following persons:

- Directors, Senior Management and any of their associates of the following entities: (a) SBMH, (b) SBMBH, (c) SBM NBFC, (d) SBM (NFC) Holdings Ltd and (e) the banking entities of the Group.
- Staff of selected departments as approved by the Board and any of their associates.

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

The table below outlines the interests of the SBMH Directors in the Company as at 31 December 2022:

Directors	Direct shareholdings		Indirect shareholdings	
	Number of shares	% shareholdings	Number of shares	% shareholdings
Mr Sattar Hajee Abdoula	2,860	0.00	-	-
Ms Sharon Ramdenee	100,000	0.00	-	-

No other Director of SBMH had an equity stake in SBMH or its subsidiaries either directly or indirectly as at 31 December 2022.

Remuneration

- **Board of Directors**

The remuneration of the Non-Executive Directors is approved by the shareholders and is based on market standards, competencies, efforts and time commitment to the Company.

The table below depicts the remuneration earned by Directors in 2021 and 2022 in their capacity as Board and Committee Members of SBMH and its subsidiaries:

Name of Directors	SBM Holdings Ltd	Other subsidiaries	SBM Holdings Ltd	Other subsidiaries
	2022		2021	
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Mr Sattar Hajee Abdoula *(Chairman)*	3,805	4,229	3,310	4,291
Mr Jean Paul Emmanuel Arouff	710	1,875	660	1,295
Ms Shakilla Bibi Jhungeer	812	1,939	720	810
Mr Ramprakash Maunthrooa	260	-	-	-
Mr Roodesh Muttylall*	360	2,010	420	1,700
Ms Sharon Ramdenee	902	1,519	780	340
Mr Visvanaden Soondram	370	2,235	470	1,680
Dr Subhas Thecka	792	-	770	80
Mr Raoul Gufflet**	22,266	-	-	14,488

** Mr Muttylall ceased to be a Director of SBMH effective 05 January 2023.*

*** The amount stipulated in the table above relates to the remuneration paid to Mr Raoul Gufflet by the SBM Group.*

None of the Non-Executive Directors have received variable remuneration in the form of share options or bonuses associated with the organisation's performance, other than the fees as stipulated in the table above.

As regards to the Executive Director, who is also an employee of SBMH, there are clauses in the employment contract for payment of bonuses linked to personal KPIs and to the performance of the SBM Group. Furthermore, the Executive Director does not derive any directorship fees in line with the practice of the Group.

- **Executive Management**

The remuneration packages of the Senior Management Team are approved by the Board upon recommendation of the REMCO. Various criteria are considered prior to agreeing to the quantum namely: qualification, skills, experience, KPIs, amongst others.

The Group aims to attract, motivate and retain the best candidates regardless of gender, ethnicity, age, who are committed to having a fruitful career and who perform their role effectively in the interest of the Company and its shareholders.

Information, information technology and information security governance

The Group has an established IT governance framework in place which includes policies synced with the vision of Group and complemented by standards which are more inclined with the best practices being followed in the industry and supported by well established procedures. Policies undergo an annual review and are inclined towards reflecting emerging and ever-changing threat and regulatory landscape. The IT Governance Team ensures the implementation of these policies, standards and procedures where any deviation is adequately documented with required approvals obtained.

The Group has implemented multiple security policies and deployed technological and logical controls to ensure that the appropriate restrictions are in place and that data is safeguarded both within its premises as well as those hosted on the cloud. Information governance, information technology and security are continuously being emphasised by regular awareness initiatives run across the Group, stressing on the confidentiality, protection, integrity and availability of information.

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

Information, information technology and information security governance (cont'd)

As part of its digital transformation strategy, the SBM Group is exploring opportunities that would bring synergies, cost efficiency, operational excellence and agility across all its banking and non-banking subsidiaries. This Group wide initiative will also enable the different entities offer more innovative products and services to their customers along the Asia-Africa corridor.

The Group is in the process of implementing a data governance framework which will empower the organisation to make informed decisions in managing data, minimising cost and complexity, mitigating risks and allowing it to proactively address the ever-growing demand for compliance with regulatory, legal and government requirements. All capital expenditures related to IT are monitored and discussed at Committee and Board level, where appropriate.

Principle Five - Risk Governance and Internal Control

The Board holds the ultimate responsibility for maintaining effective and agile risk management processes and internal control systems, covering every aspect of the Group

The Board carries the main responsibility for maintaining and reviewing the effectiveness of risk management and internal control systems. They also determine the nature and extent of the principal risks the Group is willing to undertake in the pursuit of its strategic objectives.

The Group operates under the "Three Lines of Defence" model articulating the responsibilities and accountabilities in the identification, evaluation, management and monitoring of both financial and non-financial risks. During the second part of the year, the Group embarked on a comprehensive exercise to review its ERMF with the objective of strengthening it and enhancing harmonisation across all its subsidiaries.

The RMC ensures the independence and effectiveness of the risk management function. The fundamental responsibilities of the RMC are to advise the Board on the overall risk appetite, providing oversight of the various strategies undertaken and challenges arising from risks being undertaken. It achieves this by establishing the frameworks, policies, limits, constraints and key control requirements under which first line activities performed are aligned to the Group's approved risk appetite. The internal control system allows for the identification, assessment and management (rather than elimination) of the risks of failure in achieving business objectives and can only provide reasonable assurance against material misstatement or loss.

The Audit Committee assists the Board in carrying out its accounting, internal control and financial reporting responsibilities. It reviews the effectiveness of internal control systems relating to both financial and risk management controls and ensures compliance with financial and regulatory reporting. The Audit Committee provides an independent and objective assurance to the Board on the adequacy and effectiveness of key internal controls, governance and the risk management in place to monitor, manage and mitigate the key risks to the Group achieving its objectives. Any deviations in policies and non-performance of internal controls are duly reported and discussed at both Management and Audit Committee levels until complete resolution. The Audit Committee also engages with its External Auditors independent of Management to ensure that there are no unresolved material issues of concern.

The Board is satisfied that the Group operates a sound internal control system and complies with applicable laws and regulations further to the independent assurance from Internal Audit and that there are no material breaches or issues to highlight.

Whistleblowing policy

The Group Whistleblowing Policy provides the guidance and process for employees to confidentially and anonymously report unlawful acts, matters of concerns relating to wrong-doing or misconduct and any other behaviour contrary to corporate values without any risk of discrimination, retaliation or victimisation. This Policy was approved by the Board of SBMH and is being adopted by all the entities across the Group with local requirements customisation where necessary.

The Group firmly believes in the importance of having a culture of openness and accountability to prevent such situations occurring and to promptly address them when they do happen. The staff are encouraged to speak up about actions and behaviours that have no place in the organisation. Reporting of such concerns or unlawful acts can be done through secure and independent channels such as toll-free number, hotline, emails or letters as defined in the policy.

After preliminary enquiries are carried out, a full investigation shall follow where such action is deemed appropriate after, within a reasonable period of time. All investigations are subsequently reported to the Audit Committee of SBMH, which is responsible for the oversight and effectiveness of the Group's whistleblowing arrangements.

The Whistleblowing Policy is applicable to all employees of the Group, irrespective of their contractual engagement.

The Whistleblowing Policy is available on our website

The following channels are available for whistleblowers:

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

Corporate Governance **Report** (cont'd)

Principle Six - Reporting with Integrity

In line with the provisions of the Act, a copy of the Report is sent to every shareholder not less than 14 days before the date fixed for holding the Annual Meeting of the Shareholders.

The Report is available on our website

On 21 December 2022, the ROC has issued a Practice Direction pursuant to Section 12(8) of the Act with regards to the "Sending of Annual Report and Financial Statements" - *"As such, companies may now send the Report in an electronic version and by any electronic means. A shareholder shall however retain his right to receive a copy of the Report or the Financial Statements at any time upon request within three working days."*

The SBMH Board adopted the above Practice Direction for its Annual Report 2022.

Directors' responsibilities

The Board is responsible for the fair preparation of the financial statements in accordance with the International Financial Reporting Standards and in compliance with the requirements of the Act and the Financial Reporting Act 2004 and for such internal control as the Directors determine are necessary to enable the preparation of financial statements free from material misstatements, whether due to oversight or error.

Any material deviation from the above are reported in the Independent Auditor's Report attached to the financial statements.

The Board also focuses on various issues such as strategy, risk, IT security, CSR, sustainability and governance. The aspects related to the strategy are elaborated in the Strategy Report, while the matters related to sustainability are further explored in the Sustainability Report.

More details are provided in the Sustainability Report on our website

Human resources

The well-being of the employees of SBM has been key in the way our business has been carried out in 2022. With employees returning to office in the aftermath of the COVID-19 pandemic, it has been essential to ensure a safe, healthy and pleasant working environment to keep both motivation and performance at the highest. The strategy of the SBM Group remains being an *"Employer of Choice"* and to be the top of the mind organisation for both young graduates and experienced professionals.

The Group provides employees with a one-of-a-kind employee experience along with development & growth opportunities so that one can thrive to his/her highest potential bringing the organisation to new heights. SBM is an equal opportunity employer and provides for diversity and inclusion across the entities and countries it operates.

Environment

The Group aims to make diligent use of the natural resources on which it depends to carry out its operations and to protect the environment by adopting sustainable initiatives to avoid and/or reduce adverse impact on the environment.

Corporate Social Responsibility (CSR)

Through the SBM Foundation, the Group continues to give back to the community by getting involved in numerous CSR initiatives. Till date, SBM has over 2,700 beneficiaries of the SBM Scholarship Scheme for deserving students coming from low-income families. The Foundation also supports the projects of many social partners/NGOs with the aim of having a positive and long-term impact on the society. SBM staff members are also highly dedicated to society and take part in social initiatives.

Donations

The Company and the Group did not make any political donation during the period under review.

Principle Seven - Audit

External audit

- **Appointment of External Auditors for FY 2022**

At the Annual Meeting of Shareholders of SBMH held in August 2022, Deloitte was re-appointed as the Group's Statutory Auditors for FY 2022, to hold office until the next Annual Meeting, further to recommendation of the Board of SBMH through its Audit Committee. Deloitte is currently serving its third year as External Auditors of the Group.

- **Appointment of External Auditors for FY 2023**

In line with the recommendations of the shareholders from the previous Annual Meeting of the Shareholders, the Board launched a competitive audit tender process for the rotation of the audit firm in respect of FY 2023 and FY 2024 audit in December 2022.

Following the tender process, the Board through the Audit Committee and Selection Committee, is recommending the proposal for the re-appointment of Deloitte as the Group's Statutory Auditors for FY 2023, to hold office until the next Annual Meeting, to the Shareholders for approval at the Annual Meeting of Shareholders to be held in June 2023. More details are provided in the Notice of Meeting.

- **Meeting with the Audit Committee**

The Audit Committee meets privately with the External Auditors at least once quarterly to discuss on critical issues and potential threat to independence and remains satisfied that they are not unduly influenced by Management. The financial performance of SBMH and its subsidiaries, the accounting principles adopted as well as any audit related issues are discussed in the presence of the Senior Management Team.

- **Evaluation of the External Auditors**

The Audit Committee considers the effectiveness of the External Auditors on an ongoing basis during the year and believes that the independence and objectivity of the External Auditors as well as the effectiveness of the audit process are safeguarded and remain strong.

- **Audit fees and fees for other services**

The fees paid to the External Auditors for the FY 2021 and 2022 are tabulated as follows:

	2022		2021	
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
	Deloitte	Other Auditors	Deloitte	Other Auditors
SBM Holdings Ltd				
Statutory audit and quarterly reviews	949	-	776	-
Other services	27	-	37	-
Subsidiaries				
Statutory audit and quarterly reviews	19,902	3,578	16,279	4,294
Other services	5,018	-	5,860	993

The Group's External Auditors may also be requested to provide specialist advice where, as a result of their position as External Auditors, they are deemed to be best placed to perform the work in question. The Audit Committee considers the independence, in both fact and appearance, of the External Auditors as critical prior to them taking up any new assignment from the Group.

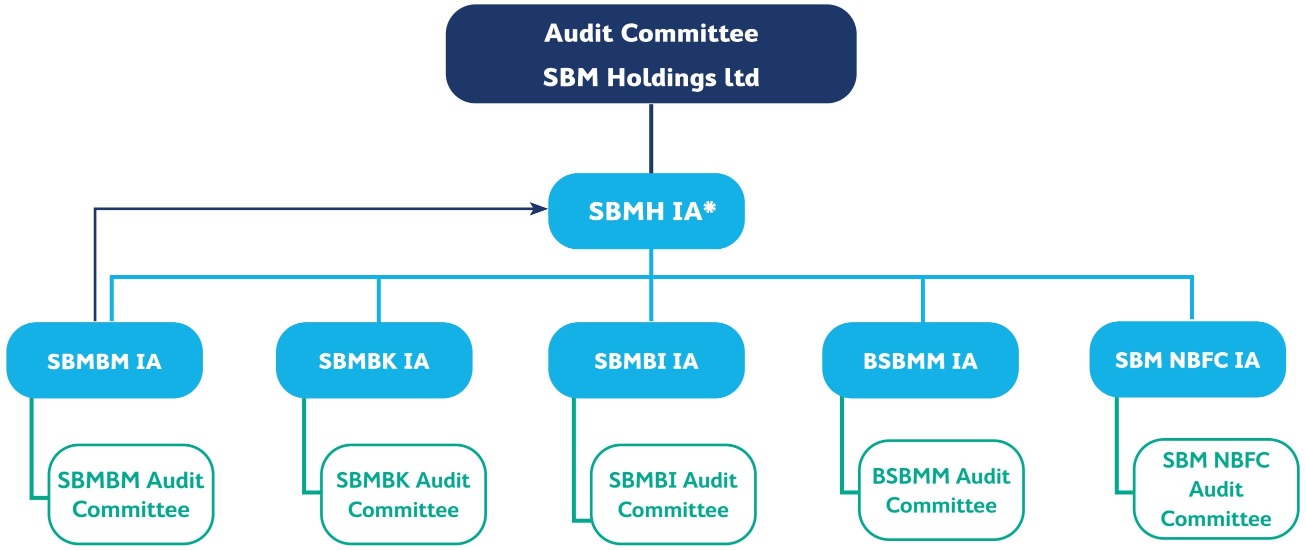
The Audit Committee oversees the process for approving all non-audit work provided by the External Auditors to safeguard the objectivity and independence of the External Auditors and comply with regulatory and ethical guidance. The non-audit work is performed by a separate team that holds the necessary expertise and is independent of the Audit Review Team. The non-audit services provided by Deloitte during the financial year ended 31 December 2022 include the following: (a) assistance with respect to tax compliance, (b) assurance report in relation to dividend payment, (c) report on Institutional Risk Assessment and related Internal Control Systems in the areas of AML/CFT as well as (d) KEPS and IT reviews. Their objectivity and independence are safeguarded as the non-audit services are carried out by different teams under the supervision of different partners/managers.

Principle Seven - Audit (cont'd)

Internal Audit (IA)

The Internal Audit Function provides independent, objective assurance and consulting activity designed to add value and improve the Group's operations. It helps the Group accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The Internal Audit structure of the Group is as follows:



* The Group's Internal Audit function is being handled by the SBMBM Internal Audit Team, headed by Mr Neelesh Sawoky. The Head of Internal Audit & Investigation has a direct reporting line to the SBMH Audit Committee and also reports administratively to the Group CEO. The profile of Mr Sawoky is found under the 'Corporate Profile' section.

The Internal Audit function of the Group is governed by an Internal Audit Charter approved by the Audit Committee of SBMH. The same principle applies for the Internal Audit functions in the banking subsidiaries and SBM NBFC.

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

The Head of Internal Audit & Investigation has regular meetings with the Chairperson of the Audit Committee of SBMH, in the absence of Management representatives, thereby further establishing Internal Audit's independence. Moreover, in order to maintain objectivity, Internal Audit is not involved in or responsible for any area of operations within the Group. In all the entities within the Group, the Internal Audit Team has unrestricted access to all personnel, documents, records and explanations required in the performance of its duties.

Meetings are held with the Head of Internal Audit of each entity on a monthly basis, with the objective of being closer to audit work being carried out. In addition, the Group Internal Audit Forum (GIAF) and the Group IT Audit Forum (GITAF), which comprise all the Heads of Internal Audit and IT Audit respectively, meet at least once every two months, to:

Internal Audit (cont'd)

- Take cognizance of audit work being carried out
- Ensure alignment of audit methodology & standardization of reporting
- Ensure quality deliverables throughout compliance with IIA standards
- Provide better visibility in terms of reporting of key risk areas to the Group across all the entities, etc.

Moreover, on a quarterly basis, each entity submits its findings to the Group Internal Audit Team for reporting to the SBMH Audit Committee.

The Audit Committee of the Group assesses the quality and performance of Internal Audit by:

1. Ensuring that the Head of Internal Audit & Investigation has direct reporting line to the Audit Committee
2. Ensuring that the Internal Audit Team is appropriately resourced, and has sufficient authority and standing to carry out its tasks effectively
3. Reviewing and approving the annual audit plan of the Group
4. Receiving periodic reports on the results of the Internal Audit's work
5. Reviewing and monitoring closure of audit items
6. Meeting with the Head of Internal Audit & Investigation periodically without the presence of Management and
7. Receiving adequate information to understand the internal audit services provided including tools, techniques and methodologies used.

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

The Internal Audit functions across the Group operate as per their strategic plan, usually a 3-year internal audit strategic plan approved by the respective entity's Audit Committee.

The 3-year audit plan which is embedded in the 3-year strategic plan, is aligned with the objectives of each entity within the Group and expectations of key stakeholders. The strategic plan is flexible and is updated at least annually to take into account the changes in the environment.

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

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

With the objective of aligning the audit methodology across the Group and leveraging on audit resources, key risk areas such as credit risk, AML/CFT and cybersecurity risks are covered simultaneously with all the Internal Audit functions.

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

The Internal Audit charter provides for the engagement of specialists in the event that such skills are not available within the Internal Audit function. In the recent years, the Internal Audit Team had recourse to IT and valuation specialists to complement their audit work.

As far as the external audit findings are concerned, the Management Letter and Internal Control Review report, where applicable are submitted to the Audit Committee. Open items from external audits are also tracked to ensure prompt closure. This applies to all the entities.

Corporate Governance Report (cont'd)

Principle Seven - Audit (cont'd)

Internal Audit (cont'd)

In the year 2022, regular discussions on key audit matters were held at the GIAF, which is a forum comprising all the Heads of Internal Audit within the Group. The GITAF, which is a sub-committee of the GIAF, meets periodically to discuss about IT Audit matters. In addition, knowledge sharing sessions on technical topics were organised for the benefit of the Internal Auditors of the Group.

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

In 2023-2024, with the view to enhance the quality of Internal Audit, certain Internal Audit functions in the Group will be subject to an External Quality Assessment and Improvement Program. The exercise was completed in 2020 for the Internal Audit function of SBMBM, with the next one due in 2025.

- **SBM Holdings Ltd**

The audit plan was achieved satisfactorily and the reports were submitted to the Audit Committee of SBMH. On-site audits of the overseas entities which were put on hold due to travel restriction arising from the COVID-19 pandemic, will be resumed in 2023.

- **SBM Bank (Mauritius) Ltd**

Internal Audit Team completed the audit plan FY 2022, despite challenges arising from the COVID-19 pandemic and work from home arrangements.

Due to resource constraints, a few areas from the 3-year strategic audit plan were outsourced to external audit firms. The first two phases of the Data Analytics project were successfully implemented, resulting in enhanced assurance over computation of interest income & expense.

In 2023, over and above execution of the audit plan, the team intends to achieve the objectives set as per the 3-year Strategic plan, increase capacity with additional resources and explore automation of the audit process through acquisition of a new audit software.

- **SBM Bank (India) Limited**

The audit plan for 2022 has been largely achieved. The Internal Audit Team has designed a risk-based comprehensive audit plan for each year and carried out audits across various businesses and functions.

For the year 2023, SBMBI will continue to focus on high-risk areas in its audit plan.

- **SBM Bank (Kenya) Limited**

In 2022, the approved audit plan was substantially delivered with high-risk areas being effectively covered and reports submitted to the Management and Audit Committee.

The audit management system was upgraded. The new workflow solution is expected to assist the team to navigate through the audit process more efficiently. Following the conclusion of the review of organisational structures at SBMBK, all the staffing gaps in internal audit were addressed.

In 2023, the Internal Audit Team will continue with a risk-based approach, with particular emphasis on the key risk areas.

- **Banque SBM Madagascar SA**

BSBMM achieved its audit plan for year 2022 to a satisfactory level. Particular attention was given to high-risk areas during the year. Audit observations were attended by Management and necessary actions were taken to close the open items.

For the year 2023, BSBMM will continue to focus on high-risk areas as detailed in its audit plan. In terms of resources, the local Internal Audit Team will be reinforced with professionals having exposures in technology & systems.

- **SBM (NBFC) Holdings Ltd**

The Internal Audit Function covers the following subsidiaries/functions:

» SBM Capital Markets Ltd
» SBM Factors Ltd
» SBM Insurance Agency Ltd
» SBM Fund Services Ltd
» SBM Mauritius Assets Managers Ltd
» SBM eBusiness Ltd
» NBFC - Finance and Procurement and AML Functions

The audit plan for 2022 was largely achieved despite the challenging environment. High-risk open items for the current year as well as prior years were prioritised and close follow ups were made for closure.

- **Focus for FY 2023**

In 2023, particular attention will be given to high-risk areas in the audit plan as in 2022.

Principle Eight - Relations with Shareholders and Other Key Stakeholders

Shareholders

As at 31 December 2022, SBMH had 18,309 shareholders, out of which 363 were foreign shareholders.

The following tables provide further insights on SBMH's shareholding:

Local and Foreign Shareholding

	Number of shareholders	% of shareholders	Number of shares	% of shares
Foreign	363	1.98%	73,139,580	2.41%
Local	17,946	98.02%	2,964,262,650	97.59%
Total	**18,309**	**100.00%**	**3,037,402,230**	**100.00%**

Corporate Governance Report (cont'd)

Principle Eight - Relations with Shareholders and Other Key Stakeholders (cont'd)

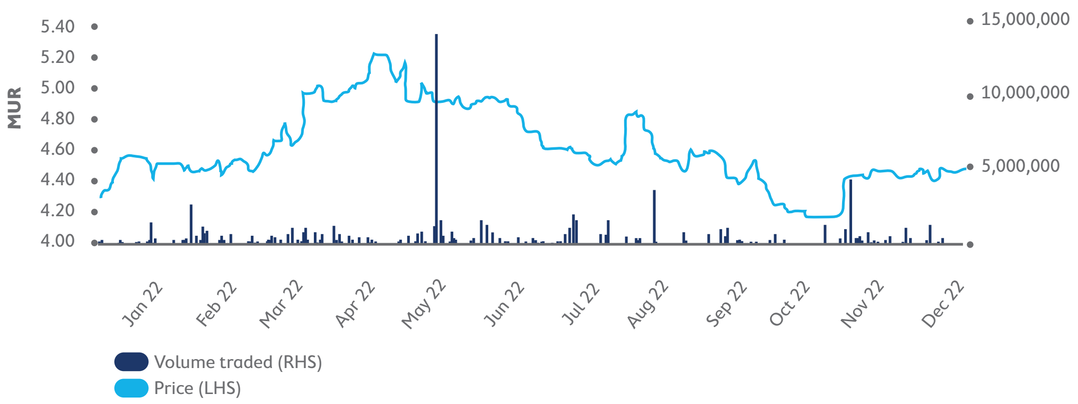
Top 10 shareholders

S/N	Shareholders	Shareholdings	Voting rights
1	National Pensions Fund	582,202,897	22.55%
2	State Insurance Company of Mauritius Ltd (Pension Fund)	320,281,684	12.41%
3	Government of Mauritius	149,526,150	5.79%
4	National Savings Fund	80,396,721	3.11%
5	State Insurance Company of Mauritius Ltd (Private Pension Fund)	67,547,776	2.62%
6	Development Bank of Mauritius Ltd	57,795,000	2.24%
7	State Investment Corporation Ltd	40,364,380	1.56%
8	The Mauritius Commercial Bank Ltd Superannuation Fund FD	35,073,789	1.36%
9	State Insurance Company of Mauritius Ltd (Life Fund)	32,104,775	1.24%
10	State Insurance Company of Mauritius Ltd (Life-Without Profit)	23,124,495	0.90%

Shareholders spread

Size of Shareholding	Number of Shareholders	% of Shareholders	Number of Shares	% of Shares
1-50,000	16,093	87.90	150,479,381	4.95
50,001-100,000	869	4.74	64,549,704	2.12
100,001-500,000	988	5.39	219,265,355	7.22
500,001-1,000,000	165	0.90	116,585,975	3.84
1,000,001-5,000,000	150	0.82	290,328,901	9.56
5,000,001-10,000,000	16	0.09	111,963,241	3.69
10,000,001-25,000,000	18	0.10	263,326,171	8.67
25,000,001-50,000,000	3	0.02	107,542,944	3.54
50,000,001-100,000,000	3	0.02	205,739,497	6.77
>100,000,000	4	0.02	1,507,621,061	49.64
Total	**18,309**	**100.00**	**3,037,402,230**	**100.00**

Share price evolution



Share capital structure

SBMH's stated share capital is MUR 32,500,203,861, consisting of 3,037,402,230 fully paid ordinary shares of no par value which include 455,610,330 shares held in treasury as at 31 December 2022.

Dividend

SBMH decides on dividend pay-out based on the Company and Group performance. During FY 2022, the Board of SBMH declared a dividend of 20 cents per share, which was paid in June 2022.

Shareholders information

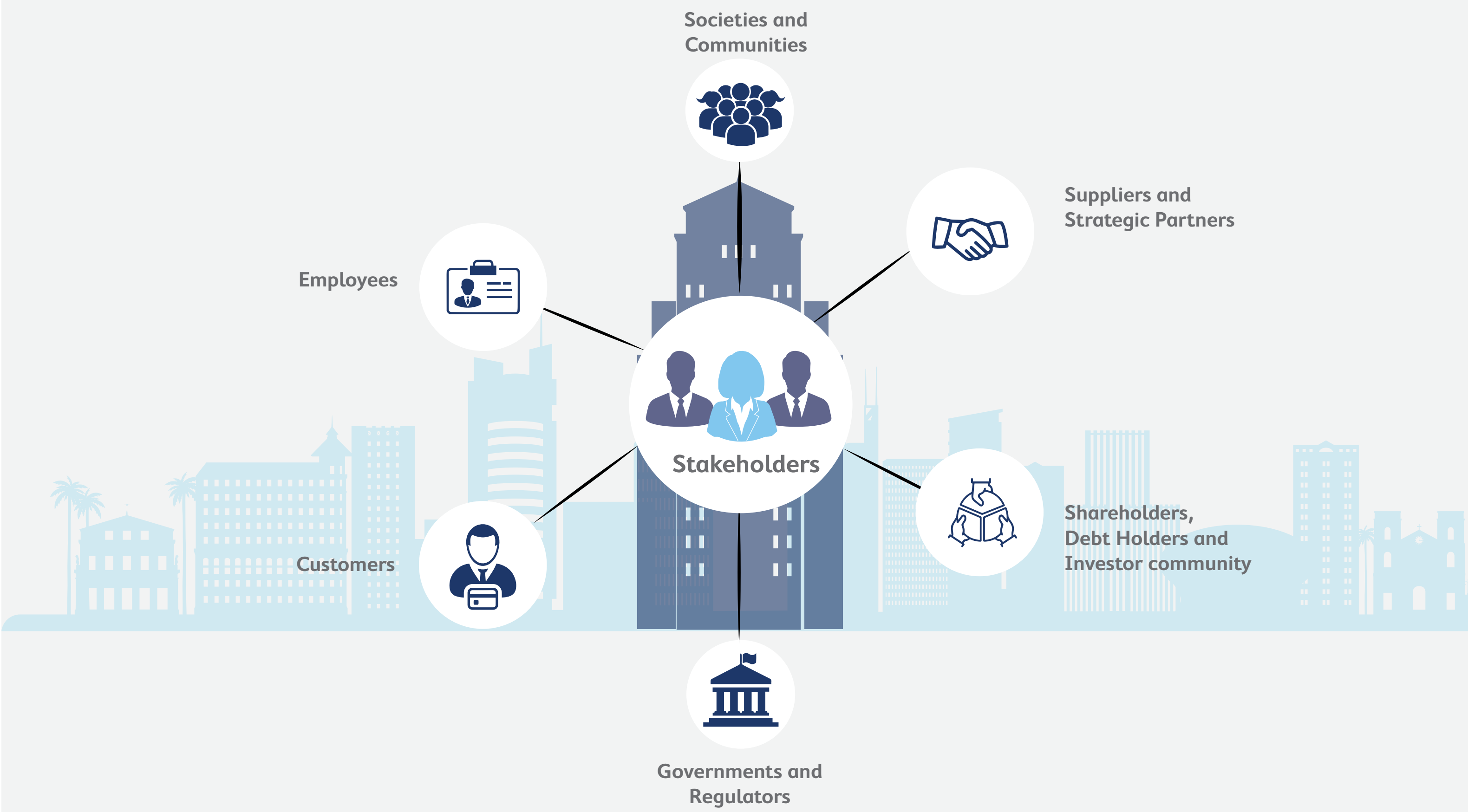
All shareholders have the same voting rights.

Stakeholder relations and communications

SBMH considers stakeholder engagement as an ongoing commitment which helps to understand the expectations and interests of its stakeholders. The Group is engaged with its stakeholders to better understand the respective individual needs and respond by initiating the required actions. The stakeholders of the Group are usually involved with respect to matters pertaining to the organisational position, performance of the Group and the outlook.

More details are provided in the Sustainability Report on our website

Main Stakeholders of SBM Group



Corporate Governance Report (cont'd)

Principle Eight - Relations with Shareholders and Other Key Stakeholders (cont'd)

Shareholders' diary

Financial year 2023

March 2023

Release of year end results (2022) and declaration for payment of dividend

May 2023

Release of quarter 1 2023 results

June 2023

Annual Meeting of Shareholders

August 2023

Release of quarter 2 2023 results

November 2023

Release of quarter 3 2023 results

March 2024

Release of year end results (2023) and declaration for payment of dividend (if applicable)

Annual Meeting of Shareholders 2023

The Board of SBMH is pleased to invite the shareholders to the next Annual Meeting of Shareholders (the Annual Meeting). The Notice of Meeting (the Notice), which includes details of the ordinary and special business (if any) to be considered at the meeting, will be sent to the shareholders within the prescribed timeline.

The Notice will be available on our website

At each Annual Meeting, the shareholders are generally apprised on the Group's strategy and performance and are always encouraged and provided the opportunity to question the Board and the Management. Each item requiring approval at every Annual Meeting is done by separate resolutions.

The Board always ensures that the Notice and the proxy form are sent to the shareholders at least 21 days before the Annual Meeting, in accordance with the Act. The Notice clearly defines the procedures for voting by proxy and includes the deadline for sending same back. Taking into consideration the shareholder base of SBMH, options like corporate resolutions are not favoured.

Other statutory disclosures

Significant contracts

To safeguard the interests of the Company, the SBM Group and the shareholders of SBMH, SBMH has entered into shareholders agreements with some of its subsidiaries.

Director's Service Contract with the SBM Group

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

Directors and officers liability insurance

The Group has subscribed to a Directors and Officers Liability Insurance Policy in respect of legal action or liability that can arise against its Directors and Officers. The cover does not provide insurance against fraudulent, malicious or wilful acts or omissions.

Approved by the Board of Directors on 29 March 2023 and signed on its behalf by

Mr Abdul Sattar Adam Ali Mamode Hajee Abdoula
Chairman

Ms Shakilla Bibi Jhungeer
Chairperson - Corporate Governance, Conduct Review & Sustainability Committee

Principle Eight - Relations with Shareholders and Other Key Stakeholders (cont'd)

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

SBM Holdings Ltd

Year ended 31 December 2022

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

Area of non-compliance	
Principle 3: **Director Appointment Procedures**	As at 31 December 2022, the Group did not have a Succession Planning Policy Reason for non-compliance: Further to the reorganisation of the key personnel at the SBMH level, a Group Succession Planning Policy is currently being worked upon in order to comply with Principle Three of the Code.

Mr Abdul Sattar Adam Ali Mamode Hajee Abdoula
Chairman

Ms Shakilla Bibi Jhungeer
Chairperson - Corporate Governance, Conduct Review & Sustainability Committee

Date: 29 March 2023

Company Secretary's certificate

For the financial year ended 31 December 2022

I certify to the best of my knowledge and belief that the Company has filed with the Registrar of Companies all such returns as are required of the Company under The Companies Act 2001 in terms of Section 166(d).

Mrs D Ramjug Chumun
Company Secretary

Date: 29 March 2023

Risk Management Report

"...with Banque SBM Madagascar, our volume of business has increased significantly..."

Société MAHASOA has been a client of Banque SBM Madagascar since May 2013. We are in the real estate and road transport sector. A relationship manager of the bank convinced us that Banque SBM Madagascar is a more enterprise-oriented bank compared to other generalist banks. The profit margins on our activities are low, and when we worked with another bank, we paid high bank fees, charges and various commissions. With Banque SBM Madagascar, our volume of business has increased significantly. We are better accompanied by advisors who are always available, even during weekends.

All service requests are swiftly handled by the bank, we pay fewer bank charges and enjoy preferential interest rates on our overdrafts and loans. We are satisfied with all the services offered by the bank. SIMPLICITY AND EFFICIENCY are what defines SBM Bank for us.

Société Mahasoa
Banque SBM Madagascar client

Risk Management **Report**

Group Risk Management Report

Our risk review outlines our approach to risk management i.e., the process that seeks to identify, evaluate and mitigate the possibility of loss or damage inherent in our business and operating activities. Additionally, it explains our material risks and how we manage capital.

The risk landscape keeps evolving constantly with changes in the geopolitical scenery, economic conditions and social expectations, creating complex and interrelated risks as witnessed in the past year. Managing these risks efficiently, providing support and delivering consistently to our various stakeholders have been made possible through the strong risk culture and robust enterprise risk management framework embedded across the Group. As such, our risk management approach is at the heart of our business and is core to us achieving sustainable growth and performance.

Our risk management system is governed by a mandated Board and management committees with appropriate expertise. We take measured risks within the Board approved risk appetite and risk limits are set and reviewed regularly by relevant committees at respective entity levels. We continuously scan the horizon for topical and emerging risks and collaborate with both internal and external partners to effectively mitigate those risks as they are identified.

Key Developments in 2022

2022 continued to present a challenging risk landscape and the Group actively managed the risks related to macroeconomic uncertainties, the Russia-Ukraine conflict, broader geopolitical uncertainties, Covid-19 pandemic repercussions as well as other key risks described in this section.

The Group continues to pursue its agenda in enhancing its risk management to support our strategic ambitions whilst ensuring that we are operating within regulatory parameters. Some of the key initiatives undertaken were:

- Engaged with and supported our clients who are enduring disproportionate effects of the globally changing macroeconomic parameters especially in rescheduling their repayments
- Strengthened the Group Enterprise Risk Management Framework (ERMF), demonstrated our commitment to promote a healthy risk culture and drove the highest standards of conduct, alongside enhancing harmonisation across the various entities of the Group
- Focused on reinforcing the first line risk management with the redefined roles and responsibilities for Business Risk Coordinators aiding to bolster partnerships with business segments to identify opportunities, manage or mitigate risks
- Continued to embed the governance and oversight around model adjustments and related processes for IFRS 9 models and training and upskilling specialist teams
- Began a process of enhancement for our regulatory reporting programme to strengthen our processes, improve consistency and enhance controls
- Enhanced our enterprise risk reporting processes to place a greater emphasis on our emerging risks by capturing the materiality, oversight and individual monitoring of these risks
- Adopted steps to improve the effectiveness of our Compliance function especially on the financial crime front where we refreshed our Group AML-CFT policies, updated processes and procedures including our Enterprise-Wide Risk Assessment (EWRA)
- Continued to invest significantly in our information and cybersecurity programs in order to strengthen our ability to anticipate, detect, defend against and recover from cyber attacks
- Made notable progress in analysing climate related and ESG risks and developing solutions addressing local regulatory initiatives while engaging with industry peers and other stakeholders with the aim to set and adopt best practices
- Reviewed our approach to the management of our third-party relationships to improve control and oversight to maintain our operational resilience, and to meet new and evolving regulatory requirements
- Delivered targeted training and awareness sessions on the various aspects of risk management for Directors, risk and compliance officers and employees of the Group to ensure that they have the necessary knowledge and skills to fulfil their duties

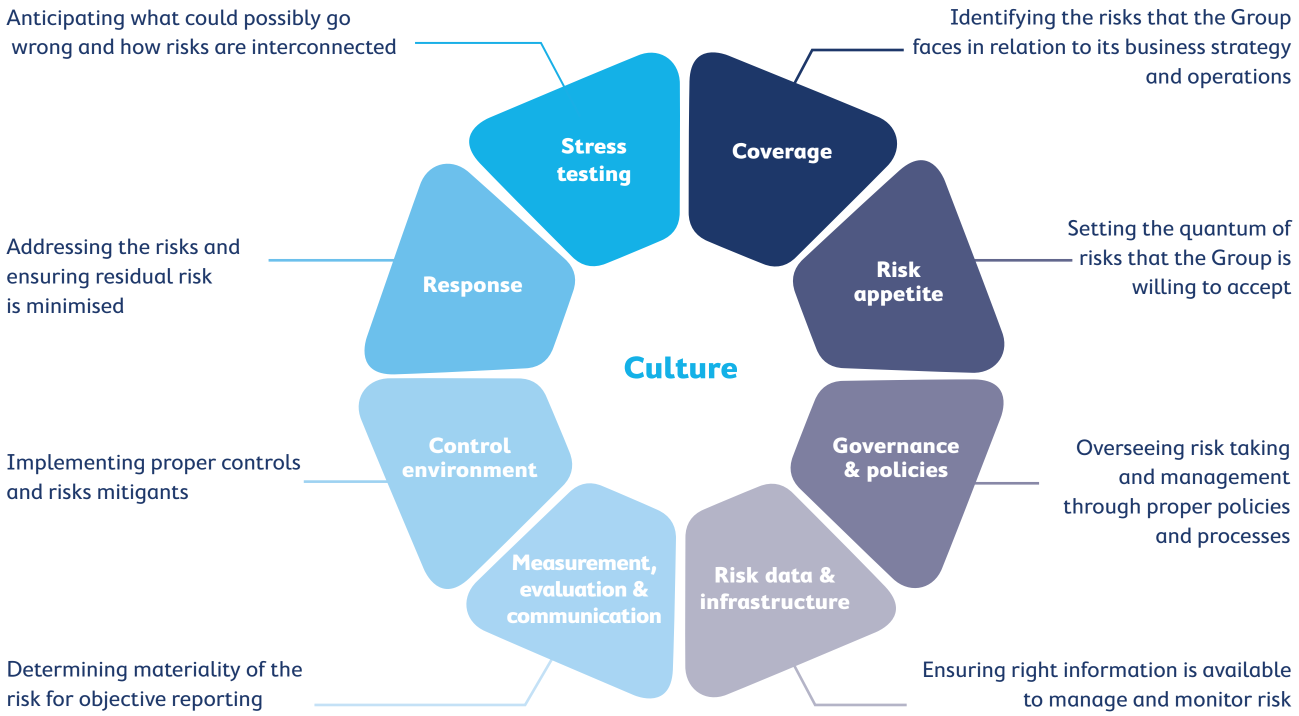
Enterprise Risk Management Framework (ERMF)

Effective risk management is essential in delivering consistent and sustainable performance for all our stakeholders and is a central part of the financial and operational management of the Group.

The ERMF outlines how enterprise-wide risks are being managed across the Group entities. It is used to manage material risk types, including financial, non-financial and strategic risks.

The framework sets out aspects such as the principal risks faced by the Group, risk governance, risk management tools and risk culture which together help to align employee behaviour with risk appetite as expressed by the Board. The ERMF is complemented by frameworks, policies and standards which are mainly aligned to those material risks. It details the requirements in terms of responsibility, accountability, transparency and independence and ensures that a coordinated and disciplined approach prevails across the organisation.

During the year, a comprehensive review exercise was undertaken to enhance the ERMF with the aim of aligning to industry best practices and bringing harmonisation across the various entities of the Group, catering fully for the required local regulatory requirements.

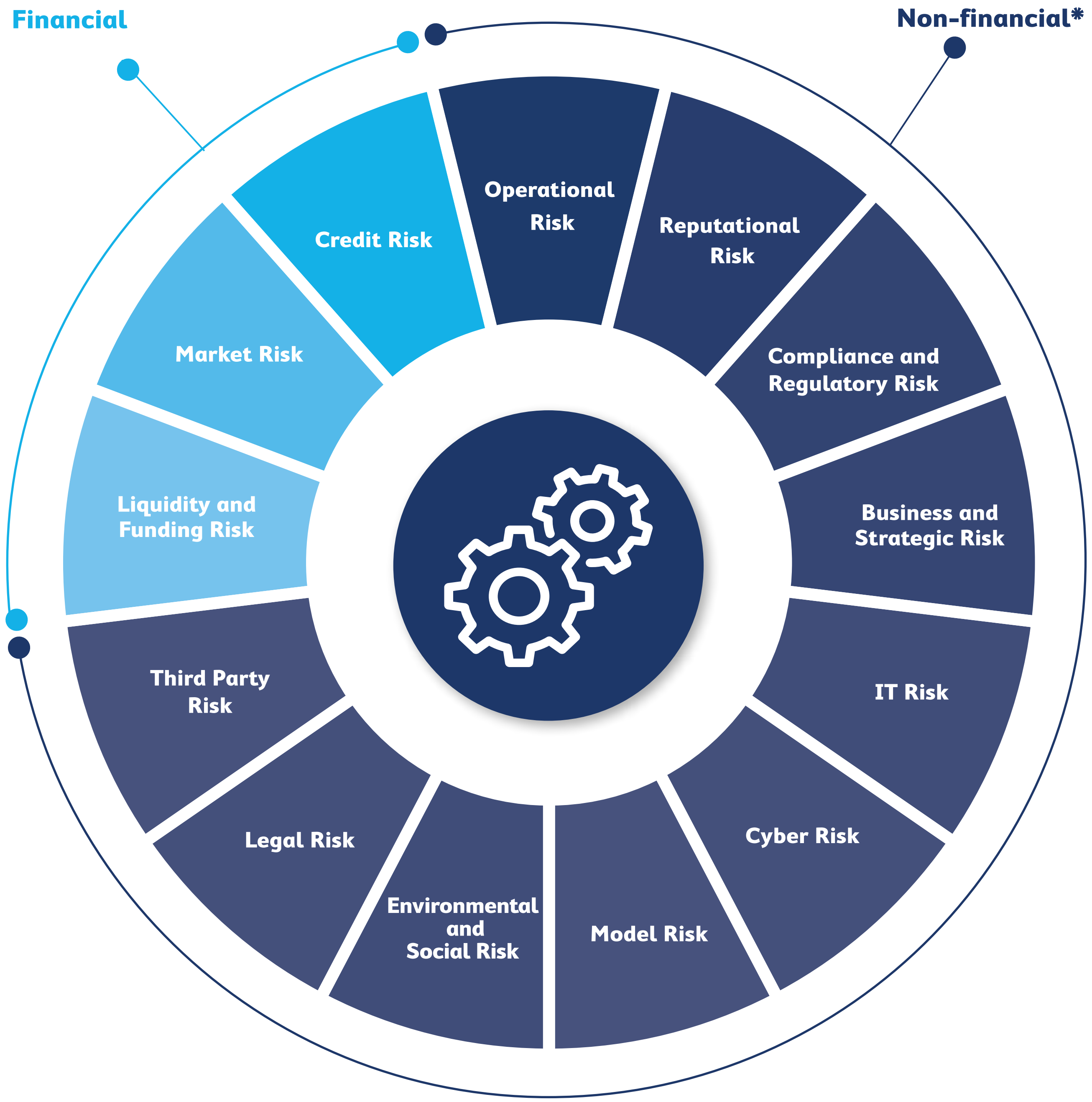


We constantly evaluate our ERMF to ensure that it meets the challenges of the dynamic environment we operate in, aligning fully with evolving regulatory requirements and industry best practices.

Risk Management Report (cont'd)

Risk Universe

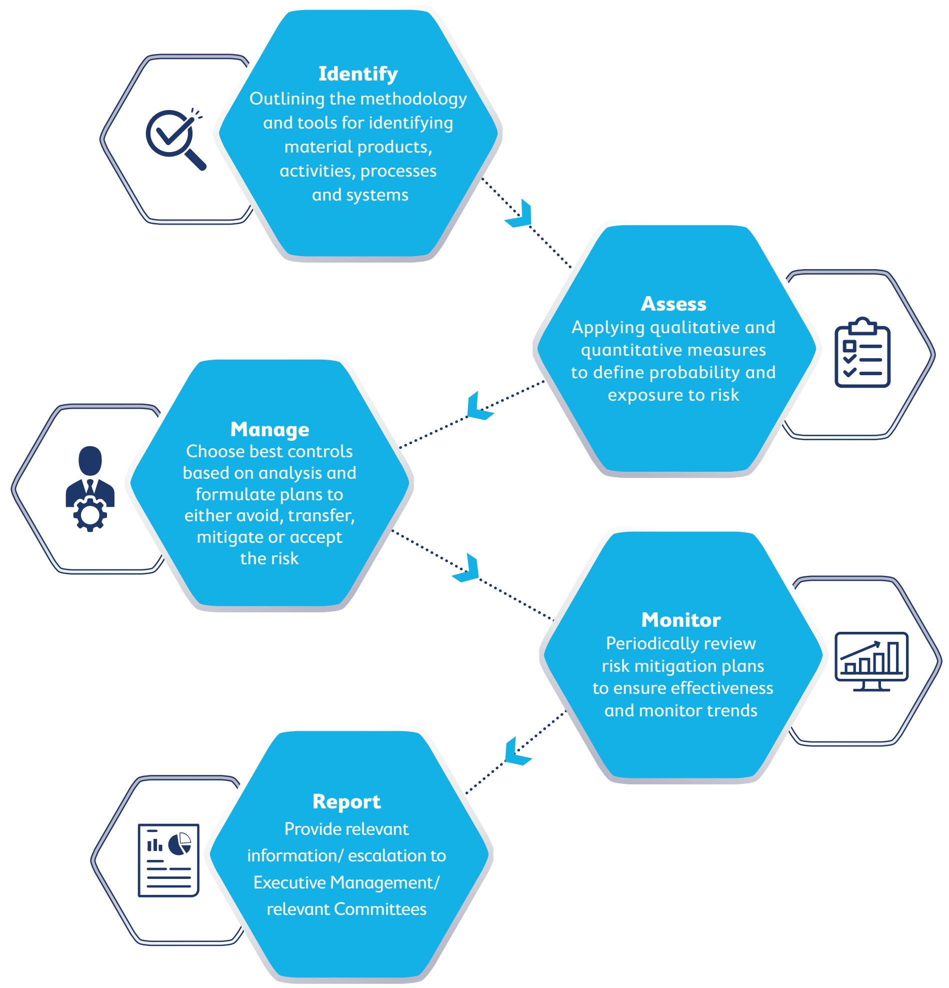
Our risk universe is derived based on the array of risks potentially arising from all our operations and we ensure its relevance by regularly scanning the operating environment for changes to ensure prompt responses to risks and opportunities arising. These risks are classified as financial and non-financial risks with further sub-categories emanating from these core risks, and a host of measures are adopted to effectively manage and mitigate these risks. Our risk universe is managed through the risk lifecycle.



* Not exhaustive

Risk Management Lifecycle

Risk management is established at each entity level and allows for the proactive and disciplined identification, assessment, management, monitoring and reporting of risks. Effectively, the risk management process, which is of strategic importance for each entity across the Group, provides the adequate mechanism to manage our risk universe effectively.



Risk Culture

Our risk culture allows us to consistently do the right business, the right way to achieve our strategic ambitions. Risk culture, simply put, is the norms, attitudes and behaviours related to risk awareness, risk taking and risk management. This is demonstrated as to how the Group identifies, escalates and manages risk matters. The Group's risk culture provides guiding principles for the behaviours expected from its staff when managing risk, regardless of their positions, functions or locations. All staff must fully understand and take a holistic view of the risks which could result from their actions, understand the consequences and manage them effectively against our risk appetite.

Staffs are required to be familiar with the risk management framework and policies relevant to their roles and responsibilities and the governance around the escalation process in relation to actual or potential issues. This expectation continues to be reinforced through mandatory training courses and risk related awareness campaign for all Group employees.

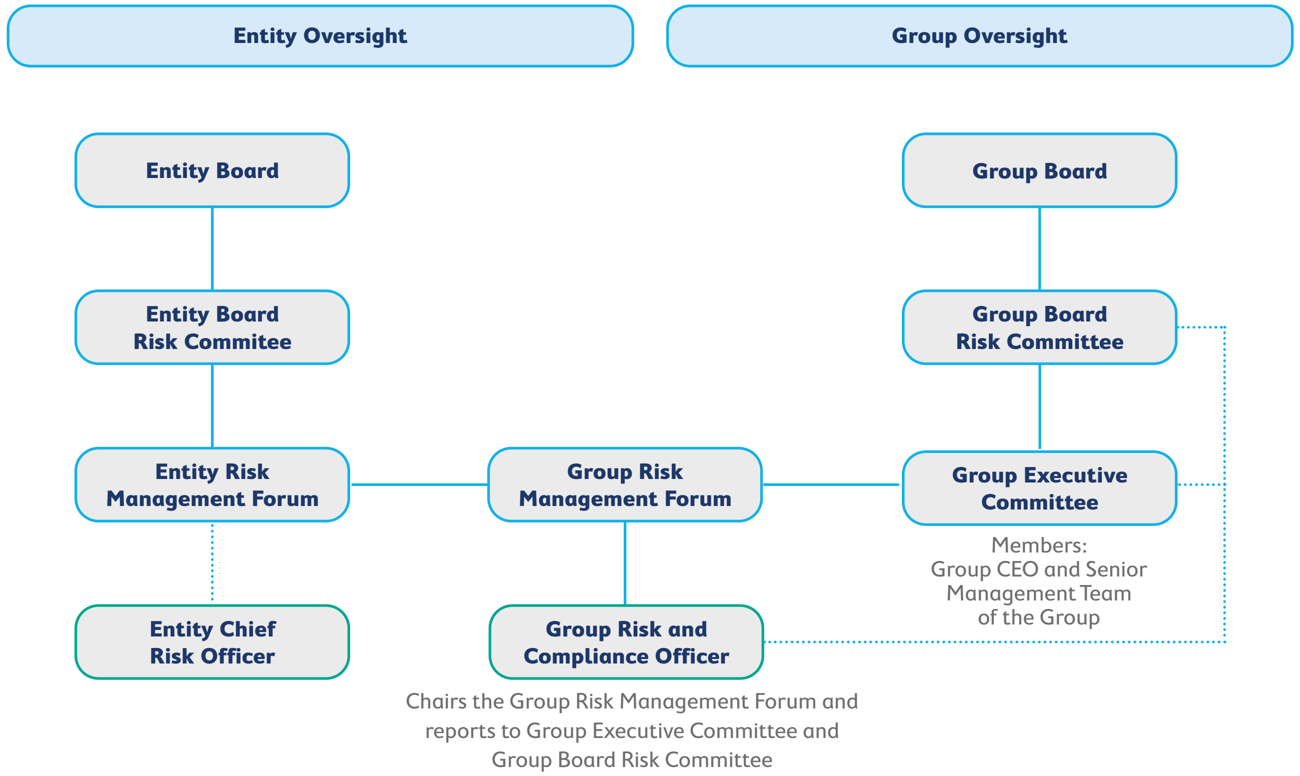
Risk Management **Report** (cont'd)

Risk Governance

Effective governance sets a solid foundation for comprehensive risk management discipline which is key to the successful development and execution of the Group's strategy. Under our risk management approach, the Board, through the Board Risk Management Committee (BRMC), sets the risk appetite and limits, and oversees the establishment of enterprise-wide risk management policies and processes to guide the organisation's risk-taking.

There are also several layers of management that provide cohesive risk governance across the entities of the Group.

Key management bodies and committees covering risk management matters



The Group Board is the ultimate decision-making body for matters of Group-wide strategic, financial, risk management, regulatory or reputational significance. Various sub-Board committees, as authorised by the Board, oversee specific responsibilities relating to risk management based on clearly defined terms of reference. Each entity's respective Board remains responsible for ensuring their entity's risks are adequately identified and effectively mitigated with escalations to the Group Board as required.

Every entity across the Group has an independent risk management team headed by a Chief Risk Officer (CRO) who reports on a monthly basis to its respective Management Forum and quarterly to its Board Risk Management Committee. Each CRO has the responsibility for establishing a risk management framework with appropriate identification, measurement, monitoring, mitigation and reporting of both financial and non-financial risks and to promote a risk culture where accountabilities and responsibilities are clearly understood and internalised at all levels.

The Group Risk Management Forum, a group functional forum established under the Group Executive Committee led by the Group CEO, is chaired by the Group Chief Risk and Compliance Officer (GCRCO) monthly to allow regular discussions and updates from respective entities Chief Risk Officers (CROs). Critical matters are escalated by the GCRCO to the Group Executive Committee where each entity Chief Executive Officer is a member.

The GCRCO also independently reports to the Group's Board Risk Management Committee on a quarterly basis.

Three Lines of Defence

The Group's risk governance framework is based on a "Three Lines of Defence" governance model, where each line has a specific role with defined responsibilities and works in close collaboration to identify, assess and mitigate risks. The Three Lines of Defence model commands a prudent approach to risk at all levels Group-wide, embedding the core concepts of accountability, transparency and consistency through clear identification and segregation of risks as well as enabling efficient coordination of risk and control activities. All staff across the Group are responsible for understanding and managing risks within the context of their individual roles and responsibilities. The Three Lines of Defence are summarised below:

- The **First Line of Defence (1st LOD)** owns the risks and is responsible for identifying, recording, reporting and managing them in line with risk appetite and ensuring that the right controls and assessments are in place to mitigate them
- The **Second Line of Defence (2nd LOD)** consists of independent risk management, compliance and control functions which are responsible for establishing the risk management framework and associated control standards, and providing independent challenge to the activities, processes and controls carried out by the first line of defence
- The **Third Line of Defence (3rd LOD)** is our Internal Audit function which provides independent assurance as to whether our risk management approach and processes are designed and operating effectively

As shown above, each line of defence has a specific set of responsibilities in managing risk. The independence of the risk function ensures that the necessary balance in making risk and returns is not jeopardised by short term pressure to generate income. The risk function works alongside other departments such as Compliance and Financial Crime within the Risk Management Framework to deliver a unified second line of defence.

Risk Management Report (cont'd)

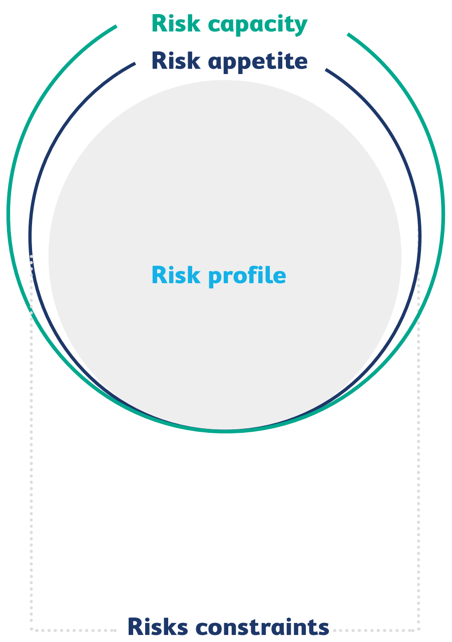
Risk Appetite

Risk appetite is interpreted as the maximum amount and type of risk which the Group is prepared to accept in carrying out its activities in pursuit of its strategy. It provides a basis for ongoing dialogue between management and the Board with respect to the Group's current and evolving risk profile, allowing strategic and financial decisions to be made on an informed basis.

The Group maintains a comprehensive Risk Appetite Framework (RAF) providing a structured approach to the identification, measurement and management of risks within risk appetite parameters. Our risk appetite is formally articulated through our Risk Appetite Statement (RAS).

The Board reviews and approves our risk appetite and capacity on an annual basis or more frequently in the event of unexpected changes to the risk environment, with the aim of ensuring that they are consistent with our Group's strategy, business and regulatory environment and stakeholders' requirements.

Risk Appetite Framework - key definitions



Risk capacity

Maximum level of risk that we can assume given our current level of resources before breaching any constraints determined by capital and liquidity requirements, the operational environment and our responsibilities to depositors, shareholders, investors and other stakeholders

Risk appetite

Aggregate level and types of risk we are willing to assume within our risk capacity to achieve our strategic objectives and business plan

Risk profile

Point-in-time assessment of our net risk exposures aggregated within and across each relevant risk category and expressed in a variety of different quantitative risk metrics and qualitative risk observations

Risk constraints

Quantitative and qualitative measures based on forward-looking assumptions that allocate our aggregate risk appetite to businesses, legal entities, risk categories, concentrations and, as appropriate, other levels

Risk tolerance	Risk target	Risk limits
Readiness to bear the risk after risk treatments to achieve set objectives. Risk tolerance is set in operational terms such as concentration limits, stop loss limits, to ensure that the risk is within the defined risk appetite. Any breach thereof would lead to a control and/or mitigation action.	The optimal level of risk that the Group wants to take in pursuit of a specific goal. Setting the risk target should be based on the desired return, on the implicit risks in trying to achieve those returns and on SBM's capability of managing those risks.	Determine thresholds to monitor that actual risk exposure does not deviate too much from the desired optimum. Breaching risk limits will typically act as a trigger for corrective action at the process level.

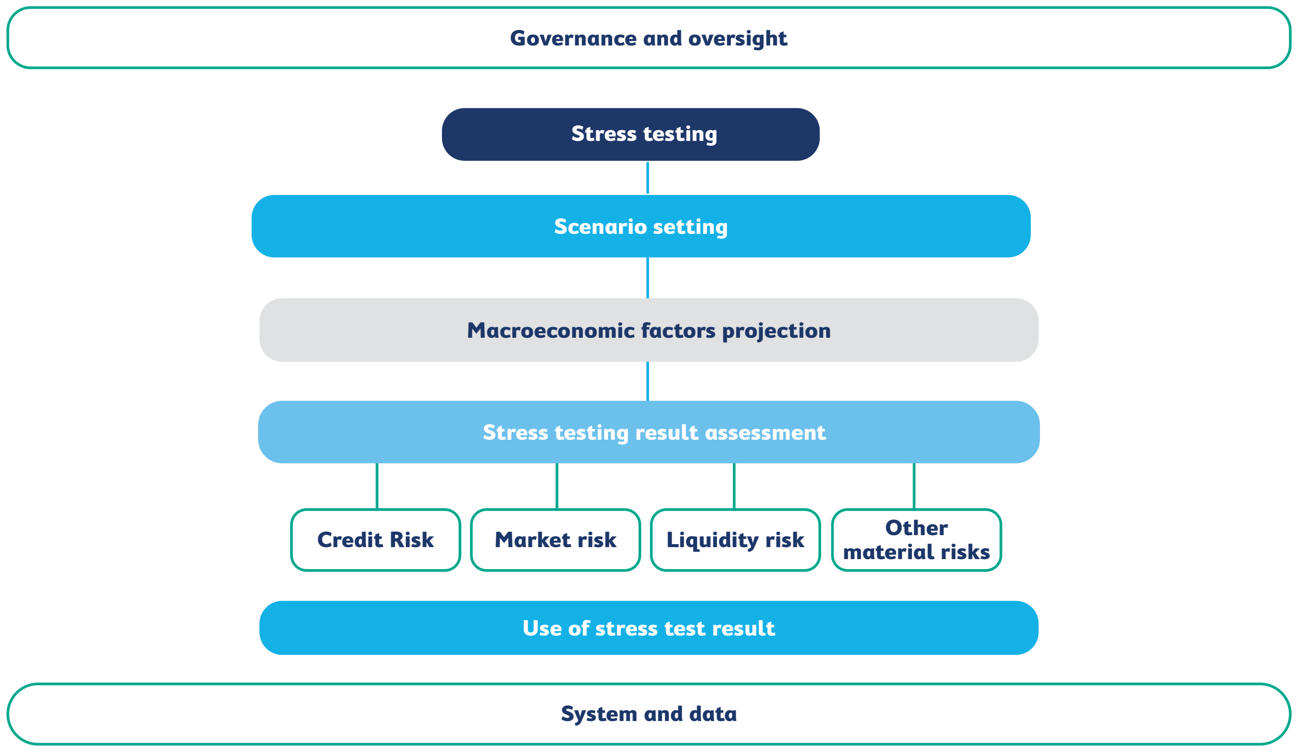
Stress Testing

Stress testing is designed to assess the resilience of banks to severe adverse economic or financial events and provides confidence to regulators on the organisation's financial stability. A well-developed stress testing framework provides a powerful tool for management to identify these risks and also take corrective actions to protect the earnings and capital from undesired impacts.

Stress testing is a fundamental element of our Group-wide risk appetite framework included in overall risk management to ensure that our financial position and risk profile provide sufficient resilience to withstand the impact of severe economic conditions. The entities across the Group regularly conduct stress tests in line with regulatory guidelines to assess the resilience of their balance sheet, capital adequacy and liquidity position. Stress testing results are monitored against limits and are used in risk appetite discussions and strategic business planning and to support our internal capital adequacy assessment process (ICAAP).

The ICAAP aims to identify and accurately assess the significance of material risks faced by the Group. As part of the ICAAP process, the Group assesses its present financial position and expected changes to the current business profile, the environment in which it expects to operate, its projected business plans, projected financial position and future planned sources of capital.

Based on the stress test results, recommendations of strategic actions are made to the Board to ensure that the Group strategy remains within the approved risk appetite.



Risk Management Report (cont'd)

Key Risks Areas Overview

Key Risks	Arising from	Measurement, monitoring and management of risk	Risk Trend
Credit Risk			
Credit Risk is defined as the risk that the bank will suffer economic loss due to a bank borrower or counterparty failing to fulfil its financial or other contractual obligations	Credit risk arises when funds are extended, committed, invested, or otherwise exposed through actual or implied contractual agreements, whether reflected on or off-balance sheet. Amongst the risks faced by SBM, credit risk generates the largest regulatory capital requirement	Credit risk is: **measured** as risk weighted exposures for performing and non-performing exposures **monitored** within regulatory and prudential limits by borrowers, portfolios, country and bank, approved by the Board within a framework of delegated authorities. Regular review of portfolio to proactively manage any delinquency and minimise any undue credit concentrations **managed** through a robust risk control framework which outlines clear and consistent policies, principles and guidance including triggers and limits	^
Market Risk			
Market Risk is the risk of loss that arises due to changes in market conditions that may adversely impact the value of assets or liabilities, or otherwise negatively impact earnings	Market risk losses arise from variations in the market value of trading and non-trading positions resulting from changes in interest rate risk, foreign exchange risk and price risk, and in their implied volatilities	Market risk is: **measured** in terms of value at risk, which is used to estimate potential losses on risk positions as a result of movements in market rates and prices over a specified time horizon and to a given level of confidence, complemented with stress testing to evaluate the potential impact on portfolio values of more extreme, though plausible, events or movements in a set of financial variables **monitored** using measures including the sensitivity of net interest income and the sensitivity of structural foreign exchange which are applied to the market risk positions within each risk type **managed** using risk limits approved by the Board	^

Key Risks	Arising from	Measurement, monitoring and management of risk	Risk Trend
Funding and Liquidity Risk			
The inability to meet contractual and contingent financial obligations, on and off-balance sheet as they may come due. Our primary liquidity objective is to provide adequate funding for our business throughout market cycles, including periods of financial stress	Liquidity risk arises from mismatches in the timing of cash flows Funding risk arises when the liquidity needed to fund illiquid asset positions cannot be obtained at the expected terms and when required	Funding and Liquidity risk are: **measured** using internal metrics including stressed cash flow projections, coverage ratios and advances to core funding ratios **monitored** against the Group's liquidity and funding risk framework and overseen by the Asset and Liability Management Committees (ALCOs) of different entities and the Board Risk Management Committees **managed** through control of resources in line with strategic objectives, cash flows and risk profiles	< >
Operational Risk			
Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events	Operational risk arises from human error, inappropriate conduct, failures in systems, processes and controls or natural and man-made disasters. It is inherent to all products, activities, processes and systems and is generated in all business and support areas	Operational risk is: **measured** using the risk and control assessment process which allows identification and evaluation of risks and effectiveness of controls **monitored** through regular risk assessment procedures, key risk indicators and internal loss database **managed** through a conducive control environment with robust operational risk policies, processes, systems as well as appropriate risk culture within the organisation which contribute in maintaining a low operational loss experience over the years	^

^ Increasing   v Decreasing   < > Stable

Key Risks Areas Overview (cont'd)

Key Risks	Arising from	Measurement, monitoring and management of risk	Risk Trend
Reputational Risk			
The potential that negative perceptions of the Group's conduct or business practices may adversely impact its profitability or operations through an inability to establish new or maintain existing customer/ client relationships	Reputational risk arises from failure to meet stakeholder expectations as a result of any action, event or situation caused by the Group or its employees that can adversely impact the Group's reputation	Reputational risk is: **measured** by reference to our reputation as indicated by our dealings with all relevant stakeholders **monitored** through analysis of root cause for justified complaints and reporting to appropriate forums/committees **managed** through a framework where all employees are responsible for identifying and managing reputational risk that may occur within their respective areas of business. These responsibilities form part of the Group's Code of Conduct	∧
Business and Strategic Risk			
The risk of loss resulting from incorrect assumptions about external or internal factors, inappropriate business plans, ineffective business strategy execution, or failure to respond in a timely manner to changes in the regulatory, macroeconomic or competitive environment	Strategic risks are risks that affect or are created by an organisation's business strategy and strategic objectives, which are critical to the growth and performance of the Group. Pursuing an unsuccessful business plan represents a possible source of loss to the Group	Business and Strategic risk are: **measured** by using several key internal indicators and metrics as a yardstick which enable the Group to track progress against meeting the objective **monitored** against our risk appetite set out by the Board whilst taking into consideration our internal capabilities and growth prospects **managed** by the Board which sets the objectives for the Group in terms of growth orientation in consultation with our Strategy team	< >

Key Risks	Arising from	Measurement, monitoring and management of risk	Risk Trend
Cyber Security and Information Risk			
The risk to the Group's assets, operations and individuals due to the potential digital attacks, accidental or intentional unauthorised access, use, disclosure, disruption, modification, or destruction of information assets and/or information systems that compromises the confidentiality, integrity and availability of information	Cyber Security and Information risk arise from day-to-day operations involving various stakeholders of the Group from employees to clients and third parties among others	Cyber Security and Information risk are: **measured** by reference to incident assessments, identified metrics, performance tracking, outputs of technical reviews, breaches occurrence **monitored** against a threat-led risk assessment to identify key threats, in-scope applications and key controls against risk appetite **managed** by a comprehensive framework and supporting policies in place with regard of cyber, technology and information risk in line with evolving threats and regulatory requirements	∧
Compliance Risk			
The risk arising from legal or regulatory sanctions, material financial loss or reputational damage that we may suffer as a result of failure to comply with laws, regulations, codes of conduct, internal policies, and standards of good practice	Compliance risk arises from the failure to observe relevant laws, codes, rules and regulations and can manifest itself in poor market or customer outcomes and lead to fines, penalties and reputational damage to our operations	Compliance risk is: **measured** by reference to risk appetite, identified metrics, incident assessments, regulatory feedback and expert judgement of compliance teams **monitored** against risk and control assessments, monitoring and testing observations, and outcomes of both internal and external reviews including regulatory inspections **managed** by establishment of appropriate frameworks and policies, training and upskilling of staffs and adoption of proactive risk control work and reporting to Management and Board Committees	∧

Credit Risk Management

Credit risk may be defined as the risk of financial loss due to the failure to pay or impaired credit of a customer or counterparty the Group has financed or maintains a contractual obligation with. It remains our most significant risk in terms of exposure and capital consumption.

The Group benefits from a recently revamped credit risk management framework which allows for the consistent evaluation, measurement and management of credit risk across its various entities. The structured framework enables for effective management of credit exposures from well-defined credit policy and procedures to the required tools for measurement of credit risk and monitoring of exposures within the set risk appetite.

The credit risk framework incorporates the following core elements:

1. Counterparty and transaction assessments

Application of internal credit ratings probability of default (PD), assignment of loss given default (LGD) and exposure at default (EAD) values in relation to counterparties and transactions

2. Credit limits

Establishment of credit limits, including limits based on notional exposure, potential future exposure and stress exposure, subject to approval by delegated authority holders, to serve as primary risk controls on exposures and to prevent undue risk concentrations

3. Credit monitoring, impairments and provisions

Processes to support the ongoing monitoring and management of credit exposures, supporting the early identification of deterioration and any subsequent impact

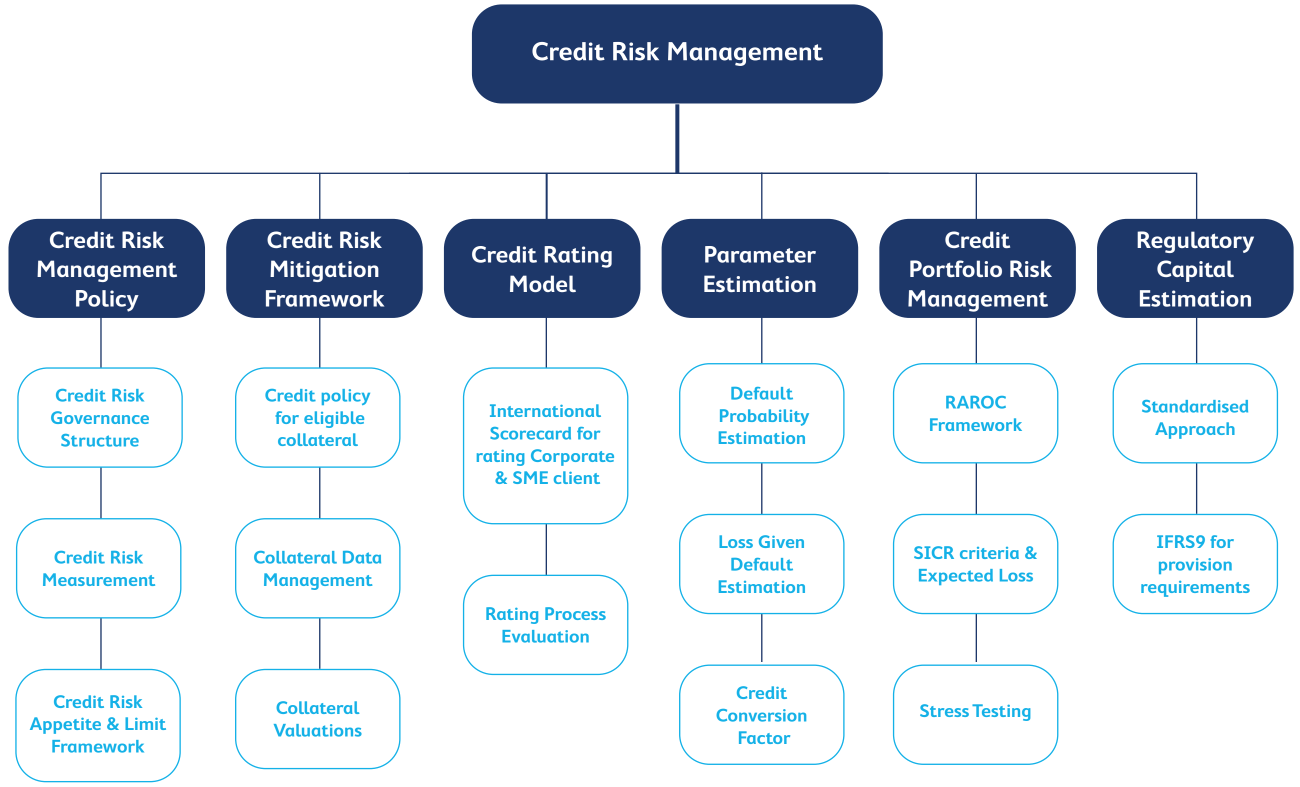
4. Risk mitigation

Active management of credit exposures through the use of participations, collateral, guarantees, insurance or hedging instruments among others

The Credit Risk Management function within the Risk Management Department is the second-line control function responsible for independent challenge, monitoring and oversight of the credit risk management practices of the business and functions engaged in or supporting revenue generating activities which constitute the first line of defence. In addition, they ensure that credit exposures and credit decisions are controlled in accordance with the framework, policies and approved risk appetite.

Credit Risk Management (cont'd)

The below provides an overview of the key parameters that govern the management of credit risk across the Group.



Credit risk team evaluates and assesses counterparties and clients to whom the Group has credit exposures. For the majority of counterparties and clients, the team uses internal rating tools acquired from external providers to determine internal credit ratings which are intended to reflect the PD of each counterparty for the different types of clients ranging from Corporates, SMEs to Retail.

Of note, the ratings for Corporates and SMEs are based not only on financial ratios but also accounts for subjective factors such as management quality, country risk, industry risk pertaining to the country of the exposure and any government support that the counterparty benefits. For Retail clients, acquisition scorecards are being used to rate exposures. The organisation acknowledges the importance of robust parameters for sound and knowledgeable judgement and ensures that the models are reviewed on a frequent basis.

The Group's default risk management is characterised by a well calibrated risk rating scale from 1–10 whereby the 1–6 risk rates are tagged as acceptable risks whilst 7–10 risk rates are considered as weak assets.

Across the Group, it is worth underlining that the credit assessment and measurement process are distinct and segregated to demonstrate independence and integrity in the credit decision making process. There are multiple layers of credit approval authority across the Group providing that extra level of controls in the process.

Risk Management **Report** (cont'd)

Credit Risk Mitigation

The Group employs a range of techniques and strategies to actively optimise credit exposure and reduce expected and actual credit losses. These techniques are used in a consistent manner and are acceptable ways of mitigation that are reviewed periodically. The use and approach to credit risk mitigation varies by product type, customer and business strategy. Mitigation techniques used are:

Credit Risk Limits

Entities across the Group set specific risk limits at appropriate levels relative to the risks and returns so as to minimise risk that could lead to unexpected losses. The limits are set within the Group's overall strategy and risk appetite.

Sustainable cash flow

The credit assessment is mainly focused on the asset to be financed and the expected cash flow generated in order to minimise the probability of losses from late and delinquent payments. Therefore, the creditworthiness of the borrower is determined based on its reliability and ability to repay the loans.

Collateral

The collateral is a security that serves to mitigate the inherent risk of credit losses in the event of a default. The Group entities have an eligible list of collateral with appropriate haircuts for a conservative approach.

Risk Transfer

The organisation in some cases holds guarantees, letters of credit and similar instruments from third parties which enable it to claim settlement from them in the event of default on the part of the counterparty.

2022 was a year marred by the alarming inflation across the globe, slowed economic activity, great uncertainty caused by the conflict between Russia and Ukraine and also by the monetary policy of our markets. The Group's main objectives are focused on maintaining a strong culture of responsible lending and ensuring the prevalence of robust risk policies and control frameworks.

The Group has also been wary in growing its businesses on the international banking front. Such strategic endeavours required the revisiting and recalibrating of our risk appetite on cross lending, ensuring that all relevant risks have adequately been assessed and mitigated.

The Group exposures to various countries and types of borrowers remain well diversified. Country concentration is actively monitored, and the Group continues to closely monitor the international macroeconomic outlook and would take additional steps to mitigate risks where warranted.

The following sections details various diversification avenues in respect of credit exposures.

Geographical and Country Risk

When an entity engages in cross-border lending, it is exposed not only to counterparty credit risk but also to country risk.

Country risk is the risk of loss arising when political or economic conditions or events in a particular country reduce the ability of counterparties including the relevant sovereign in that country to fulfil their financial obligations to the Group.

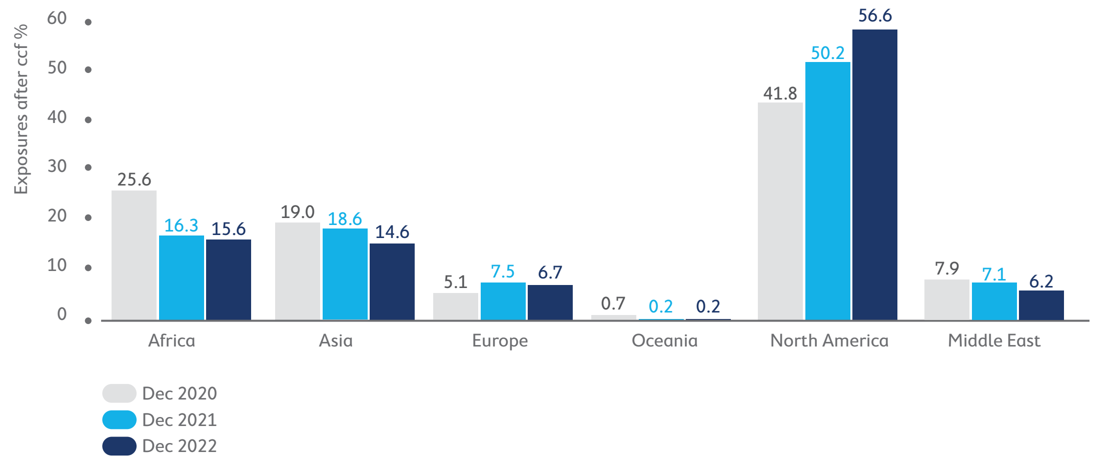
Across the various entities of the Group, Country risk is managed within the respective country risk framework that includes limits setting for countries broken down into presence and non-presence countries, rating bands and targeted strategic countries. The limits are reviewed at least annually as part of the risk appetite in line with the strategy of the organisation and the Group Credit Risk Policy.

As at 31 December 2022, the Group's credit equivalent exposure to cross-border lending accounted for 249.8% of the Group Tier 1 Capital.

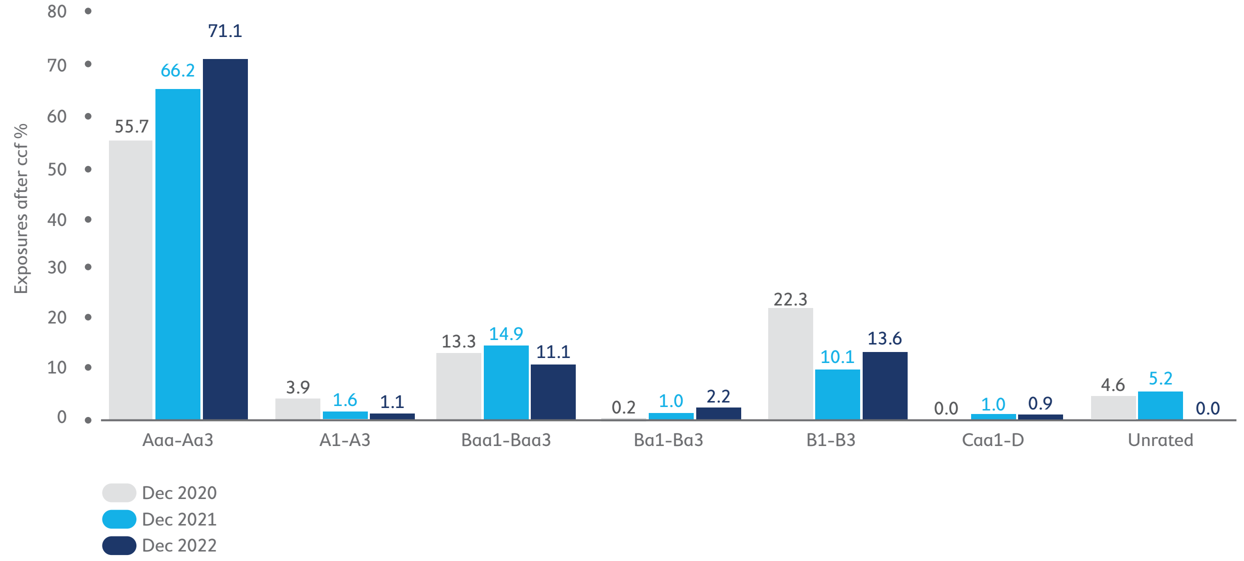
Geographical and Country Risk (cont'd)

The following chart shows the distribution of exposure, other than Mauritius, after credit conversion factor (ccf) for the Group by region and rating range as of 31 December 2022.

Distribution of Country risk by region



Distribution of Country risk by rating range



Risk Management Report (cont'd)

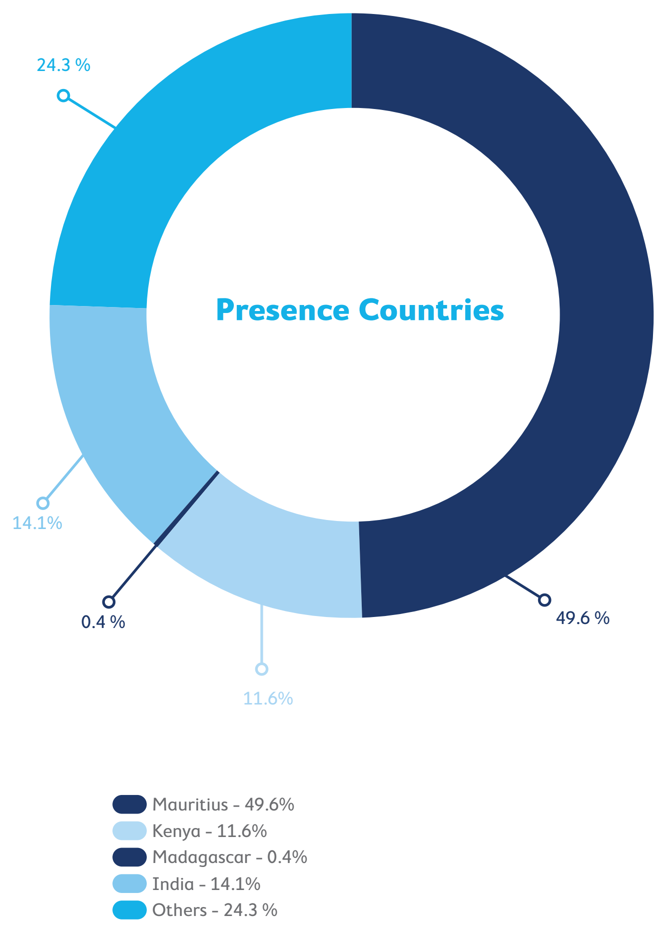
Sovereign Risk

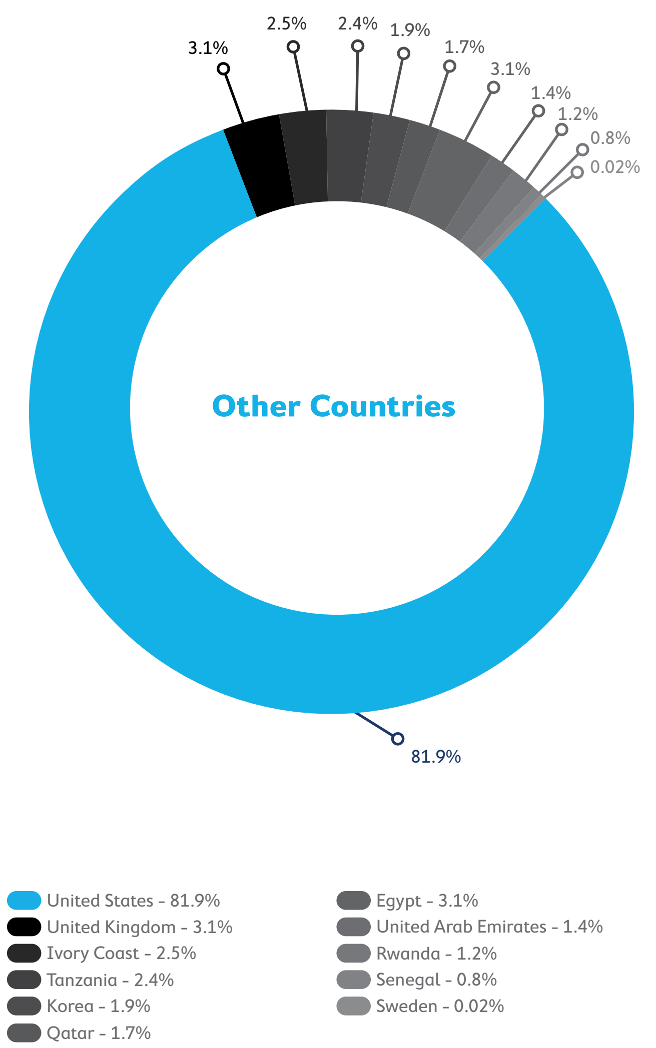
Sovereign risk relates to the risk of a particular government becoming unwilling or not able to meet its credit obligations. The Group holds a high exposure in Government of Mauritius securities that carry a zero-risk weight for capital allocation purposes under Basel II requirements and the Bank of Mauritius (BoM) guidelines.

As at 31 December 2022, total investments in Government of Mauritius securities aggregated USD 1,328.28 million representing 256.1% of the Groups' Tier 1 Capital.

Total sovereign exposures accounted for 516.3% of Group Tier 1 Capital, of which sovereign exposures in SBM presence countries accounted for 390.8% of Group Tier 1 Capital.

Distribution of Sovereign exposures of the Group



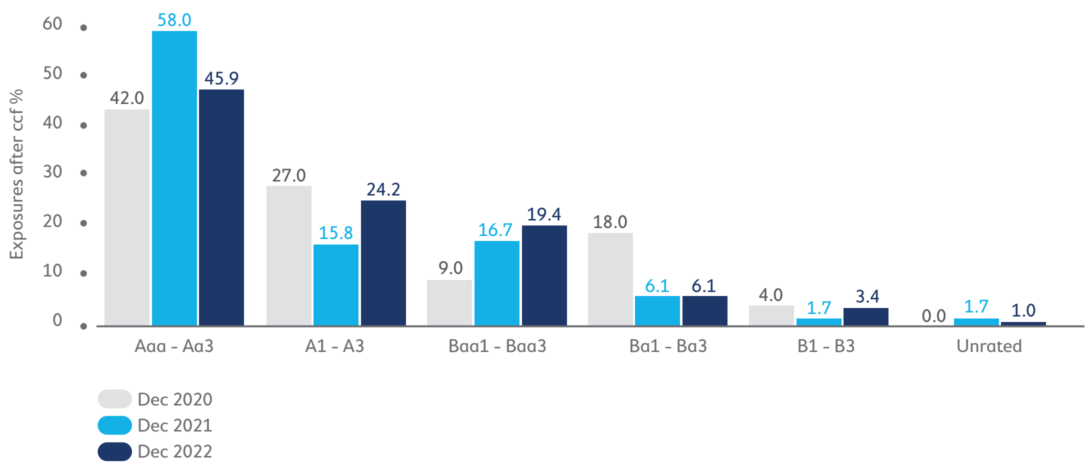


Bank Risk

The Group is exposed to Bank Risk, or the risk that a bank defaults on its obligations through different types of exposures varying from money market, treasury products, trade finance deals to standby letter of credits offered by its banking entities.

To mitigate the risk, the Group has a Bank Risk Framework in place where limits to each individual banks are attributed based on the bank's risk profile. The limits are also constrained by the respective entity's country limit and the regulatory limit on its single counterparty exposure. As at 31 December 2022, bank counterparty credit equivalent exposure accounted for 82.4% of the Group's Tier 1 Capital.

Distribution by Bank Risk by rating



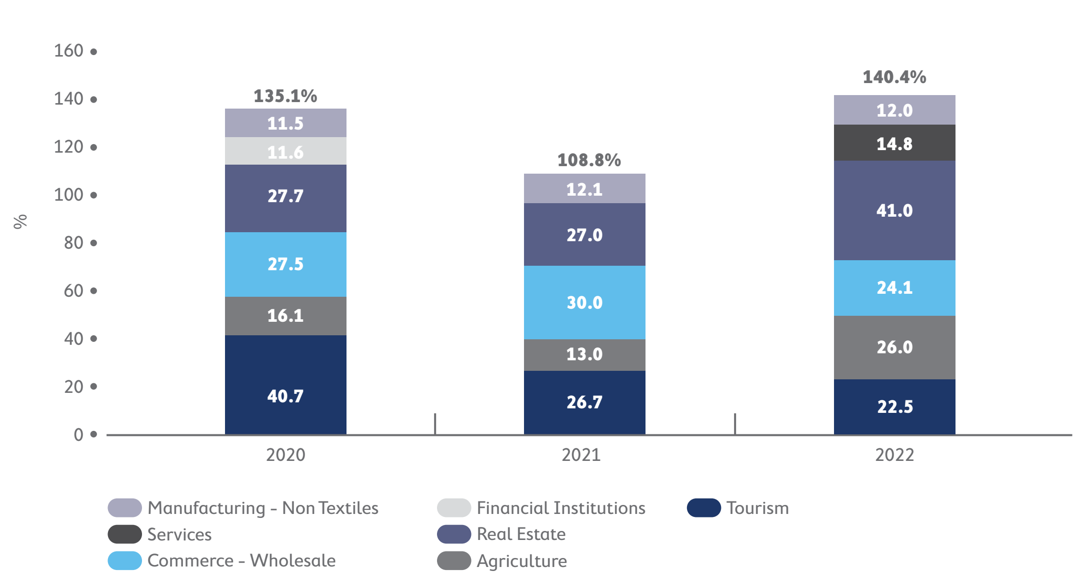
Risk Management **Report** (cont'd)

Counterparty Credit Risk

Counterparty credit concentration risk pertains to the risk of loss to the Group as a result of excessive concentration of exposure on a single/group of connected counterparties. The entities of the Group have set prudential limits within their respective regulatory limits designed to restrain concentration to a single/group of connected counterparties as well as large exposures. At a Group level for material concentrations, breaches and potential breaches are monitored by the respective entities Risk Management Committees and reported to the Group Board Risk Management Committee.

As at 31 December 2022, the credit concentration exposures were well within the local regulator's regulatory limits.

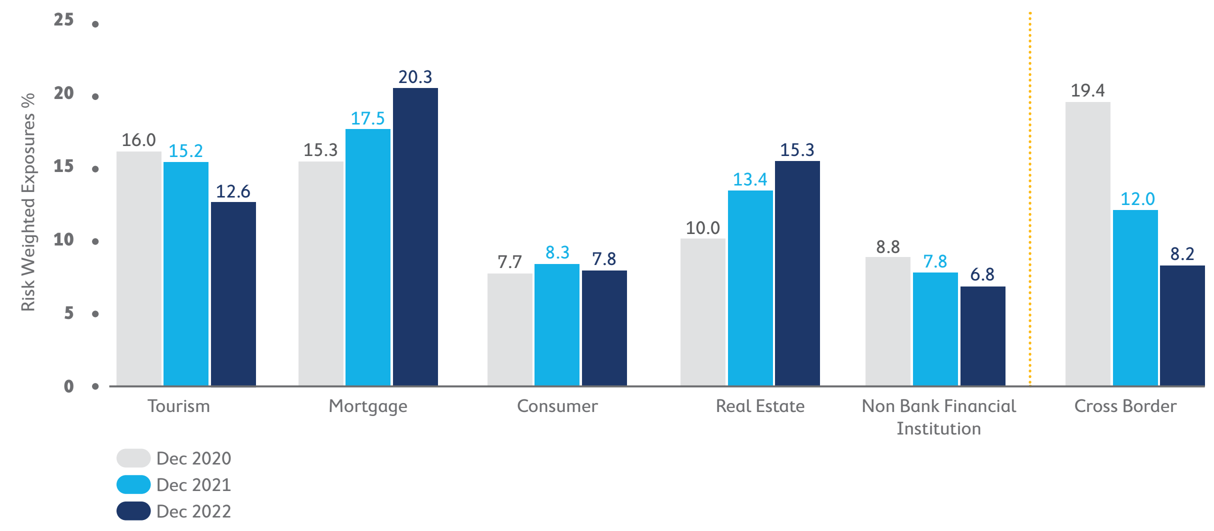
Top group of closely related customers' exposure by sector as a % of Tier 1 Capital



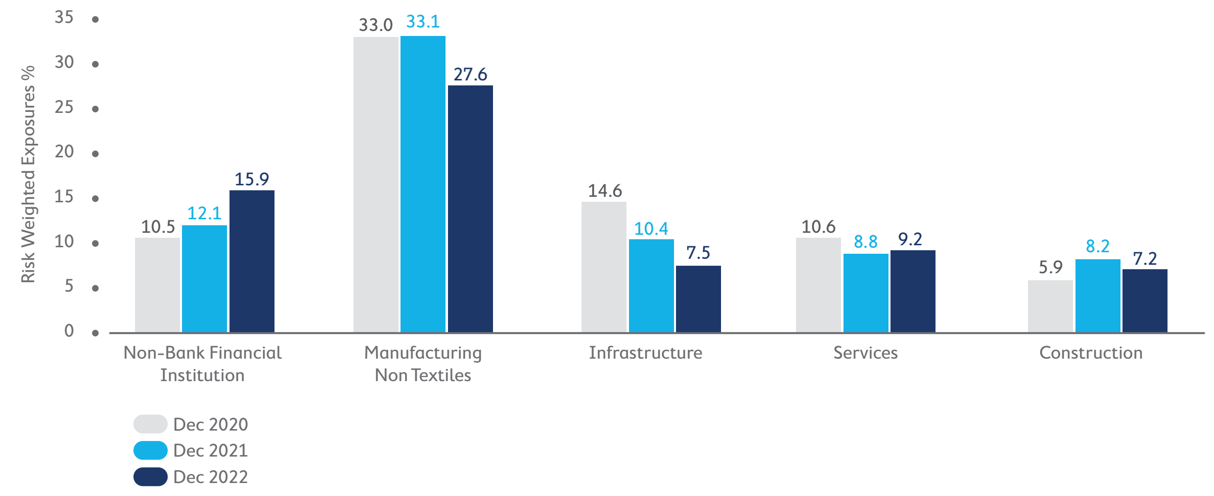
Portfolio Concentration

Portfolio concentration risk arises to over build-up of exposure in a specific portfolio that would cause the Group to encounter losses should the specific portfolio face difficulty. The Group aims at maintaining a diversified credit portfolio that adapts to the economy and sets out limits by segment, portfolio and sub-portfolio in line with its strategy and risk appetite, adhering to the overall objectives.

SBMBM's top portfolio by risk weighted exposures



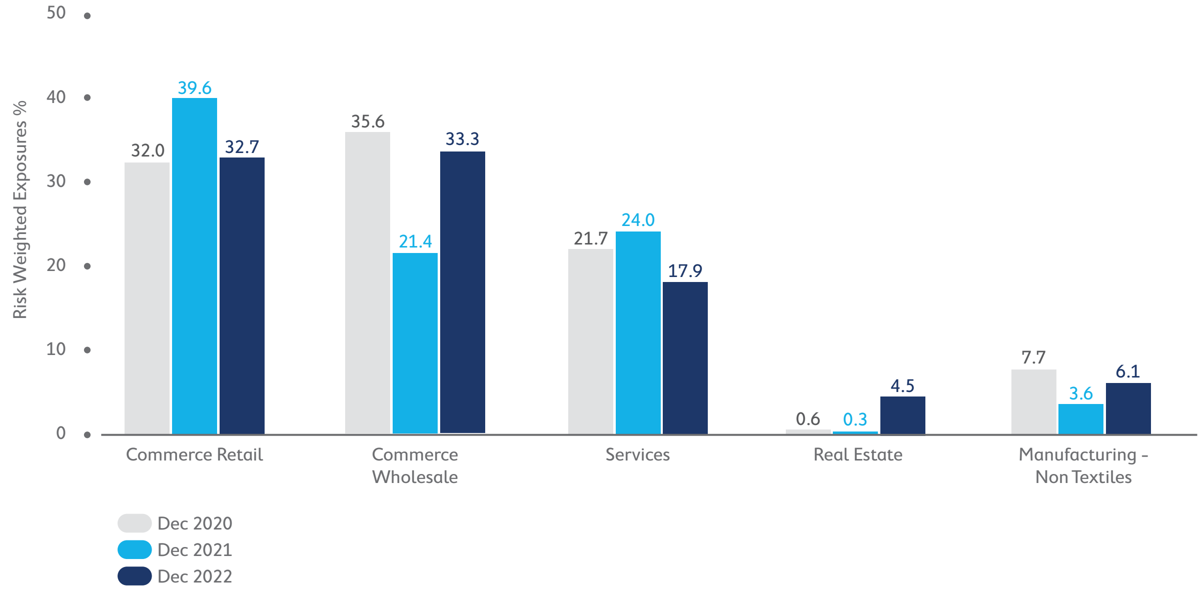
SBMBI's top portfolio by risk weighted exposures



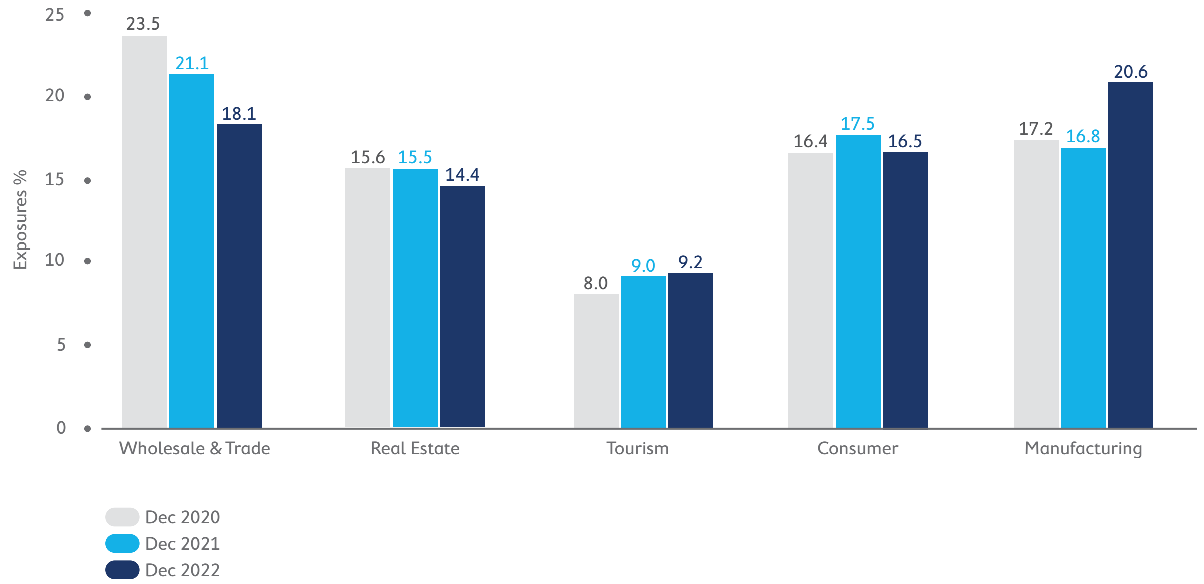
Risk Management Report (cont'd)

Portfolio Concentration (cont'd)

BSBMM's top portfolio by risk weighted exposures

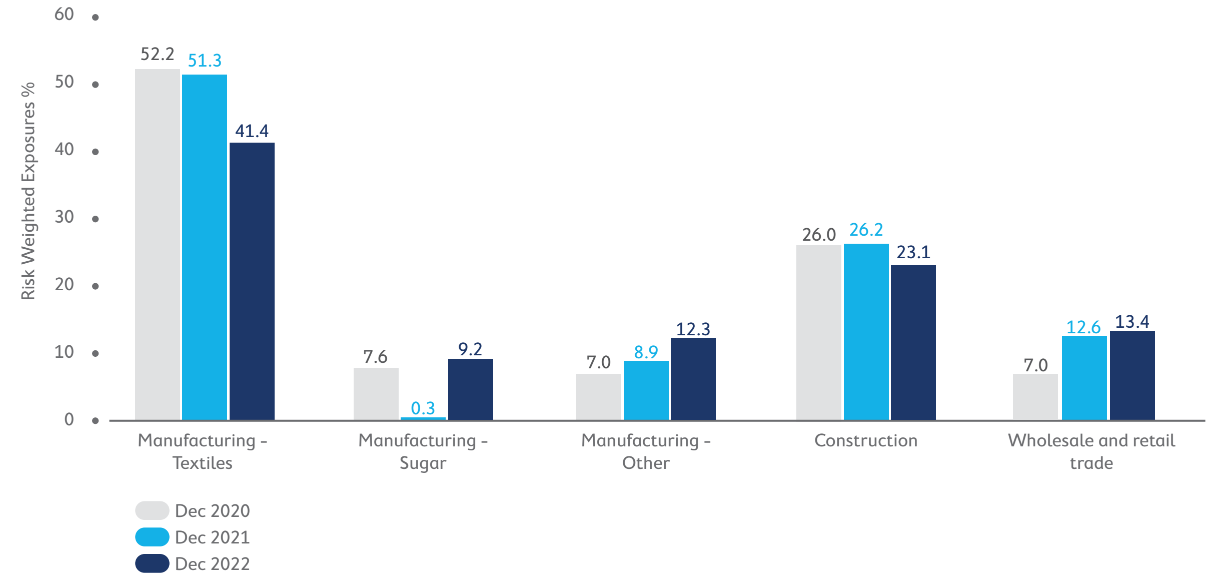


SBMBK's top portfolio by exposures



Portfolio Concentration (cont'd)

SBM Factors Ltd's top portfolio by risk weighted exposures

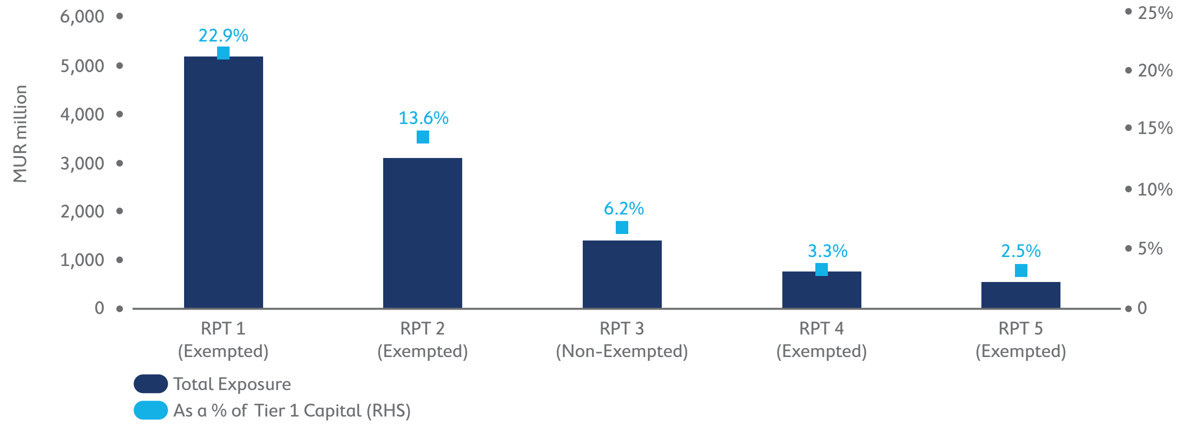


Related Party Transaction Risk

Related party exposures are defined as per the Bank of Mauritius Guideline on Related Party Transactions (RPT). Parties are considered to be related if one party has the ability to directly or indirectly control the other party or exercise significant influence over the other party in making financial or operational decisions. At the Group, governance around all related party disclosures are duly followed and reporting is done at the Board Committee level.

As at 31 December 2022, the aggregate non-exempted exposures to related parties represented 13.0% of the Group's Tier 1 Capital, which is well within the regulatory limit of 60% for category 1 and within the regulatory limit of 150% for categories 1 and 2 as per the BoM definition on related party transactions.

Top 5 related party exposure as a % of Tier 1 Capital is shown below:



Risk Management **Report** (cont'd)

Credit Quality

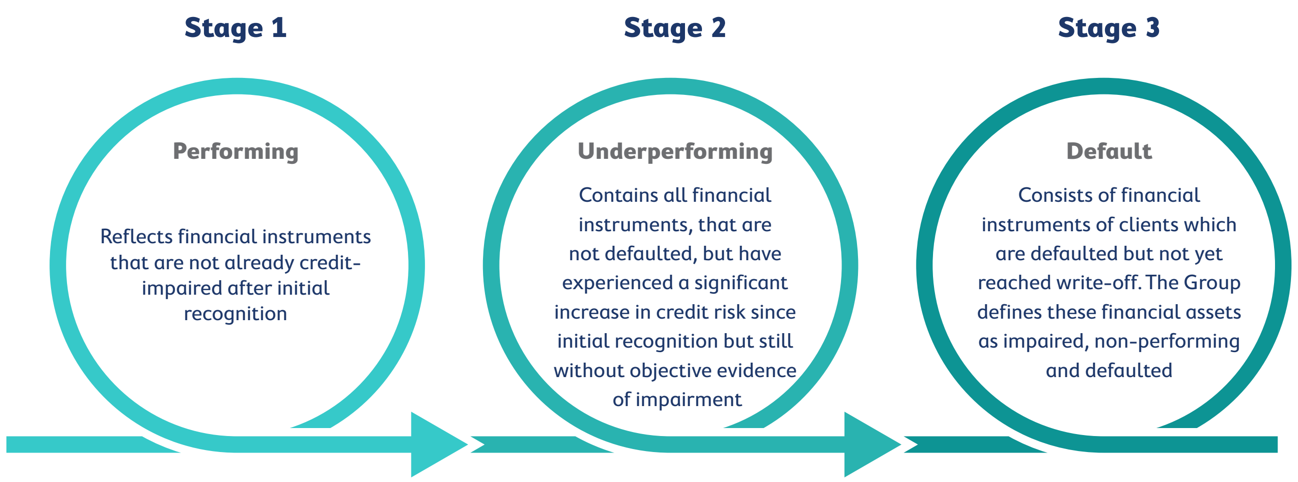
Credit quality, exposure to credit risk and level of provisioning have high implications in relation to the Group earnings volatility and capital adequacy.

The Group has an acceptable list of collaterals which undergoes a periodic valuation ensuring their continuous legal enforceability and realisation value.

Expected Credit Loss

At the Group level, recognition of expected credit losses (ECL) on all financial debt instruments held at amortised cost, Fair Value through Other Comprehensive Income (FVOCI), undrawn loan commitments and financial guarantee is determined in accordance with IFRS9. ECL is computed as an unbiased, probability-weighted provision determined by evaluating a range of plausible outcomes, the time value of money and forward-looking information such as insights on customer behaviours or country specific macroeconomic variables.

A three-staged approach is used for the impairment calculation as follows:



Three main components are used in the ECL calculation being Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

The Group revalidates the IFRS9 parameters of its entities (i.e. PD, LGD and CCF- Credit Conversion Factor) at least on a yearly basis to ensure that updated economic outlook is incorporated through macroeconomic variables in our respective models.

Expected Credit Loss (cont'd)

Across the Group for relevant entities, the models are built on a regression basis and are segregated as shown below with three different scenarios considered for macroeconomic conditions.

PD
Sovereigns
Financial Institutions
Local Corporates
Global Corporates
SMEs
Mortgage
Personal Loan and Leases
SBM Boost
Credit Card and Overdraft

LGD
One model with line of business and collateral as internal variables

CCF
Corporate Overdraft
Corporate Credit Cards
Retail Overdraft
Retail Credit Cards

Over and above updated parameters, the entities have also placed overlays on a prudent basis where appropriate to cater for conditions that were not fully reflected in their data set. The entities have undertaken impairment assessment under different scenarios as part of the stress testing exercise on their client base to ensure that they are adequately provisioned and that necessary contingency plans are set up to meet any crisis situation.

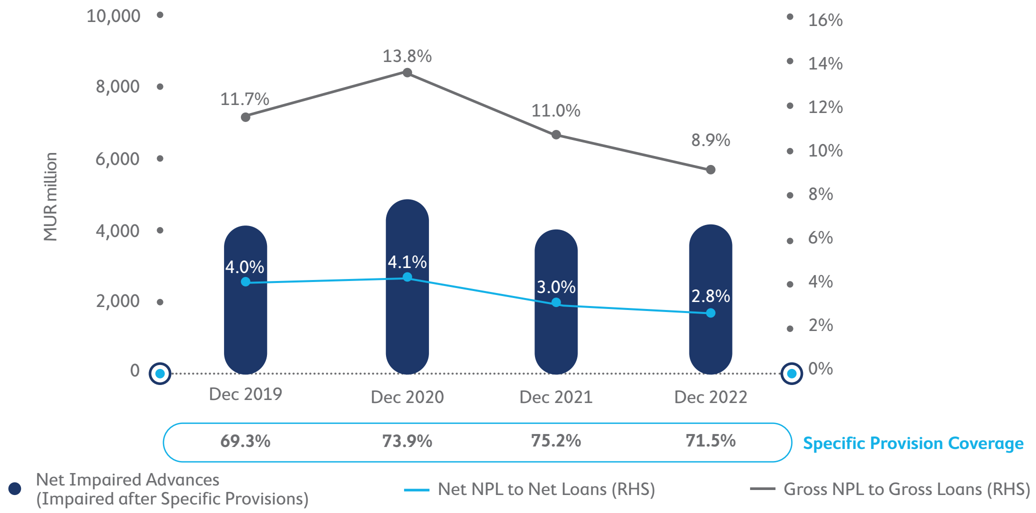
In respect of adequate oversight, across the Group, a Watchlist Review Forum is held on a quarterly basis with Senior Management representatives to review customer-wise exposures tagged as 'watch-list' under a detailed list of criteria enabling better control over these exposures. These exposures are further classified under 'Stage 2' where a lifetime Expected Credit Loss (ECL) is calculated as per IFRS9 principles.

Credit Impaired Exposures

The Group adheres to the IFRS9 principles and ensures proper classification of assets under Stage 3 (Non-Performing assets) through IFRS9 criteria and maintains adequate provisions (lifetime Stage 3 ECL) under Stage 3. Impairment results are factored into management decision making, including but not limited to, business planning, risk appetite setting and portfolio management.

The non-performing advances ratio has decreased to 8.9% in December 2022 as compared to 11.0% in December 2021 mainly due to write-off on accounts of Mauritius Operations at MUR 2.28 billion during the year. The Group is continuously working on the recovery of its major defaulted clients.

Impairment trend



Risk Management Report (cont'd)

Reschedulement

Rescheduled advances consist of changes in existing terms and conditions of credit facilities as originally agreed by the client and the entity. Rescheduling arrangement aim at assisting clients who are experiencing a temporary cash flow constraints and require some concessions in view of a change in their operating circumstances.

The Group, through its banking subsidiaries, has worked with its clients in accompanying them in their recovery journey post-pandemic taking into consideration their updated cash flow forecasts.

As at 31 December 2022, total rescheduled facilities stood at 10.2% of the total funded advances as compared to 11.4% as at 31 December 2021.

Market Risk Management

Market Risk

Market risk is the risk of financial loss arising from changes in market parameters such as interest rates, foreign exchange rates, asset prices, volatilities, correlations and credit spreads. A typical transaction or position in financial instruments may be exposed to a number of different market risk factors. Market risks arise from both our trading and non-trading activities.

The Group Market Risk Management Policy sets our overall approach towards market risk management and robust internal control processes and systems have been designed and implemented to complement this approach. This Board-approved policy outlines the process and principles designed to properly identify, measure, monitor, manage and report market risk in order to minimise the risk of financial loss. The Board ensures compliance with this policy through the respective entities' Assets & Liabilities Committees (ALCOs) and approved prudential limits. The main objective is to manage and control market risk exposures while maintaining a market risk profile consistent with the Group's risk appetite.

Market risk across the Group encompassses the following primary categories: interest rate risk, foreign exchange risk and price risk. An overview of each of these sub-categories is provided below.

Interest Rate Risk

Interest rate risk is the exposure of the Group's financial condition to the variability of interest rates due to re-pricing and/or maturity mismatches, changes in underlying rates and other characteristics of assets and liabilities in the normal course of business. Interest rate risks mainly include repricing risk, yield curve risk, re-investment risk and option risk.

The Group's primary interest rate risk management objective is to maximise the risk-adjusted net interest income within the tolerable level of interest rate risk and risk appetite.

The impact on Net Interest Income (NII) of a parallel change in interest rates is as follows:

	Impact of 200 bps parallel rate change on NII		
	31-Dec-22	31-Dec-21	31-Dec-20
SBM Bank (Mauritius) Ltd	2.32%	8.25%	9.13%
SBM Bank (India) Limited	18.42%	9.15%	20.73%
Banque SBM Madagascar SA	3.28%	1.25%	1.16%
SBM Bank (Kenya) Limited	5.30%	12.70%	11.46%

Banking book-related market risk exposure principally involves managing the potential adverse effect of interest rate movements on banking book earnings the economic value of equity.

The management of interest rate across the Group is governed by applicable regulations and is influenced by the competitive environment in which the entities operate. The governance framework is designed to ensure appropriate oversight of the Group's market risk exposures.

Market Risk Management (cont'd)

Market Risk (cont'd)

Foreign Exchange Rate Risk

Foreign exchange rate risk is the likelihood that movements in exchange rates might adversely affect position in foreign currencies in the reporting currency of the Group.

Our structural foreign exchange exposures are managed with the primary objective of ensuring, where practical, that our consolidated capital ratios and that of our of individual subsidiaries are largely protected from the effect of changes in exchange rates. Transactional foreign exchange risk arises mainly from day-to-day transactions in the banking book generating profit and loss or fair value through other comprehensive income reserves in a currency other than the reporting currency of the operating entity.

In order to effectively manage transactional foreign currency exposures, the Group ensures that it operates within existing legislation and also within more conservative prudential limits approved by the Board including the intraday/overnight open position limits (both aggregate and currency-wise). Stop loss limits have been implemented for trading strategies. Moreover, the Group manages the counterparty exposure arising from market risk related transactions on spot and over-the-counter (OTC) derivative contracts by using collateral and netting agreements with major counterparties.

Price Risk

Price risk is the risk that arises from fluctuations in the market value of trading and non-trading positions resulting in adverse movements on the value of portfolios.

Instruments in the trading book are re-valued periodically using market prices. Price risk is controlled by stop loss limits, open position limit per type of products, posting of collateral and daily netting with major counterparties. The Group is exposed to risks in respect of both local and international quoted securities.

The trading portfolio is managed by the Financial Markets division, while the banking book is managed by the Assets and Liabilities Management (ALM) team. The Group maintains a well-diversified portfolio comprising primarily of investment grade securities, including local government securities and other High Quality Liquid Assets (HQLA) Bonds denominated in USD. The Group does not have direct exposure to commodity price risk.

The Group also has exposure to derivatives contracted through the normal course of business to meet client requirements, to hedge the exposures to market price variations and for trading purposes. Derivatives are financial instruments that derive its values from the performance of an underlying asset, indices or interest rates. These include forwards, swaps, options and structured products. The risk is managed by controls such as open position product limits, stop loss limits and exposure limits, which are in line with the risk appetite of the Group. Daily mark-to-market and netting agreements with major counterparties mitigate the resulting credit risk.

Value at Risk (VaR)

The Group utilises Value-at-Risk (VaR), a statistical risk measure, to estimate the potential loss from market movements. It is the standard methodology across the Group for managing and controlling market risk and measures maximum expected loss with a certain confidence level over a given time.

The methodology used to calculate VaR is the parametric method which assumes that historical returns in the foreign exchange market are representative of future movements. VaR is computed by using a 1-day holding period and based on a 99% one-tailed confidence interval. This implies that only once in every 100 days, one would expect to incur losses greater than the VaR estimates, or about two to three times a year. The use of VaR is integrated into market risk management and calculated for all trading positions regardless of how we capitalise them.

The Group also conducts backtesting to verify the predictiveness of the VaR model. Backtesting compares VaR calculated for positions at the close of each business day with the profit and loss (P&L) that arises from those positions on the following business day. Although a valuable guide to risk, VaR is used with awareness of its limitations, e.g. past changes in market risk factors may not provide accurate predictions of future market movements and the risk arising from adverse market events may not be considered.

Liquidity & Funding Risk Management

Liquidity Risk

Liquidity risk is defined as the risk of incurring losses resulting from the inability to meet payment obligations in a timely manner when they become due or from being unable to do so at a significant cost. This could cause the Group to fail to meet regulatory and/or internal liquidity requirements, make repayments of principal or interest as they fall due or to support day-to-day business activities.

The Liquidity Risk Management Framework in place ensures that the guidance and controls are established to fulfil the entities payment obligations at all times and liquidity and funding risks are managed within approved risk appetite when executing the Group's strategy. The framework considers relevant and significant drivers of liquidity risk both on-balance sheet and off-balance sheet.

The Group has historically maintained a strong and well managed liquidity position as evidenced by its stable funding base and significant investments in liquid assets. The primary tools used to monitor and manage the risk are: the Liquidity Coverage Ratio (LCR), the Net Stable Funding Ratio (NSFR) and the Traditional Gap Analysis.

Liquidity risk is managed at source by the ALM department of each relevant entity. The Group adopts a prudential approach in liquidity risk management with the setup of internal liquidity gap limits based on the level of HQLAs and adoption of a more conservative LCR target. These are determined by respective ALCOs and approved by the Board of each entity.

Liquidity risk stress testing is performed regularly using cash flow maturity mismatch analysis and covers adverse scenarios including general market and stress scenarios. Stress tests assess our vulnerability when liability run-offs increase, asset rollovers increase and/or liquid asset buffers decrease. In addition, ad hoc stress tests may be performed as part of our recovery planning and ICAAP exercises.

Based on the stress testing results using both general portfolio assumptions and specific client-based scenarios, the liquidity position remains aligned with the approved risk appetite aided by the stable source of deposits and adequate stock of HQLAs.

Liquidity Coverage Ratio (LCR)

The LCR is intended to promote the short-term resilience of a bank's liquidity risk profile over a 30-day stress scenario. The ratio is defined as the amount of High-Quality Liquid Assets (HQLA) that could be used to raise liquidity in a stressed scenario, measured against the total volume of net cash outflows, arising from both contractual and modelled exposures over a 30-day time horizon.

The LCR complements the internal stress testing framework. By maintaining a ratio consistently above the minimum regulatory requirements, the LCR seeks to ensure that the Group holds adequate liquidity resources to mitigate a short-term liquidity stress.

The LCR consolidated for the Group stood at 158.78% as at 31 December 2022 (2021: 175.32%), significantly above the Basel III requirement of 100%. The average stock of HQLA amounts to MUR 70 billion for SBM Bank (Mauritius) Ltd and MUR 134 billion for all the banking entities. The Group's portfolio of HQLA is mostly comprised of the jurisdiction's sovereign securities, USD A-rated sovereign securities and USD Multilateral Development Banks (MDBs) bonds.

Liquidity & Funding Risk Management (cont'd)

Funding Risk

The Group has in place internal tools that allow it to monitor and manage longer term funding risk. The Group entities maintain conservative deposit concentration limits to avoid undue reliance on a single entity as a funding source. The Group also carries high level of core deposits which is adequate to mitigate the related liquidity and funding risk given a high degree of stickiness.

Net Stable Funding Ratio (NSFR)

The Net Stable Funding Ratio (NSFR) is a prudential metric for assessing a bank's structural funding profile. It aims to improve the resiliency of banks by promoting long term funding stability. The ratio is defined as the amount of Available Stable Funding (the portion of capital and liabilities expected to be a stable source of funding), relative to the amount of Required Stable Funding (a function of the liquidity characteristics of various assets held).

Operational Risk Management

Operational Risk

Operational risk is inherent in our business activities and may arise from inadequate or failed internal processes, people, systems, or from external events. The Group's objective is to keep operational risk in line with the defined risk appetite level, taking into account the markets we operate in, the characteristics of the businesses as well as our economic and regulatory environment. Our philosophy is that all employees across the Group are responsible for risk identification and this is reinforced through regular training and awareness campaigns.

The Group Operational Risk Management Framework (ORMF) sets our overall approach for managing operational risk in a structured, systematic and consistent manner whilst keeping pace with emerging risks. The framework consists of interrelated tools and processes that are used to identify, assess, measure, monitor and mitigate the entities' operational risks. It aims to provide a comprehensive, risk-based approach to managing the entities' significant operational risks.

The main components of the framework include the Group'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), key risk indicators (KRIs) and the operational risk capital models among others. Other instruments are used to analyse and manage operational risk, such as the assessment of new products and services and transformation initiatives, business continuity plans (BCP), recommendations from internal and external auditors and supervisors.

The governance of our operational risks follows the 3 Lines of Defence (3 LOD) model of the Group which provides clear ownership and accountability for managing risk in a structured and systematic manner and keeping pace with the current and emerging risks. Each business area and function (i.e. 1st LOD) is responsible for its risks and the provision of adequate resources and procedures for the management of those risks. They are supported by the designated 2nd LOD functions responsible for independent risk and compliance oversight, methodologies, tools and reporting within their areas as well as working with management on non-financial risk issues that arise.

Key, significant and trending operational risk themes are discussed in governance forums where appropriate, including risk themes that may emerge due to significant internal or external events and any corresponding tactical or strategic control enhancements that may be required in order to maintain adequate internal controls in response to such events.

Over the past year, the Group witnessed significant enhancements in managing its operational risk with several initiatives undertaken such as a reduction in operational losses reported, review and updating of its framework, deeper analysis of root causes and lessons-learnt sharing across entities, provision of adequate and dedicated training from employees to Directors, enhancing working arrangements and communication with business lines through the implementation of Business Risk Coordinators in the 1st LOD and driving a strong risk culture across the Group.

Operational Risk Management (cont'd)

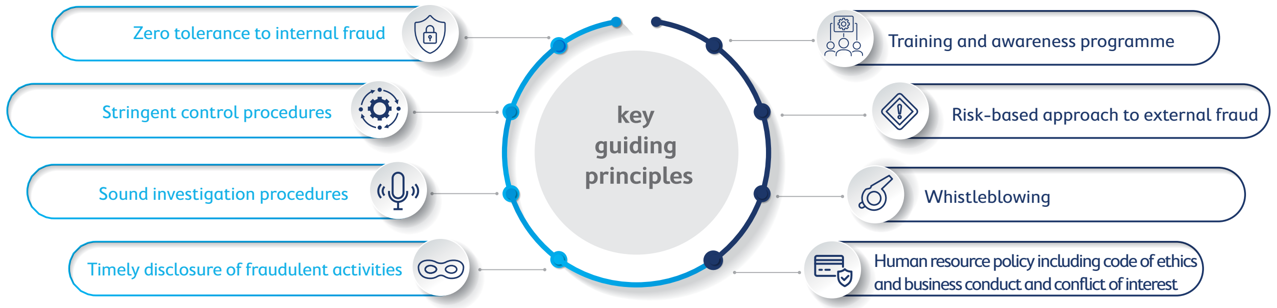
Fraud Risk

The dynamic nature of our operations, with the transformation and digitisation of the business being more prominent in some jurisdictions, has given rise to new risks and threats such as credit card frauds and more payment scams. To mitigate these risks, we reviewed and enhanced our control mechanisms such as stronger customer authentication processes, enhanced due diligence on both client on-boarding and processing of instructions, strengthened online banking transaction verification and invested in tools for better detection of suspicious activities

As such, fraud risk is the risk of unexpected financial, material or reputational loss as the result of fraudulent actions of persons internal or external to the organisation.

The Group fosters honesty and integrity in all its operations which is reinforced by continuous training and awareness campaigns. Directors, Management and staffs are expected to lead by example in adhering to policies, procedures and practices. Equally, customers, service providers, suppliers and contractors are expected to act with integrity and without intent to commit fraud against the Group.

The Group continuously reviews the effectiveness of its Board-approved Fraud Management Policy which is built around four major pillars namely Prevention, Detection, Mitigation and Response and operates within the following key guiding principles:



An established governance process is in place across the Group where all potential fraud cases are given due attention and investigated by independent teams usually sitting within Internal Audit. Material outcomes are reported at relevant risk committees where appropriate actions are taken against offenders and mitigating controls are strengthened.

Business Continuity Management

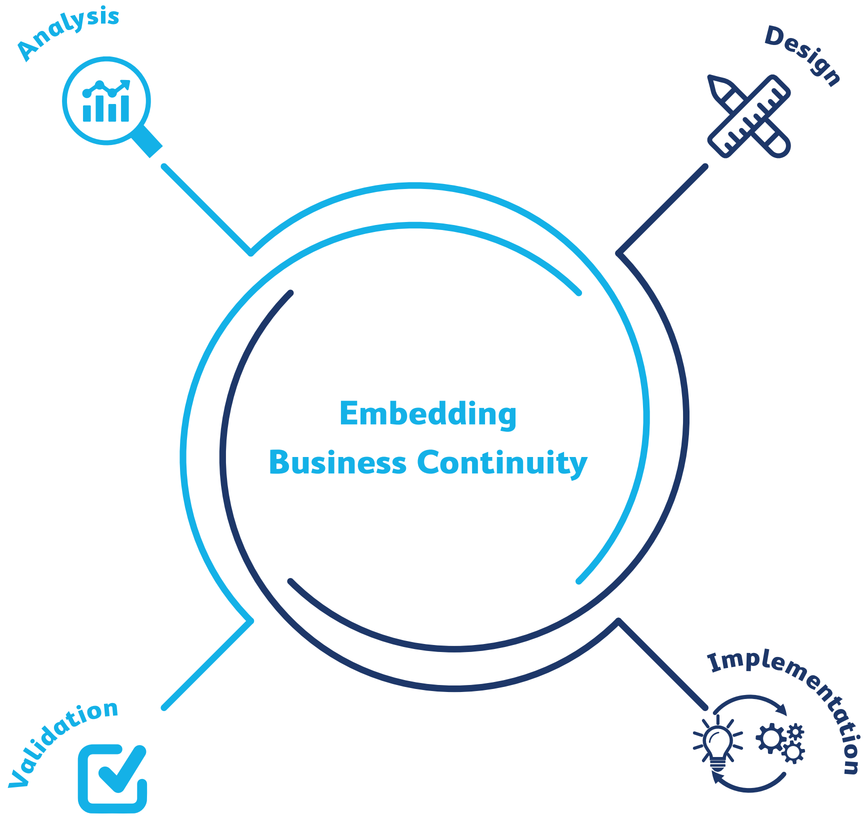
The Group operates in a highly competitive market, with customers and clients who expect consistent and smooth business processes. Whether arising through failures of technology systems, closure of offices/branch networks or services provided by third parties, the loss of or disruption to business processing is a material inherent risk within the Group. Failure to build resilience and recovery capabilities into business processes or into the services on which the Group's business processes depend, may result in significant customer detriment, losses incurred by the Group's customers and reputational damage.

Over the past year, the Group has continuously worked on strengthening its resiliency and enhancing its Business Continuity Management (BCM) Framework. The comprehensive BCM Framework which operates across the Group, reflects the stategy, objectives and dynamic operating environment of the organisation and also caters for outsourced activities when addressing resilience and recovery challenges. Equally in place is a dedicated Crisis Management Team (CMT) across the Group entities consisiting of senior executives with the responsibility of being the central command during a crisis.

Operational Risk Management (cont'd)

Business Continuity Management (cont'd)

The framework is further supported by a BCM programme in place and endorsed by all entities of the Group where priorities have been identified with potential solutions detailed. The BCM programme which includes training and awareness sessions, extensive simulations, testing and drills including conducting regular Disaster Recovery simulations, ensures that contingency plans and procedures remain effective and that the organisation can resume critical activities within the briefest delay possible in the event of disruption.



The goal of the BCM lifecycle is the continuous improvement of the Group's business continuity management capabilities and readiness. It ensures that lessons learned are integrated into prevention, mitigation, planning, training, and future validation activities.

Risk Management Report (cont'd)

Operational Risk Management (cont'd)

Cyber Security Risk

Cyber security risks relate to the loss of confidentiality, integrity, or availability of information, data, or information/control systems and reflect the potential adverse impacts to organisational operations (i.e., mission, functions, image, or reputation) and assets, data, staff, collaborating organisations, partners, customers and industry.

The Group continues to recognise cyber risk as an important risk trait and has enhanced its risk management framework to cater for the elevated cyber and technology risks. Threat vectors are becoming more and more sophisticated and organised; the Group has adopted a risk-based approach in deploying controls in line with established standards, industry guidelines and regulators' mandates.

In the quest of achieving resilience towards cyber security risks, the Group has invested in modernising the arsenal of detective, preventive and reactive controls to cater for the cyber risks and the aftermath impacts. The Group has adopted defence in depth methodology in modernising its technical and operation controls framework complemented by a stringent governance framework with clearly defined policies, procedures and standards.

An independent security assurance program has become an integral part of the risk management practices and these continuous engagements with established service providers and technology partners are supporting the Group in early detection of any potential vulnerabilities and their impacts. In addition, the internal teams acting as a second layer of defence continue to monitor the tactical and strategic threat adversaries, their impacts on the Group and our response capabilities with the focus being towards early detection and early response.

Third Party Risk

The Group depends on suppliers for the provision of many of its services and in the development of systems and technology. Whilst the Group relies on suppliers, it remains fully accountable to its clients for risks arising from the actions of suppliers.

Third party risk is the potential threat presented to an organisation's employee and customer data, financial information and operations from the organisation's supply-chain and other outside parties that provide products and/or services and have access to privileged systems.

With the evolving nature of the banking business, the use of and dependence upon third parties in the sector has increased steadily in support of our business and operations, requiring a corresponding increase in capabilities to manage them. Moreover, regulatory requirements in relation to third parties have more stringent measures to ensure financial stability in the market.

The Group continued to enhance its methodologies and tools to monitor third parties to further minimise related risks, enhance the internal control environment and improve our infrastructure. The Outsourcing policy caters for:

- proper due diligence criteria in place for selecting vendors
- robust contractual and service agreements with service providers
- periodic assessment of vendors effectiveness and conduct in the delivery of contracted services
- Group's integrity by ensuring the service provider has adequate confidentiality and data protection processes in place

Operational Risk Management (cont'd)

Compliance Risk

Compliance risk refers to the risk of the Group not being able to successfully conduct its business because of any failure to comply with laws, regulatory requirements, industry codes or standards of business and professional conduct applicable to the financial sector. This includes laws and regulations applicable to the licensing and conducting of banking or other financial businesses, financial crime such as Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT), fraud, bribery and corruption.

Compliance risks are further split into the sub risk categories:

Regulatory and Advisory Compliance

Ensures compliance with legal and regulatory requirements and integrity in the conduct of business which are essential elements to maintain the good repute of an institution. The evolving nature of financial markets in terms of product innovation, risk transfers and international reach increases the risk for breach of the legal and regulatory requirements.

Financial Crime Compliance

Ensures that the Group complies with the requirements and obligations set out in the legislation, regulations, rules and industry guidance for the financial services sector, including the need to have adequate systems and controls in place to mitigate the risk of the organisation being used to facilitate anti-money laundering and financing of terrorism activities.

Monitoring and Testing

Independently identifies areas of risk and conduct tests to gauge the effectiveness of controls. The results of the periodic compliance testings are reported to the Board Sub-Committees, namely the Risk Management Committees and Audit Committees, at regular intervals.

Governance and Oversight

The Compliance division of the Group entities are led by the respective Heads of Compliance. This function is independent from any commercial, administrative or control function within the organisation. The Compliance department has a formal status with the appropriate standing, authority and independence within the organisation and ensures a co-operative working relationship between the compliance function and business units allowing for the early identification and management of compliance risks.

Compliance as an independent second line function is designed to help prevent, detect and manage breaches of applicable laws, rules, regulations and procedures through the following:

- Regulatory Framework
- Risk Identification, Risk Assessment, Risk Mitigation and Risk Monitoring
- Training and Awareness sessions
- Reporting

All activities that the Group engages in are designed to comply with the applicable laws and regulations in the countries in which we operate. Our compliance controls and surveillance processes, as well as other internal control processes that are aimed at ensuring the proper conduct of our businesses and services as well as preventing market abuse, insider dealing and conduct breaches, are from time to time subject to regulatory reviews and/or inquiries in the jurisdictions in which they operate.

Moreover, our Anti-Money Laundering (AML) and Know-Your Client (KYC) processes and controls aimed at preventing misuse of our products and services to commit financial crime continue to be subject of regulatory reviews, investigations and enforcement actions in several jurisdictions. The Group continually seeks to enhance the efficacy of its internal control environment and improve its infrastructure to revised regulatory requirements and to close any gaps identified.

Compliance risk and the risk of non-compliance with laws and regulations resulting from failed processes and controls are overseen by the Board Risk Committees and Board Audit Committees. Within each entity, oversight of Compliance Risk is delegated to the Audit Committee. There is also an administrative line of reporting by the Heads of Compliance of the Group entities to their respective Chief Executives underlining their independence in discharging their duties.

Over the past year, the Group entities reinforced their compliance agendas, specifically AML/CFT and sanctions frameworks, supported by dedicated training programmes for staffs and the revision of relevant policies as well introduction of new policies and standards. The Group has also been proactive in adopting various new and revised guidelines issued by the different regulators with numerous compliance related frameworks, policies and standards being implemented especially in the areas of AML/CFT, thus maintaining a serene compliant environment.

Risk Management Report (cont'd)

Operational Risk Management (cont'd)

Compliance Risk (cont'd)

Governance and Oversight (cont'd)

Over the past year, several initiatives were also taken by the Compliance team among which:

- Annual reviews based on a risk-based approach were conducted with identified issues highlighted and tracked to satisfactory closure
- Setting up of a comprehensive Regulatory Universe aiding to better identify compliance risks
- Fostering close working relationships with regulatory and supervisory bodies
- Significant improvements made to Compliance Risk Framework with additional policies and standards put in place e.g., FCC Risk Appetite Framework, FCC Risk Register and Customer Review Manual among others
- Holding multiple engagement and work sessions to disseminate information and guidance fostering a strong compliance culture across the entities
- Improving approach in conducting the Enterprise-Wide Risk Assessment (EWRA) more efficiently
- Conducting and equally attending various training sessions and awareness campaigns thus allowing all relevant stakeholders to be kept abreast of new developments and focus areas

Over the past year, the entities across the Group adopted the reviewed Group Whistleblowing Policy, taking into account the specific local regulatory requirements. This process allows any employee to report in confidence and without the risk of any retaliation, victimisation, discrimination or disadvantage, any malpractices or impropriety that they are aware of or may have encountered.

Data protection

The Group is committed to protecting the privacy of individuals whose personal data it holds and processing such personal data in a way that is consistent with applicable laws.

The entities have strong internal controls, requiring openness and transparency about the collection and use of personal information, and protection against loss and unauthorised or improper access. The EU's General Data Protection Regulation (GDPR) created a broadly harmonised privacy regime across EU member states, enhancing individual rights, a need to openly demonstrate compliance, and significant penalties for breaches. The extraterritorial effect of the GDPR means entities established outside the EU may fall within the regulation's ambit when offering goods or services to European based customers or clients.

Across the different jurisdictions of our operations, the Data Protection Act and GDPR framework have been embedded in our laws and regulations and across the Group we have further strengthened our data privacy framework to manage our stakeholders' expectations and such initiative is also being stretched to cover the jurisdictions in which we operate.

Reputational Risk

The perceptions, opinions and beliefs that the Group's stakeholders hold based on their experience or expectations of the organisation defines its reputation.

Reputational risk arises from the negative perception on the part of customers, counterparties, shareholders, investors, debt holders, market analysts, regulator or other relevant parties that can adversely affect the organisation's brand, its market value, its ability to maintain existing or establish new business relationship and its continued access to sources of funding.

Matters that may entail reputational risks to the entities are actively discussed before arriving at a decision to prevent reputational damage. Ethics & Integrity, cyber security and products and services are the drivers that remain the most prevalent to impact reputational risks in the organisation.

The above mechanism allows the identification and assessment of reputational risks from both a strategic and operational standpoint. Reputational risks are continuously monitored and reported to the Board Risk Management Committee as we understand that a poorly managed reputation may have transmissible consequences on the organisation and the market.

Focus Areas for 2023

The Group continues to build on its strong foundation with solid risk fundamentals and it continues to scan the horizon for emerging risks and collaborate with both internal and external partners to proactively mitigate risks as they are identified.

Climate Risk

With the climate thematic taking prominence since last year's UN Climate Change Conference, the financial world is witnessing a surge in regulatory frameworks, policies and good practices as the layers of this agent are peeled off.

Whilst progress is being made in developing our climate risk framework across the Group, integrating climate risk into the policies, processes and controls across the many areas of our organisation remains a top priority. During the past year, we have positively responded to the new Guideline on Climate Related and Environmental Financial Risk Management from the regulators with a road map where progress is being tracked and monitored on a regular basis. We shall continue to enhance our ESG risk management and comprehensive training programmes with climate risk specific modules to build bank-wide expertise and deepen knowledge in the field.

Data and Security Risk

Client expectations and regulatory requirements relating to data management and quality, data protection and privacy, data sovereignty, the use of Artificial Intelligence (AI) and the ethical use of data are on an increasing trend. Regulation is also becoming more fragmented and complex, requiring more resources to ensure ongoing compliance.

Moreover, the geopolitical challenges have added impetus to data authority legislation and data protection risks are being driven by highly organised and sophisticated threat actors, with developments such as ransomware available as a service. Data is also becoming more concentrated in the hands of relatively few providers of new technologies such as cloud services. Some third parties are reluctant to disclose AI model details, citing intellectual property, which increases model risk.

The Group remains cognisant of the balance required between resilience and agility as new technologies are onboarded while existing systems are maintained. It will continue to monitor regulatory developments in relation to all aspects of data management relating to the specific countries we operate in and deliver on new controls and capabilities to increase our ability to identify, detect, protect and respond to information and cyber security threats.

Risk Management Report (cont'd)

Capital Management

The Group remains focused on effectively managing its capital position and building a strong and efficient capital structure to meet the expectations of our different stakeholders like regulators, investors, rating agencies, shareholders and analysts. Effective capital management is indeed vital to the sustainability of the Group. The key objectives of the Group's capital management function are:

- To ensure that regulatory requirements are met at all times for the Group and its subsidiaries;
- To ascertain that each subsidiary is well capitalised in line with our risk appetite and to support business growth;
- To deploy capital efficiently across business units and subsidiaries to optimise return on capital; and
- To have sufficient buffers to withstand stressed economic and market conditions.

SBM Holdings Ltd is the primary provider of capital to the different operating entities and capital is distributed as and when needed, taking into account planned business growth and regulatory requirements imposed on each subsidiary by its respective host regulator.

Regulatory Capital Requirements

The Group adheres to capital adequacy rules as prescribed by BoM for its consolidated reporting and also for that of SBMBM and these rules are largely consistent with international standards set by the Basel Committee on Banking Supervision (BCBS).

As such, the Group has adopted the Standardised Approach for credit and market risk exposures based on the Guidelines on Standardised Approach to Credit Risk and the Guideline on Measurement of Market Risk while for Operational risk, it follows the Alternative Standardised Approach. As for determination of its capital base, this is worked out in accordance with the Guideline on Scope of Application of Basel III and Eligible Capital issued by BoM in 2014 and as per which banks have to maintain at all times a minimum ratio of total regulatory capital to risk weighted assets (CAR) at or above the - agreed minimum of 10%.

In addition, all banks need to abide by additional capital requirement in the form of capital conservation buffer (CCB), which is designed to ensure that banks build up capital buffers outside periods of stress which can be drawn down as losses are incurred. The implementation of the CCB of 2.5% started as from 01 January 2017 in a phased manner, growing on a yearly basis by 0.625% and was initially set to be fully effective as from 01 January 2020. However, in apprehension of the challenges posed by the Covid-19 pandemic, BoM in May 2020, deferred the implementation of the last tranche of the CCB to 01 April 2022. Consequently, the Group had to maintain the CCB of 2.5% in form of CET1 capital as from April 2022.

Moreover, given that SBMBM is one of the five Domestic Systemically Important Banks (D-SIB) in Mauritius based on its systemic importance, it is subject to stricter regulatory measures. As such, the Group has to maintain an additional D-SIB buffer of 2.0% in the form of CET1 capital. The D-SIB is applied on a discretionary basis by the regulator and is assessed yearly based on five criteria namely size, exposure to large groups, interconnectedness, complexity and substitutability.

The table below illustrates regulatory capital requirements applicable to the Group:

Minimum Capital Requirements	Dec-2022	Dec-2021
Minimum Common Equity Tier 1 (CET1)	6.500%	6.500%
Minimum Tier 1	8.000%	8.000%
Minimum Total CAR	10.000%	10.000%
Capital Conservation Buffer (CCB)	2.500%	1.875%
DSIB Buffer - Minimum additional loss absorbency	2.000%	2.000%
Minimum CET1 CAR plus CCB + D-SIB	11.000%	10.375%
Minimum Tier 1 CAR plus CCB + D-SIB	12.500%	11.875%
Minimum Total CAR (Tier 1 + Tier 2) + CCB + D-SIB	14.500%	13.875%

The banking entities of the Group are subject to capital adequacy requirements of the jurisdiction in which they operate.The table below shows the minimum CAR as at 31 December 2022.

Requirement as per Host Regulator	SBMBM	SBMBI	BSBMM	SBMBK
Minimum CAR (%)	14.50	11.50	8.00	14.50

Capital Management (cont'd)

Capital Position

Throughout the financial year 2022, the Group and its subsidiaries complied to the above minimum regulatory requirements:

As at 31 December 2022, the Group had total Tier 1 capital of MUR 22.8 billion and total capital base of MUR 33.6 billion: Tier 1 ratio stood at 12.98% while total CAR was 19.1%.

The subsidiaries' CAR were in adherence to their host regulator minimum requirement as depicted below:

Position as at 31 December 2022	SBMBM	SBMBI	BSBMM	SBMBK
Actual CAR (%)	16.89	14.64	23.23	14.67

The table below shows the Group's capital base and risk-weighted assets for the past three years:

	SBM GROUP		
	Dec-2022	Dec-2021	Dec-2020
Capital Base	Figures in MUR million		
Share Capital	32,500	32,500	32,500
Retained Earnings	5,909	2,808	925
Accumulated other comprehensive income and other disclosed reserves	-7,746	-5,476	-4,821
Common Equity Tier 1 Capital (CET1) before regulatory adjustments	**30,663**	**29,832**	**28,604**
Regulatory Adjustments	**-7,893**	**-7,925**	**-7,978**
Treasury (own) shares	-4,875	-4,875	-4,875
Goodwill and intangible assests	-1,753	-1,963	-2,297
Deferred tax assets	-1,265	-1,087	-806
Common Equity Tier 1 Capital (CET1)	**22,770**	**21,907**	**20,626**
Additional Tier 1 (AT1)	**0**	**0**	**0**
Tier 1 Capital (T1= CET1 + AT1)	**22,770**	**21,907**	**20,626**
Capital Instruments	8,195	8,475	7,708
Other Reserves *(45% of surplus arising from Revaluation of land & buildings)*	609	613	636
Portfolio Provision or ECL (restricted to 1.25% of credit RWA)	1,980	1,735	1,700
Tier 2 Capital	**10,785**	**10,823**	**10,043**
TOTAL CAPITAL BASE	**33,555**	**32,730**	**30,670**

Risk Management Report (cont'd)

Capital Management (cont'd)

	SBM GROUP		
	Dec-2022	Dec-2021	Dec-2020
RISK WEIGHTED ASSETS (RWAs)	**Figures in MUR million**		
Credit risk	**158,421**	**138,834**	**135,979**
On-balance sheet assets	143,181	126,672	125,316
Off-balance sheet exposures	15,240	12,162	10,663
Market risk	**830**	**730**	**739**
Off-balance sheet exposures			
Aggregate net open foreign exchange position	695	614	469
Capital charge for trading book position exceeding 5% or more of its total assets	135	115	270
Operational risk	**16,178**	**13,480**	**11,566**
TOTAL RWA's	**175,429**	**153,043**	**148,284**
CAPITAL ADEQUACY RATIOS (%)			
CET1 Capital Ratio (%)	**12.98**	**14.31**	**13.91**
Tier 1 Capital Ratio (%)	**12.98**	**14.31**	**13.91**
Total Capital Ratio (%)	**19.13**	**21.39**	**20.68**

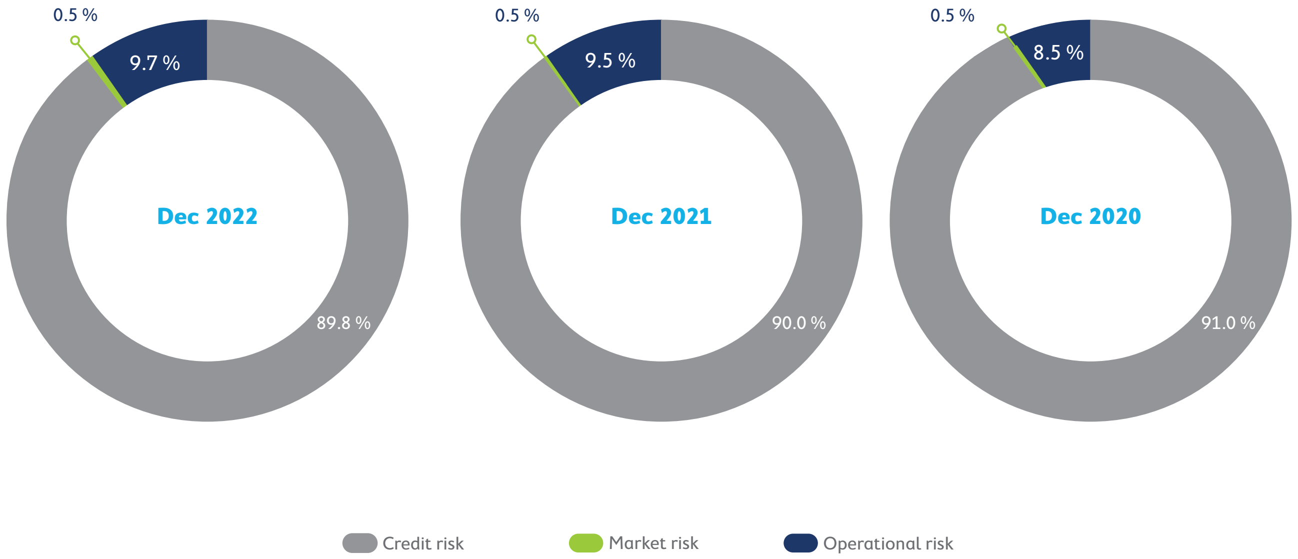
Banking Cluster-RWAs and CAR

The Banking Group's total RWAs increased from MUR 142 billion as at 31 December 2021 to reach MUR 164 billion by 31 December 2022 driven primarily by growth in business volumes for both SBMBM and SBMBI. With the expansion plan of SBMBI, their RWAs increased by 55% from December 2021 to December 2022 and accounted for 17% of the Banking Group RWAs.

	SBM BANKING GROUP		
	Dec-2022	Dec-2021	Dec-2020
	Figures in MUR million		
TOTAL CAPITAL BASE	**26,704**	**25,630**	**24,057**
RISK WEIGHTED ASSETS (RWAs)	**163,868**	**142,219**	**137,861**
Credit risk	**147,159**	**128,026**	**125,517**
Market risk	**830**	**730**	**739**
Operational risk	**15,878**	**13,463**	**11,605**
CAPITAL ADEQUACY RATIO (%)			
CET1 Capital Ratio	**14.40**	**16.47**	**15.85**
Tier 1 Capital Ratio	**14.40**	**16.47**	**15.85**
TOTAL CAR	**16.30**	**18.02**	**17.45**

Banking Group's RWAs analysed by type of risk

Credit risk remains the main type of risk to which the banking subsidiaries are exposed to in view of the nature of their operations and activities.



Credit Risk

The table below provides a breakdown of the risk weighted assets for the consolidated Banking Cluster after credit risk mitigation (CRM) for both on-balance sheet and off-balance sheet assets for the past three years:

Risk Weighted On-Balance Sheet Assets Figures in MUR million	Dec-2022 Amount	Dec-2022 Weight %	Dec-2022 RWAs	Dec-2021 RWAs	Dec-2020 RWAs
Cash items	3,052	0-20	1	1	2
Claims on Sovereigns	106,722	0-100	4,086	4,448	4,965
Claims on Central banks	54,960	0-50	0	0	0
Claims on Multilateral Development Banks	8,443	0	634	521	1,173
Claim on Banks	9,754	0-100	4,119	5,182	5,722
Claims on Non-Central Government Public Sector Entities	5,384	50-100	3,144	468	153
Claims on other securities firms	0	100	0	0	41
Claims on Corporates	77,888	30-100	61,150	53,678	57,252
Claims included in the Regulatory Retail Portfolio	22,414	75	15,419	13,333	11,333
Claims secured by Residential Property	35,680	35-125	13,820	12,895	9,098
Claims secured by Commercial Real Estate	11,106	100-125	12,096	9,882	9,306
Past due claims	4,172	50-150	3,665	3,803	4,006
Other Assets	13,785	100	13,785	11,648	11,796
Total on Balance Sheet RWAs	**353,360**		**131,919**	**115,858**	**114,487**

Risk Management Report (cont'd)

Credit Risk (cont'd)

RWAs - Non Market related Off-Balance sheet assets	Dec-2022					Dec-2021	Dec-2020
Figures in MUR million	Nominal Amount after CRM	Credit Conversion Factor (%)	Credit Equivalent Amount	Weight %	Weighted Assets	Weighted Assets	Weighted Assets
Direct Credit Subsitutes	4,365	100	4,365	0-100	4,306	2,909	4,135
Transaction-Related Contingent items	11,245	50	5,623	0-100	5,386	4,055	3,265
Trade-Related Contingent items	4,924	20-100	1,716	0-100	1,654	1,051	529
Other Commitments	18,949	0-50	2,512	0-100	2,016	3,161	1,904
Total Off Balance Sheet RWAs	**39,483**		**14,216**		**13,362**	**11,176**	**9,833**

Market Related Risk Capital

The table below provides figures for the RWAs in respect of market related off-balance sheet assets for the banking cluster. The increase in RWAs from December 2021 to December 2022 emanates mainly from SBMBI.

RWAs - Market related Off-Balance sheet assets	Dec-2022							Dec-2021	Dec-2020
Figures in MUR million	Nominal Amout	CCF %	Potential future exposure	Current exposure	Credit equivalent amount	Weight %	RWAs	RWAs	RWAs
Interest rate contracts	3,133	0-1.5	28	0	28	20-100	24	135	68
Foreign exchange contracts	44,772	1-7.5	847	862	1,709	20-100	1,638	633	451
Equity contracts	2,006	6-8	155	37	201	20-100	1,131	129	40
Other commodity contracts	0	10-12	0	0	0	20-100	0	0	199
Credit derivative contracts	0	20	0	0	0	50	0	0	40
Other market-related contracts	1,076	12	118	9	127	50	85	94	38
Total Market RWAs	**50,987**		**1,148**	**908**	**2,065**		**2,878**	**991**	**836**

Aggregate Net Open Foreign Exchange Position

The Banking Group is subject to foreign exchange (FX) risk from an on-balance sheet perspective, i.e. as a result of imbalances witnessed between the foreign currency composition of its assets and liabilities. The risk to which the Group is exposed can also be viewed from an off-balance sheet angle through its outstanding positions, mainly in respect of foreign exchange forwards.

The table below provides the comparative figures for the aggregate net open foreign exchange position for the Banking Cluster for the past three years:

Figures in MUR million	Dec-2022	Dec-2021	Dec-2020
Aggregate net open foreign exchange position	**695**	614	469

Operational Risk Capital

The Group has adopted the Alternative Standardised Approach for calculating its operational risk capital as per the BoM Guideline on Operational Risk. Capital Charge for Operational risk for the Banking Group witnessed a growth of 18% from December 2021 to December 2022, in line with growth in business volumes.

Figures in MUR million	Dec-2022	Dec-2021	Dec-2020
Operational Risk - RWAs	**15,878**	13,463	11,605

Leverage Ratio

The Basel III reforms introduced a simple, transparent, non-risk based leverage ratio to act as a credible supplementary measure to the risk-based capital requirements. The leverage ratio is intended to restrict the build-up of leverage in the banking sector to avoid destabilising deleveraging processes that can damage the broader financial system and the economy.

The leverage ratio for the Group stood at 5.74% as at 31 December 2022 against the Basel Committee on Banking Supervision recommended minimum of 3%.

Financial
Review

"...SBM offers the opportunity to its staff to grow..."

During my journey at SBM, I have been able to fulfil my professional potential. SBM offers the opportunity to its staff to grow in terms of career path. SBM inspires me and I feel passionate about my position which challenges me, allows me to explore different areas, and empowers me to do my best.

At SBM, we are encouraged and motivated to work as a team. I feel proud to be a part of SBM.

Prakash Narayanan
Head-Enterprise Operations
SBM Bank (India) Limited

Financial Review

Sustained Growth and Efficiency

Executive summary

The FY 2022 results have been underpinned by sustained strategies aimed at fostering business continuity and growth, alongside catering for operational efficiency imperatives. In spite of the challenging economic landscape amidst persistent global crises, the Group managed to grow its revenue and uphold the trust of its multiple stakeholders.

Improved financial performance of the Group

Total assets continued to grow to close at MUR 362.3 billion as at 31 December 2022 (2021: MUR 357.7 billion), underpinned by an increase of 15.0% in net loans and advances to non-bank customers.

As a result of the above movements in business volumes, the Group generated net interest income of MUR 8.9 billion, up by 18.3% from last year. The increase in net fee and commission income by MUR 610.4 million, coupled with an increase of 39.8% in net trading income, has contributed to an improvement in non-interest income from MUR 4.3 billion in FY 2021 to MUR 4.7 billion in FY 2022.

The Group continued to improve its asset quality this year by limiting its risk exposures, thus leading to a decrease in the credit loss from MUR 2.5 billion for FY 2021 to MUR 1.3 billion for the financial year under review.

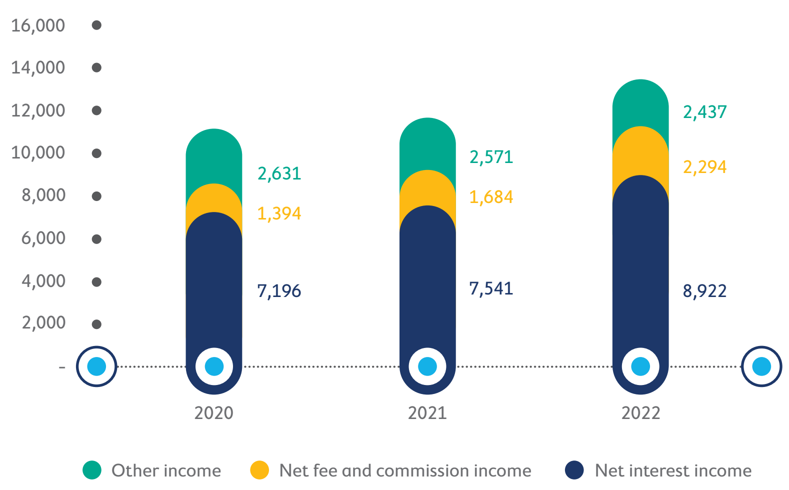
The Group ended with a profit after tax of MUR 3.6 billion (2021: MUR 1.7 billion) driven by an improvement of 18.6% in profit before credit loss and tax and a fall of MUR 1.1 billion in credit loss expense, thus leading to an improvement in the earnings per share (EPS) from 67.3 cents in FY 2021 to 140.8 cents in FY 2022.

Statement of profit or loss analysis

Operating income

Operating income increased by 15.8% from MUR 11.8 billion in FY 2021 to MUR 13.7 billion in FY 2022, supported by growth in net interest income as well as non-interest income as shown below.

Operating income (MUR million)



Net interest income grew by 18.3% from MUR 7.5 billion in FY 2021 to MUR 8.9 billion in FY 2022, mainly attributable to an increase in interest on loans and advances to non-bank customers driven by growth of 12.7% in gross loans and advances and a rise in market rates in Mauritius, partly offset by an increase in interest paid on deposits.

A 36.3% growth in net fee and commission income to reach MUR 2.3 billion this year has been supported by a notable increase in card income, driven by higher volume of transactions as economic activity continued to gain momentum and an increase in fees from SBM Capital Markets Ltd.

Sustained Growth and Efficiency (cont'd)

Statement of profit or loss analysis (cont'd)

Operating income (cont'd)

The Group reported non-interest income aggregating MUR 4.7 billion for the FY 2022, representing an increase of 11.2% as compared to MUR 4.3 billion for FY 2021. This improvement was driven primarily by higher net trading income and net fee and commission income, curbed by a fall in net gains on derecognition of financial assets measured at fair value through other comprehensive income.

Non-interest expenses

Non-interest expenses increased from MUR 7.1 billion to MUR 8.1 billion on the back of higher personnel expenses and other operational expenses with ongoing capacity building and overseas expansion plan. However, the Group managed to contain the cost to income ratio at 59.6% in FY 2022 (2021: 60.6%).

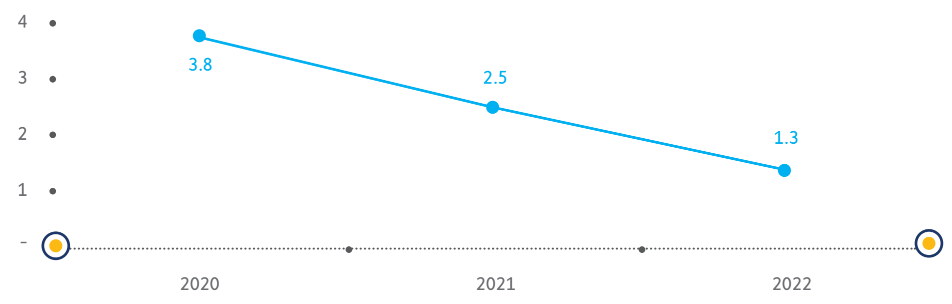
Expenses by segment (MUR million)	SBMBH		NBFC		Others		Group	
	2022	2021	2022	2021	2022	2021	2022	2021
Personnel expenses	3,635	3,145	140	120	87	124	3,862	3,389
Depreciation of property and equipment	320	286	1	1	1	1	322	288
Depreciation of right-of-use asset	230	207	7	5	-	-	237	212
Amortisation of intangible assets	487	483	8	6	-	-	495	489
Other expenses	3,114	2,357	71	66	36	340	3,221	2,763
	7,786	6,478	227	198	124	465	8,137	7,141

The drop in personnel expenses for 'Others' is attributable to the fact that as from FY 2022, SBM (Bank) Holdings Ltd started bearing its own personnel costs. Also, lower costs of training were incurred compared to the preceding financial year.

Credit loss expense

The Group's profit was positively impacted by lower credit loss on financial assets and memorandum items as a result of rigorous risk management controls in place.

Credit loss on financial assets and memorandum items (MUR billion)



Financial Review (cont'd)

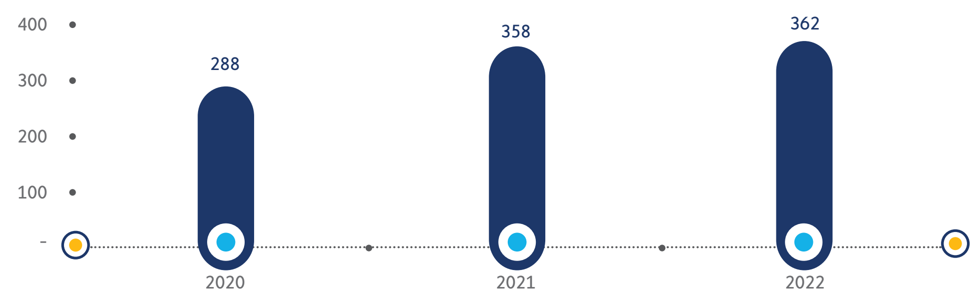
Sustained Growth and Efficiency (cont'd)

Statement of financial position analysis

Total assets

Total assets have continued to grow from MUR 357.7 billion as at 31 December 2021 to MUR 362.3 billion as at 31 December 2022, led by an increase of MUR 18.4 billion in gross loans and advances while cash and cash equivalents and investment securities fell by 36.5% and 0.9% respectively due to redeployment of funds to higher yielding assets.

Total assets (MUR billion)



Loans and advances to non-bank customers

Gross loans and advances to non-bank customers registered a growth of 12.7% during the year under review, reaching MUR 163.5 billion as at 31 December 2022 (2021: MUR 145.1 billion). SBMBM contributed to 55.5% of the total increase in gross loans and advances which emanated largely from the retail (mainly mortgage) and corporate segments.

Details by entity (MUR million)	SBMBM	SBMBI	BSBMM	SBMBK	Group (after elimination)
2022					
Gross loans and advances to customers	117,373	29,079	1,178	15,821	163,451
Allowance for credit impairment	(10,424)	(705)	(186)	(2,141)	(13,456)
Net loans and advances to customers	106,949	28,374	992	13,680	149,995
Gross impaired advances	9,360	580	136	4,452	14,528
Net impaired advances	1,628	79	24	2,402	4,133
Provision coverage ratio	82.6%	86.4%	82.4%	46.0%	71.5%
2021					
Gross loans and advances to customers	108,348	22,302	751	13,685	145,086
Allowance for credit impairment	(11,444)	(588)	(180)	(2,480)	(14,692)
Net loans and advances to customers	96,904	21,714	571	11,205	130,394
Gross impaired advances	10,883	524	236	4,953	16,597
Net impaired advances	1,535	61	109	2,566	4,272
Provision coverage ratio	85.9%	88.3%	53.6%	48.2%	74.3%

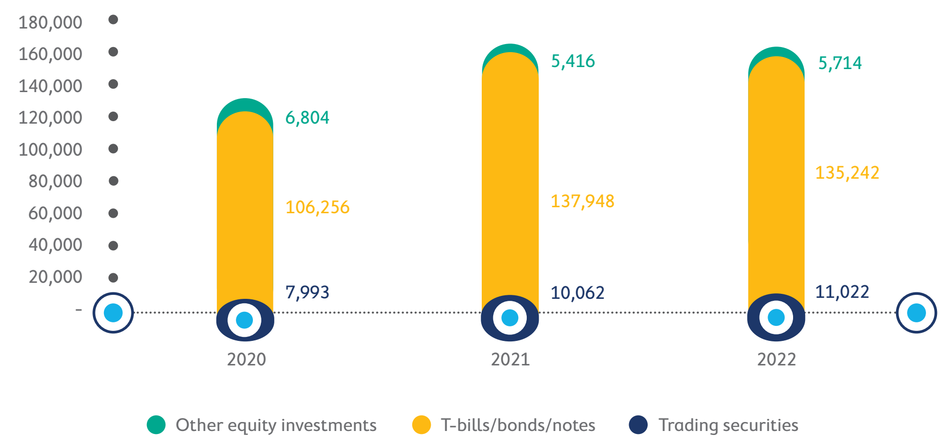
Sustained Growth and Efficiency (cont'd)

Statement of financial position analysis (cont'd)

Investment securities

Investment securities fell slightly by 0.9% from MUR 153.4 billion as at 31 December 2021 to MUR 152.0 billion as at 31 December 2022. The Group continues to deploy its liquidity surplus into fixed income gilt-edged securities, foreign bank bonds and corporate bonds.

Investment securities (MUR million)



Deposits from non-bank customers

Deposits from non-bank customers remain the bulk of total liabilities though it saw a slight decrease of 1.8% to reach MUR 293.4 billion as at 31 December 2022 (2021: MUR 298.6 billion), due to an outflow of funds for the corporate segment B business, of which 79.1% was in CASA deposits (2021: 78.0%). SBMBM's total deposits from non-bank customers experienced a drop of 1.9% during the year under review from MUR 241.5 billion as at 31 December 2021 to MUR 236.9 billion as at 31 December 2022, attributable mainly to a fall of MUR 28.4 billion in its CASA deposits as shown below.

Deposits from non-bank customers by entity (MUR million)	SBMBM	SBMBI	BSBMM	SBMBK	Group (after elimination)
2022					
Term deposits	46,318	25,739	-	11,476	83,533
CASA	189,874	11,978	1,902	6,063	209,817
Total deposits	236,192	37,717	1,902	17,539	293,350
2021					
Term deposits	22,559	24,038	3	16,606	63,206
CASA	218,559	8,649	1,674	6,493	235,375
Total deposits	241,118	32,687	1,677	23,099	298,581

Sustained Growth and Efficiency (cont'd)

Statement of financial position analysis (cont'd)

Subordinated debts

The Group's subordinated debts stood at MUR 10.6 billion as at 31 December 2022 (31 December 2021: MUR 9.9 billion).

	Maturity date	Amount raised MUR' 000	USD' 000	INR' 000	Carrying value MUR' 000
First issue of subordinated debts in 2014					
Class A1 series MUR senior unsecured bonds	May 2024	1,500,000	-	-	1,522,965
Second issue of subordinated debts in 2018					
Class A2 series MUR senior unsecured bonds	June 2028	3,060,520	-	-	3,062,958
Class B2 series USD senior unsecured bonds	June 2025	-	75,664	-	3,321,028
Third issue of subordinated debts in 2021					
Class A3 & B3 series unsecured bonds	June 2031	2,000,000	-	-	2,009,585
SBMBI first issue of subordinated debts in 2022					
Fixed interest rate subordinated unsecured bonds	April 2032	-	-	1,318,433	699,956
TOTAL					10,616,492

SBM Bank (India) Limited made a private placement of Basel III compliant rated, listed, unsecured, subordinated, redeemable, non-convertible and fully paid up Tier 2 bonds in the nature of debentures (Series II) at a fixed interest rate of 9.75%.

Other borrowed funds

The Group's other borrowings stood at MUR 15.5 billion as at 31 December 2022 (2021: MUR 9.5 billion).

Breakdown by entity	2022	2021	2020
	MUR million	MUR million	MUR million
SBMBM	758	5,275	11,023
SBMBI	7,254	122	152
SBMBK	7,477	4,116	3,842
	15,489	9,513	15,017

SBMBM had no borrowed funds from local and offshore banks as at 31 December 2022 (31 December 2021: MUR 4,359 million). The increase in SBMBI's other borrowed funds is due to MUR 7,139 million borrowed from local, offshore and other financial institutions (2021: nil). SBMBK's borrowings from central bank increased from MUR 3,576 million as at 31 December 2021 to MUR 5,193 million as at 31 December 2022.

Sustained Growth and Efficiency (cont'd)

Statement of financial position analysis (cont'd)

Shareholders' equity

Shareholders' equity stood at MUR 27.2 billion as at 31 December 2022 (2021: MUR 26.4 billion) which is explained by the profit for the year of MUR 3,635.7 million, negative movement in other comprehensive income amounting to MUR 2,328.0 million and payment of dividends amounting to MUR 516.4 million (being 20 cents per share). Below is the Group's capital structure over the last 3 years.

MUR million	2022	2021	2020
Tier 1	22,770	21,907	20,626
Tier 2	10,785	10,823	10,044
Capital base	33,555	32,730	30,670
Capital adequacy ratio	19.1%	21.4%	20.7%

Financial
Review (cont'd)

Performance Review for 2022 and Objectives for 2023

Indicator	Target for 2022	Performance in 2022	Objectives for 2023
Return on average assets (ROA)	ROA is expected to gradually pick up driven by a double-digit growth projected in loans and advances and with lower cost of risk, which should contribute to an uplift in bottom-line	ROA improved from 0.5% for FY 2021 to 1.0% for FY 2022, driven by growth in operating income and lower cost of risk	To maintain ROA of at least 1% for FY 2023 supported by expected growth in business volumes and operating income
Return on average equity (ROE)	Further year-on-year improvement is expected in ROE with projected growth in operating income coupled with lower credit losses	ROE stood at 13.6% for FY 2022 (2021: 6.7%), more than doubling as compared to the previous year following an uplift of 109.1% in profit for the year	Target is to generate a ROE of at least 12% for FY 2023
Operating income	Expecting a pickup in operating income in line with projected growth in business volumes which should contribute to an increase in net interest income	Operating income went up by nearly 15.8% from MUR 11.8 billion in FY 2021 to MUR 13.7 billion in FY 2022, supported by growth in business volumes and rising interest rates which contributed to an uplift of 18.3% in net interest income while non-interest income also increased by 11.2% as compared to FY 2021, driven by higher net fee and commission income and net trading income	A gradual pickup is expected in operating income for FY 2023 with ongoing growth in business volumes which is projected to contribute to a further increase in both net interest income and non-interest income
Operating expenses	With the Group's continued investment in capacity building and information technology platform, we foresee a higher increase in operating costs for FY 2022	Operating expenses increased from MUR 7.1 billion to MUR 8.1 billion resulting from higher personnel expenses and other operational expenses with growth mainly relating to SBMBI with the expansion plan and SBMBM with capacity building	A higher increase in operating expenses is expected for FY 2023 as the Group continues investing in capacity building and in information technology while also taking into account high inflation
Cost to income ratio	The cost to income ratio is expected to be contained at around 60% in FY 2022 and reduce gradually thereafter as the full benefit of our expansion plans starts to show	Cost to income ratio was contained at below 60% and stood at 59.6% for FY 2022	The objective is to contain the cost to income ratio at around 60%
Asset quality	Both gross and net impairment ratios are expected to improve in FY 2022 with projected growth in loan book and close monitoring of the impaired asset book	Both gross and net impairment ratios improved over last year as expected and stood at 8.9% and 2.8% respectively as at 31 December 2022	A gradual improvement is expected in impairment ratios in FY 2023 with further growth in the loan book and proper risk control put in place
Capital management	The Banking Cluster shall continue to maintain its capital adequacy ratio at the optimum level and ensure adherence to regulatory requirements at all times	The Group was in compliance with regulatory prescribed minimum requirement of 14.5% for FY 2022, with total CAR and Tier 1 ratio standing at 19.1% and 13.0% respectively as at 31 December 2022	The Group shall continue to ensure that adequate capital is maintained to support its growth strategies, risk appetite and depositors' confidence while complying with regulatory requirements at all times

Segment Performance

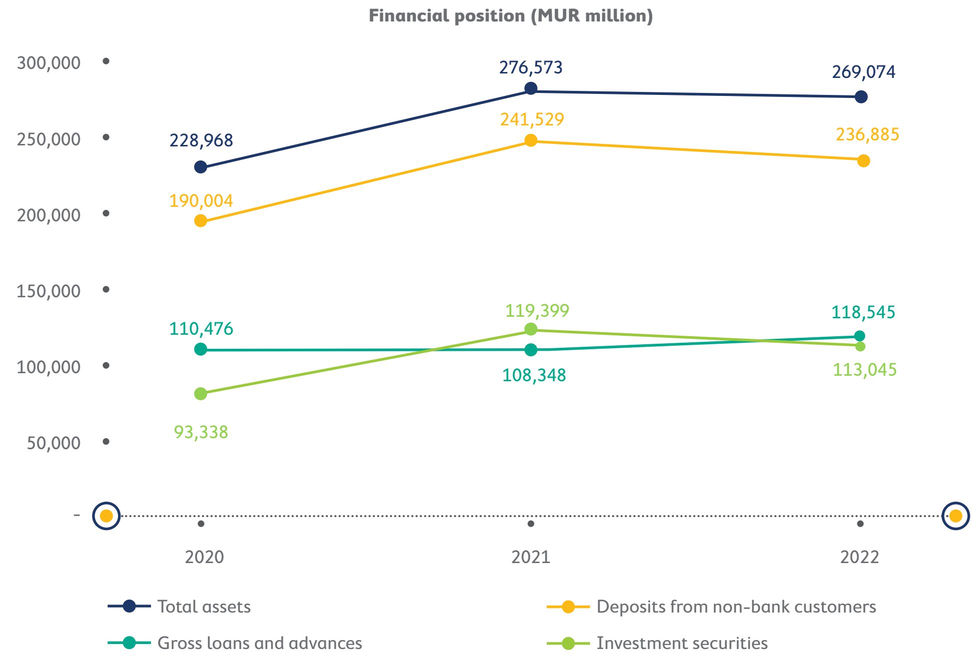
The Banking Group remains the largest contributor to the Group's figures.

Amount in MUR million	Banking Group		NBFC Group		SBMH		Others		Group (after elimination)	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Statement of profit or loss										
Net interest income/(loss)	**9,371**	7,900	**26**	45	**(475)**	(405)	**-**	-	**8,922**	7,541
Non-interest income/(loss)	**3,873**	3,711	**694**	348	**2,528**	758	**(1)**	24	**4,732**	4,255
Operating income/(loss)	**13,244**	11,611	**720**	393	**2,053**	353	**(1)**	24	**13,654**	11,796
Non-interest expense	**(7,786)**	(6,478)	**(227)**	(198)	**(147)**	(653)	**(21)**	(26)	**(8,137)**	(7,142)
Credit loss on financial assets and memorandum items	**(1,293)**	(2,465)	**(32)**	(7)	**-**	(129)	**-**	-	**(1,333)**	(2,475)
Profit/(loss) before income tax	**4,165**	2,668	**461**	188	**1,906**	(429)	**(22)**	(2)	**4,184**	2,179
Profit/(loss) for the year	**3,684**	2,240	**397**	181	**1,904**	(303)	**(22)**	(3)	**3,636**	1,739
Statement of financial position										
Investment securities	**143,500**	145,501	**1,239**	1,230	**38,139**	36,360	**400**	425	**151,978**	153,427
Loans and advances to non-bank customers	**151,164**	131,406	**-**	-	**-**	-	**-**	-	**149,995**	130,394
Total assets	**353,407**	349,327	**3,435**	3,029	**38,233**	36,603	**444**	456	**362,341**	357,668
Deposits from non-bank customers	**294,015**	298,991	**-**	-	**-**	-	**-**	-	**293,350**	298,581
Other borrowed funds and other liabilities	**16,189**	9,513	**1,173**	1,023	**9,917**	9,877	**-**	-	**26,106**	19,390
Total liabilities	**325,441**	321,466	**1,616**	1,443	**9,993**	10,050	**8**	3	**335,172**	331,290
Shareholders' equity	**27,965**	27,860	**1,818**	1,586	**28,240**	26,553	**444**	453	**27,170**	26,378

Segment Performance (cont'd)

Banking Group

SBM Bank (Mauritius) Ltd



Gross loans and advances for SBMBM increased by 9.4% to reach MUR 118.5 billion as at 31 December 2022 driven by Segment A advances which reflect the bank's ability to grow its business domestically despite a very competitive environment. The increase emanated from both the retail (mainly mortgage) and corporate segments.

The bank continues to deploy its liquidity surplus into fixed income gilt-edged securities, foreign bank bonds and corporate bonds with mainly financial assets classified at amortised cost increasing from MUR 51.7 billion as at 31 December 2021 to MUR 70.2 billion as at 31 December 2022, representing an increase of MUR 18.5 billion.

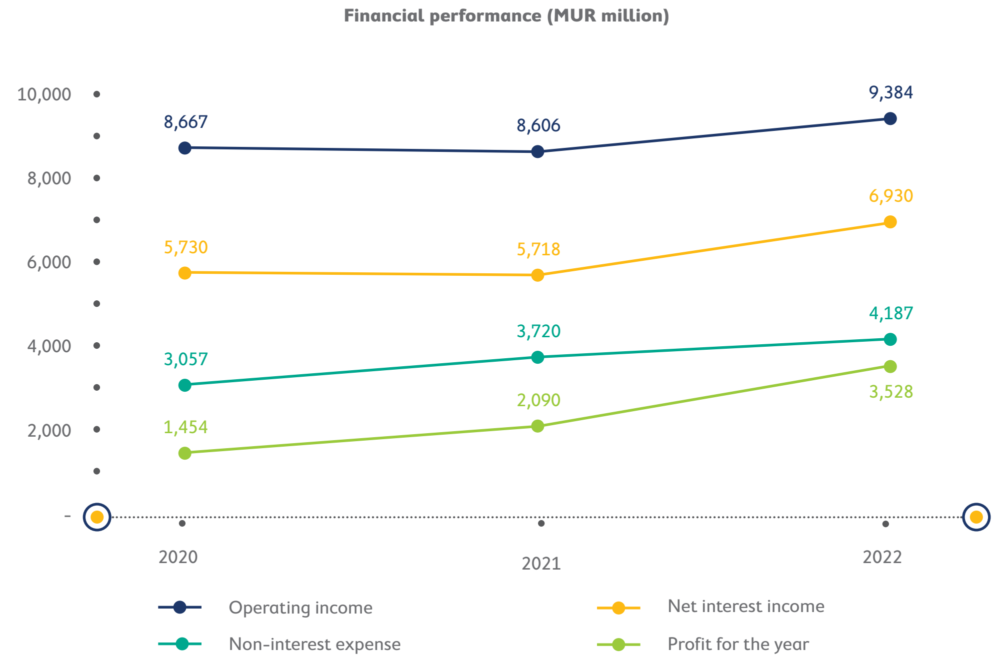
Total deposits from non-bank customers experienced a drop from MUR 241.5 billion as at 31 December 2021 to MUR 236.9 billion as at 31 December 2022 due to an outflow of demand deposits for the corporate Segment B business.

Return on average shareholders' equity increased from 10.4% in FY 2021 to 16.7% for FY 2022.

Segment Performance (cont'd)

Banking Group (cont'd)

SBM Bank (Mauritius) Ltd (cont'd)



The key rate was reviewed five times during FY 2022 from 1.85% in FY 2021 to 4.50% as at the reporting date, and this has helped the bank to increase its net interest income to MUR 6.9 billion for the year under review. This has also been possible with the growth in advances being disbursed by the bank.

Operating income grew by 9.0% to reach MUR 9.4 billion (MUR 8.6 billion in FY 2021) with the main contributors being net interest income and non-interest income mainly on fee and commission, income from card business and net trading income representing gain on sale of securities and gain on dealings in financial instruments and foreign currency dealings.

Non-interest expenses witnessed an increase of MUR 467.1 million for the year ended 31 December 2022 mainly attributable to personnel costs as SBMBM remains focused on investing in its human capital and remains an employer of choice. In line with the introduction of the Finance (Miscellaneous Provisions) Act 2022 in August 2022, the retirement gratuity formula changed from 15/26 to 15/22 for employees working 5-day weeks. Following this amendment, SBMBM has prudently recognised a provision of MUR 126.6 million in respect of residual retirement gratuities for FY 2022.

Total credit loss expenses recognised for FY 2022 amounted to MUR 1.2 billion, which included mostly additional impairment charge for the Segment B impaired book in addition to stage 1 and stage 2 expected credit losses (ECL) provisions. The charge for FY 2022 is significantly lower by MUR 1.2 billion over FY 2021.

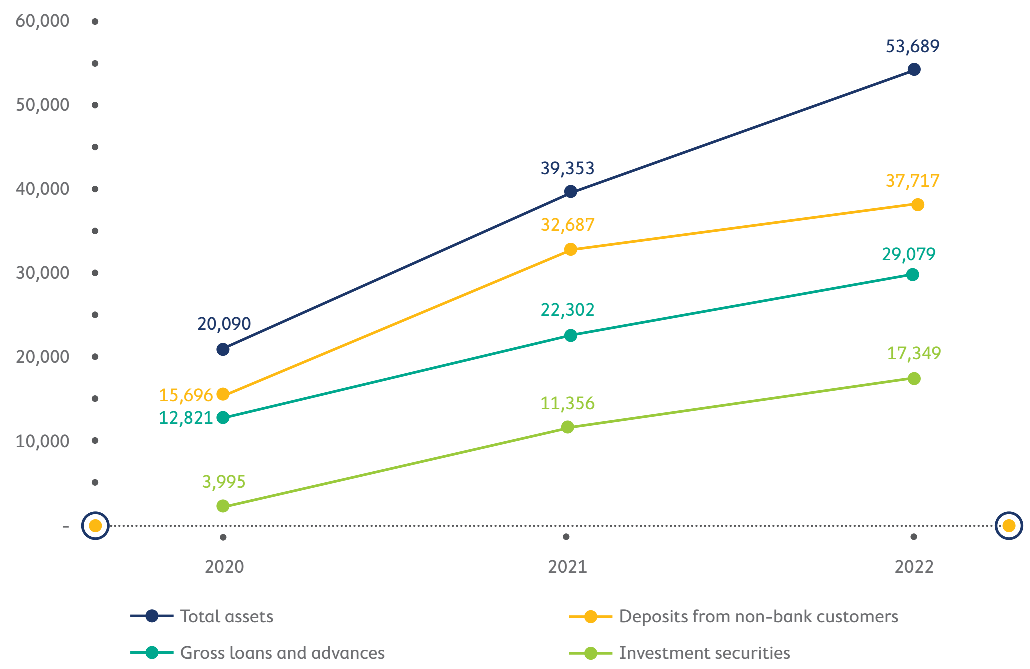
Financial Review (cont'd)

Segment Performance (cont'd)

Banking Group (cont'd)

SBM Bank (India) Limited

Financial position (MUR million)



The 30.4% increase in gross loans and advances depicts the notable expansion of SBMBI during FY 2022.

Investment securities increased by MUR 5,992.4 million, supported by an increase in investment in T-bills and bonds.

Deposits from non-bank customers grew by MUR 5,030.4 million and the funds were redeployed in loans and advances and investment securities.

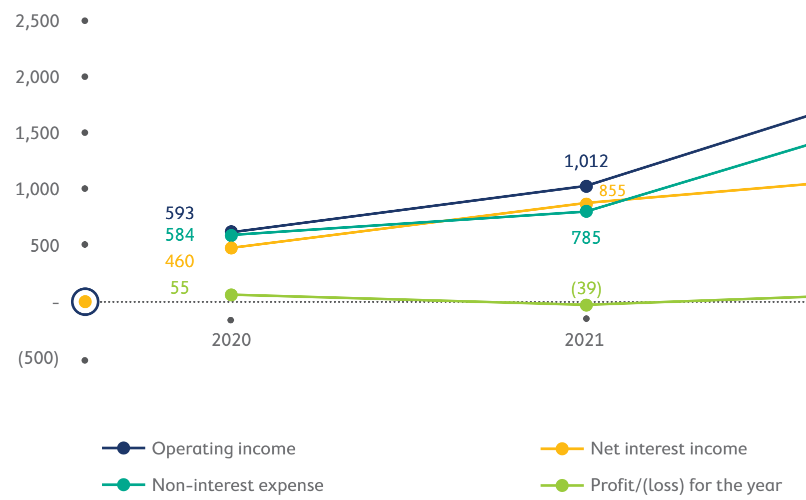
SBMBI registered a year-on-year increase in its total assets to reach MUR 53,689.2 million as at 31 December 2022 (2021: MUR 39,353.1 million).

Segment Performance (cont'd)

Banking Group (cont'd)

SBM Bank (India) Limited (cont'd)

Financial performance (MUR million)



Profit for the year amounted to MUR 73.8 million (2021: loss of MUR 39.3 million).

Net interest income increased by 44.4% on account of higher gross loans and advances which accounted for the lion's share in the increase in operating income.

Non-interest income increased by 287.0% due to increased card business.

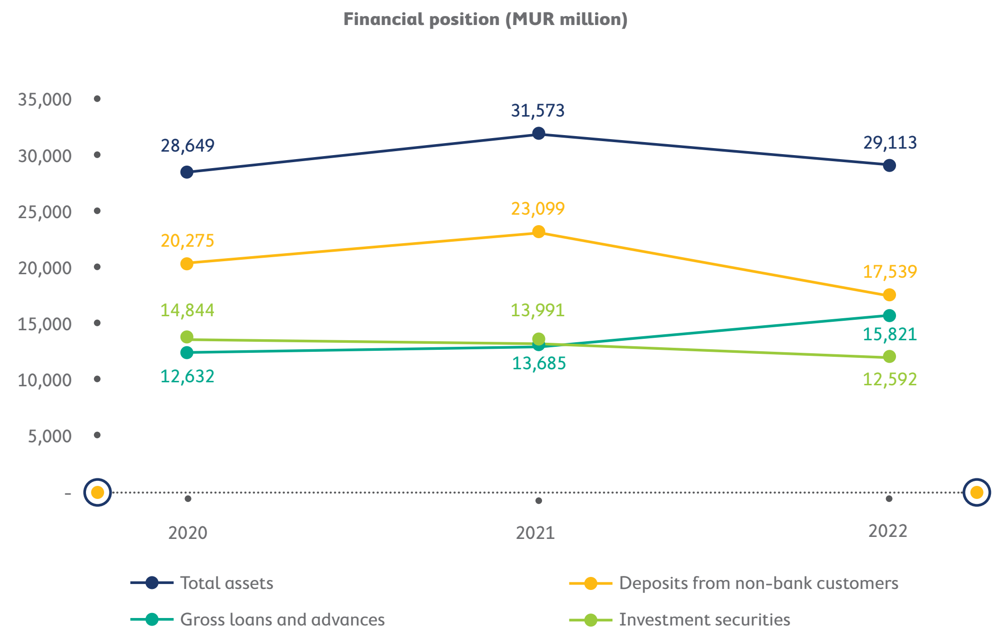
Non-interest expense grew by 104.0% as a result of higher personnel costs and costs associated to higher business volumes.

ECL provision increased in line with the rise in gross loans and advances.

Segment Performance (cont'd)

Banking Group (cont'd)

SBM Bank (Kenya) Limited



SBMBK registered a 15.6% increase in gross loans and advances despite the economic environment remaining difficult whereas investment securities have gone down as part of a strategy to deploy funds to higher yielding assets. There has also been repayment of some liabilities at the level of SBMBK.

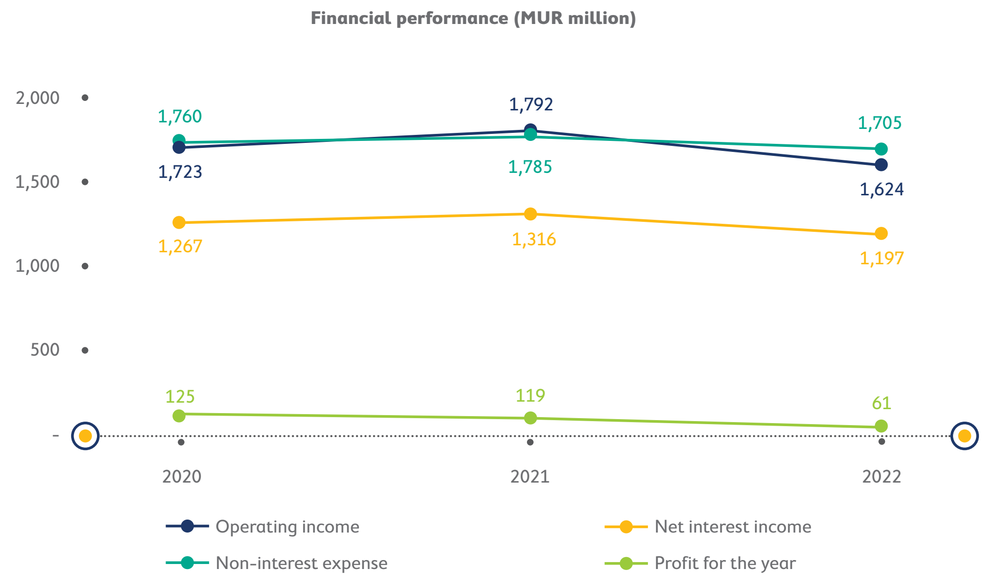
On the other hand, deposits from non-bank customers fell to MUR 17,538.7 million as at 31 December 2022 (2021: MUR 23,098.9 million).

Total assets dropped to MUR 29,113.8 million (2021: MUR 31,572.5 million) as a result of the significant fall in deposits.

Segment Performance (cont'd)

Banking Group (cont'd)

SBM Bank (Kenya) Limited (cont'd)



Net interest income fell by 9.0% which led to a corresponding fall in the entity's operating income. This follows a decrease in customer deposits which were replaced by more expensive funds from the money market.

Non-interest expense declined by MUR 80.0 million due to lower personnel expenses.

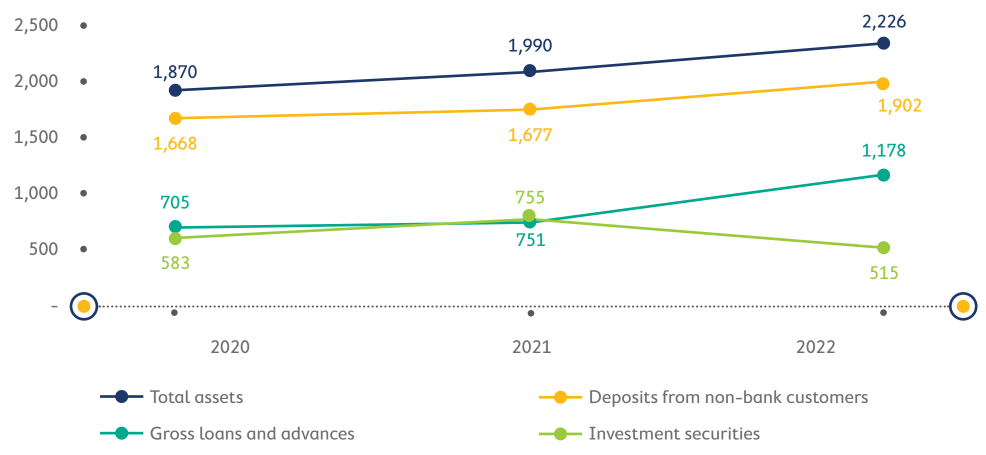
SBMBK registered a profit after tax amounting to MUR 61.0 million for the financial year 2022 (2021: MUR 119.4 million).

Segment Performance (cont'd)

Banking Group (cont'd)

Banque SBM Madagascar SA

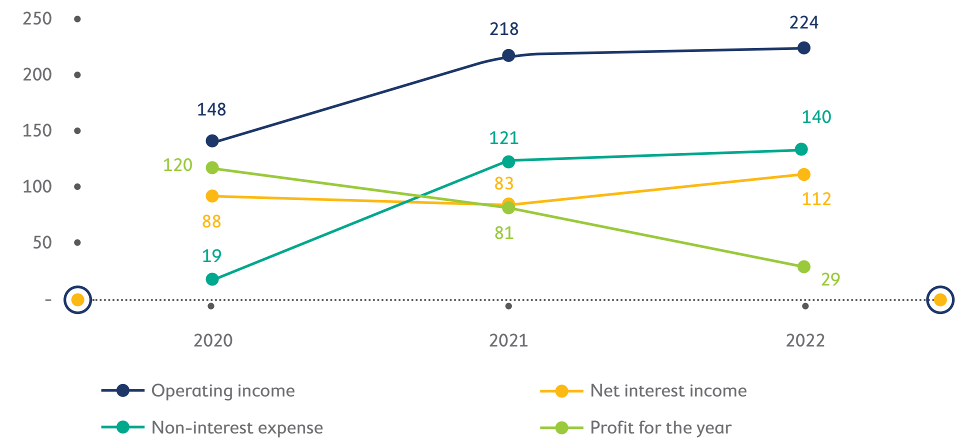
Financial position (MUR million)



BSBMM's loan book grew by 56.9% (mostly import and corporate loans) while it registered a drop in its investment securities as the excess funds were redeployed in higher-yielding advances.

Total assets increased by 11.9% supported by a 13.4% increase in deposits from non-bank customers amounting to MUR 225.2 million.

Financial performance (MUR million)



Segment Performance (cont'd)

Banking Group (cont'd)

Banque SBM Madagascar SA (cont'd)

The growth in loan book resulted in higher net interest income. However, non-interest income was lower on account of lower treasury income and scarcity of foreign currency in the market.

A 14.1% increase in non-interest expense was primarily due to provision accounting for a legal case during FY 2022 and higher personnel costs.

Net impairment charge grew on account of higher specific provision made for a few large clients on a prudent approach.

Against this backdrop, BSBMM ended the financial year with profit amounting to MUR 29.0 million (2021: MUR 80.7 million).

NBFC Group

SBM Non-Banking Financial Cluster (NBFC) registered an increase of 118.9% in its profit after tax, which rose from MUR 181.4 million in FY 2021 to MUR 397.0 million in FY 2022, mainly on account of higher dividend income received from its investments and higher operating income from its subsidiaries. In particular, the capital markets (including trading business) and asset management businesses reported profits after tax of MUR 339.0 million and MUR 31.8 million respectively for the year ended 31 December 2022. Assets under management rose from MUR 13.5 billion as at 31 December 2021 to MUR 14.2 billion as at 31 December 2022, despite the challenging operating environment which dampened returns on investments amidst heightened competition post the outbreak of the COVID-19 pandemic.

SBMH

The entity reported a profit of MUR 1,903.6 million in FY 2022 (2021: loss of MUR 302.5 million) mainly on account of:

- Dividend income of MUR 2,335.0 million received from subsidiaries (2021: MUR 500.0 million) which is eliminated at consolidation
- Lower loss on exchange on the USD subordinated debts amounting to MUR 22.6 million (2021: MUR 340.3 million)
- Higher interest on subordinated debts for the year amounted to MUR 484.8 million (2021: MUR 445.2 million) as a result of increase in Key Rate

Total assets grew by 4.4% to MUR 38.2 billion in FY 2022 mainly led by an increase in the value of investment securities from MUR 6.6 billion in 2021 to MUR 6.8 billion in 2022 and a 5.0% increase in investment in subsidiaries.

Financial Review (cont'd)

Five-year Financial Summary for the Group

	December 2022	December 2021	December 2020	December 2019	December 2018
Key financial highlights (MUR million)					
Profit before credit loss expense	5,517	4,653	5,071	3,529	5,186
Profit before income tax	4,184	2,178	1,313	752	1,727
Profit for the year from continuing operations	3,636	1,737	1,013	35	1,347
Gross loans and advances to non-bank customers	163,451	145,086	135,601	121,456	112,426
Investment securities	151,978	153,427	121,053	100,291	77,347
Total assets	362,341	357,668	288,041	258,118	224,005
Deposits from non-bank customers	293,350	298,581	226,862	199,397	169,384
Shareholders' equity	27,170	26,378	25,196	24,548	24,182
Tier 1 capital	22,770	21,907	20,626	19,945	19,722
Risk-weighted assets (including market and operational risks)	175,429	153,043	148,284	136,016	120,820
Average assets[a]	360,005	322,854	273,080	241,062	209,013
Average shareholders' equity	26,774	25,787	24,872	24,365	24,673
Key financial ratios (%)					
Capital adequacy ratio	19.1	21.4	20.7	22.2	24.9
Tier 1 capital adequacy ratio	13.0	14.3	13.9	14.7	16.3
Return on risk-weighted assets	2.1	1.1	0.7	0.0	1.1
Return on average assets[a]	1.0	0.5	0.4	0.0	0.6
Return on average shareholders' equity[a]	13.6	6.7	4.1	0.1	5.5
Cost to income	59.6	60.6	54.8	63.4	47.7
Provision coverage ratio	71.5	74.3	73.4	69.0	57.6
Gross impaired advances to gross advances	8.9	11.4	13.8	11.7	13.6
Net impaired advances to net advances	2.8	3.3	4.1	4.1	6.4
Credit to deposit ratio	55.7	48.6	59.8	60.9	66.4

Five-year Financial Summary for the Group (cont'd)

	December 2022	December 2021	December 2020	December 2019	December 2018
Share information (based on nominal of 10 cents each)					
Earnings per share (cents)	140.8	67.3	39.2	1.4	52.2
Dividend per share (cents)	20.0	-	-	30.0	30.0
Net asset value per share (MUR)	10.5	10.2	9.7	9.5	9.3
Share price to book value (times)	0.4	0.4	0.4	0.7	0.6
Dividend yield (%)	4.4	-	-	4.7	5.0
Earnings yield (%)	31.3	18.7	10.9	0.2	8.8
Total yield (cents)	20.2	67.0	(284.0)	78.0	(124.0)
Cumulative yield (cents)	906.7	886.5	819.5	1,103.5	1,025.5
Price earnings ratio (times)	3.2	5.4	9.2	470.7	11.4
Dividend cover (times)	7.0	-	-	-	1.7
Market capitalisation (MUR million)	13,577	12,970	10,935	19,561	18,103
Market price per share (MUR)	4.5	4.3	3.6	6.4	6.0
Highest	5.2	6.7	6.7	6.9	8.0
Lowest	4.2	3.1	3.0	5.5	5.9
Average	4.7	4.7	4.2	5.8	7.1
Value of shares trades (MUR million)	1,033	2,018	700	899	987
Value of shares traded as a percentage of market (%)	3.3	0.8	4.5	6.4	7.4
Other key data					
Number of employees	3,115	2,870	2,845	2,717	2,541
Number of employees (Mauritius)	1,822	1,719	1,649	1,663	1,610
Number of employees (overseas)	1,293	1,151	1,196	1,054	931
Number of branches and counters	103	99	103	108	104
Exchange rate (USD : MUR)	43.9	43.6	39.5	36.6	34.3
Exchange rate (INR : MUR)	0.5	0.6	0.5	0.5	0.5
Exchange rate (100 MGA : MUR)	1.0	1.1	1.0	1.0	1.0
Exchange rate (KES : MUR)	0.4	0.4	0.4	0.4	0.3

[a] Averages are calculated using year-end balances

Statement of **Directors' Responsibility**

Independent Auditor's **Report**

Financial **Statements**

"...there's a family bond between SBM and us..."

When we opened the first 'Ah Youn' restaurant in Vacoas in the early 1980s, we also opened an account at SBM Vacoas branch, which is only ten minutes away on foot, to deposit our earnings. We now run three restaurants: two in Vacoas and one in Flic-en-Flac, all managed by family members.

Everyone has at least one account at SBM: my husband, my children (including my two daughters who live in Australia), nephews, nieces, and my seven grandchildren. The reason for this transgenerational loyalty? Simply exceptional service and personal attention. SBM is an integral part of our family.

Pheliche Chung Tip
Owner of Ah Youn Restaurants

Statement of
Directors' Responsibility

For the year ended 31 December 2022

Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of SBM Holdings Ltd (the "Company") and its subsidiaries (collectively the "Group"). In preparing those financial statements, the Directors are required to: ensure that adequate accounting records and an effective system of internal controls and risk management have been maintained; select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; state whether applicable accounting 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 and /or the Company will continue in business. The Directors confirm that they have complied with these requirements in preparing the financial statements.

The external auditors are responsible for reporting on whether the financial statements are fairly presented. The external auditors, Deloitte, have full and free access to the Board of Directors and its Committees to discuss the audit matters arising therefrom, such as their observations on the fairness of financial reporting and the adequacy of internal controls. The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Group and the Company while ensuring that: the financial statements fairly present the state of affairs of the Group and the Company, as at the financial year end, and the results of its operations and cash flow for that period; and they have been prepared in accordance with and comply with International Financial Reporting Standards, the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

The Directors 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. Other main responsibilities of the Directors include the assessment of the Management's performance relative to corporate objectives; overseeing the implementation and upholding of the Code of Corporate Governance and ensuring timely and comprehensive communication to all stakeholders on events significant to the Group and the Company.

The Board of SBM Holdings Ltd, recognising that the Group and the Company, as a financial organisation, encountering risk in every aspect of its business, has put in place the necessary committees to manage such risks. The Board, whilst approving risk strategy, appetite and policies, has delegated the formulation thereof and the monitoring of their implementation to the Risk Management Committee.

The structures, processes and methods through which the Board gains assurance that risk is effectively managed, are fully described in the Risk Management Report.

Signed on behalf of the Board.

Abdul Sattar Adam Ali Mamode HAJEE ABDOULA
Chairman

Dr. Subhas THECKA
Chairman, Audit Committee

29 March 2023

Deloitte.

Independent Auditor's Report to the Shareholders of SBM Holdings Ltd

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Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of SBM Holdings Ltd (the "Company" and the "Public Interest Entity") and its subsidiaries (the "Group") set out on pages 189 to 328, which comprise the consolidated and separate statements of financial position as at 31 December 2022, and the consolidated and separate statements of profit or loss, consolidated and separate statements of other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2022, and of their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standard Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters described below relate to the consolidated financial statements and no key audit matter was identified on the separate financial statements.

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Key audit matters (cont'd)

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit losses - Credit impaired assets	
Provision for expected credit losses on credit-impaired loans and advances to non-bank customers and memorandum items at 31 December 2022 amount to MUR 10,395 million and the charge to profit or loss for the year amount to MUR 958 million. The use of assumptions for the measurement of provision for expected credit losses is subjective due to the level of judgement applied by Management. Changes in the assumptions and the methodology applied may have a major impact on the measurement of allowance for credit impairment. The details of allowance for credit impairment on loans and advances to non-bank customers and memorandum items are disclosed in Notes 8(c), 22 and 32 to the consolidated and separate financial statements. The most significant judgements/matters are: - whether impairment events have occurred; - valuation of collateral and future cash flows; and - management judgements and assumptions used Due to the significance of the judgements applied in the identification of credit-impaired facilities and determination of the provision for expected credit losses, this item is considered as a key audit matter.	Our audit procedures included amongst others: • Obtaining audit evidence in respect of key controls over the processes for identification of impairment events, impaired assets and impairment assessment; • Inspecting the minutes of Impaired Advances Review Forum, Management Credit Forum, Board Risk Committee and Board to ensure that there are governance controls in place in relation to assessment of allowance for credit impairment; • Challenging the methodologies applied by using our industry knowledge and experience; • Obtaining audit evidence of management judgements and assumptions, especially focusing on the consistency of the approach; • Performing a risk-based test of loans and advances to customers to ensure timely identification of impairment; • Testing the accuracy and completeness of allowance for credit impairment by reperformance; and • Assessing whether the disclosures are in accordance with the requirements of IFRS 9.

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Independent Auditor's Report to
the Shareholders of SBM Holdings Ltd (cont'd)

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Key audit matters (cont'd)

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit losses - Financial assets which are not credit impaired	
IFRS 9 requires the Group to recognise expected credit losses ('ECL') on financial instruments, which involves significant judgements and estimates. The key areas where we identified greater levels of management judgements and estimates and therefore increased levels of audit focus in the application of IFRS 9 are: • Model estimations - the Group has used statistical models to estimate ECLs depending on type of portfolio which involves determining Probabilities of Default ('PD'), Loss Given Default ('LGD'), and Exposures at Default ('EAD'). The PD and LGD models used in the loan portfolios are the key drivers of the ECL results and are therefore the most significant areas of judgements and estimates used in the ECL modelling approach. • Determining the criteria for significant increase in credit risk ('SICR') and identifying SICR - These criteria are highly judgemental and can impact the ECL materially where facilities have maturity of greater than 12 months. • Macro-Economic Forecasts - IFRS 9 requires to measure ECLs on a forward-looking basis using the most appropriate macro-economic forecasts. The macroeconomic forecasts are estimates of future economic conditions. • Economic scenarios - the Group has used a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weightings applied, especially when considering the current uncertain global economic environment. • Qualitative adjustments - Adjustments to the model-driven ECL results are accounted by management to address known impairment model limitations or emerging trends. Such adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts. Due to the significance of the judgements applied in the identification of credit-impaired facilities and determination of the provision for expected credit losses, this item is considered as a key audit matter. The ECL movement on financial assets recognised in profit or loss is disclosed in Note 32 and the details of the policies and processes followed for the determination of ECL are disclosed in Note 38 to the financial statements.	Our audit procedures included amongst others: • Testing of the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs, and significant judgements, estimates and assumptions used in the models; • Evaluating controls over model monitoring and validation; • Using specialist team in performing certain procedures in relation to model validation; • Verifying the historical data used in determination of PD in the models; • Reviewing the criteria for staging of credit exposures and ensure these are in line with the requirements of IFRS 9 including any backstops used in the methodology; • Assessing the appropriateness of the macro- economic forecasts used; • Assessing the reasonableness of the qualitative adjustments applied by management for events not captured by the ECL models; • Independently assess probability of default, loss given default and exposure at default assumptions; • Testing the accuracy and completeness of ECL by reperformance; and • Assessing whether the disclosures are in accordance with the requirements of IFRS 9.

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Other information

The Directors are responsible for the other information. The other information, which we obtained prior to the date of this auditor's report, comprises the Statement of Directors' Responsibility, Financial Review and the Corporate Governance Report, but, does not include the consolidated and separate financial statements and our auditor's report thereon. The other information which is expected to be made available to us after that date comprises the following: Chairman's Letter, Message from the Group CEO, About this Report, Corporate Profile, Risk Management Report and Delivering on our Strategy.

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 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, 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 on the reports obtained prior to the date of this auditor's report. When we read the other information expected to be available after the auditor's report date, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Directors for the consolidated and separate financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, and in compliance with the requirements of the Mauritius Companies Act 2001, and the Financial Reporting Act 2004 and they are also responsible for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and/or Company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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Auditor's responsibilities for the audit of the consolidated and separate financial statements (cont'd)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless laws 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

Mauritius Companies Act 2001

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interest in, the Company and its subsidiaries other than in our capacities as auditor and tax advisor;

- we have obtained all information and explanations that we have required; and

- in our opinion, proper accounting records have been kept by the Group and the Company as far as appears from our examination of those records.

Financial Reporting Act 2004 – Corporate Governance Report

Our responsibility under the Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance 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 Public Interest Entity has, pursuant to section 75 of the Financial Reporting Act 2004, complied with the requirements of the Code.

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Independent Auditor's Report to the Shareholders of SBM Holdings Ltd (cont'd)

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Use of this report

This report is made solely to the Company's shareholders, as a body, in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte
Chartered Accountants

29 March 2023

LLK Ah Hee, FCCA
Licensed by FRC

Statements of Financial Position

as at 31 December 2022

		THE GROUP			THE COMPANY		
	Notes	**31 December 2022**	31 December 2021	31 December 2020	**31 December 2022**	31 December 2021	31 December 2020
		MUR' 000	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000	MUR' 000
ASSETS							
Cash and cash equivalents	5	**30,275,037**	47,636,821	21,577,245	**28,219**	90,055	304,473
Mandatory balances with central banks		**15,723,438**	13,645,545	11,290,363	**-**	-	-
Loans to and placements with banks	6	**1,221,415**	837,970	3,130,387	**-**	-	-
Derivative financial instruments	7	**1,205,168**	784,250	809,211	**-**	-	-
Loans and advances to non-bank customers	8	**149,994,543**	130,393,807	119,857,873	**-**	-	-
Investment securities	9(a)	**151,977,933**	153,426,747	121,053,397	**6,839,138**	6,559,193	7,005,132
Investment in subsidiaries	9(b)	**-**	-	-	**31,300,001**	29,800,721	29,523,743
Property and equipment	10(a)	**3,656,696**	3,585,755	3,196,095	**3,116**	1,110	2,194
Right of use assets	10(b)(i)	**867,749**	728,417	804,780	**-**	-	-
Intangible assets	11	**1,752,989**	1,963,123	2,296,694	**335**	609	883
Deferred tax assets	17 (d)	**1,265,176**	1,087,074	806,110	**-**	-	-
Other assets	12	**4,401,241**	3,578,472	3,218,451	**62,533**	150,966	49,719
Total assets		**362,341,385**	357,667,981	288,040,606	**38,233,342**	36,602,654	36,886,144
LIABILITIES							
Deposits from banks	14	**3,802,908**	2,770,002	1,403,315	**-**	-	-
Deposits from non-bank customers	15	**293,350,435**	298,580,858	226,862,221	**-**	-	-
Other borrowed funds	16	**15,489,470**	9,512,912	15,017,177	**-**	-	-
Derivative financial instruments	7	**905,317**	759,896	1,279,984	**-**	-	41,524
Lease liabilities	10(b)(ii)	**888,617**	740,902	804,407	**-**	-	-
Current tax liabilities	17 (a)	**478,499**	314,671	260,225	**1,385**	4,140	-
Pension liability	13	**569,093**	410,183	743,807	**10,096**	5,143	6,914
Other liabilities	18	**9,070,915**	8,322,917	6,330,356	**65,362**	163,001	211,206
Subordinated debts	19	**10,616,492**	9,877,346	10,142,786	**9,916,536**	9,877,346	10,142,786
Total liabilities		**335,171,746**	331,289,687	262,844,278	**9,993,379**	10,049,630	10,402,430
SHAREHOLDERS' EQUITY							
Stated capital	20	**32,500,204**	32,500,204	32,500,204	**32,500,204**	32,500,204	32,500,204
Retained earnings		**5,909,389**	2,807,788	893,576	**1,362,238**	(26,698)	271,474
Other reserves		**(6,364,923)**	(4,054,667)	(3,322,421)	**(747,448)**	(1,045,451)	(1,412,933)
		32,044,670	31,253,325	30,071,359	**33,114,994**	31,428,055	31,358,745
Treasury shares	20	**(4,875,031)**	(4,875,031)	(4,875,031)	**(4,875,031)**	(4,875,031)	(4,875,031)
Total equity attributable to equity holders of the parent		**27,169,639**	26,378,294	25,196,328	**28,239,963**	26,553,024	26,483,714
Total equity and liabilities		**362,341,385**	357,667,981	288,040,606	**38,233,342**	36,602,654	36,886,144

Approved by the Board of Directors and authorised for issue on 29 March 2023.

Abdul Sattar Adam Ali Mamode HAJEE ABDOULA
Chairman

Dr. Subhas THECKA
Chairman, Audit Committee

The notes on page 195 to 328 form an integral part of these financial statements.

Statements of **Profit or Loss**

For the year ended 31 December 2022

	Notes	THE GROUP **31 December 2022**	THE GROUP 31 December 2021	THE GROUP 31 December 2020	THE COMPANY **31 December 2022**	THE COMPANY 31 December 2021	THE COMPANY 31 December 2020
		MUR' 000	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000	MUR' 000
Continuing Operations							
Interest income using the effective interest method		**14,632,440**	11,722,105	11,054,390	**9,289**	70,976	52,286
Other interest income		**186,826**	135,483	202,013	**-**	-	-
Interest expense using the effective interest method		**(5,431,794)**	(3,921,301)	(3,625,431)	**(484,779)**	(445,205)	(444,508)
Other interest expense		**(465,252)**	(395,716)	(434,831)	**-**	(30,575)	(50,728)
Net interest income/(expense)	25	**8,922,220**	7,540,571	7,196,141	**(475,490)**	(404,804)	(442,950)
Fee and commission income		**2,395,957**	1,763,384	1,451,371	**-**	-	-
Fee and commission expense		**(101,796)**	(79,610)	(57,312)	**-**	-	(13)
Net fee and commission income/(expense)	26	**2,294,161**	1,683,774	1,394,059	**-**	-	(13)
Other income							
Net trading income	27	**2,083,870**	1,491,013	1,051,394	**-**	-	-
Net gains/(losses) from financial assets at fair value through profit or loss	28 (a)	**8,629**	207,999	(45,669)	**33,166**	124,103	376,448
Net gains on derecognition of financial assets measured at amortised cost	28 (b)	**11,382**	5,890	180,325	**11,382**	5,890	2,372
Net gains on derecognition of financial assets measured at fair value through other comprehensive income	28 (c)	**94,968**	720,847	1,245,740	**-**	-	-
Other operating income	29	**238,594**	145,056	199,571	**2,483,941**	628,274	274,467
Non-interest income		**4,731,604**	4,254,579	4,025,420	**2,528,489**	758,267	653,274
Total operating income		**13,653,824**	11,795,150	11,221,561	**2,052,999**	353,463	210,324
Personnel expenses	30	**(3,862,272)**	(3,389,361)	(2,842,316)	**(77,562)**	(107,496)	(56,026)
Depreciation of property and equipment	10(a)	**(322,017)**	(288,042)	(290,350)	**(273)**	(969)	(1,671)
Depreciation of right of use assets	10(b)	**(237,472)**	(212,381)	(183,480)	**-**	-	-
Amortisation of intangible assets	11	**(495,319)**	(488,986)	(575,386)	**(274)**	(274)	(274)
Other expenses	31	**(3,219,963)**	(2,763,180)	(2,259,397)	**(54,639)**	(413,866)	(529,904)
Impairment of investment in subsidiary	9(b)	**-**	-	-	**(14,366)**	(130,000)	(124,000)
Non-interest expense		**(8,137,043)**	(7,141,950)	(6,150,929)	**(147,114)**	(652,605)	(711,875)
Profit/(loss) before credit loss expense		**5,516,781**	4,653,200	5,070,632	**1,905,885**	(299,142)	(501,551)
Credit loss on financial assets and memorandum items	32	**(1,332,743)**	(2,474,893)	(3,757,402)	**(45)**	764	(217)
Profit/(loss) before income tax		**4,184,038**	2,178,307	1,313,230	**1,905,840**	(298,378)	(501,768)
Tax (expense)/credit	17 (b)	**(548,377)**	(441,319)	(300,126)	**(2,189)**	(4,140)	336
Profit/(loss) for the year from continuing operations		**3,635,661**	1,736,988	1,013,104	**1,903,651**	(302,518)	(501,432)
Discontinued operations							
Profit for the year from discontinued operations	40	**-**	1,881	7,906	**-**	-	-
Profit/(loss) for the year attributable to equity holders of the parent		**3,635,661**	1,738,869	1,021,010	**1,903,651**	(302,518)	(501,432)
Earnings per share:							
From continuing operations							
Basic (cents)	33	**140.8**	67.3	39.2			
Diluted (cents)	33	**140.8**	67.3	39.2			
From continuing and discontinued operations							
Basic (cents)	33	**140.8**	67.4	39.5			
Diluted (cents)	33	**140.8**	67.4	39.5			

The notes on pages 195 to 328 form an integral part of these financial statements.

Statements of **Other Comprehensive Income**

For the year ended 31 December 2022

	Notes	THE GROUP **31 December 2022**	THE GROUP 31 December 2021	THE GROUP 31 December 2020	THE COMPANY **31 December 2022**	THE COMPANY 31 December 2021	THE COMPANY 31 December 2020
		MUR' 000	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000	MUR' 000
Profit/(loss) for the year		**3,635,661**	1,738,869	1,021,010	**1,903,651**	(302,518)	(501,432)
Other comprehensive income :							
Items that will not be reclassified subsequently to profit or loss:							
Increase in revaluation of property	10(a)	**-**	-	754	**-**	-	-
Remeasurement of defined benefit pension plan	13	**(20,693)**	377,899	(747,337)	**1,643**	4,346	(7,291)
Deferred tax on remeasurement of defined benefit pension plan	17 (d)	**1,662**	(25,667)	51,409	**-**	-	-
Net gain/(loss) on equity instruments designated at FVTOCI		**289,862**	216,072	(872,410)	**298,708**	368,055	(591,373)
		270,831	568,304	(1,567,584)	**300,351**	372,401	(598,664)
Items that may be reclassified subsequently to profit or loss:							
Exchange differences on translation of foreign operations	37	**(598,644)**	518,515	88,906	**-**	-	-
Recycling of reserves on derecognition of investment in associate		**-**	-	24,166	**-**	-	-
Reclassification of translation reserve to profit or loss on deconsolidation of subsidiary		**-**	(44,423)	-	**-**	-	-
Investment securities measured at FVTOCI (debt instrument)							
- Movement in fair value during the year		**(1,872,049)**	(884,966)	2,326,976	**(705)**	(573)	258
- Relassification of gains included in profit or loss on derecognition		**(94,968)**	(720,847)	(1,245,740)	-	-	-
- Movement in credit loss expense relating to debt instruments held at FVTOCI		**(33,128)**	6,514	474	**-**	-	-
		(2,598,789)	(1,125,207)	1,194,782	**(705)**	(573)	258
Total other comprehensive (loss)/ income attributable to equity holders of the parent		**(2,327,958)**	(556,903)	(372,802)	**299,646**	371,828	(598,406)
Total comprehensive income/ (loss) for the year attributable to equity holders of the parent		**1,307,703**	1,181,966	648,208	**2,203,297**	69,310	(1,099,838)

The notes on pages 195 to 328 form an integral part of these financial statements.

Statements of Changes in Equity

For the year ended 31 December 2022

The Group	Note	Stated capital	Treasury shares	Statutory reserve	Retained earnings	Net property revaluation reserve	Other reserves*	Total equity
		MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
At 01 January 2020		32,500,204	(4,875,031)	687,074	1,114,355	383,615	(5,262,097)	24,548,120
Profit for the year		-	-	-	1,021,010	-	-	1,021,010
Other comprehensive (loss)/income for the year		-	-	-	(695,928)	754	322,372	(372,802)
Total comprehensive income for the year		-	-	-	325,082	754	322,372	648,208
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 reserves		-	-	-	(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 year		-	-	-	1,738,869	-	-	1,738,869
Other comprehensive income/(loss) for the year		-	-	-	352,232	-	(909,135)	(556,903)
Total comprehensive income/(loss) for the year		-	-	-	2,091,101	-	(909,135)	1,181,966
Reclassification between reserves		-	-	-	38	(303)	265	-
Transfer from retained earnings to statutory reserve		-	-	108,303	(108,303)	-	-	-
Revaluation surplus realised on depreciation		-	-	-	51,960	(51,960)	-	-
Transfer from retained earnings to other reserves		-	-	-	(120,584)	-	120,584	-
At 31 December 2021		32,500,204	(4,875,031)	802,086	2,807,788	280,886	(5,137,639)	26,378,294
At 01 January 2022		**32,500,204**	**(4,875,031)**	**802,086**	**2,807,788**	**280,886**	**(5,137,639)**	**26,378,294**
Profit for the year		**-**	**-**	**-**	**3,635,661**	**-**	**-**	**3,635,661**
Other comprehensive loss for the year		**-**	**-**	**-**	**(19,031)**	**-**	**(2,308,927)**	**(2,327,958)**
Total comprehensive income/(loss) for the year		**-**	**-**	**-**	**3,616,630**	**-**	**(2,308,927)**	**1,307,703**
Reclassification between reserves		**-**	**-**	**(100,408)**	**143,169**	**44,441**	**(87,202)**	**-**
Transfer from retained earnings to statutory reserve		**-**	**-**	**33,582**	**(33,582)**	**-**	**-**	**-**
Revaluation surplus realised on depreciation		**-**	**-**	**-**	**51,468**	**(51,468)**	**-**	**-**
Transfer from retained earnings to other reserves		**-**	**-**	**-**	**(159,726)**	**-**	**159,726**	**-**
Dividend	21	**-**	**-**	**-**	**(516,358)**	**-**	**-**	**(516,358)**
At 31 December 2022		**32,500,204**	**(4,875,031)**	**735,260**	**5,909,389**	**273,859**	**(7,374,042)**	**27,169,639**

*Other reserves comprise of net unrealised investment fair value reserve, net translation reserve, other reserve, earnings reserve and restructure reserve (Note 37).

The notes on pages 195 to 328 form an integral part of these financial statements.

Statements of Changes in Equity

For the year ended 31 December 2022

The Company	Note	Stated capital	Treasury shares	Retained earnings	Net unrealised investment fair value reserve	Total equity
		MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
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		-	-	(7,291)	(591,115)	(598,406)
Total comprehensive loss for the year		-	-	(508,723)	(591,115)	(1,099,838)
At 31 December 2020		32,500,204	(4,875,031)	271,474	(1,412,933)	26,483,714
At 01 January 2021		32,500,204	(4,875,031)	271,474	(1,412,933)	26,483,714
Loss for the year		-	-	(302,518)	-	(302,518)
Other comprehensive income for the year		-	-	4,346	367,482	371,828
Total comprehensive (loss)/income for the year		-	-	(298,172)	367,482	69,310
At 31 December 2021		32,500,204	(4,875,031)	(26,698)	(1,045,451)	26,553,024
At 01 January 2022		**32,500,204**	**(4,875,031)**	**(26,698)**	**(1,045,451)**	**26,553,024**
Profit for the year		**-**	**-**	**1,903,651**	**-**	**1,903,651**
Other comprehensive income for the year		**-**	**-**	**1,643**	**298,003**	**299,646**
Total comprehensive income for the year		**-**	**-**	**1,905,294**	**298,003**	**2,203,297**
Dividend	21	**-**	**-**	**(516,358)**	**-**	**(516,358)**
At 31 December 2022		**32,500,204**	**(4,875,031)**	**1,362,238**	**(747,448)**	**28,239,963**

The notes on pages 195 to 328 form an integral part of these financial statements.

Statements of Cash Flows

For the year ended 31 December 2022

	Notes	THE GROUP			THE COMPANY		
		31 December 2022	31 December 2021	31 December 2020	**31 December 2022**	31 December 2021	31 December 2020
		MUR' 000	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000	MUR' 000
Net cash (used in)/generated from operating activities	34	**(22,762,016)**	32,998,248	2,191,684	**(790,831)**	215,998	(400,801)
Investing activities							
Acquisition of property and equipment	10(a)	**(421,883)**	(646,499)	(224,068)	**(2,279)**	(968)	-
Acquisition of intangible assets	11	**(314,941)**	(154,908)	(153,549)	**-**	-	-
Disposal of property and equipment		**(5,947)**	-	60,897	**-**	1,083	-
Investment in subsidiaries		**-**	-	-	**(1,200,000)**	(406,977)	(97,825)
Repayment of capital contribution from subsidiaries	9(b)	**-**	-	-	**-**	-	350,000
Dividend received	29	**206,563**	139,699	133,255	**2,447,632**	552,345	274,467
Net cash (used in)/generated from investing activities		**(536,208)**	(661,708)	(183,465)	**1,245,353**	145,483	526,642
Financing activities							
Increase/(decrease) in other borrowed funds	19	**5,976,557**	(5,504,265)	1,644,145	-	-	-
Repayment of subordinated debts		-	(2,575,899)	-	-	(2,575,899)	-
Proceeds from subordinated debts raised		**735,949**	2,060,093	-	-	2,000,000	-
Dividend paid on ordinary shares	21	**(516,358)**	-	-	**(516,358)**	-	-
Payment of principal portion of lease liabilities	19	**(266,299)**	(251,285)	(261,344)	**-**	-	-
Net cash generated from/(used in) financing activities		**5,929,849**	(6,271,356)	1,382,801	**(516,358)**	(575,899)	-
Net change in cash and cash equivalents		**(17,368,375)**	26,065,184	3,391,020	**(61,836)**	(214,418)	125,841
Expected credit loss allowance on cash and cash equivalents		**6,591**	(5,608)	5,099	-	-	-
Cash and cash equivalents at start of year		**47,636,821**	21,577,245	18,181,126	**90,055**	304,473	178,632
Cash and cash equivalents at end of year	5	**30,275,037**	47,636,821	21,577,245	**28,219**	90,055	304,473

The notes on pages 195 to 328 form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2022

1. GENERAL INFORMATION

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

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

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

2. APPLICATION OF NEW AND REVISED STANDARD AND INTERPRETATION (IFRS)

In the current year, the Group and the Company have applied all of the new and revised Standard and Interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to their operations and effective for accounting periods beginning on 01 January 2022.

(a) New and revised IFRSs and IFRICs

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

IAS 16 Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received

IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous

IFRS 9 Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018 - 2020 (fees in the '10 per cent' test for derecognitionof financial liabilities)

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

At the date of authorisation of these financial statements, the following relevant standards were in issue but effective on annual periods beginning on or after the respective dates as indicated.

IAS 1 Presentation of Financial Statements - Amendments regarding classification of liabilities (Amendments effective 01 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)

IFRS 16 Leases - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions (effective 01 January 2024)

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared on the historical cost basis, except for certain property and equipment measured at revalued amounts and derivative and financial instruments that are measured at fair value as explained in the accounting policies.

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

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

Going concern

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

(b) Statement of compliance

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

(c) Presentation of financial statements

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

(d) Basis of consolidation

The financial statements include the financial statements of SBM Holdings Ltd and its subsidiaries as at 31 December 2022 and with comparatives of 2021 and 2020.

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

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

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

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

Notes to the
Financial Statements
For the year ended 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Basis of consolidation (cont'd)

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

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

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group.

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

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

(e) Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.

(f) Foreign currency translation

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

(i) Transactions denominated in foreign currency are converted at the rate prevailing at the date of the transactions.

(ii) Monetary assets and liabilities denominated in foreign currency at the reporting date are translated into Mauritian Rupees at the rates of exchange prevailing at that date.

(iii) Non-monetary assets and liabilities denominated in foreign currency are reported using the exchange rates at the date of the transactions, if carried at cost, or the exchange rates that existed when the fair values were determined, if carried at fair value.

(iv) Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the statements of profit or loss and other comprehensive income ('OCI') for the year. When a gain or loss on a non-monetary item is recognised in equity, any exchange component of that gain or loss shall be recognised in equity. Conversely, when a gain or loss on a non-monetary item is recognised in the statements of profit or loss and other comprehensive income, any exchange component of that gain or loss shall be recognised in the statements of profit or loss and other comprehensive income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Foreign currency translation (cont'd)

(v) Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at closing rate. Exchange differences arising are recognised in other comprehensive income.

(vi) On consolidation, the assets and liabilities of foreign operations are translated into Mauritian Rupee at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in Other Comprehensive Income. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

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

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

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

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);

- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Financial assets

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

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

- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income (FVTOCI); and

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Financial instruments (cont'd)

***Financial assets** (cont'd)*

- all other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

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

- the entity may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, in OCI; and

- the entity may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

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

Debt instruments measured at amortised cost or at FVTOCI

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

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

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

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

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

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

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and

- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Group determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Group reassesses their 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) 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 instrument that the entity manages together and has evidence of a recent actual pattern of short-term profit taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

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

Cash and cash equivalents

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

Reclassifications

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

Foreign exchange gains and losses

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Financial instruments (cont'd)

Financial guarantees

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

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

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

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

Impairment of financial assets

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

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

No impairment loss is recognised on equity investments designated at FVTOCI.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instruments that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instruments (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL. More details on the determination of 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 entity expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

For undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the entity if the holder of the commitment draws down the loan and the cash flows that the entity expects to receive if the loan is drawn down.

The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the entity expects to receive from the holder, the debtor or any other party.

More information on measurement of ECLs is provided in Note 38.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Financial instruments (cont'd)

Credit impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets.

Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event - instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Group considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a backstop if amounts are overdue for 90 days or more.

The Group does not have purchased or originated credit impaired financial assets.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk (see Note 38).

The Group considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Group; or
- the borrower is unlikely to pay its credit obligations to the Group in full.

This definition of default is used by the Group for accounting purposes as well as for internal credit risk management purposes and is broadly aligned to the regulatory definition of default. The definition of default is appropriately tailored to reflect different characteristics of different types of assets. Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding. When assessing if the borrower is unlikely to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis.

The Group uses a variety of sources of information to assess default which are either developed internally or obtained from external sources. More details are provided in Note 38. As noted in the definition of credit impaired financial assets above, default is evidence that an asset is credit impaired. Therefore credit impaired assets will include defaulted assets, but will also include other non-defaulted asset given the definition of credit impaired is broader than the definition of default.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Financial instruments (cont'd)

Significant increase in credit risk (SICR)

The Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

The Group's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

For corporate lending, forward-looking information includes the future prospects of the industries in which the Group's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information. For retail lending, forward-looking information includes the same economic forecasts as corporate lending with additional forecasts of local economic indicators, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment behaviour.

The Group allocates their counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

- the remaining lifetime PD at the reporting date with
- the remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

The PDs used are forward-looking and the Group uses the same methodologies and data used to measure the loss allowance for ECL.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However, the Group still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending, there is particular focus on assets that are included on a 'watch list' given an exposure is on a watch list once there is concern that the creditworthiness of the specific counterparty has deteriorated. For retail lending, the Group considers the expectation of forbearance and payment holidays, credit scores and events such as unemployment, bankruptcy, sale of assets.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when an asset becomes 30 days past due, the Group considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL. In addition, loans that are individually assessed and are included on a watch list are in stage 2 of the impairment model. As noted, if there is evidence of credit impairment, the assets are moved to stage 3 of the impairment model.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) 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 affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Group renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness), change in interest rates and amendments to covenants. The Group has a forbearance policy in place to cater for requests for restructuring of debts. When a financial asset is modified, the Group assesses whether this modification results in derecognition. In accordance with the Group's policy, a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms, the Group considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or when rights to cash flows between the original counterparties expire because a new debtor replaces the original debtor (unless both debtors are under common control), the extent of change in interest rates, and maturity. If these do not clearly indicate a substantial modification, then;

- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest rate. If the difference in present value is greater than 10% the Group deems the arrangement is substantially different leading to derecognition. When performing a quantitative assessment of a modification or renegotiation of a credit-impaired financial asset or a purchased or originated credit-impaired financial asset that was subject to a write-off, the Group considers the expected (rather than the contractual) cash flows before modification or renegotiation and compares those with the contractual cash flows after modification or renegotiation.

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 entity 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 Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the entity determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with

- the remaining lifetime PD at the reporting date based on the modified terms.

Notes to the
Financial Statements
For the year ended 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Financial instruments (cont'd)

Modification and derecognition of financial assets (cont'd)

For financial assets modified as part of the forbearance policy, where modification did not result in derecognition, the estimate of PD reflects the ability to collect the modified cash flows taking into account the previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. If a forborne loan is credit impaired due to the existence of evidence of credit impairment (see above), the Group performs an ongoing assessment to ascertain if the problems of the exposure are cured, to determine if the loan is no longer credit-impaired. The loss allowance on 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 Group calculates the modification loss by comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Modification losses for financial assets are included in the profit or loss account. Then the Group measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Group derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continue to control the transferred asset, the Group recognises their retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss. On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer.

The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

Write-off

Loans and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains, which will be presented in 'credit loss on financial assets and memorandum items' in the statement of profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Financial instruments (cont'd)

Presentation of allowance for ECL in the statements of financial position

Loss allowances for ECLs are presented in the statements of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in the statements of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the fair value reserve; and
- for loan commitments and financial guarantee contracts: as a provision where a financial instrument includes both a drawn and an undrawn component, and the entity cannot identify the ECL on the loan commitment component separately from those on the drawn component: the entity presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

Financial liabilities and equity

Debt and equity instruments that are issued are classified as either the financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group is recognised at the proceeds received, net of direct issue costs. Ordinary shares are classified as equity. Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Ordinary shares are classified as equity.

Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group or a contract that will or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group are or may be obliged to deliver a variable number of their own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.

Financial liabilities include deposits from banks and non banks customers, due to Groups and other borrowed funds, and other liabilities and are initially measured at fair value, net of transaction costs. These financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial liabilities measured at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains/losses arising on remeasurement recognised in profit or loss. The net gain/loss recognised in profit or loss incorporates any interest paid on the financial liability.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Financial instruments (cont'd)

Derecognition and modification of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. When the entity exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the entity accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. To determine if the modified terms, of a liability are substantially different to the original terms a similar process with modification of financial assets is followed. The modification is assessed at first on a qualitative basis, factors such as a change in currency or the introduction of a non-closely related embedded derivative that significantly modifies the cash flows are regarded as substantially different.

If it is not clear from the qualitative assessment that a modification has resulted in a substantial change in a financial liability, a quantitative assessment is applied. It is assumed that the terms of the financial liability are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the Group recalculates the amortised cost of the modified financial liability by discounting the modified contractual cash flows using the original effective interest rate. The Group recognises any adjustment to the amortised cost of the financial liability in profit or loss as income or expense at the date of the modification. The financial liability modification gain/loss is not significant for the Group. Modification gains are presented in 'other operating income' and modification losses are presented in 'other operating expenses' in profit or loss.

Hedge accounting

The Group 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 Group 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.

The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group 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

In accordance with its wider risk management, as set out in Note 38(d)(i), it is the Group's strategy to apply fair value hedge accounting to keep interest rate sensitivities within its established limits. Applying fair value hedge accounting enables the Group 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 Group 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 Group only hedges changes due to interest rates such as benchmark rates (e.g. LIBOR), which are typically the most significant component of the overall fair value change. The Group 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 above.

In accordance with its hedging strategy, the Group matches the principal of the hedging instruments to the principal of the hedged items, including prepayment expectations. The Group 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 Group applies only a micro fair value hedging strategy as set out under the relevant subheadings below.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Financial instruments (cont'd)

Hedge accounting *(cont'd)*

Fair value hedges (cont'd)

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.
- 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.

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.

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 Group decides to voluntarily discontinue the hedging relationship, the hedge relationship is discontinued prospectively. If the relationship does not meet the hedge effectiveness criteria, the Group 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 year.

(h) Derivative financial instruments

The Group enters into a variety of derivative financial instruments some of which are held for trading while others are held to manage its exposure to interest rate risk; credit risk; and foreign exchange rate risk. Derivative 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.

(i) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Impairment of non-financial assets (cont'd)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

(j) Provisions and other contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit or loss net of any reimbursement.

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, they are involved in various litigation, arbitration and regulatory investigations and proceedings both in local and in other jurisdictions, arising in the ordinary course of the Group's business. When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. However, when the Group is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Group does not include detailed, case-specific disclosures in their financial statements. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

(k) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, therefore, the related assets and liabilities are presented gross in the statements of financial position.

Income and expense will not be offset in the statements of profit or loss and other comprehensive income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies.

The accounting policies of each relevant line item are included in the respective notes.

(l) Dividend income

Dividend is recognised when the Group's and the Company's right to receive the payment is established, which is generally when the dividend is declared.

(m) Recognition of income and expenses

(i) *Net interest income*

Interest income and expense for all financial instruments except for those classified as held for trading or those measured or designated as at FVTPL are recognised in 'Net interest income' as 'Interest income' and 'Interest expense' in profit or loss using the effective interest method. Interest on financial instruments measured as at FVTPL is included within the fair value movement during the year in 'Net trading income'. Interest on derivatives in economic hedge relationship is included in other interest income/expense.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Recognition of income and expenses (cont'd)

(i) *Net interest income (cont'd)*

For all financial instruments measured at amortised cost and interest-earning financial instruments classified as investment securities measured at FVTOCI, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

The interest income/ interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)).

For financial assets at FVTPL, transaction costs are recognised in profit or loss at initial recognition. Interest on financial instruments measured as at FVTPL is included within the fair value movement during the year in other interest income/expense. Interest on derivatives in economic hedge relationship is included in other interest income/expense.

(ii) Net fee and commission income

Fee and commission income and expense include fees other than those that are an integral part of EIR. The Group earns fee and commission income from a diverse range of services being provided to its customers. Fee income can be categorised as follows:

Fee income earned from services provided

These fees include commission income, asset management, custody and other management and advisory fees . The fees are recognised as the related services are provided. Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EIR on the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight-line basis. A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Fee income from providing transaction services

Commission and fees arising from negotiation of transactions with third parties, or participating in the negotiation of a transaction for a third party is recognised on completion of the underlying transaction.

Fee and commission expense

Fee and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

(iii) *Net trading income*

Results arising from trading activities include profit arising on dealings in foreign currencies, all gains and losses from changes in fair value and related interest income and expense as well as dividend on financial assets and financial liabilities held-for-trading.

Profits arising from dealings in foreign currencies include gains and losses from spot and forward contracts and other currency derivatives. Debt securities income includes the results of buying and selling and changes in the fair value of debt securities and debt securities sold short. The results of trading money market instruments, interest rate swaps, options and other derivatives are recorded under other interest rate instruments.

(iv) *Other gains and losses from financial assets measured at FVTPL*

The above include:

- Gains or losses on assets, liabilities and derivatives designated in hedge relationships (excluding interest) on both the hedged item and hedging derivative in a fair value hedge relationship, and hedge ineffectiveness from fair value hedge relationships.
- Gains or losses on other financial assets designated at fair value through profit or loss (excluding interest).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Comparative figures

Where necessary, comparative figures are reclassified to conform to the current year's presentation and to the changes in accounting policies.

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

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the financial statements with substantial management judgement and/or estimates are summarised below with respect to judgements/estimates involved.

Judgements

(a) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

(b) Calculation of ECL allowance

Significant increase of credit risk: ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group take into account qualitative and quantitative reasonable and supportable forward-looking information.

- Establishing groups of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group monitor the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets.
- Models and assumptions used: The Group use various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

(c) Deferred tax assets

Recognition of deferred tax assets depends on management's intention of the Group to generate future taxable profits which will be used against temporary differences and to obtain tax benefits thereon. The outcome of their actual utilisation may be different.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

Estimates

(a) Expected credit losses on financial assets

The ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models applied by the subsidiaries that are are considered accounting judgements and estimates include:

(i) The internal credit grading model, which assigns PDs to the individual grades;

(ii) The criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a long term ECL basis and the qualitative assessment;

(iii) The segmentation of financial assets when their ECL are assessed on a collective basis;

(iv) Development of ECL models, including the various formulas and the choice of inputs;

(v) Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs; and

(vi) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

In relation to credit impaired facilities, the Group determines expected credit losses by estimating the shortfall between the present value of expected cash flows and the present value of contractual cash flows. The estimation of expected cash flows is inherently judgemental and involves an estimation of proceeds from liquidation of the borrowers, proceeds from realisation of collaterals and the timing and extent of repayments on forborne facilities.These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

(b) Fair value of financial Instruments

Where the fair values of financial assets and financial liabilities recorded on the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable market data where possible, but where observable data is not available, a degree of judgement is required in establishing fair values. The judgements include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

(c) Assessment of useful lives of property and equipment and intangible assets

The Group reviews the estimated useful lives of property and equipment and intangible assets at the end of each reporting period. The cost of the property and equipment and intangible assets are depreciated and amortised over the estimated useful life of the asset. The estimated life is based on expected usage of the asset and expected physical wear and tear which depends on operational factors.

(d) Pension benefits

The Group operates a defined benefit pension plan for its employees as well as provide for retirement gratuities under the Workers' Rights Act. The amount shown in the statement of financial position in respect of retirement benefit obligations is subject to estimates in respect of periodic costs which would be dependent on returns on assets, future discount rates, rates of salary increases and inflation rate in respect of the pension plan. The value of the defined benefit pension plans is based on report submitted by an independent actuarial firm on an annual basis. Management considers that they have used their best estimates to value the retirement benefit obligation provisions. Actual results may be different from their estimates.

(e) Provisions and other contingent liabilities

Provision is recognised in the financial statements when the Group have 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. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months' maturity from the date of acquisition.

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash and balances with banks and central banks excluding mandatory balances with central banks, loans to and placements with banks having an original maturity of up to 3 months.

	THE GROUP			THE COMPANY		
	31 December 2022	31 December 2021	31 December 2020	**31 December 2022**	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000	MUR' 000
Cash in hand	**2,570,442**	2,200,298	2,016,632	-	-	-
Foreign currency notes and coins	**477,905**	1,070,999	1,318,174	-	-	-
Unrestricted balances with central banks [1]	**20,171,761**	36,611,395	11,290,418	-	-	-
Loans to and placements with banks[2]	**3,092,553**	3,291,517	2,543,251	-	-	-
Balances with banks	**3,963,064**	4,469,891	4,410,441	**28,219**	90,055	304,473
	30,275,725	47,644,100	21,578,916	**28,219**	90,055	304,473
Less: allowance for credit losses	**(688)**	(7,279)	(1,671)	**-**	-	-
	30,275,037	47,636,821	21,577,245	**28,219**	90,055	304,473

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

	THE GROUP		
	31 December 2022	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000
	Stage 1	Stage 1	Stage 1
ECL allowance as at 01 Janaury	**7,279**	1,671	4,849
Net remeasurement of loss allowance	**(179)**	7,225	1,671
Assets repaid	**(6,364)**	(1,671)	(4,282)
Translation adjustment	**(48)**	54	(567)
ECL allowance as at 31 December	**688**	7,279	1,671

[1] Unrestricted balances with central banks represent amounts above the minimum cash reserve requirement.

[2] The balance above relates to loans and placements with banks having an original maturity of up to three months. The balances were classified under stage 1 and 12-month ECL was calculated thereon.

6. LOANS TO AND PLACEMENTS WITH BANKS

	THE GROUP		
At amortised cost	**31 December 2022**	31 December 2021	31 December 2020
Loans to and placements with banks	**MUR' 000**	MUR' 000	MUR' 000
- In Mauritius	**-**	-	353,508
- Outside Mauritius	**1,226,864**	843,079	2,797,237
	1,226,864	843,079	3,150,745
Less: allowance for credit losses	**(5,449)**	(5,109)	(20,358)
	1,221,415	837,970	3,130,387
Remaining term to maturity			
Up to 3 months	**658,677**	-	47,293
Over 3 months and up to 6 months	**219,627**	-	1,257,394
Over 6 months and up to 12 months	**223,536**	-	1,008,868
Over 1 year and up to 2 years	**-**	653,378	-
Over 2 years and up to 5 years	**125,024**	189,701	837,190
	1,226,864	843,079	3,150,745

6. LOANS TO AND PLACEMENTS WITH BANKS (cont'd)

Credit loss allowance for loans to and placement with banks

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system are explained in Note 38.

	31 December 2022	31 December 2021	31 December 2020
	Total Stage 1	Total Stage 1	Total Stage 1
Internal rating grade	**MUR'000**	MUR'000	MUR'000
Performing			
High grade	-	189,701	-
Standard grade	**658,677**	653,378	2,807,724
Sub-standard grade	**568,187**	-	343,021
Total	**1,226,864**	843,079	3,150,745

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

	31 December 2022	31 December 2021	31 December 2020
	Total Stage 1	Total Stage 1	Total Stage 1
	MUR'000	MUR'000	MUR'000
Gross carrying amount as at 01 January	**843,079**	3,150,745	6,968,226
Financial assets originated or purchased	**443,381**	-	2,698,297
Financial assets derecognised or repaid	**(55,181)**	(2,371,933)	(6,589,629)
Foreign exchange adjustments	**(4,415)**	64,267	73,851
At 31 December	**1,226,864**	843,079	3,150,745

	31 December 2022	31 December 2021	31 December 2020
	Total Stage 1	Total Stage 1	Total Stage 1
	MUR'000	MUR'000	MUR'000
ECL allowance as at 01 January	**5,109**	20,358	25,481
Net remeasurement of loss allowance	**3,910**	-	18,004
Assets repaid (excluding write offs)	**(3,570)**	(15,249)	(22,614)
Discontinued operations of SBMBS	**-**	-	(513)
ECL allowance as at 31 December	**5,449**	5,109	20,358

7. DERIVATIVE FINANCIAL INTRUMENTS

	THE GROUP		
	31 December 2022	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000
Assets			
Derivative assets	**1,205,168**	784,250	809,211
Liabilities			
Derivative liabilities	**905,317**	759,896	1,279,984

7. DERIVATIVE FINANCIAL INTRUMENTS (cont'd)

	THE COMPANY		
	31 December 2022	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000
Liabilities			
Derivative liabilities	**-**	-	41,524

The fair values of derivative financial instruments are further analysed as follows:

The Group	**Notional Principal Amount**	**Fair Values Assets**	**Fair Values Liabilities**
	MUR' 000	**MUR' 000**	**MUR' 000**
31 December 2022			
Derivatives held for trading			
Foreign exchange contracts*	**57,000,342**	**724,455**	**(528,147)**
Cross currency swaps	**2,455,913**	**269,723**	**(238,895)**
Other derivative contracts	**3,434,114**	**99,410**	**(99,410)**
Derivatives used as micro fair value hedges			
Interest rate swap contracts	**2,842,932**	**111,580**	**(38,865)**
	65,733,301	**1,205,168**	**(905,317)**
31 December 2021			
Derivatives held for trading			
Foreign exchange contracts*	34,245,364	256,311	(225,124)
Cross currency swaps	2,017,833	209,838	(208,317)
Other derivative contracts	2,728,546	199,196	(198,081)
Derivatives used as micro fair value hedges			
Interest rate swap contracts	4,901,874	118,905	(128,374)
	43,893,617	784,250	(759,896)
31 December 2020			
Derivatives held for trading			
Foreign exchange contracts*	32,091,286	229,430	(242,497)
Cross currency swaps	5,050,377	241,609	(163,384)
Other derivative contracts	5,750,536	252,074	(296,493)
Derivatives held for risk management purposes			
Foreign exchange contracts*	4,844,566	145	-
Derivatives used as micro fair value hedges			
Interest rate swap contracts	19,241,246	85,953	(577,610)
	66,978,011	809,211	(1,279,984)
The Company			
Derivatives held for risk management purpose			
31 December 2020			
Interest rate swap contracts	2,571,602	-	(41,524)

* Foreign exchange contracts include foreign swaps, forward and spot contracts.

8. LOANS AND ADVANCES TO NON-BANK CUSTOMERS

	THE GROUP		
	31 December 2022	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000
Retail customers	**50,035,839**	45,490,284	41,305,180
Credit cards	**514,737**	492,464	510,114
Mortgages	**37,921,052**	30,632,959	27,555,755
Other retail loans	**11,600,050**	14,364,861	13,239,311
Corporate customers	**56,558,278**	48,202,633	47,880,434
Governments	**72,232**	9,713	7,705
Entities outside Mauritius (including offshore/Global Business Licence Holders)	**56,784,381**	51,383,170	46,408,128
	163,450,730	145,085,800	135,601,447
Less allowance for credit impairment (Note 8(c))	**(13,456,187)**	(14,691,993)	(15,743,574)
	149,994,543	130,393,807	119,857,873

a Remaining term to maturity

Up to 3 months	**24,886,828**	16,666,053	11,940,304
Over 3 months and up to 6 months	**6,497,583**	4,686,846	4,181,143
Over 6 months and up to 12 months	**12,956,347**	10,666,350	10,873,128
Over 1 year and up to 2 years	**11,738,745**	7,695,942	12,402,657
Over 2 years and up to 5 years	**34,062,239**	31,371,521	25,566,946
Over 5 years	**73,308,988**	73,999,088	70,637,269
	163,450,730	145,085,800	135,601,447

Out of the gross advances of **MUR 163.5 billion** (2021: MUR 145.1 billion and 2020: MUR 135.6 billion), there is an amount of **MUR 349.6 million** (2021: MUR 4.6 billion and 2020: MUR 6.2 billion) relating to loans where fair value hedge accounting has been applied. Refer to note 38(d)(ii) for more details.

b Net investment in finance leases

The Group

Amounts due from lessees under finance leases are recorded as loans and advances at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

The Group acts as lessor of several items like car and equipment. There are no restrictions placed upon the lessee by entering into these leases. Rental income earned by the Group during the year is **MUR 91.1 million** (2021: MUR 75.5 million and 2020: MUR 69.3 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 2022				
Gross investment in finance leases	**524,401**	**1,318,366**	**147,381**	**1,990,148**
Less: unearned finance income	**(112,985)**	**(189,935)**	**(7,878)**	**(310,798)**
Present value of minimum lease payments	**411,416**	**1,128,431**	**139,503**	**1,679,350**
Credit loss expense				**(35,444)**
Net investment in finance lease				**1,643,906**

8. LOANS AND ADVANCES TO NON-BANK CUSTOMERS (cont'd)

b Net investment in finance leases (cont'd)

The Group

	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 2021				
Gross investment in finance leases	463,085	1,154,976	135,891	1,753,952
Less: unearned finance income	(70,036)	(113,421)	(4,969)	(188,426)
Present value of minimum lease payments	393,049	1,041,555	130,922	1,565,526
Credit loss expense				(52,459)
Net investment in finance lease				1,513,067
31 December 2020				
Gross investment in finance leases	500,376	1,119,442	109,089	1,728,907
Less: unearned finance income	(66,463)	(104,089)	(4,195)	(174,747)
Present value of minimum lease payments	433,913	1,015,353	104,894	1,554,160
Credit loss expense				(94,545)
Net investment in finance lease				1,459,615

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.

Notes to the
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For the year ended 31 December 2022

8. LOANS AND ADVANCES TO NON-BANK CUSTOMERS (cont'd)

c Credit loss allowance on loans and advances to non-bank customers

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system are set out in Note 38.

	31 December 2022			
Internal rating grade	**Stage 1 Individual**	**Stage 2 Individual**	**Stage 3**	**Total**
	MUR' 000	**MUR' 000**	**MUR' 000**	**MUR' 000**
Performing				
High grade	**40,366,672**	**20,895,731**	-	**61,262,403**
Standard grade	**39,868,681**	**15,734,670**	-	**55,603,351**
Sub-standard grade	**5,117,406**	**22,928,948**	-	**28,046,354**
Past due but not impaired	-	**4,010,371**	-	**4,010,371**
Non-performing				
Individually impaired	**-**	**-**	**14,528,251**	**14,528,251**
Total	**85,352,759**	**63,569,720**	**14,528,251**	**163,450,730**

	31 December 2021			
Internal rating grade	**Stage 1 Individual**	**Stage 2 Individual**	**Stage 3**	**Total**
	MUR' 000	**MUR' 000**	**MUR' 000**	**MUR' 000**
Performing				
High grade	51,102,560	964,551	-	52,067,111
Standard grade	42,153,534	7,770,281	-	49,923,815
Sub-standard grade	6,471,531	15,605,720	-	22,077,251
Past due but not impaired	-	4,421,051	-	4,421,051
Non-performing				
Individually impaired	-	-	16,596,572	16,596,572
Total	99,727,625	28,761,603	16,596,572	145,085,800

	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	41,810,646	1,441,207	-	43,251,853
Standard grade	44,765,531	8,832,917	-	53,598,448
Sub-standard grade	10,980,787	7,327,338	-	18,308,125
Past due but not impaired	-	1,731,527	-	1,731,527
Non-performing				
Individually impaired	-	-	18,711,494	18,711,494
Total	97,556,964	19,332,989	18,711,494	135,601,447

8. LOANS AND ADVANCES TO NON-BANK CUSTOMERS (cont'd)

c Credit loss allowance on loans and advances to non-bank customers (cont'd)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances for the year is as follows:

At 31 December 2022:	**THE GROUP**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	MUR' 000	**MUR' 000**	**MUR' 000**	**MUR' 000**
Gross carrying amount				
As at 01 January	**99,727,625**	**28,761,603**	**16,596,572**	**145,085,800**
Financial assets originated or purchased	**28,013,900**	**24,395,775**	**81,987**	**52,491,662**
Assets derecognised or repaid (excluding write offs)	**(20,773,348)**	**(7,362,446)**	**(125,179)**	**(28,260,973)**
Transfers to Stage 1	**1,874,680**	**(1,548,392)**	**(326,288)**	-
Transfers to Stage 2	**(20,370,339)**	**20,465,764**	**(95,425)**	-
Transfers to Stage 3	**(426,891)**	**(606,448)**	**1,033,339**	-
Changes to contractual cash flows due to modifications not resulting in derecognition	**112,527**	**67,570**	**421,460**	**601,557**
Amounts written off	-	-	**(2,668,194)**	**(2,668,194)**
Foreign exchange adjustments	**(66,226)**	**(573,670)**	**60,480**	**(579,416)**
Translation adjustments	**(2,739,169)**	**(30,036)**	**(450,501)**	**(3,219,706)**
As at 31 December	**85,352,759**	**63,569,720**	**14,528,251**	**163,450,730**

At 31 December 2021:	**THE GROUP**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
As at 01 January	97,556,964	19,332,989	18,711,494	135,601,447
Financial assets originated or purchased	33,196,264	3,406,763	56,161	36,659,188
Assets derecognised or repaid (excluding write offs)	(21,695,658)	(5,305,711)	(1,184,246)	(28,185,615)
Transfers to Stage 1	1,804,123	(1,766,644)	(37,479)	-
Transfers to Stage 2	(13,168,056)	13,237,925	(69,869)	-
Transfers to Stage 3	(310,058)	(640,751)	950,809	-
Changes to contractual cash flows due to modifications not resulting in derecognition	143,957	(313,180)	785,157	615,934
Amounts written off	-	-	(4,117,246)	(4,117,246)
Foreign exchange adjustments	752,158	767,697	1,087,149	2,607,004
Translation adjustments	1,447,931	42,515	414,642	1,905,088
As at 31 December	99,727,625	28,761,603	16,596,572	145,085,800

At 31 December 2020:	**THE GROUP**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
As at 01 January	81,985,982	23,091,767	16,377,804	121,455,553
Financial assets originated or purchased	32,482,676	4,355,281	10,710	36,848,667
Assets derecognised or repaid (excluding write offs)	(21,161,948)	(5,226,186)	(5,166,160)	(31,554,294)
Transfers to Stage 1	5,462,444	(5,534,518)	72,074	-
Transfers to Stage 2	(5,837,787)	5,901,721	(63,934)	-
Transfers to Stage 3	(103,550)	(3,908,187)	4,011,737	-
Changes to contractual cash flows due to modifications not resulting in derecognition	2,110,013	(318,251)	2,475,216	4,266,978
Amounts written off	-	-	(8,904)	(8,904)
Foreign exchange adjustments	726,253	462,554	112,828	1,301,635
Translation adjustments	1,892,881	508,808	890,123	3,291,812
As at 31 December	97,556,964	19,332,989	18,711,494	135,601,447

8. LOANS AND ADVANCES TO NON-BANK CUSTOMERS (cont'd)

c Credit loss allowance on loans and advances to non-bank customers (cont'd)

An analysis of changes in ECL allowances by staging are as follows:

	31 December 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	MUR' 000	**MUR' 000**	**MUR' 000**	**MUR' 000**
ECL allowance as at 01 January 2022	**828,807**	**1,538,711**	**12,324,475**	**14,691,993**
Movement for the year	**218,146**	**1,385**	**44,178**	**263,709**
Allowance on new financial assets	**(236,434)**	**1,045,259**	**1,136,798**	**1,945,623**
Assets derecognised or repaid (excluding write offs)	**(80,172)**	**(90,216)**	**(421,400)**	**(591,788)**
Transfers to Stage 1	**85,973**	**(86,025)**	**52**	**-**
Transfers to Stage 2	**(188,679)**	**189,764**	**(1,085)**	**-**
Transfers to Stage 3	**(133,980)**	**(24,666)**	**158,646**	**-**
Changes to contractual cash flows due to modifications not resulting in derecognition	**30,384**	**(7,308)**	**71,181**	**94,257**
Amounts written off	**-**	**-**	**(2,668,194)**	**(2,668,194)**
Translation adjustments	**(17,390)**	**(12,061)**	**(249,962)**	**(279,413)**
At 31 December 2022	**506,655**	**2,554,843**	**10,394,689**	**13,456,187**

	31 December 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	MUR' 000	**MUR' 000**	**MUR' 000**	**MUR' 000**
ECL allowance as at 01 January 2021	966,197	1,034,867	13,742,510	15,743,574
Movement for the year	196,233	907,956	2,657,907	3,762,096
Allowance on new financial assets	106,321	111,417	-	217,738
Assets derecognised or repaid (excluding write offs)	(485,892)	(324,150)	(633,805)	(1,443,847)
Transfers to Stage 1	175,845	(175,561)	(284)	-
Transfers to Stage 2	(86,189)	91,861	(5,672)	-
Transfers to Stage 3	(29,225)	(116,466)	145,691	-
Remeasurement of loss allowance	(38,372)	3,361	342,765	307,754
Amounts written off	-	-	(4,125,608)	(4,125,608)
Translation adjustments	23,889	5,426	200,971	230,286
At 31 December 2021	828,807	1,538,711	12,324,475	14,691,993

	31 December 2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	MUR' 000	**MUR' 000**	**MUR' 000**	**MUR' 000**
ECL allowance as at 01 January 2020	725,919	1,887,794	9,643,276	12,256,989
Movement for the year	373,554	726,758	3,755,117	4,855,429
Allowance on new financial assets	96,919	57,310	-	154,229
Assets derecognised or repaid (excluding write offs)	(471,231)	(275,141)	(1,036,393)	(1,782,765)
Transfers to Stage 1	234,020	(204,911)	(29,109)	-
Transfers to Stage 2	(56,871)	57,859	(988)	-
Transfers to Stage 3	2,336	(1,161,098)	1,158,762	-
Changes to contractual cash flows due to modifications not resulting in derecognition	(33,625)	(60,550)	439,347	345,172
Remeasurement of loss allowance	95,686	(1,496)	-	94,190
Amounts written off	-	-	(219,973)	(219,973)
Translation adjustments	(510)	8,342	32,471	40,303
At 31 December 2020	966,197	1,034,867	13,742,510	15,743,574

Notes to the Financial Statements

For the year ended 31 December 2022

8. LOANS AND ADVANCES TO NON-BANK CUSTOMERS (cont'd)

d Credit loss allowance on loans and advances to non-bank customers by industry sectors (cont'd)

The Group

	31 December 2022				
	Gross amount of loans	Credit impaired loans	Stage 3 allowance for credit impairment	Stage 1 & Stage 2 for credit allowance	Total allowances for credit impairment
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Agriculture and fishing	3,512,110	1,010,982	640,445	189,429	829,874
Manufacturing	14,419,146	1,017,831	450,270	74,125	524,395
of which EPZ	*1,507,956*	*6,092*	*6,092*	*1,277*	*7,369*
Tourism	13,826,165	373,058	181,681	875,736	1,057,417
Transport	2,982,844	663,698	324,921	223,921	548,842
Construction	17,634,293	1,151,471	818,770	417,333	1,236,103
Financial and business services	11,155,269	172,994	142,278	164,022	306,300
Traders	12,926,990	5,492,177	4,150,681	120,913	4,271,594
Personal	57,969,904	1,934,291	1,363,637	467,835	1,831,472
of which credit cards	*2,944,382*	*115,149*	*82,874*	*25,543*	*108,417*
Professional	618,142	83,292	83,283	6,112	89,395
Global Business Licence holders	9,399,068	1,349,247	1,355,990	319,705	1,675,695
Others	19,006,799	1,279,210	882,733	202,367	1,085,100
	163,450,730	14,528,251	10,394,689	3,061,498	13,456,187

	31 December 2021				
	Gross amount of loans	Credit Impaired loans	Stage 3 allowance for credit impairment	Stage 1 & Stage 2 Credit allowance	Total allowances for credit impairment
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Agriculture and fishing	2,844,733	1,005,981	551,971	26,572	578,543
Manufacturing	13,066,783	1,046,896	497,363	102,260	599,623
of which EPZ	*1,421,007*	*21,156*	*21,156*	*2,867*	*24,023*
Tourism	15,711,976	235,377	83,096	764,545	847,641
Transport	3,493,859	1,082,661	719,648	21,363	741,011
Construction	14,941,089	776,505	624,935	425,621	1,050,556
Financial and business services	9,072,836	157,044	120,733	95,333	216,066
Traders	13,082,193	7,763,792	6,165,405	130,422	6,295,827
Personal	50,293,090	1,730,479	1,282,209	551,410	1,833,619
of which credit cards	*3,013,197*	*268,683*	*241,343*	*41,559*	*282,902*
Professional	279,551	82,760	82,752	6,238	88,990
Global Business Licence holders	9,754,671	1,372,644	1,371,147	40,901	1,412,048
Others	12,545,019	1,342,433	825,216	202,853	1,028,069
	145,085,800	16,596,572	12,324,475	2,367,518	14,691,993

Notes to the Financial Statements

For the year ended 31 December 2022

8. LOANS AND ADVANCES TO NON-BANK CUSTOMERS (cont'd)

d Credit loss allowance on loans and advances to non-bank customers by industry sectors (cont'd)

The Group

	31 December 2020				
	Gross amount of loans	Credit Impaired loans	Stage 3 allowance for credit impairment	Stage 1 & Stage 2 Credit allowance	Total allowances for credit impairment
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Agriculture and fishing	4,881,222	916,528	407,511	35,986	443,497
Manufacturing	12,254,721	1,246,358	838,904	144,637	983,541
of which EPZ	*1,778,397*	*26,531*	*3,942*	*22,840*	*26,782*
Tourism	16,320,868	267,751	90,110	365,930	456,040
Transport	3,733,064	1,398,448	1,037,958	33,866	1,071,824
Construction	11,700,345	805,954	607,453	399,245	1,006,698
Financial and business services	9,382,406	808,945	728,601	111,011	839,612
Traders	14,674,924	7,337,548	5,298,519	168,214	5,466,733
Personal	42,839,018	1,730,230	1,223,038	532,278	1,755,316
of which credit cards	*577,282*	*65,439*	*64,140*	*6,202*	*70,342*
Professional	379,744	82,718	82,718	8,913	91,631
Global Business Licence holders	8,561,145	1,248,424	1,096,615	14,089	1,110,704
Others	10,873,990	2,868,590	2,331,083	186,895	2,517,978
	135,601,447	18,711,494	13,742,510	2,001,064	15,743,574

9. (a) INVESTMENTS SECURITIES

The Group	31 December 2022								
Remaining term to maturity	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
(i) Investment securities measured at FVTPL									
Trading investment:									
Government bonds and treasury notes	-	-	425,755	-	5,101,646	70,459	271,101	-	5,868,961
Treasury bills	30,622	188,869	39,220	1,298,525	-	-	-	-	1,557,236
Bank of Mauritius bills/notes	198,028	-	290,442	169,023	-	-	-	-	657,493
Corporate bonds	575	-	-	-	118,437	195,806	16,023	-	330,841
Other investments:									
Investment in mutual funds	-	-	-	-	-	-	-	1,284,192	1,284,192
Equity investments	-	-	-	-	-	-	-	1,669,600	1,669,600
	229,225	188,869	755,417	1,467,548	5,220,083	266,265	287,124	2,953,792	11,368,323
(ii) Debt securities measured at FVTOCI									
Government bonds	4,419	1,574,569	1,287,264	1,581,743	1,245,359	6,372,292	13,409,213	-	25,474,859
Treasury bills/notes	3,006,938	3,559,991	2,486,076	970,082	-	-	-	-	10,023,087
Bank of Mauritius bills/bonds	950,742	195,719	96,648	-	-	-	-	-	1,243,109
Bank bonds	1,745,412	1,531,309	2,377,725	757,744	2,757,271	641,394	-	-	9,810,855
Corporate bonds	726,629	56,513	960,657	226,636	2,603,026	2,702,526	2,492,827	-	9,768,814
	6,434,140	6,918,101	7,208,370	3,536,205	6,605,656	9,716,212	15,902,040	-	56,320,724
(iii) Debt securities measured at amortised cost									
Government bonds	-	654,402	126,705	1,140,600	6,525,735	21,923,979	25,662,517	-	56,033,938
Treasury bills	2,981,645	1,158,615	1,080,704	85,772	-	-	-	-	5,306,736
Bank of Mauritius bills/bonds	202,910	-	3,027,776	-	504,305	4,966,719	5,051,420	-	13,753,130
Bank bonds	-	-	-	-	417,898	132,409	85,938	-	636,245
Corporate bonds	-	32,869	-	-	-	1,344,873	1,498,450	-	2,876,192
	3,184,555	1,845,886	4,235,185	1,226,372	7,447,938	28,367,980	32,298,325	-	78,606,241
(iv) Equity securities designated at FVTOCI									
Equity shares of companies	-	-	-	-	-	-	-	5,714,321	5,714,321
Total gross investment securities	9,847,920	8,952,856	12,198,972	6,230,125	19,273,677	38,350,457	48,487,489	8,668,113	152,009,609
Less: allowance for credit losses									(31,676)
Total investment securities									151,977,933

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For the year ended 31 December 2022

9. (a) INVESTMENTS SECURITIES (cont'd)

The Group	31 December 2021								
Remaining term to maturity	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
(i) Investment securities measured at FVTPL									
Trading investment:									
Government bonds and treasury notes	-	-	-	1,869,314	106	821,169	372,268	-	3,062,857
Treasury bills	-	827,391	-	1,706,626	-	-	-	-	2,534,017
Bank of Mauritius bills/notes	509,376	153,920	-	-	504	-	-	-	663,800
Bank bonds	-	-	-	-	85,250	-	-	-	85,250
Corporate bonds	-	-	-	-	85,734	-	-	-	85,734
Other investments:									
Investment in mutual funds	-	-	-	-	-	-	-	2,363,796	2,363,796
Equity investments	-	-	-	-	-	-	-	1,669,600	1,669,600
	509,376	981,311	-	3,575,940	171,594	821,169	372,268	4,033,396	10,465,054
(ii) Debt securities measured at FVTOCI									
Government bonds	2,764,049	653,527	96,821	1,957,990	3,009,594	6,398,638	13,837,612	-	28,718,231
Treasury bills/notes	4,507,328	8,271,746	2,339,543	4,728,520	-	-	-	-	19,847,137
Bank of Mauritius bills/bonds	999,416	257,162	-	-	-	-	-	-	1,256,578
Bank bonds	1,135,094	157,488	4,116,867	536,971	6,547,107	3,837,908	-	-	16,331,435
Corporate paper and preference shares	-	518,753	601,460	43,067	1,738,889	4,394,559	2,898,700	-	10,195,428
	9,405,887	9,858,676	7,154,691	7,266,548	11,295,590	14,631,105	16,736,312	-	76,348,809
(iii) Debt securities measured at amortised cost									
Government bonds and treasury notes	1,499,553	3,973,911	747,934	667,145	1,951,612	13,663,864	23,077,152	-	45,581,171
Treasury bills	291,204	205,776	85,424	199,289	-	-	-	-	781,693
Bank of Mauritius bills	114,167	557	172,780	-	3,231,062	5,471,076	4,979,621	-	13,969,263
Bank bonds	-	-	-	-	-	551,616	84,932	-	636,548
Corporate bonds	-	-	-	148,401	36,287	-	100,346	-	285,034
	1,904,924	4,180,244	1,006,138	1,014,835	5,218,961	19,686,556	28,242,051	-	61,253,709
(iv) Equity securities designated at FVTOCI									
Equity shares of companies	-	-	-	-	-	-	-	5,416,262	5,416,262
Total gross investment securities	11,820,187	15,020,231	8,160,829	11,857,323	16,686,145	35,138,830	45,350,631	9,449,658	153,483,834
Less: allowance for credit losses									(57,087)
Total investment securities									153,426,747

9. (a) INVESTMENTS SECURITIES (cont'd)

The Group Remaining term to maturity	31 December 2020 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
(i) Investment securities measured at FVTPL									
Trading investments:									
Government bonds and treasury notes	15	-	-	-	-	-	706	-	721
Treasury bills	799,645	876,539	1,976,073	-	-	-	-	-	3,652,257
Bank of Mauritius bills/notes	1,537,842	1,498,127	541,717	-	-	762,825	-	-	4,340,511
Other investments:									
Investment in mutual funds	-	-	-	-	-	-	-	1,356,130	1,356,130
Other investment securities	-	-	-	-	-	-	-	230,749	230,749
Equity investments	-	-	-	-	-	-	-	1,622,852	1,622,852
	2,337,502	2,374,666	2,517,790	-	-	762,825	706	3,209,731	11,203,220
(ii) Debt securities measured at FVTOCI									
Government bonds	995,332	313,326	-	1,852,056	1,657,444	5,116,989	10,897,184	-	20,832,331
Treasury bills/notes	9,242,582	-	528,846	1,756,622	-	-	-	-	11,528,050
Bank of Mauritius bills	100	-	-	896,766	1,018,377	2,453,980	-	-	4,369,223
Other investment	-	-	-	238,428	9,014	-	-	-	247,442
Bank bonds	786,223	416,735	1,114,654	587,681	5,210,501	6,499,153	312,759	-	14,927,706
Corporate paper and preference shares	43,250	174,219	39,943	203,803	738,559	3,609,441	1,872,842	-	6,682,057
Corporate bonds	134,710	-	-	-	-	-	177,928	-	312,638
	11,202,197	904,280	1,683,443	5,535,356	8,633,895	17,679,563	13,260,713	-	58,899,447
(iii) Debt securities measured at amortised cost									
Government bonds and treasury notes	29,632	628,729	611,381	89,897	7,061,189	9,374,063	13,247,337	-	31,042,228
Treasury bills	938,378	1,684,042	180,685	-	-	-	-	-	2,803,105
Bank of Mauritius bills	1,315	50,168	989,847	-	152,052	5,183,483	4,976,466	-	11,353,331
Bank bonds	-	-	-	-	105,675	386,265	-	-	491,940
Corporate bonds	-	41,127	-	-	135,996	33,519	-	-	210,642
	969,325	2,404,066	1,781,913	89,897	7,454,912	14,977,330	18,223,803	-	45,901,246
(iv) Equity securities designated at FVTOCI									
Equity shares of companies	-	-	-	-	-	-	-	5,181,355	5,181,355
Total gross investment securities	14,509,024	5,683,012	5,983,146	5,625,253	16,088,807	33,419,718	31,485,222	8,391,086	121,185,268
Less: allowance for credit losses									(131,871)
Total investment securities									121,053,397

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Financial Statements
For the year ended 31 December 2022

9. (a) INVESTMENTS SECURITIES (cont'd)

The Company Remaining term to maturity	31 December 2022 Up to 3 months	3-6 months	6-12 months	2-5 years	Over 5 years	No specific maturity	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
(i) Investment securities measured at FVTPL							
Government bonds and treasury notes	425,755	-	-	-	-	-	425,755
Equity shares	-	-	-	-	-	1,669,600	1,669,600
	425,755	-	-	-	-	1,669,600	2,095,355
(ii) Debt securities measured at FVTOCI							
Corporate bonds	-	56,513	8,531	-	-	-	65,044
	-	56,513	8,531	-	-	-	65,044
(iii) Debt securities measured at amortised cost							
Government bonds and treasury notes	-	-	-	307,096	-	-	307,096
Bank of Mauritius bills/notes	-	-	-	-	68,646	-	68,646
	-	-	-	307,096	68,646	-	375,742
(iv) Equity securities designated at FVTOCI							
Equity shares of companies	-	-	-	-	-	4,303,044	4,303,044
Total gross investment securities	425,755	56,513	8,531	307,096	68,646	5,972,644	6,839,185
Less: allowance for credit losses							(47)
Total investment securities							6,839,138

	31 December 2021 2-5 years	Over 5 years	No specific maturity	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
(i) Investment securities measured at FVTPL				
Redeemable participating shares	-	-	289,049	289,049
Equity investments	-	-	1,669,600	1,669,600
	-	-	1,958,649	1,958,649
(ii) Debt securities measured at FVTOCI				
Corporate bonds	8,981	-	-	8,981
	8,981	-	-	8,981
(iii) Debt securities measured at amortised cost				
Government bonds and treasury notes	-	587,215	-	587,215
	-	587,215	-	587,215
(iv) Equity securities designated at FVTOCI				
Equity shares of companies	-	-	4,004,362	4,004,362
Total gross investment securities	8,981	587,215	5,963,011	6,559,207
Less: allowance for credit losses				(14)
Total investment securities				6,559,193

9. (a) INVESTMENTS SECURITIES (cont'd)

Investment securities

Remaining term to maturity

The Company

	31 December 2020					
	3-6 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
(i) Investment securities measured at FVTPL						
Redeemable participating shares	-	-	-	-	661,057	661,057
Equity shares	-	-	-	-	1,622,331	1,622,331
	-	-	-	-	2,283,388	2,283,388
(ii) Debt securities measured at FVTOCI						
Corporate bonds	-	-	8,637	-	-	8,637
	-	-	8,637	-	-	8,637
(iii) Debt securities measured at amortised cost						
Government bonds and treasury notes	139,613	149,273	203,830	584,862	-	1,077,578
(iv) Equity securities designated at FVTOCI						
Equity shares of companies	-	-	-	-	3,636,307	3,636,307
Total gross investment securities	139,613	149,273	212,467	584,862	5,919,695	7,005,910
Less: allowance for credit losses						(778)
Total investment securities						7,005,132

9. (a) INVESTMENT SECURITIES (cont'd)

Debt securities at amortised cost

The Group

The table shows the credit quality and the maximum exposure to credit risk as well as year end stage classification. The amount presented are gross of impairment allowance

	31 December 2022			31 December 2021	31 December 2020
	Stage 1	**Stage 2**	**Total**	Stage 1	Stage 1
	MUR' 000	**MUR' 000**	**MUR' 000**	MUR' 000	MUR' 000
High Grade	**21,652,189**	**-**	**21,652,189**	8,492,563	10,584,921
Standard Grade	**54,769,932**	**505,140**	**55,275,072**	50,811,558	33,636,087
Sub Standard Grade	**1,678,980**	**-**	**1,678,980**	1,949,588	1,680,238
Total gross carrying amount	**78,101,101**	**505,140**	**78,606,241**	61,253,709	45,901,246
Credit loss allowance	**(29,463)**	**(2,213)**	**(31,676)**	(57,087)	(131,871)
Carrying amount	**78,071,638**	**502,927**	**78,574,565**	61,196,622	45,769,375

An analysis of changes in gross carrying amount and the corresponding ECLs is as follows:

	31 December 2022			31 December 2021	31 December 2020
	Stage 1	**Stage 2**	**Total**	Stage 1	Stage 1
	MUR' 000	**MUR' 000**	**MUR' 000**	MUR' 000	MUR' 000
Gross carrying amount as at 01 January	**61,253,709**	**-**	**61,253,709**	45,901,246	27,752,964
New financial assets originated	**(11,126,417)**	**404,794**	**(10,721,623)**	21,659,290	39,304,331
Financial assets that have been repaid	**29,362,085**	**-**	**29,362,085**	(7,370,035)	(21,461,797)
Other movements	**(575,131)**	**-**	**(575,131)**	(111,716)	314,211
Transfer to Stage 2	**(100,346)**	**100,346**	**-**	-	-
Translation adjustment	**(712,799)**	**-**	**(712,799)**	1,174,924	(8,463)
Gross carrying amount as at 31 December	**78,101,101**	**505,140**	**78,606,241**	61,253,709	45,901,246

	Stage 1	**Stage 2**	**Total**	Total	Total
	Individual	**Individual**		Stage 1	Stage 1
	MUR' 000	**MUR' 000**	**MUR' 000**	MUR' 000	MUR' 000
ECL allowance as at 01 January	**57,087**	**-**	**57,087**	131,871	166,338
Net remeasurement of loss allowance	**1,533**	**2,182**	**3,715**	1,929	63,235
Assets derecognised or repaid (excluding write offs)	**(29,053)**	**-**	**(29,053)**	(11,631)	(100,062)
Transfers to Stage 2	**(31)**	**31**	**-**	-	-
Amounts written off	**-**	**-**	**-**	(70,000)	-
Translation adjustment	**(73)**	**-**	**(73)**	4,918	2,360
At 31 December	**29,463**	**2,213**	**31,676**	57,087	131,871

9. (a) INVESTMENT SECURITIES (cont'd)

Debt securities at FVTOCI

The Group

At 31 December 2022:	Stage 1 MUR' 000	Stage 2 MUR' 000	Total MUR' 000
High Grade	38,833,801	-	38,833,801
Standard Grade	15,793,869	822,791	16,616,660
Sub Standard Grade	-	870,263	870,263
Carrying amount	54,627,670	1,693,054	56,320,724

At 31 December 2021:	Stage 1 MUR' 000	Stage 2 MUR' 000	Total MUR' 000
High grade	57,146,642	-	57,146,642
Standard grade	18,127,590	513,374	18,640,964
Sub standard grade	169,377	391,826	561,203
Carrying amount	75,443,609	905,200	76,348,809

At 31 December 2020:	Stage 1 MUR' 000	Stage 2 MUR' 000	Total MUR' 000
High grade	38,093,070	-	38,093,070
Standard grade	19,133,658	154,550	19,288,208
Sub standard grade	1,258,315	259,854	1,518,169
Carrying amount	58,485,043	414,404	58,899,447

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9. (a) INVESTMENT SECURITIES (cont'd)

Debt securities at FVTOCI (cont'd)

The Group

ECL allowance on debt instruments at FVTOCI

	31 December 2022		
	Stage 1 MUR' 000	Stage 2 MUR' 000	Total MUR' 000
As at 01 January	12,080	48,216	60,296
Net remeasurement of loss allowance	(1,408)	19,791	18,383
Assets derecognised or repaid (excluding write offs)	(3,970)	(47,530)	(51,500)
Transfers to stage 2	(2,003)	2,003	-
As at 31 December	4,699	22,480	27,179

ECL allowance on debt instruments at FVTOCI

	31 December 2021		
	Stage 1 MUR' 000	Stage 2 MUR' 000	Total MUR' 000
As at 01 January	29,118	24,664	53,782
Net remeasurement of loss allowance	11,178	24,086	35,264
Assets derecognised or repaid (excluding write offs)	(27,552)	(1,198)	(28,750)
Transfers to stage 2	(664)	664	-
As at 31 December	12,080	48,216	60,296

ECL allowance on debt instruments at FVTOCI

	31 December 2020		
	Stage 1 MUR'000	Stage 2 MUR'000	Total MUR'000
As at 01 January	53,308	-	53,308
Assets derecognised or repaid (excluding write offs)	(44,545)	-	(44,545)
Transfers to stage 2	(2,727)	2,727	-
Net remeasurement of loss allowance	23,082	21,937	45,019
As at 31 December	29,118	24,664	53,782

Equity instruments designated at FVTOCI	31 December 2022 MUR' 000	31 December 2021 MUR' 000	31 December 2020 MUR' 000
Carrying amount as at 01 January	5,416,262	5,181,355	6,014,276
Additions	402,568	19,127	39,823
Disposal	(392,583)	(400)	(334)
Fair value movement	289,862	216,072	(872,410)
Translation adjustment	(1,788)	108	-
Carrying amount as at 31 December	5,714,321	5,416,262	5,181,355

No loss allowance is recognised in the statement of financial position for debt instruments measured at FVTPL as the carrying amount is at fair value.

9. (a) INVESTMENT SECURITIES (cont'd)

Debt investment securities at amortised cost

The Company

An analysis of changes in gross carrying amount and the corresponding ECLs is as follows:

	31 December 2022	31 December 2021	31 December 2020
	Stage 1	Stage 1	Stage 1
	MUR' 000	MUR' 000	MUR' 000
Gross carrying amount as at 01 January	**587,215**	1,077,577	1,064,603
New financial assets originated	**370,463**	-	224,000
Financial assets that have been repaid	**(566,563)**	(502,500)	-
Other movements	**(15,373)**	12,138	(211,026)
Gross carrying amount as at 31 December	**375,742**	587,215	1,077,577

	31 December 2022	31 December 2021	31 December 2020
	Stage 1	Stage 1	Stage 1
ECL allowance as at 01 January	MUR' 000	MUR' 000	MUR' 000
At 01 January	**14**	778	561
New assets originated or purchased	**47**	-	217
Assets derecognised or repaid (excluding write offs)	**(14)**	(764)	-
ECL allowance as at 31 December	**47**	14	778

Debt investment securities at FVTOCI	31 December 2022	31 December 2021	31 December 2020
	Stage 1	Stage 1	Stage 1
	MUR' 000	MUR' 000	MUR' 000
Carrying amount as at 01 January	**8,981**	8,637	7,733
New financial assets originated	**56,154**	-	36,430
Financial assets that have been repaid	-	-	(36,762)
Other movements	**(91)**	344	1,236
Carrying amount as at 31 December	**65,044**	8,981	8,637

No loss allowance is recognised in the statement of financial position for debt instruments measured at FVTPL as the carrying amount is at fair value.

Equity instruments designated at FVTOCI	31 December 2022	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000
At 01 January	**4,004,362**	3,636,307	4,227,680
Fair value movement	**298,682**	368,055	(591,373)
At 31 December	**4,303,044**	4,004,362	3,636,307

9. (b) INVESTMENT IN SUBSIDIARIES

Accounting policy

Financial statements of the Company

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the financial statements from the date on which control commences until the date on which control ceases.

Investment in subsidiaries are carried at cost in the Company's separate financial statements which is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquirer. Acquisition-related costs are generally recognized in profit or loss as incurred. The carrying amount is reduced to recognise any impairment in the value of individual investments. The impairment loss is taken to profit or loss.

The Company	31 December 2022	31 December 2021	31 December 2020
Investment in subsidiaries	MUR' 000	MUR' 000	MUR' 000
Equity shares	**175**	175	175
Capital contribution	**31,299,826**	29,800,546	29,523,568
Total investment in subsidiaries	**31,300,001**	29,800,721	29,523,743

Management has assessed the investment in subsidiaries for impairment and believe that no further impairment is required.

Investment reconciliation is as follows:	31 December 2022	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000
Opening balance	**29,800,721**	29,523,743	29,899,918
Transfer from investment securities	**313,646**	-	-
Capital contribution granted during the year	**1,200,000**	586,519	97,825
Surplus funds distributed on winding up of subsidiary	**-**	(179,541)	(350,000)
Impairment losses	**(14,366)**	(130,000)	(124,000)
Closing balance	**31,300,001**	29,800,721	29,523,743

Details of subsidiaries are as follows:

	Country of Incorporation and Operation	Business Activity	Issued Share Capital	Effective % holding 31 December 2022	31 December 2021	31 December 2020
SBM (NFC) Holdings Ltd	Mauritius	Non-Financial Holding Company	MUR 50,000	100	100	100
SBM 3S Ltd	Mauritius	Training Services	MUR 25,000	100	100	100
SBM (Bank) Holdings Ltd	Mauritius	Bank Investment Holding Company	MUR 75,000	100	100	100
SBM (NBFC) Holdings Ltd	Mauritius	Non-Banking Financial Investments Holding Company	MUR 25,000	100	100	100

9. (b) INVESTMENT IN SUBSIDIARIES (cont'd)

Details of subsidiaries are as follows:

		Country of Incorporation and Operation	Business Activity	Issued Share Capital	Effective % holding 31 December 2022	31 December 2021	31 December 2020
1.0 Banking Segmental Subsidiaries							
1.1 Special Purpose Vehicle for Bank Investments Holding Company							
1.1.1	SBM (Bank) Holdings Ltd	Mauritius	Bank Investment Holding Company	MUR 75,000	**100**	100	100
1.1.2	SBM Overseas One Ltd	Mauritius	Offshore banking	MUR 25,000	**100**	100	100
1.1.3	SBM Overseas Two Ltd	Mauritius	Offshore banking	MUR 25,000	**100**	100	100
1.1.4	SBM Overseas Three Ltd	Mauritius	Offshore banking	MUR 25,000	**100**	100	100
1.1.5	SBM Overseas Four Ltd	Mauritius	Offshore banking	MUR 25,000	**100**	100	100
1.1.6	SBM Overseas Five Ltd	Mauritius	Offshore banking	MUR 25,000	**100**	100	100
1.1.7	SBM Overseas Six Ltd	Mauritius	Offshore banking	MUR 25,000	**100**	100	100
1.2 Special Purpose Vehicles for single Bank Investment Holding Subsidiaries							
1.2.1	SBM Africa Holdings Ltd	Mauritius	Investment in SBM Bank (Kenya) Limited	MUR 25,000	**100**	100	100
1.3 Bank Operating Subsidiaries							
1.3.1	SBM Bank (Mauritius) Ltd	Mauritius	Commercial Banking	MUR 310 million	**100**	100	100
1.3.2	Banque SBM Madagascar SA	Madagascar	Commercial Banking	MGA 7.4 billion	**100**	100	100
1.3.3	SBM Bank (Kenya) Limited	Kenya	Commercial Banking	USD 1	**100**	100	100
1.3.4	SBM Bank (India) Ltd	India	Commercial Banking	INR 6.6 billion	**100**	100	100
1.3.5	SBM Bank (Seychelles) Limited	Seychelles	Commercial Banking	SCR 100 Million	**-**	-	100
2.0 Non-Bank Financial Segment Subsidiaries							
2.1 Special Purpose Vehicle for Non-Bank Investments Holding Company							
2.1.1	SBM (NBFC) Holdings Ltd	Mauritius	Non-Banking Financial Investments Holding Company	MUR 25,000	**100**	100	100

9. (b) INVESTMENT IN SUBSIDIARIES (cont'd)

		Country of Incorporation and Operation	Business Activity	Issued Share Capital	Effective % holding 31 December 2022	31 December 2021	31 December 2020
2.2 Non-Bank Operating Subsidiaries							
2.2.1	SBM Fund Services Ltd	Mauritius	Fiduciary services / Back Office processing	MUR 0.5 million	**100**	100	100
2.2.2	SBM Mauritius Asset Managers Ltd	Mauritius	Asset Management	MUR 2.2 million	**100**	100	100
2.2.3	SBM Capital Management Limited	Mauritius	Investments	USD 125,000	**100**	100	100
2.2.4	SBM eBusiness Ltd	Mauritius	Card Acquiring & Processing	MUR 625,000	**100**	100	100
2.2.5	SBM Custody Services Ltd	Mauritius	Custody Services	MUR 25,000	**100**	100	100
2.2.6	SBM Factors Ltd	Mauritius	Factoring	MUR 20 million	**100**	100	100
2.2.7	SBM Insurance Agency Limited	Mauritius	Insurance	MUR 1 million	**100**	100	-
2.2.8	SBM Capital Markets Limited	Mauritius	Investments	MUR 50 million	**100**	100	-
3.0 Non-Financial Segment							
3.1	SBM (NFC) Holdings Ltd	Mauritius	Non-Financial Holding Company	MUR 25,000	**100**	100	100
4.0 Indirect Subsidiary							
4.1	SBM 3S Ltd	Mauritius	Shared Support Services	MUR 25,000	**100**	100	100
4.2	SBM Africa Equity Fund	Mauritius	Closed ended fund	USD 100	**100**	100	100

SBM Holdings Ltd is the ultimate holding company of all the subsidiaries.

The investment in subsidiaries is classified as non current assets.

10. (a) PROPERTY AND EQUIPMENT

Accounting policy

Property and equipment are stated at cost (except for freehold land and buildings) less accumulated depreciation and any cumulative impairment loss. Land is stated at revalued amounts and buildings are stated at revalued amounts less accumulated depreciation and any impairment loss.

It is the Group's policy to revalue its freehold land and buildings and leasehold buildings at least every five years by independent valuers. Any revaluation surplus is credited to the net property revaluation reserve. Any revaluation decrease is first charged directly against the net property revaluation reserve held in respect of the respective asset, and then to the Statement of *profit or loss.*

Progress payments on tangible fixed assets are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other tangible fixed assets, commences when the assets are ready for their intended use.

Depreciation on owned assets is calculated to write off the cost or revalued amounts of tangible fixed assets over their estimated useful lives on a straight-line basis. Depreciation is calculated from the month the asset is capitalised. No depreciation is provided on freehold land.

The estimated useful lives of property and equipment are as follows:

Buildings	50 years
Furniture, fittings, computer and other equipment	3 to 10 years
Motor vehicles	5 years

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset. These are included within *Other operating income in the Statement of profit or loss.*

Depreciation on revalued buildings is charged to profit or loss. A transfer is made from the revaluation reserve to retained earnings as the asset is used (representing difference between depreciation based on revalued amount and depreciation based on original cost). On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

The Group	**Freehold land and buildings**	**Buildings on leasehold land**	**Other tangible fixed assets**	**Motor vehicles**	**Total**
Cost or valuation	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
At 01 January 2020	1,135,621	1,421,050	3,105,131	63,922	5,725,724
Additions	18	16,827	224,207	-	241,052
Disposals	(33,000)	-	(174,004)	(2,900)	(209,904)
Write off	-	-	(89)	-	(89)
Revaluation adjustment	-	-	754	-	754
Translation adjustment	12,028	-	1,363	213	13,604
At 31 December 2020	1,114,667	1,437,877	3,157,362	61,235	5,771,141
Additions	-	-	155,647	-	155,647
Disposals	-	-	(178,519)	(10,553)	(189,072)
Translation adjustment	23,199	-	51,381	1,845	76,425
At 31 December 2021	1,137,866	1,437,877	3,185,871	52,527	5,814,141
Additions	**58,243**	**81,662**	**632,141**	**-**	**772,046**
Disposals	**-**	**-**	**(129,648)**	**(3,104)**	**(132,752)**
Translation adjustment	**(41,481)**	**(1)**	**(625,636)**	**(17,286)**	**(684,404)**
At 31 December 2022	**1,154,628**	**1,519,538**	**3,062,728**	**32,137**	**5,769,031**

10. (a) PROPERTY AND EQUIPMENT (cont'd)

The Group	**Freehold land and buildings**	**Buildings on leasehold land**	**Other tangible fixed assets**	**Motor vehicles**	**Total**
	MUR' 000	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
Accumulated depreciation					
At 01 January 2020	47,932	2,595	2,386,621	39,166	2,476,314
Charge for the year	26,033	57,067	197,437	9,813	290,350
Discontinued operations (Note 40)	-	-	1,597	-	1,597
Write off	-	-	(52)	-	(52)
Disposals	(727)	-	(141,802)	(2,460)	(144,989)
Transfer	1,157	-	(1,157)	-	-
Translation adjustment	12,747	-	989	4	13,740
At 31 December 2020	87,142	59,662	2,443,633	46,523	2,636,960
Charge for the year	17,446	57,721	203,671	9,204	288,042
Disposals	-	-	(172,059)	(9,471)	(181,530)
Translation adjustment	4,611	-	31,720	1,347	37,678
At 31 December 2021	109,199	117,383	2,506,965	47,603	2,781,150
Charge for the year	**26,492**	**60,452**	**232,177**	**2,896**	**322,017**
Disposals	**6,190**	**-**	**(147,445)**	**(2,896)**	**(144,151)**
Translation adjustment	**(21,037)**	**2,156**	**(608,037)**	**(17,162)**	**(644,080)**
At 31 December 2022	**120,844**	**179,991**	**1,983,660**	**30,441**	**2,314,936**
Net book value					
At 31 December 2022	**1,033,784**	**1,339,547**	**1,079,068**	**1,696**	**3,454,095**
Progress payments on tangible fixed assets					**202,601**
					3,656,696
At 31 December 2021	1,028,667	1,320,494	678,906	4,924	3,032,991
Progress payments on tangible fixed assets					552,764
					3,585,755
At 31 December 2020	1,027,525	1,378,215	713,729	14,712	3,134,181
Progress payments on tangible fixed assets					61,914
					3,196,095

Other tangible fixed assets, included within property and equipment consist of equipment,furniture, fittings and computer equipment.

10. (a) PROPERTY AND EQUIPMENT (cont'd)

The Company

Cost or valuation	Other tangible fixed assets	Motor vehicles	Total
	MUR' 000	MUR' 000	MUR' 000
At 01 January 2020	307	10,553	10,860
Additions	-	-	-
At 31 December 2020	307	10,553	10,860
Additions	968	-	968
Disposals	-	(10,553)	(10,553)
At 31 December 2021	1,275	-	1,275
Additions	**251**	**-**	**251**
At 31 December 2022	**1,526**	**-**	**1,526**
Accumulated depreciation			
At 01 January 2020	41	6,954	6,995
Charge for the year	61	1,610	1,671
At 31 December 2020	102	8,564	8,666
Charge for the year	63	906	969
Disposals	-	(9,470)	(9,470)
At 31 December 2021	165	-	165
Charge for the year	**273**	**-**	**273**
At 31 December 2022	**438**	**-**	**438**
Net book value			
At 31 December 2022	**1,088**	**-**	**1,088**
Progress payments on tangible fixed assets			**2,028**
			3,116
At 31 December 2021	1,110	-	1,110
At 31 December 2020	205	1,989	2,194

The property and equipment are classified as non-current assets.

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10. (a) PROPERTY AND EQUIPMENT (cont'd)

The directors have reviewed the carrying amount of the Group's and Company's property and equipment and are of the opinion that no impairment is required at the reporting date (2021 and 2020: Nil).

Details of the Group's land and buildings and information about the fair value hierarchy are as follows:

		THE GROUP		
		31 December 2022	31 December 2021	31 December 2020
		MUR' 000	MUR' 000	MUR' 000
Freehold land	Level 2	**485,878**	485,001	485,001
Freehold buildings	Level 3	**547,906**	543,666	542,524
Buildings on leasehold land	Level 3	**1,339,547**	1,320,494	1,378,215
		2,373,331	2,349,161	2,405,740

The carrying amounts of land and buildings, that would have been included in the financial statements had the assets been carried at cost, are as follows:

	THE GROUP		
	31 December 2022	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000
Freehold land and buildings	**612,242**	738,290	718,378
Building on leasehold land	**384,571**	319,351	333,426
	996,813	1,057,641	1,051,804

The freehold land and buildings are periodically valued based on market value by independent valuation surveyor. Buildings on leasehold land in Mauritius were revalued in December 2019 by an independent Chartered Valuation Surveyor, on an open market value basis. The freehold land and building in India were revalued in March 2019 by independent Chartered Valuation Surveyors on an open market value basis.The inputs used to revalue the PPE relate to unit prices of similar market transactions. The freehold land and building in Kenya were revalued in November 2018 by Ardhiworth Real Estate Limited, an independent Chartered Valuation Surveyors on an open market value basis. The inputs used to revalue of land and buildings relate to unit prices of similar market transactions.

One of the subsidiaries' leasehold land and building LR No. Mombasa/Block XXI/606 and LR No. 209/8873/2 Waiyaki Way have been pledged as security to Central Bank of Kenya for amounts borrowed under the liquidity support framework.

The directors have assessed the fair value of the properties at 31 December 2022, 2021 and 2020 and have estimated the fair value to approximate the carrying value as at that date.

10. (b) RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Group

The Bank as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as printers). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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:

Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;

Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

The amount expected to be payable by the lessee under residual value guarantees;

The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group apply IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of non-financial assets' policy. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other operating expenses' in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The lease contracts do not have lease and non-lease components and hence the Group has not used this practical expedient.

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10. (b) RIGHT OF USE ASSETS AND LEASE LIABILITIES (cont'd)

(i) Right-of-Use Assets

Right of use assets are classified as non-current assets.

THE GROUP	**Land and buildings**	**Other tangible fixed assets**	**Total**
Cost	**MUR' 000**	**MUR' 000**	**MUR' 000**
At 01 January 2020	683,244	287,652	970,896
Additions	133,049	38,189	171,238
Termination/expiry	(69,936)	(8,733)	(78,669)
Discontinued operations (Note 40)	(6,009)	-	(6,009)
Translation adjustment	23,683	-	23,683
At 31 December 2020	764,031	317,108	1,081,139
Additions	118,749	2,714	121,463
Termination/expiry	(54,615)	(121)	(54,736)
Translation adjustment	45,148	-	45,148
At 31 December 2021	873,313	319,701	1,193,014
Additions	**436,944**	**710**	**437,654**
Termination/expiry	**(103,570)**	**-**	**(103,570)**
Translation adjustment	**(57,771)**	**-**	**(57,771)**
At 31 December 2022	**1,148,916**	**320,411**	**1,469,327**
Accumulated Depreciation			
At 01 January 2020	162,718	48,273	210,991
Charge for the year	164,386	19,094	183,480
Termination/expiry	(113,379)	(8,759)	(122,138)
Discontinued operations (Note 40)	2,277	-	2,277
Translation adjustment	1,749	-	1,749
At 31 December 2020	217,751	58,608	276,359
Charge for the year	182,912	29,469	212,381
Termination/expiry	(38,778)	(121)	(38,899)
Translation adjustment	14,756	-	14,756
At 31 December 2021	376,641	87,956	464,597
Charge for the year	**205,237**	**32,235**	**237,472**
Termination/expiry	**(72,819)**	**-**	**(72,819)**
Translation adjustment	**(27,672)**	**-**	**(27,672)**
At 31 December 2022	**481,387**	**120,191**	**601,578**
Net book value			
At 31 December 2022	**667,529**	**200,220**	**867,749**
At 31 December 2021	496,672	231,745	728,417
At 31 December 2020	546,280	258,500	804,780

10. (b) RIGHT OF USE ASSETS AND LEASE LIABILITIES (cont'd)

(i) Right-of-Use Assets (cont'd)

The following are the amounts recognised in profit or loss:	31 December 2022	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000
Depreciation expense on right-of-use assets	**237,472**	212,381	183,480
Interest expense on lease liability (Note 25)	**68,822**	64,906	60,093
Expense relating to leases of low-value assets (included in other operating expenses)	**6,172**	5,710	7,156
Discontinued operations of SBMBS (Depreciation/interest expenses)	-	-	2,277
Gain /(loss) on contract termination of right-of-use asset	**627**	(1,495)	-
Total amount recognised in profit or loss	**313,093**	281,502	253,006

The Group had a total cash outflow for leases of MUR 292.0 million (2021: MUR 266.4 million; 2020: MUR 248.5 million).

At 31 December 2022, the Group does not have any commitment for short term leases.

There are no variable lease payment in the lease contracts of the Group.

The directors have reviewed the carrying amount of the Group's right of use assets and are of the opinion that no impairment is required at the reporting date. (2021: nil and 2020: nil).

The Group leases several assets including land, buildings and equipment . The average lease term is 3-6 years.

The Group does not have option to purchase leased assets at the end of the lease term. The Group's obligations are secured by the lessors' title to the leased assets for such leases.

(ii) Lease Liabilities

Lease liability	31 December 2022	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000
At 01 January	**740,902**	804,407	777,492
Additions	**437,653**	121,463	273,278
Interest expense	**68,822**	64,905	60,093
Termination	**(27,972)**	(60,767)	(80,855)
Payments	**(291,981)**	(266,392)	(248,498)
Exchange difference	**(40,933)**	33,988	22,897
Remeasurement of existing lease	**2,126**	43,298	-
At 31 December	**888,617**	740,902	804,407

Maturity analysis of lease liabilities are as follows:

	31 December 2022	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000
Up to 1 year	**213,982**	142,915	237,099
1 to 5 years	**700,154**	547,937	699,057
5 to 25 years	**141,264**	129,209	28,414
	1,055,400	820,061	964,570
Less unearned interest	**(166,783)**	(79,159)	(160,163)
	888,617	740,902	804,407
Further analysed into:			
Non current	**681,713**	564,838	699,257
Current	**206,904**	176,064	105,150
	888,617	740,902	804,407

The Group does not face significant liquidity risk with regards to its lease liabilities. All the lease obligations are denominated in Mauritian Rupees or functional currency of the subsidiaries.

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11. INTANGIBLE ASSETS

Accounting policy

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised on a straight line basis over their estimated useful lives of 3 to 10 years. Costs directly associated with the production of identifiable and software products controlled by the group, that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets.

Intellectual property rights

The Group entered into an agreement in respect of Business Process Engineering and Business Transformation Initiatives to aligh 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 are now being amortised after the project went live in September 2016.

WIP Software

The Group is developing some softwares. These costs will be transferred under "Software" as soon as they will be in use in the Group.

The Group	Software	WIP Software	Intellectual Property	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Cost				
At 01 January 2020	4,845,662	88,086	284,915	5,218,663
Translation adjustment	7,406	709	-	8,115
Additions	36,067	117,482	-	153,549
Transfer to expenses	(13,973)	(767)	-	(14,740)
Disposal	(110,156)	-	-	(110,156)
Transfer	96,561	(96,561)	-	-
At 31 December 2020	4,861,567	108,949	284,915	5,255,431
Translation adjustment	56,846	1,629	-	58,475
Additions	57,200	97,707	-	154,907
Transfer to expenses	(7,967)	(6,503)	-	(14,470)
Transfer	107,550	(107,550)	-	-
At 31 December 2021	5,075,196	94,232	284,915	5,454,343
Translation adjustment	**(82,518)**	**(1,533)**	-	**(84,051)**
Additions	**164,989**	**149,952**	-	**314,941**
Transfer to expenses	-	**(22,614)**	-	**(22,614)**
Transfer	**44,168**	**(44,168)**	-	-
At 31 December 2022	**5,201,835**	**175,869**	**284,915**	**5,662,619**
Accumulated amortisation				
At 01 January 2020	2,261,257	-	227,932	2,489,189
Translation adjustment	4,960	-	-	4,960
Charge for the year	518,403	-	56,983	575,386
Write off	(641)	-	-	(641)
Disposal	(110,157)	-	-	(110,157)
At 31 December 2020	2,673,822	-	284,915	2,958,737
Translation adjustment	51,127	-	-	51,127
Charge for the year	488,986	-	-	488,986
Disposal	(7,630)	-	-	(7,630)
At 31 December 2021	3,206,305	-	284,915	3,491,220
Translation adjustment	**(76,909)**	-	-	**(76,909)**
Charge for the year	**495,319**	-	-	**495,319**
At 31 December 2022	**3,624,715**	-	**284,915**	**3,909,630**
Net book value				
At 31 December 2022	**1,577,120**	**175,869**	-	**1,752,989**
At 31 December 2021	1,868,891	94,232	-	1,963,123
At 31 December 2020	2,187,745	108,949	-	2,296,694

11. INTANGIBLE ASSETS (cont'd)

The Company

Cost or valuation	Software	Total
	MUR' 000	MUR' 000
At 01 January 2020	1,371	1,371
Additions	-	-
At 31 December 2020	1,371	1,371
Additions	-	-
At 31 December 2021	**1,371**	**1,371**
Additions	**-**	**-**
At 31 December 2022	**1,371**	**1,371**
Accumulated depreciation		
At 01 January 2020	214	214
Charge for the year	274	274
At 31 December 2020	488	488
Charge for the year	**274**	**274**
At 31 December 2021	**762**	**762**
Charge for the year	**274**	**274**
At 31 December 2022	**1,036**	**1,036**
Net book value		
At 31 December 2022	**335**	**335**
At 31 December 2021	609	609
At 31 December 2020	883	883

The directors have reviewed the carrying amount of the Group's and Company's intangible assets and are of the opinion that no impairment is required at the reporting date (2021 and 2020: Nil). The intangible assets are non-current assets whose maturity are more than one year.

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12. OTHER ASSETS

	THE GROUP			THE COMPANY		
	31 December 2022	31 December 2021	31 December 2020	**31 December 2022**	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000	MUR' 000
Accounts receivable - banking	**1,724,830**	1,392,621	1,178,748	**62,160**	141,903	48,898
Accounts receivable - non-banking	**1,455,129**	1,392,653	1,383,209	**-**	8,440	2
Balances due in clearing	**5,983**	6,804	9,999	**-**	-	-
Tax deducted at source	**260,405**	71,548	48,287	**-**	-	-
Tax assets (note 17a)	**39,328**	42,105	58,029	**-**	-	-
Prepayment	**343,101**	306,987	223,411	**462**	513	513
Others	**626,292**	387,204	333,182	**(89)**	110	306
	4,455,068	3,599,922	3,234,865	**62,533**	150,966	49,719
Less: allowance for credit losses	**(53,827)**	(21,450)	(16,414)	**-**	-	-
	4,401,241	3,578,472	3,218,451	**62,533**	150,966	49,719

An analysis of changes in the corresponding ECL pertaining to accounts receivable - non-banking is as follows:

	THE GROUP		
	31 December 2022	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000
	Stage 1	Stage 1	Stage 1
ECL allowance as at 01 Janaury	**21,450**	16,414	380
Movement for the year	**32,377**	23,436	16,414
Assets repaid	**-**	(16,414)	(380)
Amount written off	**-**	(1,986)	-
ECL allowance as at 31 December	**53,827**	21,450	16,414

12. OTHER ASSETS (cont'd)

Credit risk is managed for each category and is subject to the Group's established policy, procedures and control relating to customers credit risk management.

The accounts receivable - banking are mainly transition accounts that will be cleared the following day and the impairment loss thereon is insignificant.

The tax paid in advance is incurred by the Indian Operations, Kenyan Operations and SBM (Bank) Holdings Ltd. The amount is shown net of current tax payable.

Other assets are treated as current assets.

13. PENSION LIABILITY

Accounting policy

(i) Defined benefit plans

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets, is reflected immediately in the Statements of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in the Statements of profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements), net interest expense or income and remeasurement.

The retirement benefit obligation recognised in the statements of financial position represents the actual deficit or surplus in the Group's defined benefits plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

(ii) Defined contribution plan

Employees who joined after 31 December 2004 are entitled to defined contribution retirement benefit pension arrangements. Employer contributions are expensed in the statements of profit or loss in the period in which they fall due. The defined contribution benefit replaced the defined benefit pension plan as from 01 January 2005. Employees who were initially in the defined benefit pension plan remained in the said plan

(iii) Travel tickets/allowances

Employees are periodically entitled to reimbursements of overseas travelling and allowances up to a certain amount depending on their grade. The expected costs of these benefits are recognised in the Statementss of profit or loss on a straight-line and undiscounted basis over the remaining periods until the benefits are payable.

13. PENSION LIABILITY (cont'd)

Pension liabilities are classified as non-current liabilities.

	THE GROUP			THE COMPANY		
	31 December 2022	31 December 2021	31 December 2020	**31 December 2022**	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000	MUR' 000
Defined benefit plan (note 13 (a))	**357,882**	304,970	579,836	**1,831**	1,428	2,231
Residual retirement gratuities (note 13 (b))	**211,211**	105,213	163,971	**8,265**	3,715	4,683
	569,093	410,183	743,807	**10,096**	5,143	6,914

(a) Defined benefit plans

The Group provides final salary defined benefit (DB) plan to some of its employees ("eligible employees"), and the plan operates under the SBM Group Pension Fund (the "Fund") which is in existence since 1 July 1999. The plan provides for a pension at retirement and a benefit on death or disablement in service before retirement and is wholly funded. The Group is the principal sponsor of the Fund and eligible employees are those who have joined the bank prior to 31 December 2004. The assets of the managed by SBM Mauritius Asset Managers Ltd and administered by SICOM Ltd. There are other participating employers of the Fund (within the SBM Group) that allows them to pool their assets for investment purposes (group administration plans).

The plan exposes the Group to normal risks associated with defined benefit pension plans such as investment, interest, longevity and salary rise risks.

Investment risk

The plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan assets is below this rate, it will create a plan deficit and if it is higher, it will create a plan surplus.

Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

Longevity risk

The plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary risk

The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

There has been no plan amendment, curtailment or settlement during the year.

The most recent actuarial valuation of the defined benefit plan was carried out at 31 December 2022 by AON Hewitt Ltd, actuaries and consultants.

13. PENSION LIABILITY (cont'd)

(a) Defined benefit plans (cont'd)

	THE GROUP			THE COMPANY		
	31 December 2022	31 December 2021	31 December 2020	**31 December 2022**	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000	MUR' 000
Present value of funded defined benefit obligation	**1,790,617**	1,895,096	1,944,808	**12,483**	11,798	11,137
Fair value of planned assets	**(1,432,735)**	(1,590,126)	(1,364,972)	**(10,652)**	(10,370)	(8,906)
Net liability arising from defined benefit obligation	**357,882**	304,970	579,836	**1,831**	1,428	2,231
Reconciliation of net defined benefit liability						
Balance at start of the year	**304,970**	579,836	241,628	**1,428**	2,231	1,363
Amount recognised in statements of profit or loss	**56,981**	60,905	39,545	**1,113**	404	292
Amount recognised in other comprehensive income	**48,751**	(289,726)	601,282	**(161)**	(737)	3,189
Less employer contributions	**(52,820)**	(46,045)	(302,619)	**(549)**	(470)	(2,613)
Balance at end of the year	**357,882**	304,970	579,836	**1,831**	1,428	2,231

	THE GROUP			THE COMPANY		
	31 December 2022	31 December 2021	31 December 2020	**31 December 2022**	31 December 2021	31 December 2020
Components of amount recognised in statements of profit or loss	**MUR' 000**	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000	MUR' 000
Current service cost	**43,246**	44,752	31,285	**431**	346	260
Net interest cost	**13,735**	16,153	8,260	**682**	58	32
Total expense	**56,981**	60,905	39,545	**1,113**	404	292
Components of amount recognised in other comprehensive income						
Return on planned assets below/(above) interest income	**196,566**	(202,659)	23,201	**755**	(739)	121
Liability experience loss	**133,328**	-	-	**1,170**	-	-
Liability gain due to change in demographic assumptions	**(1,228)**	(7,253)	-	**-**	-	-
Liability experience (gain)/loss due to change in financial assumptions	**(279,915)**	(79,814)	578,081	**(2,086)**	2	3,068
Total	**48,751**	(289,726)	601,282	**(161)**	(737)	3,189
Reconciliation of fair value of planned assets						
Balance at start of the year	**1,590,126**	1,364,972	1,074,234	**10,370**	8,906	6,062
Interest income	**73,929**	39,341	60,273	**500**	265	361
Employer contributions	**52,820**	46,045	299,815	**549**	469	2,612
Benefits paid	**(87,574)**	(62,891)	(46,149)	**(12)**	(9)	(8)
Return on planned assets excluding interest income	**(196,566)**	202,659	(23,201)	**(755)**	739	(121)
Balance at end of the year	**1,432,735**	1,590,126	1,364,972	**10,652**	10,370	8,906

13. PENSION LIABILITY (cont'd)

(a) Defined benefit plans (cont'd)

	THE GROUP			THE COMPANY		
Reconciliation of present value of defined benefit obligation	**31 December 2022**	31 December 2021	31 December 2020	**31 December 2022**	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000	MUR' 000
Balance at start of the year	**1,895,096**	1,944,808	1,315,862	**11,798**	11,137	7,425
Current service cost	**43,246**	44,752	31,285	**431**	346	260
Past service cost	**-**	-	-	**-**	-	-
Interest expense	**87,035**	55,494	68,533	**554**	323	393
Other benefits paid	**(87,574)**	(62,890)	(46,149)	**(12)**	(9)	(8)
Transfer from another entity	**-**	-	-	**-**	-	-
Liability experience loss	**133,328**	-	-	**1,169**	-	-
Liability gain due to change in demographic assumptions	**(1,228)**	(7,253)	-	**-**	-	-
Liability (gain)/loss due to change in financial assumptions	**(279,286)**	(79,815)	575,277	**(1,457)**	1	3,067
Balance at end of the year	**1,790,617**	1,895,096	1,944,808	**12,483**	11,798	11,137

	THE GROUP			THE COMPANY		
	31 December 2022	31 December 2021	31 December 2020	**31 December 2022**	31 December 2021	31 December 2020
Allocation of plan assets at end of year	**%**	%	%	**%**	%	%
Equity - Overseas quoted	**36**	36	26	**36**	36	26
Equity - Overseas unquoted	**3**	3	5	**3**	3	5
Equity - Local quoted	**18**	18	25	**18**	18	25
Equity - Local unquoted	**4**	4	5	**4**	4	5
Debt - Overseas quoted	**-**	-	-	**-**	-	-
Debt - Overseas unquoted	**-**	-	-	**-**	-	-
Debt - Local quoted	**10**	10	6	**10**	10	6
Debt - Local unquoted	**15**	15	10	**15**	15	10
Cash and other	**14**	14	23	**14**	14	23
Total	**100**	100	100	**100**	100	100

	31 December 2022	31 December 2021	31 December 2020	**31 December 2022**	31 December 2021	31 December 2020
Allocation of planned assets at end of year						
Reporting entity's own transferable financial instruments	**3%**	3%	2%	**3%**	3%	2%
Principal assumptions used at end of year						
Discount rate based on government bonds	**6.7%**	4.7%	2.9%	**6.7%**	4.7%	2.9%
Rate of salary increases	**6.9%**	5.2%	2.6%	**6.9%**	5.2%	5.0%
Rate of pension increases	**2.0%**	1.5%	1.0%	**2.0%**	1.5%	1.0%
Average retirement age (ARA)	**65**	65	65	**65**	65	65
Average life expectancy for:						
- Male at ARA	**15.9 Years**	15.9 Years	15.9 years	**15.9 years**	15.9 years	15.9 years
- Female at ARA	**20 Years**	20 Years	20.0 years	**20.0 years**	20.0 years	20.0 years

IAS 19 requires that the discount rate be set based on the yields of high quality corporate bonds with an appropriate term. Since no deep market in such bonds is available, IAS 19 requires that the yield on government bonds of appropriate term can be applied. The discount rate takes account of the nominal yield to redemption of government bonds traded on the secondary market as at 31 December 2022.

13. PENSION LIABILITY (cont'd)

(a) Defined benefit plans (cont'd)

	31 December 2022	31 December 2021	31 December 2020	**31 December 2022**	31 December 2021	31 December 2020
Sensitivity analysis on defined benefit obligation at end of year	**MUR' 000**	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000	MUR' 000
Increase due to 1% decrease in discount rate	**256,337**	303,278	350,141	**1,568**	1,652	1,782
Decrease due to 1% increase in discount rate	**205,320**	246,439	272,348	**1,330**	1,416	1,448

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. Any similar variation in the other assumptions would have shown smaller variations in the defined benefit obligation.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit asset as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Future cashflows

The funding policy is to pay contributions to an external legal entity at the rate recommended by the entity's actuaries.

The Group expects to make a contribution of around MUR 49.5 million to the SBM Group Pension Fund for the next financial year and the weighted average duration of the defined benefit obligation is ranges between 12 to 30 years and the average duration on the liability is 12 years.

The Company expects to make a contribution of around MUR 515,000 to the SBM Group Pension Fund for the next financial year.

13. PENSION LIABILITY (cont'd)

(b) Residual retirement gratuities

The amount included in the statements of financial position arising from the Group's and the Company's obligation in respect of their residual retirement gratuities is as follows:

The liability relates to residual retirement gratuities payable under the Workers' Rights Act 2019 and is unfunded.

The Group is exposed to normal risks associated with residual retirement gratuities such as interest and salary rise risks.

Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

Salary risk

The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

The most recent actuarial valuation of the retirement gratuities was carried out at 31 December 2022 by AON Hewitt Ltd, actuaries and consultants.

The amount included in the statement of financial position arising from the Group's obligation in respect of its residual retirement gratuities is as follows:

	THE GROUP			**THE COMPANY**		
	31 December 2022	31 December 2021	31 December 2020	**31 December 2022**	31 December 2021	31 December 2020
Reconciliation of net defined benefit liability	**MUR' 000**	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000	MUR' 000
Balance at start of the year	**105,213**	163,971	97,247	**3,715**	4,683	1,096
Amount recognised in statements of profit or loss	**134,936**	30,172	(79,331)	**6,032**	2,641	(515)
Amount recognised in other comprehensive income	**(28,058)**	(88,173)	146,055	**(1,482)**	(3,609)	4,102
Less benefits paid	**(880)**	(757)	-	**-**	-	-
Balance at end of the year	**211,211**	105,213	163,971	**8,265**	3,715	4,683
Reconciliation of present value of defined benefit obligation						
Balance at start of the year	**105,213**	163,971	97,247	**3,715**	4,683	1,096
Current service cost	**25,725**	25,380	7,525	**2,468**	1,909	523
Past service cost	**100,079**	-	(92,011)	**3,220**	576	(1,096)
Interest expense	**9,132**	4,792	5,155	**344**	156	58
Liability experience loss/(gain)	**10,516**	(23,072)	(1,594)	**843**	(1,414)	(122)
Liability (gain)/loss due to change in demographic assumptions	**(2,670)**	(29,982)	-	**(103)**	-	-
Liability (gain)/loss due to change in financial assumptions	**(35,904)**	(35,119)	147,649	**(2,222)**	(2,195)	4,224
Benefits paid	**(880)**	(757)	-	**-**	-	-
Balance at end of the year	**211,211**	105,213	163,971	**8,265**	3,715	4,683

13. PENSION LIABILITY (cont'd)

(b) Residual retirement gratuities (cont'd)

	THE GROUP			THE COMPANY		
	31 December 2022	31 December 2021	31 December 2020	**31 December 2022**	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000	MUR' 000
Components of amount recognised in statements of profit or loss						
Current service cost	**25,725**	25,380	(84,486)	**2,468**	1,909	(573)
Past service cost	**100,079**	-	-	**3,220**	576	-
Net interest cost	**9,132**	4,792	5,155	**344**	156	58
Total expense as above	**134,936**	30,172	(79,331)	**6,032**	2,641	(515)
Components of amount recognised in other comprehensive income						
Liability experience loss/(gain)	**10,516**	(23,072)	(1,594)	**843**	(1,414)	(122)
Liability experience gain due to change in demographic assumptions	**(2,670)**	(29,982)	-	**(103)**	-	-
Liability (gain)/loss/due to change in financial assumptions	**(35,904)**	(35,119)	147,649	**(2,222)**	(2,195)	4,224
Total	**(28,058)**	(88,173)	146,055	**(1,482)**	(3,609)	4,102
Principal assumptions used at end of year						
Discount rate	**6.6%**	4.7%	2.9%	**6.6%**	4.7%	2.9%
Rate of salary increases	**6.9%/7%**	5.2%/6%	5.0%	**6.9%/7%**	5.2%/6%	5.0%
Rate of pension increases	**2.0%**	1.5%	1.0%	**2.0%**	1.5%	0.0%
Average retirement age (ARA)	**60/65**	60/65	60/65	**60/65**	60/65	60/65
Sensitivity Analysis on defined benefit obligation at end of year						
Increase due to 1% decrease in discount rate	**40,482**	37,711	55,857	**2,359**	1,521	1,797
Decrease due to 1% increase in discount rate	**34,521**	30,995	44,150	**2,003**	1,258	1,419

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. The results are particularly sensitive to a change in discount rate due to the nature of the liabilities being the difference between the pure retirement gratuities under the Workers' Rights Act 2019 and the deductions allowable, being five times the annual pension provided and half the lump sum received by the member at retirement from the SBM Group DC Fund with reference to the Group's share of contributions.

13. PENSION LIABILITY (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 Group expects to make a contribution of around MUR 29.0 million for the next financial year and the weighted average duration of the defined benefit obligation is 14 years.

The group is exposed to normal risks associated with residual retirement gratuities such as interest and salary rise risks.

Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

Defined contribution plan

As from 01 January 2005, the defined benefit plan has been closed to new entrants and all new entrants of the Group joined a defined contribution plan operated under the SBM Group Defined Contribution Fund (DC Fund). The Group is the principal employer of the DC Fund. The assets are managed by SBM Mauritius Asset Managers Ltd and administered by SICOM Ltd.

The Group made a contribution amounting to MUR 131.9 million to SBM Group DC fund for employees under the defined contribution pension plan (2021: MUR 100.9 million and 2020: MUR 93.1 million).

14. DEPOSITS FROM BANKS

	THE GROUP		
	31 December 2022	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000
Demand deposits	**3,802,908**	2,770,002	1,403,315

15. DEPOSITS FROM NON-BANK CUSTOMERS

	THE GROUP		
	31 December 2022	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000
(i) Retail customers			
Current accounts	**29,258,693**	27,384,014	23,620,520
Savings accounts	**76,633,498**	70,842,599	62,410,927
Time deposits with remaining term to maturity:			
- Up to 3 months	**8,969,764**	8,992,165	6,086,658
- Over 3 months and up to 6 months	**3,184,290**	3,835,300	2,795,976
- Over 6 months and up to 12 months	**5,374,209**	4,638,675	4,056,610
- Over 1 year and up to 5 years	**8,945,489**	5,048,058	5,404,438
- Over 5 years	**237,642**	15,332	12,571
Total time deposits	**26,711,394**	22,529,530	18,356,253
Total deposits from retail customers	**132,603,585**	120,756,143	104,387,700
(ii) Corporate customers			
Current accounts	**83,526,610**	115,265,924	72,477,613
Savings accounts	**5,443,851**	4,189,782	4,538,500
Time deposits with remaining term to maturity:			
- Up to 3 months	**27,298,664**	18,560,078	15,889,458
- Over 3 months and up to 6 months	**15,406,967**	6,855,530	3,898,494
- Over 6 months and up to 12 months	**6,873,150**	9,903,545	8,192,992
- Over 1 year and up to 5 years	**4,970,146**	3,919,863	1,534,469
- Over 5 years	**103,271**	38,670	1,024
Total time deposits	**54,652,198**	39,277,686	29,516,437
Total deposits from corporate customers	**143,622,659**	158,733,392	106,532,550
(iii) Government			
Current accounts	**7,137,013**	10,851,448	8,639,186
Savings accounts	**3,484,415**	4,530,341	3,855,442
Time deposits with remaining term to maturity:			
- Up to 3 months	**65,703**	126,022	43,313
- Over 3 months and up to 6 months	**1,607,635**	1,600	130,443
- Over 6 months and up to 12 months	**4,019,070**	3,304,792	3,273,488
- Over 1 year and up to 5 years	**810,355**	277,000	99
- Over 5 years	**-**	120	-
Total time deposits	**6,502,763**	3,709,534	3,447,343
Total deposits from the Government	**17,124,191**	19,091,323	15,941,971
Total deposits from non-bank customers	**293,350,435**	298,580,858	226,862,221

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16. OTHER BORROWED FUNDS

	THE GROUP		
	31 December 2022	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000
Borrowings from central banks	**5,308,642**	3,576,334	5,558,836
Other financial institutions	**7,464,195**	1,456,416	3,518,739
Borrowings from banks			
- In Mauritius	**-**	4,358,708	3,927,866
- Abroad	**2,716,633**	121,454	2,011,736
	15,489,470	9,512,912	15,017,177
Remaining term to maturity			
Up to 3 months	**11,067,602**	7,594,917	4,750,571
Over 3 months and up to 6 months	**272,511**	-	3,049,797
Over 6 months and up to 12 months	**481,314**	58,427	989,158
Over 1 year and up to 5 years	**3,169,958**	1,365,947	5,742,128
Over 5 years	**498,085**	493,621	485,523
	15,489,470	9,512,912	15,017,177

17. 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.

As from 01 January 2020, a new tax regime is applicable for the banking sector in Mauritius. Mauritian banks are being taxed at 5% on the first MUR 1.5 billion of their chargeable income, at 15% of the chargeable income between MUR 1.5 billion and the base year income, and at 5% on the remainder, subject to meeting prescribed conditions. The applicable tax rate for India is 43.26% (2021: 43.26% and 2020: 43.26%), whereas that of Madagascar is 20% (2021: 20% and 2020: 20%) and Kenya is 30% (2021: 30% and 2020: 30%).

Non-banking entities within the Group are taxable at the rate of 15% (2021: 15%).

Corporate social responsibility (CSR)

Corporate social responsibility (CSR) was legislated by the Government of Mauritius in July 2009. In terms of the legislation, the Group is required to allocate 2% of its Segment A chargeable income of the preceding financial year to government approved CSR NGOs. As from July 2017, following amendments to the Finance Act 2017, the Group will now be required as from 01 January 2017 to 31 December 2018 to remit to the Director General at least 50% of the CSR contribution. After 01 January 2019, the Group will be required to remit to the Director General at least 75% of the CSR contribution. This is recorded as part of income tax expense.

Bank levy

SBM (Bank) Mauritius Ltd, a subsidiary of SBM Holdings Ltd, is liable to pay to pay the taxation authorities a special levy calculated at 5.5% where leviable income is less than or equal to MUR 1.2 billion or at 4.5% where leviable income is greater than MUR 1.2 billion. Leviable income applies to banking transactions of Segment A and is defined as the sum of net interest income and other income before deduction of expenses as per VAT act. The bank levy is treated as tax expense as per communique issued by BOM

17. a CURRENT TAX LIABILITIES

Current tax liabilities can be analysed as follows:

	THE GROUP			THE COMPANY		
Statement of financial position	**31 December 2022**	31 December 2021	31 December 2020	**31 December 2022**	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000	MUR' 000
At 01 January	**272,566**	202,196	229,211	**4,140**	-	-
Income tax provision	**457,817**	2,076	107,181	**2,190**	4,140	-
Corporate Social Responsibility contribution	**79,070**	74,655	70,257	**356**	-	-
Underprovision/(overprovision) in prior years	**60,028**	29,195	33,392	**(2,632)**	-	(336)
Paid during the year	**(177,482)**	(217,535)	(405,453)	**(2,669)**	-	336
Exchange difference	**(439,244)**	(4,437)	(3,760)	**-**	-	-
Bank levy	**186,416**	186,416	171,368	**-**	-	-
At 31 December	**439,171**	272,566	202,196	**1,385**	4,140	-
The breakdown of current tax liabilities is as follows:						
Tax liability	**478,499**	314,671	260,225	**1,385**	4,140	-
Tax assets (note 12)	**(39,328)**	(42,105)	(58,029)	**-**	-	-
	439,171	272,566	202,196	**1,385**	4,140	-

Current tax liabilities will be repaid within the next one year and is classified as a current liabilities.

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17. TAXATION (cont'd)

17. b TAX EXPENSE

The total tax expense can also be analysed as being incurred as follows:

	THE GROUP			THE COMPANY		
	31 December 2022	31 December 2021	31 December 2020	**31 December 2022**	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000	MUR' 000
In Mauritius	**528,500**	459,623	191,466	**2,189**	4,140	(336)
Overseas	**19,877**	(18,304)	108,660	**-**	-	-
Total tax expense	**548,377**	441,319	300,126	**2,189**	4,140	(336)
Income tax provision	**530,667**	471,052	445,615	**4,108**	4,140	(336)
Deferred income tax (Note 17d)	**(240,240)**	(291,506)	(398,481)	**-**	-	-
Corporate Social Responsibility contribution	**79,070**	74,655	70,266	**356**	-	-
Bank levy	**186,416**	186,416	171,368	**-**	-	-
Withholding tax	**(7,536)**	702	11,358	**(2,275)**	-	-
Total tax expense	**548,377**	441,319	300,126	**2,189**	4,140	(336)

17. c Tax reconciliation

	THE GROUP			THE COMPANY		
	31 December 2022	31 December 2021	31 December 2020	**31 December 2022**	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000	MUR' 000
Profit/(loss) before income tax from continuing operations	**4,184,038**	2,178,307	1,313,230	**1,905,840**	(298,378)	(501,768)
Tax on accounting profit at applicable tax rates	**296,180**	142,640	210,194	**285,876**	(44,757)	(75,265)
Under/(Over) provision in previous periods	**65,432**	29,197	26,111	**3,011**	-	(337)
Non allowable expenses	**141,313**	249,393	153,114	**91,600**	162,496	101,024
Exempt income	**(213,763)**	(234,122)	(205,341)	**(376,379)**	(102,352)	(41,425)
Corporate Social Responsibility contribution	**79,070**	74,655	70,266	**356**	-	-
Bank levy	**186,416**	186,416	171,368	**-**	-	-
Deferred tax assets not recognised	**3,264**	(53)	(153,781)	**-**	(11,247)	15,667
Deferred tax on bargain purchase	**-**	(12,610)	-	**-**	-	-
Effect of tax rates in foreign jurisdiction	**(1,999)**	19,606	16,837	**-**	-	-
Tax loss utilised	**-**	(14,505)	-	**-**	-	-
Withholding tax	**(7,536)**	702	11,358	**(2,275)**	-	-
	548,377	441,319	300,126	**2,189**	4,140	(336)
Foreign tax credit	**-**	-	-	**-**	-	-
Total tax expense/(income)	**548,377**	441,319	300,126	**2,189**	4,140	(336)

17. TAXATION (cont'd)

17. 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 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.

Change in tax rate of SBM Bank (Mauritius) Ltd

The deferred tax rate applied for segment A and segment B in SBM (Bank) Mauritius Ltd is 7% and 5% respectively (2021: 7% & 5% and 2020: 7% & 3 %). The change in the rate resulted in a tax credit of MUR 112.6 million in the statement of profit or loss and MUR 110.5 million in other comprehensive income. Deferred tax (assets) / liabilities are treated as non current (assets) / liabilities as they have a maturity of over more than one year.

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17. TAXATION (cont'd)

17. d DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

Reconciliation of deferred tax assets

	THE GROUP		
	31 December 2022	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000
At 01 January	**(1,087,074)**	(806,110)	(355,992)
Translation adjustments	**63,800**	(15,124)	(228)
Charge/(credit) to profit or loss:			
- Movement for the year (Note 17b)	**(240,240)**	(291,507)	(398,481)
Charge/(credit) to other comprehensive income:			
- Remeasurement of retirement benefit obligations	**(1,662)**	25,667	(51,409)
At 31 December	**(1,265,176)**	(1,087,074)	(806,110)

Reconciliation of deferred tax assets

	THE GROUP				
	01 January 2022	**Charge/(credit) to profit or loss**	**Charge/(credit) to OCI**	**Translation adjustment**	**31 December 2022**
2022	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
Deferred tax assets					
Allowances for credit impairment	**(283,536)**	**(211,866)**	**-**	**(8,870)**	**(504,272)**
Pension liability	**(27,076)**	**(8,785)**	**(1,662)**	**-**	**(37,523)**
Other provisions	**(899,567)**	**6,629**	**-**	**67,403**	**(825,535)**
	(1,210,179)	**(214,022)**	**(1,662)**	**58,533**	**(1,367,330)**
Deferred tax liabilities					
Accelerated capital allowances	**49,459**	**(26,370)**	**-**	**5,046**	**28,135**
Revaluation of property	**77,710**	**(3,340)**	**-**	**211**	**74,581**
Unrealised exchange gains	**(4,064)**	**3,492**	**-**	**10**	**(562)**
	123,105	**(26,218)**	**-**	**5,267**	**102,154**
Net deferred tax assets	**(1,087,074)**	**(240,240)**	**(1,662)**	**63,800**	**(1,265,176)**

17. TAXATION (cont'd)

17. d DEFERRED TAX (ASSETS) / LIABILITIES (cont'd)

Reconciliation of deferred tax assets (cont'd)

	THE GROUP				
	01 January 2021	Charge/ (credit) to profit or loss	Charge/ (credit) to OCI	Translation adjustment	31 December 2021
2021	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Deferred tax assets					
Allowances for credit impairment	(291,716)	(15,533)	-	23,713	(283,536)
Pension liability	(50,686)	(2,057)	25,667	-	(27,076)
Other provisions	(631,926)	(228,100)	-	(39,541)	(899,567)
	(974,328)	(245,690)	25,667	(15,828)	(1,210,179)
Deferred tax liabilities					
Accelerated capital allowances	90,823	(42,477)	-	1,113	49,459
Unrealised exchange gains	(3,821)	-	-	(243)	(4,064)
Revaluation of property	81,216	(3,340)	-	(166)	77,710
	168,218	(45,817)	-	704	123,105
Net deferred tax assets	(806,110)	(291,507)	25,667	(15,124)	(1,087,074)

	THE GROUP				
	01 January 2020	Charge/ (credit) to profit or loss	Charge/ (credit) to OCI	Translation adjustment	31 December 2020
2020	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Deferred tax assets					
Allowances for credit impairment	(73,618)	(219,001)	-	903	(291,716)
Pension liability	(23,380)	24,103	(51,409)	-	(50,686)
Other provisions	(471,271)	(159,562)	-	(1,093)	(631,926)
	(568,269)	(354,460)	(51,409)	(190)	(974,328)
Deferred tax liabilities					
Accelerated capital allowances	131,278	(40,431)	-	(24)	90,823
Unrealised exchange gains	(3,813)	-	-	(9)	(3,822)
Revaluation of property	84,812	(3,590)	-	(5)	81,217
	212,278	(44,021)	-	(38)	168,218
Net deferred tax assets	(355,992)	(398,481)	(51,409)	(228)	(806,110)

18. OTHER LIABILITIES

	THE GROUP			THE COMPANY		
	31 December 2022	31 December 2021	31 December 2020	**31 December 2022**	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000	MUR' 000
Bills payable	**462,430**	322,231	230,908	**-**	-	-
Accruals for expenses	**1,719,421**	1,554,887	1,086,191	**37,065**	37,431	14,502
Accounts payable	**5,415,109**	4,952,612	3,629,367	**28,297**	125,570	196,704
Deferred income	**74,923**	49,976	60,863	**-**	-	-
Balance due in clearing	**5,841**	2,908	473	**-**	-	-
Balances in transit	**955,434**	971,013	862,905	**-**	-	-
ECL on memorandum Items (Note 22)	**301,170**	329,497	368,722	**-**	-	-
Others	**136,587**	139,793	90,927	**-**	-	-
	9,070,915	8,322,917	6,330,356	**65,362**	163,001	211,206

Other liabilites, except for deferred income, are classified as current liabilities. Deferred income has a maturity of over more than one year and is treated as non-current liabilities.

19. SUBORDINATED DEBTS

	THE GROUP	THE COMPANY	THE GROUP and THE COMPANY	
	31 December 2022	**31 December 2022**	31 December 2021	31 December 2020
Subordinated bonds:	**MUR' 000**	**MUR' 000**	MUR' 000	MUR' 000
Class A 1 series bond of MUR floating interest rate senior unsecured bonds maturing in 2024 (Note (a))	**1,522,965**	**1,522,965**	1,514,667	1,514,667
Class B 1 series bond of USD floating interest rate senior unsecured bonds maturing in 2021 (Note (a))	**-**	**-**	-	2,575,899
Class A 2 series bond of MUR fixed interest rate senior unsecured bonds maturing in 2028 (Note (b))	**3,062,958**	**3,062,958**	3,060,520	3,060,520
Class B 2 series bond of USD fixed interest rate senior unsecured bonds maturing in 2025 (Note (b))	**3,321,028**	**3,321,028**	3,295,374	2,991,700
Class A 3 series bond of MUR fixed interest rate senior unsecured bonds maturing in 2031 (Note (c))	**1,003,790**	**1,003,790**	1,003,452	-
Class B 3 series bond of MUR floating interest rate senior unsecured bonds maturing in 2031 (Note (c))	**1,005,795**	**1,005,795**	1,003,333	-
Series Bond of INR fixed interest rate subordinated unsecured bonds maturing 2032 (Note (d))	**699,956**	**-**	-	-
	10,616,492	**9,916,536**	9,877,346	10,142,786
Analysed as :				
Non-current	**10,616,492**	**9,916,536**	9,877,346	7,566,887
Current	**-**	**-**	-	2,575,899
	10,616,492	**9,916,536**	9,877,346	10,142,786

a. The public offer for the issue of subordinated senior unsecured multicurrency floating interest rate bonds for Class A 1 series Bond of MUR 1,000 million opened on 20 December 2013. It was oversubscribed and a maximum amount of MUR 1.5 billion, of MUR 10,000 notes with half yearly floating coupon payment of Repo rate + 1.35% per annum maturing in 2024, was retained including the optional amount. Similarly an amount of USD 65.0 million, of USD 1,000 notes with half yearly payment of floating coupon 6-months LIBOR + 175bps per annum maturing in 2021, was retained for the issue of Class B 1 series bond of USD 50 million on 15 February 2014 including the optional amount. The public offer was issued by the State Bank of Mauritius Ltd (renamed as SBM Bank (Mauritius) Ltd) and the bonds are eligible as Tier II Capital.

As at 02 October 2014, on the appointed day of the Group restructure, all the bondholders of Class A 1 series and Class B 1 series Bonds of MUR 1.5 billion and USD 65.0 million repectively were transferred to the Company (SBM Holdings Ltd) with corresponding matching assets (investments).

b. The public offer for the issue of subordinated senior unsecured multicurrency fixed interest rate bonds for Class A2 and B2 Series Bonds of MUR 2 billion and USD 50 million respectively opened on 29 May 2018. Class A2 Series Bonds were oversubscribed and a maximum amount of MUR 3.06 billion, of MUR 10,000 bonds with half yearly fixed coupon payment of 5.75% per annum maturing in 2028, was retained including the optional amount. Similarly an amount of USD 75.66 million, of USD 1,000 bonds with half yearly payment of fixed coupon rate of 4.75% per annum maturing in 2025, were retained including the optional amount. The public offer was issued by the SBM Holdings Ltd (SBMH) and the bonds are eligible as Tier II Capital.

These bonds are quoted on the Official Market of the Stock Exchange of Mauritius (SEM) pre and post restructure.

c. Private placement of Subordinated Tier II bonds amounting to MUR 2 billion at a price of MUR 10,000 per bond maturing in 2031, issued in two series: Series A3 and Series B3, at the rate of 4.2% and 4.0% (Repo rate + 2.15%).

d. SBM Bank (India) Ltd made a private placement of Basel III compliant rated, unsecured, subordinated,listed, redeemable, non-convertible and fully paid up Tier 2 bonds in the nature of debentures (Series II) at a fixed interest rate of 9.75%.

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19. SUBORDINATED DEBTS (cont'd)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financial activities are those for which cash flows were, or future cash flows will be classified in cash flows from financing activities in the statement of cash flows.

The Group			Non-cash changes			
	At 01 January	**Financing cash flows (i)**	**New leases**	**Exchange differences**	**Other changes (ii)**	**At 31 December**
	MUR' 000	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
2022						
Other borrowed funds	9,512,912	5,976,558	-	-	-	**15,489,470**
Subordinated debts	9,877,346	229,088	-	25,279	484,779	**10,616,492**
Lease liabilities	740,902	(266,299)	398,324	(44,435)	60,125	**888,617**
	20,131,160	5,939,347	398,324	(19,156)	544,904	**26,994,579**
2021						
Other borrowed funds	15,017,177	(5,504,265)	-	-	-	9,512,912
Subordinated debts	10,142,786	(987,070)	-	276,903	444,727	9,877,346
Lease liabilities	804,407	(251,285)	95,046	38,927	53,807	740,902
	25,964,370	(6,742,620)	95,046	315,830	498,534	20,131,160
2020						
Other borrowed funds	13,373,033	1,644,144	-	-	-	15,017,177
Subordinated debts	9,739,981	(381,547)	-	339,844	444,508	10,142,786
Lease liabilities	777,491	(261,344)	237,152	10,923	40,185	804,407
	23,890,505	1,001,253	237,152	350,767	484,693	25,964,370

The Company			Non-cash changes		
	At 01 January	**Financing cash flows (i)**	**Exchange differences**	**Other changes (ii)**	**At 31 December**
	MUR' 000	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
2022					
Subordinated debts	9,877,346	(470,868)	25,279	484,779	**9,916,536**
2021					
Subordinated debts	10,142,786	(987,070)	276,903	444,727	9,877,346
2020					
Subordinated debts	9,739,981	(381,547)	339,844	444,508	10,142,786

(i) The cash flows from other borrowed funds and subordinated debts make up the net amount of proceeds from borrowings and repayments of borrowings in the cash flow statement.

(ii) Other changes include non-cash transactions such as interests accrued but not yet paid on interest-bearing other borrowed funds and subordinated debts.

20. STATED CAPITAL AND TREASURY SHARES

	THE GROUP		THE COMPANY	
Authorised, issued and paid up share capital	Number	MUR' 000	Number	MUR' 000
At 31 December 2022	**3,037,402,230**	**32,500,204**	**3,037,402,230**	**32,500,204**
At 31 December 2021	3,037,402,230	32,500,204	3,037,402,230	32,500,204
At 31 December 2020	3,037,402,230	32,500,204	3,037,402,230	32,500,204
Treasury shares held				
At 31 December 2022	**455,610,330**	**4,875,031**	**455,610,330**	**4,875,031**
At 31 December 2021	**455,610,330**	**4,875,031**	**455,610,330**	**4,875,031**
At 31 December 2020	455,610,330	4,875,031	455,610,330	4,875,031

Fully paid ordinary shares carry one vote per share and the right to dividend, except for treasury shares which have no such rights.

21. DIVIDEND

Accounting policy

Dividends on ordinary shares are recognised in equity in the period in which they are authorised by the directors.

	THE GROUP			THE COMPANY		
	31 December 2022	31 December 2021	31 December 2020	**31 December 2022**	31 December 2021	31 December 2020
Dividend declared after the reporting date:	**MUR' 000**	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000	MUR' 000
2022: nil ;2021: nil ; 2020: Nil	**-**	-	-	**-**	-	-
Dividend declared and paid in current year:						
2022: 20 cents ;2021: nil ; 2020: Nil	**516,358**	-	-	**516,358**	-	-
	516,358	-	-	**516,358**	-	-
Less dividend declared and paid during the year	**(516,358)**	-	-	**(516,358)**	-	-
Dividend payable	**-**	-	-	**-**	-	-

A dividend of 20 cents per share has been declared on 30 March 2022 and was paid on 15 June 2022.

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22. MEMORANDUM ITEMS

a. Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers

	THE GROUP		
	31 December 2022	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000
Acceptances on account of customers	**1,761,895**	1,878,468	361,590
Guarantees on account of customers	**18,669,391**	13,377,544	11,433,868
Letters of credit and other obligations on account of customers	**3,043,935**	3,196,187	3,974,549
Other contingent items	**4,120,304**	2,706,038	202,295
	27,595,525	21,158,237	15,972,302
b. Commitments			
Undrawn credit facilities	**25,630,135**	21,042,819	15,342,522
c. Other			
Inward bills held for collection	**955,028**	319,258	227,129
Outward bills sent for collection	**2,643,726**	2,003,361	1,584,874
	3,598,754	2,322,619	1,812,003
Total	**56,824,414**	44,523,675	33,126,827

22. MEMORANDUM ITEMS (cont'd)

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

Internal rating grade	Stage 1 Individual MUR' 000	Stage 2 Individual MUR' 000	Stage 3 MUR' 000	Total MUR' 000
31 December 2022				
Performing				
High grade	27,220,792	1,743,379	-	28,964,171
Standard grade	19,705,017	2,736,095	-	22,441,112
Sub-standard grade	2,899,444	2,354,181	50	5,253,675
Past due but not impaired	-	-	-	-
Non-performing				
Individually impaired	-	-	165,456	165,456
Total	49,825,253	6,833,655	165,506	56,824,414
31 December 2021				
Performing				
High grade	21,213,380	1,255	-	21,214,635
Standard grade	14,276,586	707,855	-	14,984,441
Sub-standard grade	6,731,992	1,431,873	-	8,163,865
Past due but not impaired	-	-	-	-
Non-performing				
Individually impaired	-	-	160,734	160,734
Total	42,221,958	2,140,983	160,734	44,523,675
31 December 2020				
Performing				
High grade	16,897,993	8,047	-	16,906,040
Standard grade	8,939,807	334,060	-	9,273,867
Sub-standard grade	5,652,053	1,050,224	-	6,702,277
Past due but not impaired	-	54,140	-	54,140
Non-performing				
Individually impaired	-	-	190,503	190,503
Total	31,489,853	1,446,471	190,503	33,126,827

Details of the Group's internal grading system are set out in note 38(b)(i).

22. MEMORANDUM ITEMS (cont'd)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

	Stage 1 Individual MUR' 000	Stage 2 Individual MUR' 000	Stage 3 MUR' 000	Total MUR' 000
31 December 2022				
Gross carrying amount as at 01 January 2022	42,221,958	2,140,983	160,734	44,523,675
New exposures	18,115,924	2,676,304	24,543	20,816,771
Exposures derecognised or matured/lapsed	(6,789,720)	(1,244,918)	(67,907)	(8,102,545)
Transfers to Stage 1	102,498	(102,498)	-	-
Transfers to Stage 2	(3,420,206)	3,432,004	(11,798)	-
Transfers to Stage 3	(50)	(59,884)	59,934	-
Translation adjustments	(405,151)	(8,336)	-	(413,487)
Gross carrying amount as at 31 December 2022	49,825,253	6,833,655	165,506	56,824,414
31 December 2021				
Gross carrying amount as at 01 January 2021	31,489,853	1,446,471	190,503	33,126,827
New exposures	22,975,389	906,474	16,127	23,897,990
Exposures derecognised or matured/lapsed	(12,373,901)	(1,073,030)	(47,009)	(13,493,940)
Transfers to Stage 1	285,413	(285,413)	-	-
Transfers to Stage 2	(1,132,617)	1,132,617	-	-
Transfers to Stage 3	-	(1,020)	1,020	-
Translation adjustments	977,821	14,884	93	992,798
Gross carrying amount as at 31 December 2021	42,221,958	2,140,983	160,734	44,523,675
31 December 2020				
Gross carrying amount as at 01 January 2020	22,370,435	2,258,500	1,005	24,629,940
New exposures	21,648,167	617,553	62,859	22,328,579
Exposures derecognised or matured/lapsed	(12,474,154)	(1,471,906)	(8,107)	(13,954,167)
Transfers to Stage 1	211,246	(211,246)	-	-
Transfers to Stage 2	(387,022)	387,022	-	-
Transfers to Stage 3	-	(134,746)	134,746	-
Translation adjustments	121,181	1,294	-	122,475
Gross carrying amount as at 31 December 2020	31,489,853	1,446,471	190,503	33,126,827

22. MEMORANDUM ITEMS (cont'd)

	31 December 2022			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
ECL allowance as at 01 January 2022	**109,160**	**57,916**	**162,421**	**329,497**
New exposures	**62,915**	**9,172**	**84,377**	**156,464**
Exposured derecognised or repaid	**(55,244)**	**(48,924)**	**(76,538)**	**(180,706)**
Transfers to Stage 1	**1,592**	**(1,592)**	**-**	**-**
Transfers to Stage 2	**(2,185)**	**2,185**	**-**	**-**
Transfers to Stage 3	**(13)**	**(51)**	**64**	**-**
Translation adjustments	**(3,683)**	**(402)**	**-**	**(4,085)**
ECL allowance as at 31 December 2022	**112,542**	**18,304**	**170,324**	**301,170**

	31 December 2021			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
ECL allowance as at 01 January 2021	106,503	111,407	150,812	368,722
New exposures	70,059	22,429	28,533	121,021
Exposured derecognised or repaid	(66,650)	(78,972)	(16,974)	(162,596)
Transfers to Stage 1	244	(244)	-	-
Transfers to Stage 2	(3,139)	3,139	-	-
Transfers to Stage 3	-	(1)	1	-
Translation adjustments	2,143	158	49	2,350
ECL allowance as at 31 December 2021	109,160	57,916	162,421	329,497

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22. MEMORANDUM ITEMS (cont'd)

	31 December 2020			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
ECL allowance as at 01 January 2020	136,059	15,508	8,455	160,022
New exposures	76,231	107,555	144,625	328,411
Exposured derecognised or repaid	(104,183)	(13,361)	(2,692)	(120,236)
Transfers to Stage 1	559	(559)	-	-
Transfers to Stage 2	(2,688)	2,688	-	-
Transfers to Stage 3	-	(424)	424	-
Translation adjustments	525	-	-	525
ECL allowance as at 31 December 2020	106,503	111,407	150,812	368,722

Legal proceedings

SBM Bank (Mauritius) Ltd (SBMBM)

The bank is subject to various legal claims from former employees and customers with claims totalling MUR 743.4 million (2021: MUR 746.9 million and 2020: MUR 724.8 million). Out of these, SBMBM has made a provision of only MUR 70.9 million as at 31 December 2022 while for the remaining amount of MUR 672.5 million, the bank has not made any provision on the basis that so far there is no indication that the claims would succeed in court.

SBM Bank (Kenya) Ltd (SBMBK)

In August 2018, SBMBK acquired certain selected assets and assumed certain liabilities of Chase Bank (Kenya) Limited (in Receivership). In 2019, a financial institution claimed that they had deposited funds of amount USD 7.5 million in Chase Bank (Kenya) Limited (in Receivership). These were not part of the assumed certain liabilities taken over by SBMBK. They filed a case in the High Court claiming the aforementioned funds. The case was referred by the Court to arbitration and was ruled in favour of SBMBK in April 2021. The financial institution then appealed to the High Court which delivered judgment in their favour in July 2022. SBMBK has since filed an appeal in the Court of Appeal under certificate of urgency and are awaiting a Hearing date to be allocated by the Court. They have also filed an application for Stay of Execution of the High Court Judgment, pending the eventual determination of the Appeal. No provision in relation to this claim has been recognised in these financial statements as the Directors have been advised by the lawyers that the probability of a liability arising is remote.

In 2019, Kenya Revenue Authority (KRA) demanded from SBMBK Kshs 400,318,269 excise duty on gain on business combination that was recognized in the financial statements for the period ended 31 December 2018. This demand notice was disputed by the bank and an appeal lodged at the Tax Tribunal through the services of a tax consultant. The appeal was not granted by the Tax Tribunal citing gaps in documentation provided by the bank. The bank has appealed against the decision of the Tax Tribunal in the High Court. KRA entered into an agreement with SBMBK vacating the demand after getting satisfied with explanations supplied by the bank. The case has subsequently been marked as closed in the High Court.

23. ASSETS PLEDGED

The aggregate carrying amount of assets that have been pledged to secure the credit facilities of the Group with Central Banks and of the Group's Indian Operations with Clearing Corporation of India Limited are as follows:

	THE GROUP		
	31 December 2022	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000
Treasury bills / Government bonds	**4,862,313**	4,461,014	9,470,767
Other	**312,148**	-	5,704,231
	5,174,461	4,461,014	15,174,998
Analysed as:			
- In Mauritius	**-**	4,076,830	6,555,000
- Overseas	**5,174,461**	384,184	8,619,998
	5,174,461	4,461,014	15,174,998

24. CAPITAL COMMITMENTS

	THE GROUP		
	31 December 2022	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000
Approved and contracted for	**406,832**	253,748	101,081
Approved and not contracted for	**355,829**	219,599	282,953

25. NET INTEREST INCOME/(EXPENSE)

	THE GROUP			THE COMPANY		
	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2020	**Year ended 31 December 2022**	Year ended 31 December 2021	Year ended 31 December 2020
	MUR' 000	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000	MUR' 000
Interest Income using the effective interest method						
Cash and cash equivalents	**255,865**	107,187	120,984	**-**	-	-
Loans to and placements with banks	**91,915**	124,105	133,551	**-**	-	-
Loans and advances to non-bank customers	**9,327,389**	7,318,631	6,782,849	**-**	-	-
Investment securities at amortised cost	**3,085,008**	3,317,068	2,942,378	**8,687**	70,976	51,929
Investment securities at FVTOCI	**1,872,263**	855,114	1,051,956	**602**	-	357
Other	**-**	-	22,672	**-**	-	-
	14,632,440	11,722,105	11,054,390	**9,289**	70,976	52,286
Interest income on financial instruments at fair value						
Investment securities at FVTPL	**33,277**	17,103	13,591	**-**	-	-
Derivatives held for risk management	**153,549**	118,380	188,422	**-**	-	-
	186,826	135,483	202,013	**-**	-	-
Total interest income	**14,819,266**	11,857,588	11,256,403	**9,289**	70,976	52,286
Interest expense using the effective interest method						
Deposits from non-bank customers	**(4,117,814)**	(2,914,145)	(2,450,927)	**-**	-	-
Other borrowed funds	**(737,794)**	(497,524)	(669,903)	**-**	-	-
Subordinated debts	**(507,363)**	(444,726)	(444,508)	**(484,779)**	(445,205)	(444,508)
Interest expense on lease liabilities	**(68,823)**	(64,906)	(60,093)	**-**	-	-
Total interest expense	**(5,431,794)**	(3,921,301)	(3,625,431)	**(484,779)**	(445,205)	(444,508)
Other interest expense						
Derivatives held for risk management	**(465,252)**	(395,716)	(434,831)	**-**	(30,575)	(50,728)
Total interest expense	**(5,897,046)**	(4,317,017)	(4,060,262)	**(484,779)**	(475,780)	(495,236)
Net interest income/(expense)	**8,922,220**	7,540,571	7,196,141	**(475,490)**	(404,804)	(442,950)

26. NET FEE AND COMMISSION INCOME/(EXPENSE)

	THE GROUP			THE COMPANY		
	31 December 2022	31 December 2021	31 December 2020	**31 December 2022**	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000	MUR' 000
Fee and commission income						
Retail banking customer fees	**377,976**	408,224	331,815	**-**	-	-
Corporate banking customer fees	**595,431**	611,354	461,586	**-**	-	-
Brokerage income	**410,409**	75,511	43,213	**-**	-	-
Asset management fees	**84,646**	59,347	40,684	**-**	-	-
Factoring fees	**12,050**	-	-	**-**	-	-
Card income	**660,042**	370,937	370,742	**-**	-	-
Other*	**255,403**	238,011	203,331	**-**	-	-
Total fee and commission income	**2,395,957**	1,763,384	1,451,371	**-**	-	-
Fee and commission expense						
Interbank transaction fees	**(40,296)**	(41,695)	(37,467)	**-**	-	-
Brokerage	**-**	-	(1,042)	**-**	-	-
Other	**(61,500)**	(37,915)	(18,803)	**-**	-	(13)
Total fee and commission expense	**(101,796)**	(79,610)	(57,312)	**-**	-	(13)
Net fee and commission income/(expense)	**2,294,161**	1,683,774	1,394,059	**-**	-	(13)

*Out of the other fee and commission income an amount of MUR' 000 132,642 (2021: MUR' 000 108,111, 2020: MUR' 000 103,284) pertain to revenue from contract with customers (brokergae income) which has been recognised as per accounting policy described in note 26(a) below together with the related disclosures.

26. (a) REVENUE FROM CONTRACTS WITH CUSTOMERS

Significant accounting estimates and judgements

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Accounting policy

Identify the performance obligations

SBM Mauritius Asset Managers Ltd

The Company provides asset management services. Revenue from contracts with customers is recognised when the services are rendered to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

The Company determined that management fees, retrocession fees, arranger fees, entry and exit fees and commission from structured products are capable of being distinct since they are different services being provided and the contracts are separate.

SBM Capital Markets Ltd

The Company provides corporate finance advisory services and stock broking services. Revenue from contracts with customers is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

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26. (a) REVENUE FROM CONTRACTS WITH CUSTOMERS (cont'd)

Accounting policy (cont'd)

Identify the performance obligations (cont'd)

SBM Capital Markets Ltd (cont'd)

The Company determined that commission from local equity, commission from local bonds, commission from international equity, commission from international bonds, management fees, retrocession fees, arranger fees, entry and exit fees and commission from structured products are capable of being distinct since they are different services being provided and the contracts are separate.

SBM Fund Services Ltd

The Company acts as registrar and transfer agent for numerous listed companies and mutual funds. It also provides administration services including trade and fees processing, net asset value computation and fund accounting services. Revenue from contracts with customers is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

The Company determined that registry fees, administrative fees, trustee fees and debenture holder representative fees are capable of being distinct since they are different services being provided and the contracts are separate.

SBM Factors Ltd

The Company provides factoring services. Revenue from contracts with customers is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

SBM Insurance Agency Ltd

The Company acts as an agent between various insurance companies and customers who want to take up an insurance policy. The Company operates three agency business lines which are General Insurance, Life Insurance and Decreasing Term Assurance. Revenue from contracts with customers is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

The Company determined that commission from general insurance, commission from life insurance and commission from Decreasing Term Assurance (DTA) are capable of being distinct since they are different services being provided and the contracts are separate.

Determine the transaction price

SBM Mauritius Asset Managers Ltd

Management fees are generated through investment management agreements and are generally based on an agreed percentage of the valuation of the assets under management (AUM). Management fees are recognised as the service is provided and it is probable that the fee will be received.

Retrocession fees are based on an agreed percentage of the management fees charged to the third party funds. The fees are recognised when they are probable to be received.

Entry and exit fees represent variable consideration based on the amount invested / disinvested by the customer.

Arranger fees are based on an agreed percentage of the amount raised on behalf of the client.The fees are recognised when they are probable to be received.

Commission from structured products on the other hand represents a fixed consideration on the amount invested by third parties.

SBM Securities Ltd

The commission fees represent a fixed rate which is charged to the investor. However, this may vary depending on whether the investor benefits from a discount fee or a minimum fee.

26. (a) REVENUE FROM CONTRACTS WITH CUSTOMERS (cont'd)

Accounting policy (cont'd)

Determine the transaction price (cont'd)

SBM Fund Services Ltd

Registry fees from Funds and administrative fees represent variable consideration which is based on each period's NAV. Registry fees from Funds and administrative fees are recognised as the service is provided and it is probable that the fee will be received.

Registry fees from other clients, trustee fees and debenture holder representative fees are generated through agreements between the entity and the clients and are charged a fixed contract amount. Invoicing is done on a quarterly / half yearly and yearly basis and the fees are recognised when they are probable to be received.

SBM Capital Markets Ltd

Corporate finance advisory fees are generated through agreements between the entity and the clients and are charged a fixed contract amount. Invoicing is done on a quarterly / half yearly and yearly basis and the fees are recognised when they are probable to be received.

Arranger fees are based on an agreed percentage of the amount raised on behalf of the client. The fees are recognised when they are probable to be received.

Management fees are generated through investment management agreements and are generally based on an agreed percentage of the valuation of the assets under management (AUM). Management fees are recognised as the service is provided and it is probable that the fee will be received.

Retrocession fees are based on an agreed percentage of the management fees charged to the third party funds. The fees are recognised when they are probable to be received.

Entry and exit fees represent variable consideration based on the amount invested / disinvested by the customer.

Commission from structured products on the other hand represents a fixed consideration on the amount invested by third parties.

Commission received from trading services provided is allocated to each trading activity (equity and bond trading) as and when it is due as per the agreement.

SBM Factors Ltd

The Company finances its clients a fixed percentage of the invoices and a factoring fee is charged on the invoices being financed as per the agreement in place.

Signing fee is charged upon onboarding of a new client.

SBM Insurance Agency Ltd

Commission from life insurance represents a fixed consideration which is based on a percentage of the total premium amount and in some cases, on the sum assured. The percentage varies in the case of an initial policy and in the case of a renewal. The commission is recognised as the service is provided and it is probable that the commission will be received.

Commission from general insurance represents a fixed consideration which is based on a percentage of the gross premium amount. For each insurer and for every type of insurance, a specific commission rate is applied. The amount of commission received is calculated based on the commission rate multiplied by the gross premium amount. The commission is recognised as the service is provided and it is probable that the commission will be received.

For DTA commission, the policy is subscribed per client. A percentage is retained as commission prior to payment to insurer. DTA commission are recognised as the service is provided and it is probable that the commission will be received.

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26. (a) REVENUE FROM CONTRACTS WITH CUSTOMERS (cont'd)

Accounting policy (cont'd)

Allocate the transaction price to the performance obligations

SBM Mauritius Asset Managers Ltd

The transaction price which comprises the variable consideration related to the management fee is allocated to each individual month as management fee relates specifically to the entity's efforts to provide management services during the month.

Retrocession fees are allocated to each third party Fund on a monthly basis as per the respective agreement.

The entry and exit fees are allocated to each client investing or disinvesting from the Funds managed by the Company.

Arranger fees are allocated as per the agreement in place between the Company and the client.

Commission received from structured products is allocated to each product as and when it is due as per the agreement.

SBM Fund Services Ltd

The transaction price which comprises the variable consideration related to the registry and administrative fee is allocated to each individual month as the registry and administrative fee relates specifically to the entity's efforts to provide registry/ administrative services during the month.

Trustee fees and debenture holder representative fees are allocated to each client on a monthly basis based on the agreement in place.

SBM Capital Markets Ltd

The corporate finance advisory fees are allocated to each client once the assignment has been completed.

Arranger fees are allocated as per the agreement in place between the Company and the client.

Commission received from trading services provided is allocated to each trading activity (equity and bond trading) as and when it is due as per the agreement.

SBM Factors Ltd

Factoring fees are allocated to each batch of invoices being financed.

Signing fee is fixed amount charged to the client.

SBM Insurance Agency Ltd

Commission from life and general insurance is allocated to each client on a monthly basis based on the premium collected by the Insurance Company.

DTA commission is allocated once the service is completed based on the agreement in place.

Satisfaction of performance obligations

SBM Mauritius Asset Managers Ltd

The Company concluded that the management and retrocession fees are recognised over time as the customer simultaneously receives and consumes the benefits provided by the Company when the latter discharges the service or the Company's performance enhances the assets that the fund controls.

On the other hand, entry and exit fees are recognised at a point in time as the benefits are obtained only upon new investment or disinvestment by a customer. Arranger fees and commission from structured products are also recognised at a point in time as they are a one-off fee received upon the completion of the capital raising and at the start of the life of each product respectively.

26. (a) REVENUE FROM CONTRACTS WITH CUSTOMERS (cont'd)

Accounting policy (cont'd)

Satisfaction of performance obligations (cont'd)

SBM Fund Services Ltd

The Company concluded that all the fees are recognised over time as the customer simultaneously receives and consumes the benefits provided by the Company when the latter discharges the service or the Company's performance enhances the assets that the fund controls.

SBM Capital Markets Ltd

The Company concluded that the management and retrocession fees are recognised over time as the customer simultaneously receives and consumes the benefits provided by the Company when the latter discharges the service or the Company's performance enhances the assets that the fund controls.

On the other hand, entry and exit fees are recognised at a point in time as the benefits are obtained only upon new investment or disinvestment by a customer. Arranger fees and commission from structured products are also recognised at a point in time as they are a one-off fee received upon the completion of the capital raising and at the start of the life of each product respectively.

The Company concluded that the commission income is recognised at a point in time. The Company recognises the revenue as the service is provided.

The Company concluded that the corporate finance advisory fees and arranger fees are recognised at a point in time upon completion of assignment.

SBM Factors Ltd

The Company concluded that the factoring fees are recognised at a point in time upon financing of each batch of invoices. Signing fee is also recognised at a point in time upon onboarding of new client.

SBM Insurance Agency Ltd

The Company concluded that all the commissions are recognised at a point in time upon collection of premium by the Insurance Companies.

Principal versus agent considerations

SBM Mauritius Asset Managers Ltd

The Company determined that it is a principal in the contracts as it is primarily responsible for fulfilling the promise to provide the specified service.

SBM Fund Services Ltd

The Company determined that it is a principal in the contracts as it is primarily responsible for fulfilling the promise to provide the specified service.

SBM Capital Markets Ltd

The Company determined that it is a principal in the contracts as it is primarily responsible for fulfilling the promise to provide the specified service.

26. (a) REVENUE FROM CONTRACTS WITH CUSTOMERS (cont'd)

Accounting policy (cont'd)

Principal versus agent considerations (cont'd)

SBM Factors Ltd

The Company determined that it is a principal in the contracts since it is primarily responsible for fulfilling the promise to provide the specified service.

SBM Insurance Agency Ltd

The Company determined that it is an agent in the contracts as it is not primarily responsible for fulfilling the promise to provide the specified service. The Company has no discretion in establishing the premium for the policies. The Company's consideration in these contracts is only based on a percentage of the premium being received by the Insurance Companies.

Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	THE GROUP		
	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2020
	MUR' 000	MUR' 000	MUR' 000
SBM Mauritius Asset Managers Ltd			
Management fees	**49,314**	42,337	37,444
Entry and exit fees	**2,572**	4,364	2,628
Arranger fees	**3,733**	314	612
Asset management fees	**55,619**	47,015	40,684
SBM Capital Markets Ltd			
Commission income - Local equity	**4,993**	20,065	5,709
Commission income - Foreign equity	**388,045**	40,160	26,299
Commission income - Local bonds	**1,274**	985	1,180
Commission income - Foreign bonds	**18,323**	20,114	10,025
Brokerage income	**412,635**	81,324	43,213

26. (a) REVENUE FROM CONTRACTS WITH CUSTOMERS (cont'd)

Disaggregated revenue information (cont'd)

	THE GROUP		
	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2020
	MUR' 000	MUR' 000	MUR' 000
SBM Capital Markets Ltd			
Entry and exit fees	**1,767**	1,126	1,822
Management fees	**24,561**	19,946	12,488
Retrocession fees	**6,270**	6,782	5,469
Advisory fees	**3,634**	5,509	4,121
SBM Fund Services Ltd			
Registry fees from funds	**6,373**	5,434	4,784
Registry fees from other clients	**6,430**	5,725	4,886
Trustee fees	**934**	902	903
Debenture holder representative fees	**300**	300	-
Administrative fees	**7,766**	6,162	5,455
Registry fees from ultimate holding company	**1,230**	-	-
SBM Factors Ltd			
Factoring fees	**6,215**	4,868	21,055
Signing fees	**35**	-	75
SBM eBusiness Ltd			
Setup fee	**-**	118	296
Network fee	**9,262**	3,065	-
Administrative fee	**6,262**	2,139	-
SBM Insurance Agency Ltd			
Life commission	**13,712**	14,072	12,797
General commission	**8,902**	5,424	2,741
DTA commission	**28,989**	26,539	26,392
Others	**132,642**	108,111	103,284
Total revenue from contracts with customers	**600,896**	236,450	187,181
Geographical markets			
Mauritius	**194,528**	169,393	145,092
Europe	**28,176**	11,604	5,469
US	**378,007**	54,247	21,972
Asia Pacific	**185**	603	6,225
Africa	**-**	603	8,423
Total revenue from contracts with customers	**600,896**	236,450	187,181
Timing of revenue recognition			
Services transferred at a point in time	**559,599**	148,862	115,752
Services transferred over time	**41,297**	87,588	71,429
Total revenue from contracts with customers	**600,896**	236,450	187,181

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27. NET TRADING INCOME

	THE GROUP			THE COMPANY		
	31 December 2022	31 December 2021	31 December 2020	**31 December 2022**	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000	MUR' 000
Profit arising from dealing in foreign currencies	**1,938,056**	1,344,118	734,553	**-**	-	-
Profit on disposal of debt securities	**129,424**	83,840	179,722	**-**	-	-
Other interest rate instruments	**16,390**	63,055	137,119	**-**	-	-
	2,083,870	1,491,013	1,051,394	**-**	-	-

28. (a) NET GAINS/(LOSSES) FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	THE GROUP			THE COMPANY		
	31 December 2022	31 December 2021	31 December 2020	**31 December 2022**	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000	MUR' 000
Financial assets measured at fair value through profit or loss	**(12,783)**	163,246	(63,755)	**33,166**	88,596	366,601
Derivatives held for risk management purposes	**21,412**	44,753	18,086	**-**	35,507	9,847
	8,629	207,999	(45,669)	**33,166**	124,103	376,448

28. (b) NET GAINS ON DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTISED COST

	THE GROUP			THE COMPANY		
	31 December 2022	31 December 2021	31 December 2020	**31 December 2022**	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000	MUR' 000
Financial assets measured at amortised cost	**11,382**	5,890	180,325	**11,382**	5,890	2,372
	11,382	5,890	180,325	**11,382**	5,890	2,372

Disposal of financial assets in SBM Holdings was made for capital injection purposes in the subsidiaries of the Group.

28. (c) NET GAINS ON DERECOGNITION OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	THE GROUP			THE COMPANY		
	31 December 2022	31 December 2021	31 December 2020	**31 December 2022**	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000	MUR' 000
Debt securities measured at FVTOCI	**94,968**	720,847	1,245,740	**-**	-	-
	94,968	720,847	1,245,740	**-**	-	-

The Group realised significant gains during the year 2022 which was driven by the Group's treasury management operation.

29. OTHER OPERATING INCOME

	THE GROUP			THE COMPANY		
	31 December 2022	31 December 2021	31 December 2020	**31 December 2022**	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000	MUR' 000
Gain on disposal of property and equipment	**5,453**	925	90,482	**-**	2,013	-
Dividend income from financial assets measured at FVTOCI	**206,563**	139,699	133,255	**112,632**	52,345	54,467
Dividend income from investment in subsidiaries	**-**	-	-	**2,335,000**	500,000	220,000
Foreign exchange gain	**15,516**	16,622	-	**494**	-	-
Others	**11,062**	(12,190)	(24,166)	**35,815**	73,916	-
	238,594	145,056	199,571	**2,483,941**	628,274	274,467

30. PERSONNEL EXPENSES

Short-term employee benefits include items such as the following, if expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services:
(a) wages, salaries and social security contributions;
(b) paid annual leave and paid sick leave;
(c) bonuses; and
(d) non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current employees.

When an employee has rendered service to an entity during an accounting period, the entity shall recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
(a) as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, an entity shall recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.
(b) as an expense, unless another IFRS requires or permits the inclusion of the benefits in the cost of an asset.

	THE GROUP			THE COMPANY		
	31 December 2022	31 December 2021	31 December 2020	**31 December 2022**	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000	MUR' 000
Salaries	**3,014,275**	2,660,365	2,340,238	**53,426**	89,942	48,566
Other social security obligations	**33,843**	23,821	20,213	**1,080**	895	652
Contributions to defined contribution plans	**263,991**	219,589	181,161	**14,564**	9,414	3,359
Defined benefit plans	**56,981**	60,905	39,545	**1,113**	404	292
Residual retirement gratuities	**134,936**	30,172	(79,331)	**6,032**	2,641	(515)
Staff welfare cost	**358,246**	394,509	340,490	**1,347**	4,200	3,672
	3,862,272	3,389,361	2,842,316	**77,562**	107,496	56,026

31. OTHER EXPENSES

	THE GROUP			THE COMPANY		
	31 December 2022	31 December 2021	31 December 2020	**31 December 2022**	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000	MUR' 000
Software licensing and other information technology cost	**1,164,948**	947,171	783,999	**(1,248)**	1,033	2,571
Utilities	**80,038**	76,233	71,470	**42**	91	185
Professional charges	**472,415**	412,512	203,596	**4,157**	22,020	14,478
Marketing costs	**165,244**	102,558	84,403	**4,326**	5,333	1,563
Rent, repairs and maintenance	**270,292**	254,265	193,090	**-**	4	-
Licence and other registration fees	**144,123**	148,066	37,334	**18,180**	26,609	8,188
Foreign exchange difference	**46,592**	340,266	369,615	**22,591**	340,266	369,615
Other*	**876,311**	482,109	515,890	**6,591**	18,510	133,304
	3,219,963	2,763,180	2,259,397	**54,639**	413,866	529,904

* *Includes mainly printing,stationery,subscription and other operational cost.*

32. CREDIT LOSS ON FINANCIAL ASSETS AND MEMORANDUM ITEM

The table below shows the impairment charges recorded in the statements of profit or loss under IFRS 9 during 2022:

The Group	31 December 2022			
	Stage 1 MUR' 000	Stage 2 MUR' 000	Stage 3 MUR' 000	Total MUR' 000
Loans and advances to non-bank customers	(304,760)	1,028,193	950,036	1,673,469
Loans and placements with banks*	(6,203)	-	-	(6,203)
Debt instruments measured at amortised cost and FVTOCI**	(34,930)	(23,524)	-	(58,454)
Other receivables	32,377	-	-	32,377
Loan commitments	752	-	-	752
Off balance sheet items (Guarantees, Letters of credit, Acceptances)	6,313	(39,209)	7,903	(24,993)
Total credit loss expense under IFRS 9	(306,451)	965,460	957,939	1,616,948
Write off	-	-	-	43,286
Bad debts recovered	-	-	-	(327,491)
	(306,451)	965,460	957,939	1,332,743

The Company	31 December 2022			
	Stage 1 MUR' 000	Stage 2 MUR' 000	Stage 3 MUR' 000	Total MUR' 000
Debt instruments measured at amortised cost	45	-	-	45
Total credit loss expense under IFRS 9	45	-	-	45

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

The Company	31 December 2021			
	Stage 1 MUR' 000	Stage 2 MUR' 000	Stage 3 MUR' 000	Total MUR' 000
Debt instruments measured at amortised cost	(764)	-	-	(764)
Total credit loss expense under IFRS 9	(764)	-	-	(764)

32. CREDIT LOSS EXPENSE ON FINANCIAL ASSETS AND MEMORANDUM ITEM (cont'd)

The Group	31 December 2020			
	Stage 1 MUR' 000	Stage 2 MUR' 000	Stage 3 MUR' 000	Total MUR' 000
Loans and advances to non-bank customers	240,788	(861,269)	4,286,736	3,666,255
Loans and placements with banks*	(7,734)	-	-	(7,734)
Debt instruments measured at amortised cost and FVTOCI**	(61,017)	24,664	-	(36,353)
Other receivables	13,338	-	-	13,338
Loan commitments	(18,351)	-	-	(18,351)
Off balance sheet items (Guarantees, Letters of credit, Acceptances)	(11,730)	95,899	142,357	226,526
Total credit loss expense under IFRS 9	155,294	(740,706)	4,429,093	3,843,681
Write off	-	-	-	185,372
Bad debts recovered	-	-	-	(271,651)
	155,294	(740,706)	4,429,093	3,757,402

The Company	31 December 2020			
	Stage 1 MUR' 000	Stage 2 MUR' 000	Stage 3 MUR' 000	Total MUR' 000
Debt instruments measured at amortised cost	217	-	-	217
Total credit loss expense under IFRS 9	217	-	-	217

* ECL movement for cash and cash equivalents are included under loans and placement with banks

** ECL movement for debt instrument at FVTOCI are included under debt instruments measured at amortised cost.

33. EARNINGS PER SHARE

Earnings per share is calculated by dividing profit attributable to equity holders of the parent by the number of shares outstanding during the year, excluding treasury shares.

	THE GROUP		
	31 December 2022	31 December 2021	31 December 2020
Profit for the year from continuing operations	3,635,661	1,736,988	1,013,104
Profit attributable to equity holders of the parent	3,635,661	1,738,869	1,021,010
Number of shares entitled to dividend (thousands)	2,581,792	2,581,792	2,581,792
From continuing operations			
Basic and Diluted Earnings per share (cents)	140.8	67.3	39.2
From continuing and discontinued operations			
Basic and Diluted Earnings per share (cents)	140.8	67.4	39.5

34. NET CASH FROM OPERATING ACTIVITIES

	Notes	THE GROUP 31 December 2022	31 December 2021	31 December 2020	THE COMPANY 31 December 2022	31 December 2021	31 December 2020
Cash flows from operating activities		**MUR' 000**	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000	MUR' 000
Profit/(loss) for the year		**3,635,661**	1,738,869	1,021,010	**1,903,651**	(302,518)	(501,432)
Adjustments to determine net cash flows:							
Depreciation of property and equipment	10(a)	**322,017**	288,042	290,350	**273**	969	1,671
Depreciation of right of use assets	10(b)	**237,472**	212,381	183,480	**-**	-	-
Amortisation of intangible assets	11	**495,319**	488,986	575,386	**274**	274	274
Impairement of equity investment		**-**	-	-	**14,366**	130,000	124,000
Write off of property plant and equipment	10(a)	**-**	-	37	**-**	-	-
Pension expense	30	**191,917**	91,077	(39,786)	**7,145**	3,045	(223)
Credit loss on financial assets and memorandum items	32	**1,332,743**	2,474,893	3,757,402	**45**	(764)	217
Write off of intangible assets	11	**22,614**	14,470	14,099	**-**	-	-
Exchange difference		**(473,722)**	704,453	574,556	**4,377**	(134,268)	369,616
Gain on disposal of property and equipment	29	**(5,453)**	(925)	(90,482)	**-**	-	-
Net gains on financial assets measured at amortised cost	28 (b)	**(11,382)**	(5,890)	(180,325)	**(11,382)**	(5,890)	(2,372)
Net (gains)/losses from financial assets measured at fair value through profit or loss		**(8,629)**	(124,103)	(18,086)	**(8,629)**	(124,103)	(376,448)
Interest income	25	**-**	-	-	**(9,289)**	(70,976)	(52,286)
Interest expense	25	**-**	-	-	**484,779**	475,780	495,236
Interest on lease liabilities	10(b)(ii)	**68,822**	64,905	60,093	**-**	-	-
Tax expense/(credit)	17(b)	**319,297**	430,061	300,126	**2,189**	4,140	(336)
Dividend income	29	**(206,563)**	(139,699)	(133,255)	**(2,447,632)**	(552,345)	(274,467)
Operating profit/(loss) before working capital changes		**5,920,113**	6,237,520	6,314,605	**(59,833)**	(576,656)	(216,550)
Change in operating assets and liabilities							
Increase / (decrease) in derivative financial instruments (assets)		**(420,917)**	24,961	126,715	**-**	(72,099)	(6,121)
Decrease in loans to and placements with banks		**(383,833)**	2,307,720	3,816,911	**-**	-	-
Increase in loans and advances to non bank customers		**(21,007,334)**	(13,128,266)	(14,343,348)	**-**	-	-
(Increase)/decrease in investment securities		**(183,003)**	(33,553,396)	(18,839,350)	**(624,301)**	973,467	(17,218)
Increase in mandatory balances with central banks		**(2,077,893)**	(2,355,182)	(610,076)	**-**	-	-
(Increase)/decrease in other assets		**(855,145)**	(367,043)	17,766	**88,433**	(101,247)	181,796
(Decrease)/increase in derivative financial instruments (Liabilities)		**145,422**	(520,089)	153,620	**-**	-	-
Increase in deposits from banks		**1,032,906**	1,366,687	495,793	**-**	-	-
(Decrease)/increase in deposits from non-bank customers		**(5,230,423)**	71,718,637	27,465,033	**-**	-	-
Increase/(decrease) in other liabilities		**747,999**	1,980,622	(962,722)	**(62,826)**	(48,684)	98,618
Pension contribution paid	13(a)	**(53,700)**	(46,802)	(302,619)	**(549)**	(470)	(2,613)
Interest received		**-**	-	-	**357,968**	41,687	22,997
Interest paid		**-**	-	-	**(484,779)**	-	(462,046)
Income tax (paid)/received	17(a)	**(396,208)**	(667,121)	(1,140,644)	**(4,944)**	-	336
Net cash (used in) / from operating activities		**(22,762,016)**	32,998,248	2,191,684	**(790,831)**	215,998	(400,801)

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35. RELATED PARTY DISCLOSURES

Accounting policy

For the purposes of these financial statements, parties are considered to be related to the Group if they have the ability, directly or indirectly, to control the Group or exercise significant influence over the Group in making financial and operating decisions, or vice versa, or if they and the Group are subject to common control. Related parties may be individuals or other entities.

The Group

	Key management personnel including directors 31 December 2022	31 December 2021	31 December 2020
Statement of financial position	**MUR' 000**	MUR' 000	MUR' 000
(a) Credit facilities			
(i) Loans			
Balance at beginning of year	**358,690**	230,630	137,288
Loans to directors / entities who ceased to be related parties during the year	**(11,120)**	(916)	(56,568)
Existing loans of new related parties	**73,346**	29,894	34,669
Exchange difference	**(87)**	55	25
Other net movements	**(146,472)**	99,027	115,216
Balance at end of year	**274,357**	358,690	230,630
(ii) Off-balance sheet obligations			
Balance at end of year	**-**	-	-
(b) Deposits at end of year	**259,907**	217,575	242,961
(c) Receivables	**62,160**	-	-
(d) Payables	**4,969**	-	-
Statement of profit or loss			
(e) Interest income	**13,744**	7,527	7,432
(f) Interest expense	**1,790**	2,139	1,692
(g) Other income	**514**	423	186
(h) Dividend income	**-**	-	-
(i) Purchase of goods and services	**-**	-	-

Short term benefits amounted to MUR 85.4 million at the reporting date (2021: MUR 82.1 million and 2020: MUR 74.6 million) and long term benefits was nil at the reporting date (2021 and 2020: nil)

The Company

	Subsidiaries 31 December 2022	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000
(a) Cash and cash equivalents at year end	**28,219**	90,055	304,473
(b) Derivative instruments (Liabilities)	**-**	-	41,524
(c) Payables	**4,969**	91,645	168,468
(d) Interest expense	**-**	30,575	50,728
(e) Dividend income	**2,335,000**	500,000	220,000
(f) Management support income	**35,815**	73,851	90,007
(g) Management support cost	**3,293**	14,495	-
(h) Receivables	**62,160**	-	-

35. RELATED PARTY DISCLOSURES (cont'd)

	THE GROUP		
	31 December 2022	31 December 2021	31 December 2020
Related party transactions in relation to Post Employment Benefit Plans are as follows:	MUR' 000	MUR' 000	MUR' 000
Deposits at end of year	85,166	313,666	188,549
Interest expense	-	1,587	1
Other income	-	-	4
Contributions paid	171,162	161,360	132,322

Credit facilities to key management personnel and executive directors are as per their contract of employment. All other transactions with key management personnel and directors, whether credit facilities, deposits or purchase of goods and services, are at market terms and conditions and will be settled in cash.

All credit facilities with entities considered as related parties disclosed above are at market terms and conditions and will be settled in cash. Credit facilities are secured except for credit card advances and some personal loans which are granted under an unsecured loan scheme in the normal course of business.

The above mentioned outstanding balances arose in the normal course of business. For the year ended 31 December 2022, the Group has raised expected credit losses for doubtful debts relating to amounts owed by related parties as per ECL model currently being applied on financial assets. At 31 December 2022, none of the facilities to related parties was non-performing (2021: MUR Nil, 2020: MUR Nil). In addition, for the year ended 31 December 2022, the Banking Group has not written off any amount owed by related party (2021: MUR Nil, 2020: MUR Nil)

36. CAPITAL MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern and maximise returns to shareholders. It also ensures that adequate capital is maintained to support its growth strategies, its risk appetite and depositors' confidence, while complying with statutory and regulatory requirements. The capital resources of the Group are disclosed in the Statement of changes in equity.

All entities within the Group have met the respective minimum capital requirements set out by the relevant regulatory body and, where applicable, appropriate transfers have also been made to statutory reserves, ranging from 10% to 25% of annual profits.

Banks in Mauritius are required to maintain a ratio of eligible capital to risk weighted assets of at least 14.50%, whereas for India, Kenya and Madagascar, the minimum ratio is set at 11.5%,14.5% and 8% respectively.

	THE GROUP		
	31 December 2022	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000
Tier 1 Capital	22,769,955	21,906,513	20,626,490
Eligible capital	33,554,900	32,730,005	30,669,954
Risk weighted assets	175,429,198	153,042,844	148,284,367
Capital adequacy ratio (%)	19.1	21.4	20.7

Tier 1 Capital also known as going concern capital consists of shareholder's equity less revaluation of fixed assets and regulatory deductions such as intangible assets and deferred tax and Tier 2 Capital also known as the supplementary capital that provides loss absorption of a going concern basis includes 45% revaluation reserves on fixed assets and allowances for credit losses (restricted to 1.25% of total credit risk weighted assets).

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37. OTHER RESERVES

	Net unrealised investment fair value reserve	Net translation reserve	Other reserve	Earnings reserve	Restructure reserve	Total
The Group	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
At 01 January 2020	(149,143)	267,386	-	2,935,807	(8,316,147)	(5,262,097)
Other comprehensive income for the year	209,300	113,072	-	-	-	322,372
Reclassification of reserves	-	-	1,131	-	-	1,131
Transfer from retained earnings to other reserve	-	-	589,241	-	-	589,241
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)
Other comprehensive income for the year	(1,383,227)	474,092	-	-	-	(909,135)
Reclassification of reserves	-	265	-	-	-	265
Transfer from retained earnings to other reserve	-	-	120,584	-	-	120,584
At 31 December 2021	(1,323,070)	854,815	710,956	2,935,807	(8,316,147)	(5,137,639)
At 01 January 2022	(1,323,070)	854,815	710,956	2,935,807	(8,316,147)	(5,137,639)
Other comprehensive income for the year	(1,710,283)	(598,644)	-	-	-	(2,308,927)
Reclassification between reserves	-	-	(87,202)	-	-	(87,202)
Transfer from retained earnings	-	-	159,726	-	-	159,726
At 31 December 2022	(3,033,353)	256,171	783,480	2,935,807	(8,316,147)	(7,374,042)

Fair value reserve on financial instruments recognised in OCI

This reserve comprise of fair value movements recognised on fair value through other comprehensive income.

Net translation reserve

The net translation reserve is used to record exchange differences arising from the translation of financial statements of foreign subsidiaries and associates.

Restructure reserve

Restructure reserve includes net unrealized investment fair value reserve of MUR 5,401 million, net translation reserve of MUR 646 million and net property revaluation reserve of MUR 1,063 million and shall not be reclassified to the statement of profit or loss upon disposal of the related asset.

Other reserve

The other reserve relate to SBMBK where impairment losses required by legislation exceed those computed under IFRS, the excess is recognised as a general reserve and acccounted for as an appropriation of retained profits and the reserve for reduction. Investment fluctuation reserve is 2% of FTVOCI and FVTPL portfolio of investment required to be transferrred and profit on invesment securities held at amortised cost portfolio required to be appropriated as required by legislation.

Earnings reserve

The earnings reserve has arisen due to the fair value of assets and liabilities during the restructuring exercise done in October 2014.

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. Board approves the risk policies and a set of prudential limits and risk tolerance limits, besides regulatory limits, within which the Group operates. The Senior Management monitors risks on an ongoing basis at regular intervals as necessary and is accountable to ensure its operations are within approved policies, prudential limits besides regulatory limits and risk appetite approved framework. Any deviation and non-compliance are reported to Board Risk Committee. The principal risks arising from financial instruments to which the Group is exposed include credit risk, liquidity risk, market risk, operational risk, strategic risk and reputational risk.

a (i)Classification of financial assets and financial liabilities

The following table shows the measurement categories under IFRS 9 for financial assets and financial liabilities:

THE GROUP	Classification and measurement category	31 December 2022	31 December 2021	31 December 2020
Financial assets		**MUR' 000**	MUR' 000	MUR' 000
Cash and cash equivalents	Amortised cost	**30,275,037**	47,636,821	21,577,245
Mandatory balances with central banks	Amortised cost	**15,723,438**	13,645,545	11,290,363
Derivative financial instruments	Fair value through P&L	**1,205,168**	784,250	809,211
Loans to and placements with banks	Amortised cost	**1,221,415**	837,970	3,130,387
Loans and advances to non-bank customers	Amortised cost	**149,994,543**	130,393,807	119,857,873
Investment securities	Amortised cost	**78,574,565**	61,196,622	45,769,375
Investment securities	Fair value through OCI	**56,320,724**	76,348,809	58,899,447
Investment securities	Fair value through P&L	**9,698,723**	8,795,454	9,580,368
Equity investment	Fair value through OCI	**5,714,321**	5,416,262	5,181,355
Equity investment	Fair value through P&L	**1,669,600**	1,669,600	1,622,852
Other assets	Amortised cost	**3,271,047**	2,878,828	2,650,217
Total financial assets		**353,668,581**	349,603,968	280,368,693
Financial liabilities				
Deposits from banks	Amortised cost	**3,802,908**	2,770,002	1,403,315
Deposits from non-bank customers	Amortised cost	**293,350,435**	298,580,858	226,862,221
Derivative financial instruments	Fair value through P&L	**905,317**	759,896	1,279,984
Other borrowed funds	Amortised cost	**15,489,470**	9,512,912	15,017,177
Lease liabilities	Amortised cost	**888,617**	740,902	804,407
Other liabilities	Amortised cost	**8,442,132**	7,738,986	6,009,465
Subordinated debts	Amortised cost	**10,616,492**	9,877,346	10,142,786
Total financial liabilities		**333,495,371**	329,980,902	261,519,355
THE COMPANY				
Financial assets				
Cash and cash equivalents	Amortised cost	**28,219**	90,055	304,473
Investment securities	Amortised cost	**375,695**	587,201	1,076,799
Investment securities	Fair value through P&L	**425,755**	289,049	661,057
Investment securities	Fair value through OCI	**65,044**	8,981	8,637
Equity investment	Fair value through OCI	**4,303,044**	4,004,362	3,636,307
Equity investment	Fair value through P&L	**1,669,600**	1,669,600	1,622,331
Other assets	Amortised cost	**62,533**	150,966	48,900
Total financial assets		**6,929,890**	6,800,214	7,358,504
Financial liabilities				
Derivative financial instruments	Fair value through P&L	**-**	-	41,524
Other liabilities	Amortised cost	**65,362**	163,001	211,206
Subordinated debts	Amortised cost	**9,916,536**	9,877,346	10,142,786
Total financial liabilities		**9,981,898**	10,040,347	10,395,516

An amount of MUR 1,130 million pertaining to security deposits, prepayments and taxes has been excluded from other assets under the above section (2021: MUR 700 million; 2020: MUR 568 million).

An amount of MUR 629 million pertaining to taxes has been excluded from other liabilities under the above section (2021: MUR 584 million; 2020: MUR 321 million).

38. RISK MANAGEMENT (cont'd)

a (ii)Fair values

Accounting policy

The Group measures financial instruments, such as, derivatives at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in note 38a (ii) below. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Set out below is a comparison of the carrying amounts and fair values of financial instruments held at the reporting date.

	31 December 2022		31 December 2021		31 December 2020	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value	Carrying Value	Fair Value
THE GROUP	**MUR' 000**	**MUR' 000**	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Financial assets						
Cash and cash equivalents	**30,275,037**	**30,275,037**	47,636,821	47,636,821	21,577,245	21,577,245
Mandatory balances with central banks	**15,723,438**	**15,723,438**	13,645,545	13,645,545	11,290,363	11,290,363
Loans to and placements with banks	**1,221,415**	**1,221,415**	837,970	837,970	3,130,387	3,130,387
Derivative financial instruments	**1,205,168**	**1,205,168**	784,250	784,250	809,211	809,211
Loans and advances to non-bank customers	**149,994,543**	**149,438,537**	130,393,807	130,100,343	119,857,873	119,670,345
Investment securities	**151,977,933**	**144,940,641**	153,426,747	151,905,238	121,053,397	123,216,788
Other assets	**3,271,047**	**3,271,047**	2,878,828	2,878,828	2,650,217	2,650,217
	353,668,581	**346,075,283**	349,603,968	347,788,995	280,368,693	282,344,556
Financial liabilities						
Deposits from banks	**3,802,908**	**3,802,908**	2,770,002	2,770,002	1,403,315	1,403,315
Deposits from non-bank customers	**293,350,435**	**293,212,265**	298,580,858	298,596,843	226,862,221	226,889,978
Other borrowed funds	**15,489,470**	**15,489,470**	9,512,912	9,512,912	15,017,177	15,017,177
Derivative financial instruments	**905,317**	**905,317**	759,896	759,896	1,279,984	1,279,984
Lease liabilities	**888,617**	**888,617**	740,902	740,902	804,407	804,407
Other liabilities	**8,442,132**	**8,442,132**	7,738,986	7,738,986	6,009,465	6,009,465
Subordinated debts	**10,616,492**	**10,616,492**	9,877,346	9,877,346	10,142,786	10,142,786
	333,495,371	**333,357,201**	329,980,902	329,996,887	261,519,355	261,547,112
THE COMPANY						
Financial assets						
Cash and cash equivalents	**28,219**	**28,219**	90,055	90,055	304,473	304,473
Investment securities	**6,839,138**	**7,024,607**	6,559,193	6,545,068	7,005,131	7,519,611
Other assets	**62,533**	**62,533**	150,966	150,966	48,900	48,900
	6,929,890	**7,115,359**	6,800,214	6,786,089	7,358,504	7,872,984
Financial liabilities						
Derivative financial instruments	**-**	**-**	-	-	41,524	41,524
Other liabilities	**65,362**	**65,362**	163,001	163,001	211,206	211,206
Subordinated debts	**9,916,536**	**9,916,536**	9,877,346	9,877,346	10,142,786	10,142,786
	9,981,898	**9,981,898**	10,040,347	10,040,347	10,395,516	10,395,516

38. RISK MANAGEMENT (cont'd)

a (ii) Fair values

Accounting policy (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 investments has been fair valued at year end based on the market price or net assets value of the investees.

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.

	THE GROUP				THE COMPANY			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
31 December 2022								
Derivative financial assets	-	1,205,168	-	1,205,168	-	-	-	-
Investment securities mandatorily measured at FVTPL								
Debt securities	9,193,296	-	505,427	9,698,723	425,755	-	-	425,755
Equity securities	-	1,669,600	-	1,669,600	-	1,669,600	-	1,669,600
Investments at FVTOCI								
Debt securities	51,402,631	3,376,644	1,541,449	56,320,724	65,044	-	-	65,044
Equity securities	77,605	636,417	5,000,299	5,714,321	-	-	4,303,044	4,303,044
Total assets	60,673,532	6,887,829	7,047,175	74,608,536	490,799	1,669,600	4,303,044	6,463,443
Derivative financial liabilities	-	905,317	-	905,317	-	-	-	-
Total liabilities	-	905,317	-	905,317	-	-	-	-

38. RISK MANAGEMENT (cont'd)

a (iii) Fair value measurement hierarchy (cont'd)

	THE GROUP				THE COMPANY			
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
31 December 2021								
Derivative financial assets	-	784,250	-	784,250	-	-	-	-
Investment securities mandatorily measured at FVTPL								
Debt securities	8,229,271	-	566,183	8,795,454	289,049	-	-	289,049
Equity securities	-	1,669,600	-	1,669,600	-	1,669,600	-	1,669,600
Investments at FVTOCI								
Debt securities	69,304,669	5,449,990	1,594,150	76,348,809	8,981	-	-	8,981
Equity securities	82,693	628,394	4,705,175	5,416,262	-	-	4,004,362	4,004,362
Total assets	77,616,633	8,532,234	6,865,508	93,014,375	298,030	1,669,600	4,004,362	5,971,992
Derivative financial liabilities	-	759,896	-	759,896	-	-	-	-
Total liabilities	-	759,896	-	759,896	-	-	-	-
31 December 2020								
Derivative financial assets	-	809,211	-	809,211	-	-	-	-
Investment securities mandatorily measured at FVTPL								
Debt securities	9,580,368	-	-	9,580,368	661,057	-	-	661,057
Equity securities	-	1,622,852	-	1,622,852	-	1,622,331	-	1,622,331
Investments at FVTOCI								
Debt securities	54,193,777	3,805,254	900,416	58,899,447	8,637	-	-	8,637
Equity securities	70,959	695,204	4,415,192	5,181,355	-	-	3,636,307	3,636,307
Total assets	63,845,104	6,932,521	5,315,608	76,093,233	669,694	1,622,331	3,636,307	5,928,332
Derivative financial liabilities	-	1,279,984	-	1,279,984	-	41,524	-	41,524
Total liabilities	-	1,279,984	-	1,279,984	-	41,524	-	41,524

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38. RISK MANAGEMENT (cont'd)

a (iii) Fair value measurement hierarchy (cont'd)

Fair Value through other comprehensive income

Valuation technique	Significant unobservable inputs	Range of input
Discounted projected cash flow	Weighted Average Cost of Capital (WACC)	9.28%
	Favourable changes	Unfavourable changes
0.25% change in WACC (MUR'000)	397,439,098	(397,439,098)

Reconciliation of level 3 assets:

	THE GROUP			THE COMPANY		
	31 December 2022	31 December 2021	31 December 2020	**31 December 2022**	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000	MUR' 000
Balance at start of year	**6,865,508**	5,315,608	6,569,126	**4,004,362**	3,636,307	4,227,683
Additions	**615,656**	1,853,822	419,855	**-**	-	-
Disposals	**(659,144)**	(656,981)	(1,037,314)	**-**	-	-
Exchange difference	**4,535**	(16,653)	77,081	**-**	-	-
Movement in fair value	**220,620**	369,712	(713,140)	**298,682**	368,055	(591,376)
Balance at end of year	**7,047,175**	6,865,508	5,315,608	**4,303,044**	4,004,362	3,636,307

There was no transfer between Level 1 and 2 during the year.

b Credit risk

The Group is exposed to credit risk through its lending, trade finance, treasury, asset management and leasing activities. Credit risk is the risk of loss arising from the failure of a counterparty to fulfil its contractual or financial obligations to the Group as and when they fall due. The Group's credit risk is managed through a portfolio approach with prudential limits set across country, bank, industry, group and individual exposures. The credit risk team, independent of the origination process, ensures the accumulation of assets within acceptable risk norms using internal and external rating systems for the standardisation of credit assessment. The Group has a tiered credit sanctioning process depending on the credit quality, exposure type and amount. Credit exposures and risk profile are monitored by the Credit Risk Management unit and reported regularly to the Board Risk Management Committee. The Group has also enhanced its credit risk policy to reinforce its controls on segment B lending.

38. RISK MANAGEMENT (cont'd)

b Credit risk (cont'd)

(i) Maximum credit exposure

The maximum exposure to credit risk at the reporting date without taking account of any collateral held and other credit enhancements is as disclosed below:

	THE GROUP			THE COMPANY		
	31 December 2022	31 December 2021	31 December 2020	**31 December 2022**	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000	MUR' 000
Fund-based exposures:						
Cash and cash equivalents	**27,227,378**	44,372,803	18,244,110	**28,219**	90,055	304,473
Mandatory balances with Central Banks	**15,723,438**	13,645,545	11,290,363	**-**	-	-
Loans to and placements with banks	**1,226,864**	843,079	3,150,745	**-**	-	-
Derivative financial instruments	**1,205,168**	784,250	809,211	**-**	-	-
Loans and advances to non-bank customers	**163,450,730**	145,085,800	135,601,447	**-**	-	-
Investment securities	**144,625,688**	146,397,972	114,381,062	**866,493**	1,463,465	1,746,494
Other assets	**3,271,047**	2,878,828	2,650,217	**62,533**	150,966	48,900
	356,730,313	354,008,277	286,127,155	**957,245**	1,704,486	2,099,867
Non-fund based exposures:						
Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers	**31,194,279**	23,480,856	17,784,305	**-**	-	-
Credit commitments	**25,630,135**	21,042,819	15,342,522	**-**	-	-
	56,824,414	44,523,675	33,126,827	**-**	-	-

An analysis of the Group's maximum exposure to credit risk per class of financial asset, internal rating and 'stage', at the reporting date, without taking account of any collateral held and other credit enhancements have been disclosed in the respective notes 8 and 9.

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38. RISK MANAGEMENT (cont'd)

b Credit risk (cont'd)

(i) Maximum credit exposure (cont'd)

An analysis of credit exposures, including non-fund based facilities, for loans and advances to non-bank customers that are neither past due nor impaired using the Group's credit grading system is given below:

	31 December 2022	31 December 2021	31 December 2020
The Group	**MUR' 000**	MUR' 000	MUR' 000
Grades:			
1 to 3 - High Grade	**93,624,870**	67,461,972	29,605,582
4 to 6 - Standard	**60,877,883**	53,838,713	43,604,083
7 to 10 (including unrated) - standard	**36,123,045**	40,850,474	73,785,457
	190,625,798	162,151,159	146,995,122

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 due to outdated financials. For non bank exposures, internal ratings are used except for some corporates which have external ratings.

Overview of modified loans

From a risk management point of view, once an asset is modified, the Group continues to monitor the exposure until it is completely and ultimately derecognised.

The table below shows the gross carrying amount of modified financial assets for which loss allowance has changed during the year.

	31 December 2022		**31 December 2021**		**31 December 2020**	
	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	**10,361,995**	**744,792**	14,877,456	726,931	25,441,261	353,714

38. RISK MANAGEMENT (cont'd)

b Credit risk (cont'd)

(ii) Credit risk assessment

The credit risk management framework is further supported by the policies and procedures in place to appropriately maintain and validate models to assess and measure ECL.

The Group uses a combination of credit rating (internal and external) and statistical regression analyses to determine the probability of default. Statistical regression is derived using an analysis of historical data, whereby the Group has estimated relationships between macro-economic variables, credit risk and credit losses. Country rating is also factored in ECL computation for non-resident counterparties.

Governance and post model adjustments

The IFRS 9, PD, EAD and LGD models are subject to SBM's model risk policy that stipulates periodic model monitoring, periodic re-validation and defines approval procedures and authorities according to model materiality. Post model adjustments (PMAs) are applied where necessary to incorporate the most recent data available and are made on a temporary basis ahead of the underlying model parameter changes being implemented.

Internal credit risk ratings

In order to minimise credit risk, the Group has tasked its credit management committee to develop and maintain the Group's credit risk grading to categorise exposures according to their defree of risk of default. The Group's credit risk grading framework comprises different categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

The credit risk grades are designed and calibrated to reflect the risk of default as credit risk deteriorates. As the credit risk increases the difference in risk of default between grades changes. Each exposure is allocated to a credit risk grade at initial recognition, based on the available information about the counterparty. All exposures are monitored and the credit risk grade updated to reflect current information. The monitoring procedures followed are both general and tailored to the type of exposure.

The following data are typically used to monitor the Group's exposures:

- Payment record and ageing analysis;
- Extent of utilisation of granted limit;
- Changes in business, financial and economic conditions;
- Credit rating information supplied by external rating agencies; and
- For retail exposures internally generated data of customer behaviour or other metrics.

The Group uses credit risk grades as a primary input into the determination of the term structure of the PD for exposures. The Group collects performance and default information about its credit risk exposure analysed by type of products and borrower as well as by credit risk grading. The information used is both internal and external depending on the portfolio assessed. The table below provides a mapping of the Group's internal credit risk grades to external ratings.

Bank's credit risk grades	BOM external rating grade	Standard & Poor's Rating services	Moody's Investors rating	Fitch rating.	Description
1 - 3	1	AAA to AA-	Aaa to Aa3	AAA to AA-	High Grade
4	2	A+ to A -	A1 to A3	A+ to A -	Standard
5	3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	Standard
6-7	4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	Standard
8-9	5	B+ to B-	B1 to B3	B+ to B-	Sub-standard
10	6	CCC+ to D	Caa1 to D	CCC+ to D	Sub-standard

The Group analyses all data collected using statistical models and estimates the remaining lifetime PD of exposures and how these are expected to change over time and uses probability-weighted forecasts to adjust estimates of PDs.

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38. RISK MANAGEMENT (cont'd)

b Credit risk (cont'd)

(ii) Credit risk assessment (cont'd)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since intial recognition when contractual payments are more than 30 days past due unless the Group has reasonable and supportable information that demonstrate otherwise. The Group has monitoring procedures in place to ensure that the criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted or when the asset becomes 30 days past due. The Group performs periodic back-testing of its ratings to consider whether the drivers of credit-risk that led to default were accurately reflected in the rating in a timely manner.

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 Group's policies for determining if there has been a significant increase in credit risk are set out below. The 12mECL is a compounded element of the LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The Group calculates ECLs based on three scenarios (baseline, upside and down side) 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 entity expects to receive.

Loan commitments are assessed along with the category of loan the Group is committed to provide, i.e. commitments to provide corporate loans are assessed using similar criteria to corporate loans.

Stage 1: The 12mECL is calculated as the portion of LTECLs that represents the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

38. RISK MANAGEMENT (cont'd)

b Credit risk (cont'd)

(ii) Credit risk assessment (cont'd)

2. Incorporation of forward-looking information

The Group incorporates forward looking information that is available without undue cost and effort into both its assessment of whether the credit risk of an instrument has increased significantly since its intial recognition and its measurement of ECL. Based on analysis from the Group's Risk Committee and economic experts and consideration of a variety of external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome.

When estimating the macro-economic variables used in ECL calculation, the 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.involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome.

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk and credit losses. The following key indicators were considered:

- Labour Force Survey: Employed persons
- Interest rates: Treasury bill rate
- International reserves - Official reserve assets
- Implicit Price Deflator: Government consumption
- Balance of payments: Direct investment - Assets
- National Accounts: Real Gross Capital Formation
- Industrial production index: General index
- Terms of trade
- Interest Rates: 5-year government bond yield
- Stock Price Index
- National accounts : Real Gross Domestic Product
- Labour Force Survey: Employment - Total
- Interbank rate
- Public debt to GDP rate
- Money & Banking: Claims on Private Sector
- Effective Domestic Coal price

In light of the high inflationary environment coupled with rising interest rates, SBM reviewed its ECL framework so as to cater for the higher level of uncertainty in markets, both local and across borders. Adjusting for forward looking information during this unprecedented event, the bank had factored in post model adjustment to take into account the unlikeliness to pay criteria for clients where updated financials were not yet received. The adjustment was based on borrowers' non-payment behaviors observed in the current economic environment which may result in an increasing amount of balances becoming past due and having a higher probability of default in the future.

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38. RISK MANAGEMENT (cont'd)

b Credit risk (cont'd)

(ii) Credit risk assessment (cont'd)

3. Significant increase in credit risk

The Group monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Goup compares the risk of a default occuring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of deafult that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information.

The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products. This is based on shifts in the customer's internal credit grade, but greater emphasis is also given to qualitative factors such as changes in usage.

For corporate lending, forward-looking information includes the future prospects of the industries in which the Group's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, 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 to certain industries, as well as internally generated information of customer payment behaviour. The Group allocated its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

38. RISK MANAGEMENT (cont'd)

b Credit risk (cont'd)

(ii) Credit risk assessment (cont'd)

3. Significant increase in credit risk (cont'd)

- the remaining lifetime PD at the reporting date; with
- the remaining lifetime PD for the point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure. The PDs used are forward looking and the Group uses the same methodologies and data used to measure the loss allowance for ECL.

The qualitative factors that indicate a significant increase in credit risk are reflected in PD models on a timely basis. However the Group still considers separately some qualitative factors to assess if credit risk has increased significantly, such as, creditworthiness of counterparty which has deteriorated as unemployment, Bankruptcy or death.

4. Measurement of ECL

The calculation of ECLs, including the estimation of the expected period of exposure and discount rate is made on an individual basis for corporate and on a collective basis for retail products. The collective assessments are made separately for portfolios of facilities with similar credit risk characteristics.

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. The concept of PDs is further explained in under measurement of ECL.

(ii) loss given default (LGD);

The Exposure at Default 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. The EAD is further explained measurement of ECL.

(iii) exposure at default (EAD).

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. The LGD is further explained measurement of ECL.

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. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. 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 logic models based on their statistical significance in explaining defaults as well as intuitiveness of the coefficients.

For Banks, external default data from Standard & Poor's (S&P) is used. The PD models convert the through-the-cycle transition matrices (and TTC Default rates) from Standard & Poor's into point-in-time estimates that reflect economic conditions observed at reporting date. The forward looking factor is quantified by a scalar factor arrived by a difference if two economic regressions (with Macroeconomic variables and without Macroeconomic variables).

For sovereigns, historical default rates from Moody's is used together with correlated Global MEVs. The average 12-month rating transition matrix is converted into point-in-time (PIT) transition matric using the Vasicek Transformation.

LGD

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties as well as cure rates. The LGD models consider the structure, collateral, seniority of the claim and recovery costs of any collateral that is integral to the financial asset. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

38. RISK MANAGEMENT (cont'd)

b Credit risk (cont'd)

(ii) Credit risk assessment (cont'd)

4. Measurement of ECL (cont'd)

LGD (cont'd)

Retail, Corporate and SME LGD model use the work-out LGD framework. In this methodology, LGD estimates are based on the historical data after discounting the cash flows (of the contracts in default) that are recorded through the recovery & workout stage at the reference time. Two possible outcomes are considered: Cure (Facility defaults, but goes back to active without loss, LGD close to zero) and No cure (Facility defaults, does not cure, LGD between 0% and 100%). A logit model is fitted to the work-out LGD and the different features for inclusion in the model are chosen based on their statistical significance as well as the intuitiveness of the coefficients.

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

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques. As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

However, for loans with a funded component, the Group measures ECL over a period longer than the maximum contractual period if the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Group can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Group becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Group expects to take and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

For corporates, segmentation has been done based on local and cross-border categories with credit rating as internal variable. SME has been modelled separately with industry and line of business as internal parameters. Retail on the other hand has been segmented at a product level with different internal parameters such as month-on-book and line of business as suited by the models.

Revolving products use segment specific (Retail, SME, Corporate) credit conversion factors (CCF) to project EAD values. Amortising products use an amortising schedule, where the expected cash flows from the Group's IT system are used to project EAD values at each point-in-time.

With the exception of credit cards and other revolving facilities, for which the treatment is separately set out below, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has the legal right to call it earlier.

Loan commitments and letters of credit: When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cashflows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

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.

Financial guarantee contracts: The Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit or loss, and the ECL provision. For this purpose, the Group estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The ECLs related to financial guarantee contracts are recognised within other liabilities.

38. RISK MANAGEMENT (cont'd)

b Credit risk (cont'd)

(ii) Credit risk assessment (cont'd)

4. Measurement of ECL (cont'd)

EAD (cont'd)

Credit cards and other revolving facilities: The Group's product offering includes a variety of corporate and retail overdraft and credit cards facilities, in which the Group has the right to cancel and/or reduce the facilities with one day's notice. The Group does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Group's expectations of the customer behaviour, its likelihood of default and the Group's future risk mitigation procedures, which could include reducing or cancelling the facilities. In the case of credit cards, the most significant judgement is to reflect the operational practice of card reissuance and the associated credit assessment as enabling a formal re-origination trigger. As a consequence, a capped lifetime approach of 12 months is used for overdraft balances since limit are renewed on a yearly basis. For credit cards, an estimate of the behavioural lifetime is considered by segment (36 months for retail cards and 20 months for corporates and SME).

Individually assessed allowances

The Group determines the allowances to be appropriate for each facility assessed on an individual basis. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance once a financial difficulty has arisen, projected receipts and the expected dividend payout should Bankruptcy ensue, the availability of other financial support, the realisable value of collateral and the timing of the expected cash flows. The impairment losses are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

Regulatory provision

For SBM Bank (Mauritius) Ltd ,regulatory provision is conducted in accordance with the Bank of Mauritius Guideline on 'Credit Impairment Measurement and Income Recognition (April 2016)' and' Additional Macroprudential Measures For the Banking Sector (January 2015)' which require the bank in Mauritius to take a minimum portfolio provision of 1% on standard credits and an additional portfolio provision as a macroprudential policy measure ranging between 0.5% to 1% depending on the sectors. The stage 1 and 2 provision on loans and advances was higher than the minimum portfolio provision.

For SBM Bank (Kenya) Limited, the following minimum percentage amounts for provisioning are to be maintained according to assigned classifications as described below:

(i) for loans classified as 'Normal' minimum 1% portfolio provision

(ii) for loans classified as 'Watch' minimum 3% portfolio provision

(iii) for loans classified 'Substandard' 20% applied on net balances after deduction of realisable value of security and interest in suspense.

(iv) for loans classified 'Doubtful' 100% applied on net balances after deduction of realisable value of security and interest in suspense.

(v) for loans classified 'Loss' 100% applied on net balances after deduction of realisable value of security and interest in suspense.

38. RISK MANAGEMENT (cont'd)

b Credit risk (cont'd)

(ii) Credit risk assessment (cont'd)

4. Measurement of ECL (cont'd)

Collateral valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit- enhancements such as netting agreements. The Group's accounting policy for collateral assigned to it through its lending arrangements under IFRS9 is the same is it was under IAS39. Collateral, unless repossessed, is not recorded on the Group's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers,or based on housing price indices.

Collateral repossessed

The Group's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Group's policy.

In its normal course of business, the Group does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the statement of financial position.

5. Modified financial asset

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

38. RISK MANAGEMENT (cont'd)

b Credit risk (cont'd)

(ii) Credit risk assessment (cont'd)

5. Modified financial asset (cont'd)

The Group renegotiates loans to customers in financial difficulties to maximise collection opportunities and minimise the risk of default. Under this policy, 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 Group's ability to collect interest and principal based on the Group's previous experience on similar renegotiation.

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 Credit Impairment Measurement and Income Recognition (see below) 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.

Where the restructuring occurs prior to the classification of a loan as impaired, the restructured loan is classified as impaired when, in the aggregate, the period of time the loan is in arrears before and after restructuring is 90 days or more.

Where the restructuring occurs after a loan has been classified as impaired, the restructured loan is continued to be classified as impaired until repayments have been received by the Group, in amount and in such stipulated time, for a continuous period of six months, strictly in accordance with the terms and conditions of the restructured loan.

Where the loan has been restructured more than once, the restructured loan shall continue to be classified as impaired until repayments have been received by the financial institutions in amount and in such stipulated time, for a continuous period of nine months, at a minimum, strictly in accordance with the terms and conditions of the restructured loan.

(iii) Collateral and other credit enhancements

The use of credit risk mitigants is an integral part of the credit risk management process and is documented in the Group Credit Risk policy. The amount and type of collateral required depend on the counterparty's credit quality and repayment capacity. The principal collateral types taken include:

- Fixed/floating charge on assets of borrowers;
- Pledge of deposits / securities/life insurance policy/shares;
- Government guarantee/bank guarantee/ corporate guarantee/personal guarantee;
- Lien on vehicle; and
- Letter of comfort.

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38. RISK MANAGEMENT (cont'd)

b Credit risk (cont'd)

(iii) Collateral and other credit enhancements (cont'd)

The Group holds collateral and other credit enhancement against certain of its credit exposure. The following table sets out the principal types of collateral held against different types of financial assets.

Type of credit exposure	31 December 2022	31 December 2021	31 December 2020	Principal Type of collateral held
The Group	**MUR' 000**	**MUR' 000**	**MUR' 000**	
Fund-based exposures:				
Cash and cash equivalents	**27,227,378**	44,372,803	18,244,110	*Unsecured*
Mandatory balances with central banks	**15,723,438**	13,645,545	11,290,363	*Unsecured*
Loans to and placements with banks	**1,226,864**	843,079	3,150,745	*Unsecured*
Derivative financial instruments	**1,205,168**	784,250	809,211	*Unsecured*
Loans and advances to non-bank customers	**163,450,730**	145,085,800	135,601,447	*Residential/ Commercial property*
Investment securities	**144,625,688**	146,397,972	114,381,062	*Unsecured*
Other assets	**3,271,047**	2,878,828	2,650,217	*Unsecured*
Non-fund based exposures:				
Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers	**31,194,279**	23,480,856	17,784,305	*Residential property*
Credit commitments	**25,630,135**	21,042,819	15,342,722	*Unsecured*

The Company

The fund-based expoures are unsecured.

In addition to the collateral included in the table above, the Group holds other types of collateral and credit enhancements, such as second charges and floating charges for which specific values are not generally available.

There was no change in the Group's collateral policy during the year.

(iv) Ageing of loans and advances:

Under the Group's monitoring procedures, a significant increase in credit risk is identified before the exposure has defaulted, and at the latest when the exposure becomes 30 days past due The table below provides an analysis of the gross carrying amount of receivables by past due status:

	THE GROUP					
	31 December 2022		31 December 2021		31 December 2020	
	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	**144,797,800**	**2,926,462**	124,018,102	2,061,465	114,785,231	1,909,812
31-60 days	**3,116,139**	**96,120**	3,824,069	275,820	1,432,963	53,566
61-89 days	**1,008,540**	**38,916**	647,057	30,233	671,759	37,686
Total	**148,922,479**	**3,061,498**	128,489,228	2,367,518	116,889,953	2,001,064

38. RISK MANAGEMENT (cont'd)

b Credit risk (cont'd)

(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, indicate that the account may be impaired.

The carrying amount of impaired financial assets and specific allowance held are shown below:

	THE GROUP		
	31 December 2022	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000
Loans and advances (Note 8d)	**14,528,251**	16,596,572	18,711,494
Specific allowance held in respect of impaired advances (Note 8d)	**10,394,689**	12,324,475	13,742,510
Fair value of collaterals of impaired advances	**3,150,384**	3,419,555	8,176,210

(vi) Credit concentration of risk by industry sectors

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 Group to any one customer or group of closely-related customers for amounts aggregating more than 15% of its capital base, classified by industry sectors:

	THE GROUP		
	31 December 2022	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000
Portfolio			
Agriculture	**5,703,996**	2,843,509	3,227,632
Traders	**5,289,586**	9,227,334	8,042,135
Manufacturing Textiles	**2,621,521**	-	-
Real estate	**8,984,299**	5,921,847	5,704,924
Financial Institutions	**23,437,291**	-	2,397,744
Services	**3,220,563**	-	-
Tourism	**6,842,347**	5,848,610	8,389,473
	56,099,603	23,841,300	27,761,908

(vii) Offsetting financial instruments

Loans and advances to customers

The Group holds cash collateral and marketable securities to mitigate the credit risk of securities lending.

Derivative financial instruments

The Group enters into derivatives bilaterally under International Swaps and Derivatives Association (ISDA) master netting agreements. ISDA Master Netting agreements give either party the legal right of offset on termination of the contract or on default of the other party. The bank executes a credit support annex in conjunction with each ISDA agreement, which requires the Group and each counterparty to post collateral to mitigate credit risk. Collateral is also posted as per terms of Credit Support Annex (CSA) in respect of derivatives transacted on exchanges.

c Liquidity risk

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

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38. RISK MANAGEMENT (cont'd)

c Liquidity risk (cont'd)

(i) The tables below show the expected timing of cash flows for financial assets and liabilities of the Group, slotted as per the rules defined by the Bank of Mauritius.

	Up to 1 month	**1-3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**Over 3 years**	**Non-Maturity Bucket ***	**Total**
The Group	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
31 December 2022								
Financial assets								
Cash and cash equivalents	**30,253,748**	**21,977**	**-**	**-**	**-**	**-**	**(688)**	**30,275,037**
Mandatory balances with central banks	**5,130,246**	**559,708**	**693,150**	**996,328**	**764,554**	**7,579,452**	**-**	**15,723,438**
Loans to and placements with banks	**-**	**658,677**	**224,584**	**219,471**	**124,132**	**-**	**(5,449)**	**1,221,415**
Derivative financial instruments	**-**	**-**	**-**	**-**	**-**	**-**	**1,205,168**	**1,205,168**
Loans and advances to non-bank customers	**13,132,677**	**11,757,676**	**8,114,408**	**10,471,860**	**36,319,783**	**66,474,885**	**3,723,254**	**149,994,543**
Investment securities	**35,911,355**	**2,127,973**	**5,126,465**	**9,032,545**	**23,113,208**	**59,720,929**	**16,945,458**	**151,977,933**
Other assets	**-**	**-**	**-**	**-**	**-**	**-**	**3,271,047**	**3,271,047**
	84,428,026	**15,126,011**	**14,158,607**	**20,720,204**	**60,321,677**	**133,775,266**	**25,138,790**	**353,668,581**
Financial liabilities								
Deposits from banks	**1,925,003**	**182,647**	**582,378**	**492,827**	**492,292**	**-**	**127,761**	**3,802,908**
Deposits from non-bank customers	**48,544,890**	**19,307,856**	**22,177,108**	**23,404,646**	**12,611,668**	**158,994,450**	**8,309,817**	**293,350,435**
Other borrowed funds	**8,616,281**	**288,258**	**267,892**	**538,012**	**4,923,113**	**855,914**	**-**	**15,489,470**
Derivative financial instruments	**-**	**-**	**-**	**-**	**-**	**-**	**905,317**	**905,317**
Subordinated debts	**-**	**-**	**34,813**	**-**	**4,821,203**	**5,760,476**	**-**	**10,616,492**
Lease liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**888,617**	**888,617**
Other liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**8,442,132**	**8,442,132**
Total financial liabilities	**59,086,174**	**19,778,761**	**23,062,191**	**24,435,485**	**22,848,276**	**165,610,840**	**18,673,644**	**333,495,371**
Liquidity Gap	**25,341,852**	**(4,652,750)**	**(8,903,584)**	**(3,715,281)**	**37,473,401**	**(31,835,574)**	**6,465,146**	**20,173,210**

*Non-maturity bucket includes ECL provisions, investment in shares having no maturity, non-performing loans whose maturity date have been exceeded, derivatives, other assets and liabilities with undetermined maturity dates.

38. RISK MANAGEMENT (cont'd)

c Liquidity risk (cont'd)

	Up to 1 month	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Non-Maturity Bucket *	Total
The Group	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
31 December 2021								
Financial assets								
Cash and cash equivalents	47,644,101	-	-	-	-	-	(7,280)	47,636,821
Mandatory balances with central banks	3,704,569	863,306	401,928	795,710	501,526	7,378,506	-	13,645,545
Loans to and placements with banks	-	-	992	-	653,330	188,757	(5,109)	837,970
Derivative financial instruments	-	-	-	-	-	-	784,250	784,250
Loans and advances to non-bank customers	5,987,984	9,587,920	8,302,849	15,738,540	27,754,331	63,321,893	(299,710)	130,393,807
Investment securities	50,917,806	3,337,909	6,180,847	6,497,331	17,810,072	61,389,502	7,293,280	153,426,747
Other assets	-	-	-	-	-	-	2,878,828	2,878,828
	108,254,460	13,789,135	14,886,616	23,031,581	46,719,259	132,278,658	10,644,259	349,603,968
Financial liabilities								
Deposits from banks	1,483,194	292,239	95,040	526,199	373,330	-	-	2,770,002
Deposits from non-bank customers	44,871,525	22,934,634	11,893,972	20,154,103	526,199	198,200,425	-	298,580,858
Other borrowed funds	661,178	4,410,688	22,901	74,766	3,825,327	518,052	-	9,512,912
Derivative financial instruments	-	-	-	-	-	-	759,896	759,896
Subordinated debts	-	-	21,258	-	1,500,000	8,356,088	-	9,877,346
Lease liabilities	-	-	-	-	-	-	740,902	740,902
Other liabilities	-	-	-	-	-	-	7,738,986	7,738,986
Total financial liabilities	47,015,897	27,637,561	12,033,171	20,755,068	6,224,856	207,074,565	9,239,784	329,980,902
Liquidity Gap	61,238,563	(13,848,426)	2,853,445	2,276,513	40,494,403	(74,795,907)	1,404,475	19,623,066

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Financial Statements
For the year ended 31 December 2022

38. RISK MANAGEMENT (cont'd)

c Liquidity risk (cont'd)

	Up to 1 month	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Non-Maturity Bucket *	Total
The Group	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
31 December 2020								
Financial assets								
Cash and cash equivalents	21,559,196	19,719	-	-	-	-	(1,670)	21,577,245
Mandatory balances with central banks	3,178,071	536,542	252,663	701,226	337,968	6,283,893	-	11,290,363
Loans to and placements with banks	-	46,000	1,260,591	1,008,285	593,109	242,760	(20,358)	3,130,387
Derivative financial instruments	-	-	-	-	-	-	809,211	809,211
Loans and advances to non-bank customers	4,888,018	6,749,608	7,552,598	10,249,836	32,906,239	56,812,399	699,175	119,857,873
Investment securities	34,145,958	1,112,125	5,749,689	5,815,198	17,021,764	50,590,975	6,617,688	121,053,397
Other assets	-	-	-	-	-	-	2,650,217	2,650,217
	63,771,243	8,463,994	14,815,541	17,774,545	50,859,080	113,930,027	10,754,263	280,368,693
Financial liabilities								
Deposits from banks	1,004,821	-	398,494	-	-	-	-	1,403,315
Deposits from non-bank customers	30,952,096	15,111,610	8,088,167	18,463,886	9,933,096	144,313,366	-	226,862,221
Other borrowed funds	1,268,589	2,039,641	2,225,506	1,062,055	7,769,690	651,696	-	15,017,177
Derivative financial instruments	-	-	-	-	-	-	1,279,984	1,279,984
Subordinated debts	-	-	2,575,899	-	-	7,566,887	-	10,142,786
Lease liabilities	-	-	-	99,727	-	704,680	-	804,407
Other liabilities	-	-	-	-	-	-	6,009,465	6,009,465
Total financial liabilities	33,225,506	17,151,251	13,288,066	19,625,668	17,702,786	153,236,629	7,289,449	261,519,355
Liquidity Gap	30,545,737	(8,687,257)	1,527,475	(1,851,123)	33,156,294	(39,306,602)	3,464,814	18,849,338

38. RISK MANAGEMENT (cont'd)

c Liquidity risk (cont'd)

The Company	Up to 1 month	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Non-Maturity *	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
31 December 2022								
Financial assets								
Cash and cash equivalents	28,219	-	-	-	-	-	-	28,219
Investment securities	17,733	410,000	63,428	8,779	-	366,600	5,972,598	6,839,138
Other assets	-	-	-	-	-	-	62,533	62,533
	45,952	410,000	63,428	8,779	-	366,600	6,035,131	6,929,890
Financial liabilities								
Subordinated debts	-	-	34,813	-	4,821,203	5,060,520	-	9,916,536
Other liabilities	-	-	-	-	-	-	65,362	65,362
	-	-	34,813	-	4,821,203	5,060,520	65,362	9,981,898
Liquidity Gap	45,952	410,000	28,615	8,779	(4,821,203)	(4,693,920)	5,969,769	(3,052,008)
31 December 2021								
Financial assets								
Cash and cash equivalents	90,055	-	-	-	-	-	-	90,055
Investment securities	-	-	52,509	-	8,711	535,000	5,962,973	6,559,193
Other assets	-	-	-	-	-	-	150,966	150,966
	90,055	-	52,509	-	8,711	535,000	6,113,939	6,800,214
Financial liabilities								
Subordinated debts	-	-	21,258	-	1,500,000	8,356,088	-	9,877,346
Other liabilities	-	-	-	-	-	-	163,001	163,001
	-	-	21,258	-	1,500,000	8,356,088	163,001	10,040,347
Liquidity Gap	90,055	-	31,251	-	(1,491,289)	(7,821,088)	5,950,938	(3,240,133)
31 December 2020								
Financial assets								
Cash and cash equivalents	304,473	-	-	-	-	-	-	304,473
Investment securities	661,058	-	179,306	-	157,908	749,000	5,257,859	7,005,131
Other assets	-	-	-	-	-	-	48,900	48,900
	965,531	-	179,306	-	157,908	749,000	5,306,759	7,358,504
Financial liabilities								
Derivative financial instruments	-	-	-	-	-	-	41,524	41,524
Subordinated debts	-	-	2,575,899	-	-	7,566,887	-	10,142,786
Other liabilities	-	-	-	-	-	-	211,206	211,206
	-	-	2,575,899	-	-	7,566,887	252,730	10,395,516
Liquidity Gap	965,531	-	(2,396,593)	-	157,908	(6,817,887)	5,054,029	(3,037,012)

*Non-maturity bucket includes ECL provisions, investment in shares having no maturity, non-performing loans whose maturity date have been exceeded, derivatives, other assets and liabilities with undetermined maturity dates

38. RISK MANAGEMENT (cont'd)

c Liquidity risk (cont'd)

(ii) The table below shows the remaining contractual maturities of financial liabilities:

The Group	On Demand	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Financial liabilities							
Deposits	203,232,801	38,286,525	21,428,314	19,118,658	13,103,960	1,983,085	297,153,343
Derivative financial instruments	905,317	-	-	-	-	-	905,317
Other borrowed funds	-	8,904,539	267,892	538,012	4,923,113	855,914	15,489,470
Subordinated debts	-	-	34,813	-	4,821,203	5,760,476	10,616,492
Lease liabilities	-	-	-	-	-	888,617	888,617
Other liabilities	8,442,132	-	-	-	-	-	8,442,132
31 December 2022	212,580,250	47,191,064	21,731,019	19,656,670	22,848,276	9,488,092	333,495,371
Financial liabilities							
Deposits	233,737,420	23,181,669	15,338,295	16,150,827	12,197,473	745,176	301,350,860
Derivative financial instruments	759,896	-	-	-	-	-	759,896
Other borrowed funds	-	5,071,866	22,901	74,766	3,825,327	518,052	9,512,912
Subordinated debts	-	-	21,258	-	1,500,000	8,356,088	9,877,346
Lease liabilities	-	-	-	-	-	740,902	740,902
Other liabilities	7,738,986	-	-	-	-	-	7,738,986
31 December 2021	242,236,302	28,253,535	15,382,454	16,225,593	17,522,800	10,360,218	329,980,902
Financial liabilities							
Deposits	176,942,836	22,650,827	7,137,146	15,090,185	5,673,965	770,577	228,265,536
Derivative financial instruments	1,279,984	-	-	-	-	-	1,279,984
Other borrowed funds	-	732,331	4,801,404	1,062,055	202,804	8,218,583	15,017,177
Subordinated debts	-	2,575,899	-	-	7,566,887	-	10,142,786
Lease liabilities	-	-	-	99,727	-	704,680	804,407
Other liabilities	6,009,465	-	-	-	-	-	6,009,465
31 December 2020	184,232,285	25,959,057	11,938,550	16,251,967	13,443,656	9,693,840	261,519,355

The Company	On Demand	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Financial liabilities							
Subordinated debts	-	-	34,813	-	4,821,203	5,060,520	9,916,536
Other liabilities	65,362	-	-	-	-	-	65,362
31 December 2022	65,362	-	34,813	-	4,821,203	5,060,520	9,981,898
Financial liabilities							
Subordinated debts	-	-	21,258	-	1,500,000	8,356,088	9,877,346
Other liabilities	163,001	-	-	-	-	-	163,001
31 December 2021	163,001	-	21,258	-	1,500,000	8,356,088	10,040,347
Financial liabilities							
Derivative financial instruments	-	-	-	-	-	41,524	41,524
Subordinated debts	-	2,575,899	-	-	7,566,887	-	10,142,786
Other liabilities	211,206	-	-	-	-	-	211,206
31 December 2020	211,206	2,575,899	-	-	7,566,887	41,524	10,395,516

38. RISK MANAGEMENT (cont'd)

d Market risk

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

(i) Interest rate risk

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

The table below analyses the Group's interest rate risk exposure in terms of the remaining period to the next contractual repricing date or to the maturity date, whichever is the earlier. The 'up to 3 months' column include the financial assets and liabilities which have floating rates of interest that do not reprice at set dates, but rather reprice whenever the underlying interest rate index changes.

The Group	Up to 3 months	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Non-interest sensitive	Total
31 December 2022	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
Financial assets								
Cash and cash equivalents	713,701	-	-	-	-	-	29,561,336	30,275,037
Mandatory balances with central banks	-	-	-	-	-	-	15,723,438	15,723,438
Loans to and placements with banks	1,002,014	219,471	-	-	-	-	(70)	1,221,415
Derivative financial instruments	-	-	-	-	-	-	1,205,168	1,205,168
Loans and advances to non-bank customers	117,799,332	4,701,863	2,928,500	7,746,672	14,928,588	12,872,026	(10,982,438)	149,994,543
Investment securities	14,376,613	9,013,568	18,169,582	19,918,327	35,827,283	47,815,228	6,857,332	151,977,933
Other assets	-	-	-	-	-	-	3,271,047	3,271,047
Total assets	133,891,660	13,934,902	21,098,082	27,664,999	50,755,871	60,687,254	45,635,813	353,668,581
Financial liabilities								
Deposits from banks	607,516	582,378	492,827	492,292	-	-	1,627,895	3,802,908
Deposits from non-bank customers	136,640,875	20,602,833	17,677,300	9,954,525	1,994,532	139,902	106,340,468	293,350,435
Other borrowed funds	6,648,764	244,639	481,314	4,644,999	477,810	-	2,991,944	15,489,470
Derivative financial instruments	-	-	-	-	-	-	905,317	905,317
Lease liabilities	-	-	-	-	-	-	888,617	888,617
Subordinated debts	2,500,000	-	-	-	3,321,203	4,760,476	34,813	10,616,492
Other liabilities	-	-	-	-	-	-	8,442,132	8,442,132
Total liabilities	146,397,155	21,429,850	18,651,441	15,091,816	5,793,545	4,900,378	121,231,186	333,495,371
On balance sheet interest rate sensitivity gap	(12,505,495)	(7,494,948)	2,446,641	12,573,183	44,962,326	55,786,876	(75,595,373)	20,173,210
Off balance sheet interest rate sensitivity gap	1,087,502	(997,834)	244,397	(673,255)	(671,837)	430,339	-	(580,688)
	(11,417,993)	(8,492,782)	2,691,038	11,899,928	44,290,489	56,217,215	(75,595,373)	19,592,522

38. RISK MANAGEMENT (cont'd)

d Market risk (cont'd)

(i) Interest rate risk (cont'd)

The Group	Up to 3 months	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Non-interest sensitive	Total
31 December 2021	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Financial assets								
Cash and cash equivalents	3,291,256	-	-	-	-	-	44,345,565	47,636,821
Mandatory balances with central banks	-	-	-	-	-	-	13,645,545	13,645,545
Loans to and placements with banks	653,330	-	-	-	188,757	-	(4,117)	837,970
Derivative financial instruments	-	-	-	-	-	-	784,250	784,250
Loans and advances to non-bank customers	106,456,902	3,673,010	3,782,356	10,820,993	7,525,910	10,053,180	(11,918,544)	130,393,807
Investment securities	19,374,817	15,034,649	18,628,830	17,925,328	33,508,083	40,395,488	8,559,552	153,426,747
Other assets	-	-	-	-	-	-	2,878,828	2,878,828
Total assets	129,776,305	18,707,659	22,411,186	28,746,321	41,222,750	50,448,668	58,291,079	349,603,968
Financial liabilities								
Deposits from banks	1,789	-	-	-	-	-	2,768,213	2,770,002
Deposits from non-bank customers	120,032,082	10,599,419	16,410,952	6,273,186	2,344,615	778	142,919,826	298,580,858
Other borrowed funds	5,811,831	-	-	3,576,334	-	121,454	3,293	9,512,912
Derivative financial instruments	-	-	-	-	-	-	759,896	759,896
Lease liabilities	-	-	-	-	-	-	740,902	740,902
Subordinated debts	1,500,000	-	-	-	3,295,568	5,060,520	21,258	9,877,346
Other liabilities	-	-	-	-	-	-	7,738,986	7,738,986
Total liabilities	127,345,702	10,599,419	16,410,952	9,849,520	5,640,183	5,182,752	154,952,374	329,980,902
On balance sheet interest rate sensitivity gap	2,430,603	8,108,240	6,000,234	18,896,801	35,582,567	45,265,916	(96,661,295)	19,623,066
Off balance sheet interest rate sensitivity gap	8,793,601	(3,568,124)	(838,111)	(2,510,099)	(951,516)	(921,329)	-	4,422
	11,224,204	4,540,116	5,162,123	16,386,702	34,631,051	44,344,587	(96,661,295)	19,627,448

38. RISK MANAGEMENT (cont'd)

d Market risk (cont'd)

(i) Interest rate risk (cont'd)

The Group	Up to 3 months	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Non-interest sensitive	Total
31 December 2020	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Financial assets								
Cash and cash equivalents	2,543,035	-	-	-	-	-	19,034,210	21,577,245
Mandatory balances with central banks	-	-	-	-	-	-	11,290,363	11,290,363
Loans to and placements with banks	1,890,154	1,243,992	-	-	-	-	(3,759)	3,130,387
Derivative financial instruments	-	-	-	-	-	-	809,211	809,211
Loans and advances to non-bank customers	97,667,632	7,072,318	6,612,937	6,640,456	4,422,759	4,604,186	(7,162,415)	119,857,873
Investment securities	15,453,258	5,676,749	11,269,902	15,654,077	32,128,390	30,035,697	10,835,324	121,053,397
Other assets	-	-	-	-	-	-	2,650,217	2,650,217
Total assets	117,554,079	13,993,059	17,882,839	22,294,533	36,551,149	34,639,883	37,453,151	280,368,693
Financial liabilities								
Deposits from banks	-	398,494	-	-	-	-	1,004,821	1,403,315
Deposits from non-bank customers	96,025,962	6,722,207	14,890,715	5,288,749	2,015,407	719	101,918,462	226,862,221
Other borrowed funds	10,974,971	417,841	-	3,462,912	102,866	-	58,587	15,017,177
Derivative financial instruments	-	-	-	-	-	-	1,279,984	1,279,984
Subordinated debts	-	-	-	-	-	-	804,407	804,407
Lease liabilities	1,514,667	2,575,899	-	-	-	6,052,220	-	10,142,786
Other liabilities	-	-	-	-	-	-	6,009,465	6,009,465
Total liabilities	108,515,600	10,114,441	14,890,715	8,751,661	2,118,273	6,052,939	111,075,726	261,519,355
On balance sheet interest rate sensitivity gap	9,038,479	3,878,618	2,992,124	13,542,872	34,432,876	28,586,944	(73,622,575)	18,849,338
Off balance sheet interest rate sensitivity gap	8,793,601	(3,568,124)	(838,111)	(2,510,099)	(951,516)	(921,239)	-	4,512
	17,832,080	310,494	2,154,013	11,032,773	33,481,360	27,665,705	(73,622,575)	18,853,850

38. RISK MANAGEMENT (cont'd)

d Market risk (cont'd)

(i) Interest rate risk (cont'd)

The Company	**Up to 3 months**	**3-6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**Over 5 years**	**Non-interest sensitive**	**Total**
31 December 2022	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
Financial assets								
Cash and cash equivalents	**-**	**-**	**-**	**-**	**-**	**-**	**28,219**	**28,219**
Investment securities	**427,733**	**57,062**	**8,779**	**-**	**300,000**	**66,600**	**5,978,964**	**6,839,138**
Other assets	**-**	**-**	**-**	**-**	**-**	**-**	**62,533**	**62,533**
Total assets	**427,733**	**57,062**	**8,779**	**-**	**300,000**	**66,600**	**6,069,716**	**6,929,890**
Financial liabilities								
Subordinated debts	**2,500,000**	**-**	**-**	**-**	**3,321,203**	**4,060,520**	**34,813**	**9,916,536**
Other liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**65,362**	**65,362**
Total liabilities	**2,500,000**	**-**	**-**	**-**	**3,321,203**	**4,060,520**	**100,175**	**9,981,898**
On balance sheet interest rate sensitivity gap	**(2,072,267)**	**57,062**	**8,779**	**-**	**(3,021,203)**	**(3,993,920)**	**5,969,541**	**(3,052,008)**
Off balance sheet interest rate sensitivity gap	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	(2,072,267)	**57,062**	**8,779**	**-**	**(3,021,203)**	**(3,993,920)**	**5,969,541**	**(3,052,008)**
31 December 2021								
Financial assets								
Cash and cash equivalents	-	-	-	-	-	-	90,055	90,055
Investment securities	-	-	-	8,711	-	535,000	6,015,482	6,559,193
Other assets	-	-	-	-	-	-	150,966	150,966
Total assets	-	-	-	8,711	-	535,000	6,256,503	6,800,214
Financial liabilities								
Subordinated debts	1,500,000	-	-	-	3,295,568	5,060,520	21,258	9,877,346
Other liabilities	-	-	-	-	-	-	163,001	163,001
Total liabilities	1,500,000	-	-	-	3,295,568	5,060,520	184,259	10,040,347
On balance sheet interest rate sensitivity gap	(1,500,000)	-	-	8,711	(3,295,568)	(4,525,520)	6,072,244	(3,240,133)
Off balance sheet interest rate sensitivity gap	-	-	-	-	-	-	-	-
	(1,500,000)	-	-	8,711	(3,295,568)	(4,525,520)	6,072,244	(3,240,133)

38. RISK MANAGEMENT (cont'd)

d Market risk (cont'd)

(i) Interest rate risk (cont'd)

	Up to 3 months	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Non-interest sensitive	Total
The Company	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
31 December 2020								
Financial assets								
Cash and cash equivalents	-	-	-	-	-	-	304,473	304,473
Investment securities	-	138,500	-	150,000	204,908	552,000	5,959,723	7,005,131
Other assets	-	-	-	-	-	-	48,900	48,900
Total assets	-	138,500	-	150,000	204,908	552,000	6,313,096	7,358,504
Financial liabilities								
Derivative financial instruments	-	-	-	-	-	-	41,524	41,524
Subordinated debts	1,514,667	2,575,899	-	-	-	6,052,220	-	10,142,786
Other liabilities	-	-	-	-	-	-	211,206	211,206
Total liabilities	1,514,667	2,575,899	-	-	-	6,052,220	252,730	10,395,516
On balance sheet interest rate sensitivity gap	(1,514,667)	(2,437,399)	-	150,000	204,908	(5,500,220)	6,060,366	(3,037,012)
Off balance sheet interest rate sensitivity gap	-	-	-	-	-	-	-	-
	(1,514,667)	(2,437,399)	-	150,000	204,908	(5,500,220)	6,060,366	(3,037,012)

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 2022	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000
(Decrease)/increase in profits	**(292,519)**	204,137	341,697

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38. RISK MANAGEMENT (cont'd)

d Market risk (cont'd)

(i) Interest rate risk (cont'd)

Interest rate benchmark reform

In 2022, the Group has successfully completed the transition of a significant portion of its IBOR exposure to alternative benchmark interest rates. Following the progress made, the bank is confident that it has the operational capability to process the remaining transitions (USD) to an alternative benchmark interest rate by the due date.

The IBOR reform exposes the Group to various risks, which include but are not limited to the following:

- Conduct risk arising from discussions with clients and market counterparties due to the amendments required to existing contracts necessary to effect IBOR reform;
- Financial risk to the bank and its clients that markets are disrupted due to IBOR reform giving rise to financial losses;
- Pricing risk from the potential lack of market information if liquidity in IBORs reduces and RFRs are illiquid and unobservable;
- Operational risk arising from changes to the Group's IT systems and processes, also the risk of payments being disrupted if an IBOR ceases to be available.

As from 01 January 2022, all new contracts are linked to an alternative benchmark rate.

Derivative financial instruments

The Group holds derivatives for trading and risk management purposes. Some derivatives held for risk management purposes are designated in hedging relationships. These are governed by the International Swaps and Derivatives Association's (ISDA) fallback clauses which ensure all legacy trades will, on cessation of IBOR, follow the fallback clause provided in the protocol.

New Monetary Policy Framework

As part of the Bank of Mauritius's new monetary policy framework, the Key Repo Rate (KRR) has been discontinued and replaced by the 'Key Rate'. Since the Key Rate has been set at the same level of the KRR, there is no immediate financial impact for SBM Bank (Mauritius) Ltd. All loan contract linked to the KRR has already been converted to the new Key Rate. Corporate Bonds already have the required fallback clause to switch automatically to the successor of the KRR.

Interest rate sensitivity

The following table demontrates the sensitivity of a 2% change in interest rates in the different countries:

	31 December 2022	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000
Mauritius	**181,760**	519,877	520,801
India	**(286,127)**	(65,569)	68,681
Madagascar	**(3,312)**	(2,055)	(2,080)
Kenya	**(138,036)**	(204,601)	(173,454)
Others	**(46,804)**	(43,515)	(72,251)
	(292,519)	204,137	341,697

Notes to the Financial Statements
For the year ended 31 December 2022

38. RISK MANAGEMENT (cont'd)

d Market risk (cont'd)

(ii) Fair value hedges

	31 December 2022				31 December 2021				31 December 2020			
	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	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Fixed rate corporate loans	349,608	-	-	11,692	4,629,903	-	81,206	-	6,213,147	-	215,796	-
Fixed rate debt instrument	1,111,311	-	-	66,498	1,102,733	-	-	3,761	2,398,849	-	21,439	-
Fixed rate non-bank deposits	-	-	-	-	-	-	-	-	-	135,996	-	-

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 2022			31 December 2021			31 December 2020		
	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	1,377,620	97,148	-	3,106,810	3,761	80,718	7,084,396	393	235,903

The below table sets out the outcome of the Bank's hedging strategy, set out in Notes 8 and 9, in particular, to changes in the fair value of the hedged items and hedging instruments in the current year and the comparative year, used as the basis for recognising ineffectiveness:

		31 December 2022			31 December 2021			31 December 2020		
		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										
Fixed rate corporate loans	Interest rate swaps	(11,692)	12,171	479	81,206	(80,718)	488	215,796	(214,464)	1,332
Fixed rate debt instrument	Interest rate swaps	(66,498)	84,977	18,479	(3,761)	3,761	-	21,439	(21,439)	-
Micro fair value hedge relationships hedging liabilities										
Fixed rate non-bank deposits	Interest rate swaps	-	-	-	-	-	-	-	393	393
Total micro fair value hedge relationship		(78,190)	97,148	18,958	77,445	(76,957)	488	237,235	(235,510)	1,725

The maturity profile of the hedging instruments used in micro fair value hedge relationships is as follows:

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	TOTAL
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
At 31 December 2022:						
Fixed rate corporate loans						
Interest rate swap (Notional amount)	-	-	-	1,073,750	303,870	1,377,620
At 31 December 2021:						
Fixed rate corporate loans						
Interest rate swap (Notional amount)	-	-	1,259,190	1,267,603	580,017	3,106,810
At 31 December 2020:						
Fixed rate corporate loans						
Interest rate swap (Notional amount)	-	135,996	3,811,151	2,277,768	859,481	7,084,396

38. RISK MANAGEMENT (cont'd)

d Market risk (cont'd)

(iii) Currency risk

Foreign exchange risk arises from open and imperfectly offset or hedged positions. Imperfect correlations across currencies and international interest rate markets pose particular challenges to the effectiveness of foreign currency hedging strategies. The Group exercises strict control over its foreign currency exposures. The Group reports on foreign currency positions to the Central Bank and has set up conservative internal limits in order to mitigate foreign exchange risk. To manage their foreign currency exposures, dealers operate within prudential limits approved by the Board including intraday/overnight open exposures, stop loss and authorised currencies. These trading limits are reviewed at least once annually by the Board / Board Risk Management Committee. The Middle Office closely monitors the Front Office and reports any excesses and deviations from approved limits to the Market Risk Forum and to the Board Risk Management Committee.

The tables below show the carrying amounts of the monetary assets and liabilities:

The Group	MUR	USD	GBP	EURO	INR	KES	OTHER	TOTAL
31 December 2022	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
FINANCIAL ASSETS								
Cash and cash equivalents	2,229,108	21,370,631	1,181,602	1,039,461	2,940,358	636,550	877,327	30,275,037
Mandatory balances with central banks	12,013,258	814,967	114,069	349,620	1,711,650	482,426	237,448	15,723,438
Loans to and placements with banks	(5,449)	1,101,841	-	125,023	-	-	-	1,221,415
Derivative financial instruments	322,380	284,592	-	5,609	572,187	-	20,400	1,205,168
Loans and advances to non-bank customers	72,646,569	19,758,726	652,162	14,095,246	28,117,076	13,680,021	1,044,743	149,994,543
Investment securities	77,325,373	43,125,612	-	492,705	17,927,642	12,591,763	514,838	151,977,933
Other assets	1,549,868	567,282	1,053	70,339	866,316	261,698	(45,509)	3,271,047
Total monetary financial assets	166,081,107	87,023,651	1,948,886	16,178,003	52,135,229	27,652,458	2,649,247	353,668,581
FINANCIAL LIABILITIES								
Deposits from banks	642,720	862,879	23,763	95,891	2,170,848	3,754	3,053	3,802,908
Deposits from non-bank customers	133,897,916	85,530,413	3,342,326	15,587,601	33,171,754	17,538,930	4,281,495	293,350,435
Other borrowed funds	(528,197)	-	-	757,808	7,254,464	8,005,395	-	15,489,470
Derivative financial instruments	326,043	239,825	-	-	315,712	-	23,737	905,317
Subordinated debts	6,595,509	3,321,028	-	-	699,955	-	-	10,616,492
Lease liabilities	888,617	-	-	-	-	-	-	888,617
Other liabilities	4,166,315	2,588,426	55,246	604,325	1,434,619	(493,571)	86,772	8,442,132
Total monetary financial liabilities	145,988,923	92,542,571	3,421,335	17,045,625	45,047,352	25,054,508	4,395,057	333,495,371
On balance sheet position	20,092,184	(5,518,920)	(1,472,449)	(867,622)	7,087,877	2,597,950	(1,745,810)	20,173,210
Off balance sheet position	-	-	-	-	-	-	-	-
Net currency position	20,092,184	(5,518,920)	(1,472,449)	(867,622)	7,087,877	2,597,950	(1,745,810)	20,173,210

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38. RISK MANAGEMENT (cont'd)

d Market risk (cont'd)

(iii) Currency risk (cont'd)

The Group	MUR	USD	GBP	EURO	INR	KES	OTHER	TOTAL
31 December 2021	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
FINANCIAL ASSETS								
Cash and cash equivalents	2,488,125	39,164,775	738,085	861,469	37,031	462,357	3,884,979	47,636,821
Mandatory balances with central banks	9,716,310	928,952	142,879	395,785	1,249,195	956,816	255,608	13,645,545
Loans to and placements with banks	(5,109)	653,378	-	189,701	-	-	-	837,970
Derivative financial instruments	319,077	242,117	24	17	211,801	-	11,214	784,250
Loans and advances to non-bank customers	62,630,532	22,612,267	1,232,102	14,618,460	21,295,380	7,367,386	637,680	130,393,807
Investment securities	74,404,251	49,638,260	-	1,686,823	12,951,787	13,990,344	755,282	153,426,747
Other assets	1,944,241	397,712	(333)	17,827	628,336	335,662	(444,617)	2,878,828
Total monetary financial assets	151,497,427	113,637,461	2,112,757	17,770,082	36,373,530	23,112,565	5,100,146	349,603,968
FINANCIAL LIABILITIES								
Deposits from banks	494,500	374,597	3,251	435,949	1,408,683	14,644	38,378	2,770,002
Deposits from non-bank customers	121,242,234	107,348,520	3,885,737	17,452,969	28,478,931	17,519,766	2,652,701	298,580,858
Other borrowed funds	-	4,358,708	-	916,692	121,454	4,116,058	-	9,512,912
Derivative financial instruments	214,408	318,027	24	6,497	217,878	-	3,062	759,896
Subordinated debts	7,307,917	2,569,429	-	-	-	-	-	9,877,346
Lease liabilities	740,902	-	-	-	-	-	-	740,902
Other liabilities	4,117,480	2,835,771	5,383	121,935	-	-	658,417	7,738,986
Total monetary financial liabilities	134,117,441	117,805,052	3,894,395	18,934,042	30,226,946	21,650,468	3,352,558	329,980,902
On balance sheet position	17,379,986	(4,167,591)	(1,781,638)	(1,163,960)	6,146,584	1,462,097	1,747,588	19,623,066
Off balance sheet position	-	586,875	-	-	(586,875)	-	-	-
Net currency position	17,379,986	(3,580,716)	(1,781,638)	(1,163,960)	5,559,709	1,462,097	1,747,588	19,623,066

38. RISK MANAGEMENT (cont'd)

d Market risk (cont'd)

(iii) Currency risk (cont'd)

The Group	**MUR**	**USD**	**GBP**	**EURO**	**INR**	**KES**	**OTHER**	**TOTAL**
31 December 2020	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
FINANCIAL ASSETS								
Cash and cash equivalents	12,634,383	3,798,574	362,261	398,703	2,427,738	925,573	1,030,013	21,577,245
Mandatory balances with central banks	8,628,978	807,233	83,389	211,255	411,067	841,797	306,644	11,290,363
Loans to and placements with banks	270,345	2,616,008	-	244,034	-	-	-	3,130,387
Derivative financial instruments	279,262	389,614	1,570	10,327	118,868	-	9,570	809,211
Loans and advances to non-bank customers	60,271,170	24,875,118	1,083,035	15,883,046	11,898,970	5,721,187	125,347	119,857,873
Investment securities	61,535,323	38,721,218	-	493,439	4,631,678	14,844,150	827,589	121,053,397
Other assets	539,546	806,769	1,572	598,464	130,163	555,140	18,563	2,650,217
Total monetary financial assets	144,159,007	72,014,534	1,531,827	17,839,268	19,618,484	22,887,847	2,317,726	280,368,693
FINANCIAL LIABILITIES								
Deposits from banks	244,708	484,545	2,013	92,660	546,473	5,465	27,451	1,403,315
Deposits from non-bank customers	106,889,917	71,801,463	2,850,787	13,547,684	12,387,937	16,651,909	2,732,524	226,862,221
Other borrowed funds	-	10,008,035	-	1,048,793	118,240	3,842,109	-	15,017,177
Derivative financial instruments	202,942	928,603	1,075	41,797	85,559	-	20,008	1,279,984
Subordinated debts	4,575,167	5,567,619	-	-	-	-	-	10,142,786
Lease liabilities	804,407	-	-	-	-	-	-	804,407
Other liabilities	1,435,214	93,110	(1,098,171)	4,162,608	516,516	1,219,878	(319,690)	6,009,465
Total monetary financial liabilities	114,152,355	88,883,375	1,755,704	18,893,542	13,654,725	21,719,361	2,460,293	261,519,355
On balance sheet position	30,006,652	(16,868,841)	(233,877)	(1,054,274)	5,963,759	1,168,486	(142,567)	18,849,338
Off balance sheet position	-	586,875	-	-	(586,875)	-	-	-
Net currency position	30,006,652	(16,281,966)	(233,877)	(1,054,274)	5,376,884	1,168,486	(142,567)	18,849,338

The Company is exposed to currency risk only in USD in relation to cash and cash equivalents and investment securities (financial assets) amounting to MUR 93.3 million (2021 : MUR 90.1 million and 2020 MUR 304.5) and subordinated debts (financial liabilities) amounting to MUR 5,760.8 million (2019: MUR 5,157.9 million and 2018: MUR 4,829.9 million).

Currency risk sensitivity

The following table demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, and the impact on the Group's profit and Equity.

	Impact on Group's profit after tax and Equity					
	USD	**GBP**	**EURO**	**INR**	**KES**	**OTHER**
31 December 2022	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
5%	**(275,946)**	**(73,622)**	**(43,381)**	**354,394**	**129,897**	**(87,291)**
-5%	**275,946**	**73,622**	**43,381**	**(354,394)**	**(129,897)**	**87,291**
31 December 2021						
5%	(208,380)	(89,082)	(58,198)	307,329	73,105	87,379
-5%	208,380	89,082	58,198	(307,329)	(73,105)	(87,379)
31 December 2020						
5%	(843,442)	(11,194)	(52,714)	298,188	58,424	(7,128)
-5%	843,442	11,194	52,714	(298,188)	(58,424)	7,128

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38. RISK MANAGEMENT (cont'd)

d Market risk (cont'd)

(iii) Currency risk (cont'd)

Value-at-Risk Analysis

The Group uses Value-at-Risk (VAR) to estimate the potential foreign exchange loss arising from adverse movements in an ordinary market environment. To calculate VAR, the Group uses the historical method which assumes that historical changes in market values are representative of future changes. The VAR is based on the previous 12 months data. The Group calculates VAR using 10 days holding period and an expected tail-loss methodology, which approximates a 99% confidence level. This would mean that only once in every 100 trading days, The group would expect to incur losses greater than the VAR estimates, or about two to three times a year. The use of 10 days holding period and a one-year historical observation period are in line with the Basel II recommendation.

The Group's VAR amounted to:

	31 December 2022	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000
Minimum for the year			
SBM Bank (Mauritius) Ltd	**857,000**	392,916	486,839
SBM Bank (India) Ltd	**110**	-	97
Banque SBM Madagascar S.A	**59**	6	7
SBM Bank (Kenya) Limited	**1,211,288**	302,055	93,969
Maximum for the year			
SBM Bank (Mauritius) Ltd	**6,773,000**	24,032,436	7,608,438
SBM Bank (India) Ltd	**1,398,367**	1,122	259,788
Banque SBM Madagascar S.A	**4,924**	480	575
SBM Bank (Kenya) Limited	**4,254,357**	4,289,652	1,923,791
Year end			
SBM Bank (Mauritius) Ltd	**2,489,000**	2,833,556	1,495,316
SBM Bank (India) Ltd	**518,573**	293	322,120
Banque SBM Madagascar S.A	**1,731**	169	202
SBM Bank (Kenya) Limited	**1,862,684**	302,056	414,305

(iv) Equity price sentivity analysis

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than for trading purposes and the Group does not actively trade in these investments. Changes in prices / valuation of these investments are reflected in the statement of comprehensive income, except for impairment losses which are reported in the *statements of profit or loss*. Changes in prices of held-for-trading investments are reflected in the *statements of profit or loss*.

A 5% increase in the price of equities held at the reporting date would have resulted in an unrealised gain to the statement of comprehensive income or statements of profit or loss as reflected below. A 5% decrease would have resulted in an equivalent loss being booked.

	THE GROUP			**THE COMPANY**		
	31 December 2022	31 December 2021	31 December 2020	**31 December 2022**	31 December 2021	31 December 2020
	MUR' 000	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000	MUR' 000
Statements of comprehensive income	**285,716**	270,813	259,068	**215,152**	200,218	181,815
	285,716	270,813	259,068	**215,152**	200,218	181,815

e Accounting policies

Details of the accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability and equity instruments are disclosed in Note 3 to the financial statements (summary of accounting policies).

39. SEGMENT INFORMATION - THE GROUP

Accounting policy

Segmental reporting is based on the internal reports regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess their performance. The operating segments are the banking, the non-bank financial institution, the non-financial institutions and the other institutions segments. Only the banking segment is a reportable segment.

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker i.e the Group Chief Executive Officer in order to allocate resources to the segments and to assess their performance.

The Group has only one reportable operating segment based on its business activities, which is the banking segment. Its revenues mainly arise from advances to customers and banks, investment in gilt-edged securities and equity instruments, bank placements, services provided on deposit products, provision of card and other electronic channel services, trade finance facilities, trading activities and foreign currency operations.

The accounting policies of the operating segment are the same as those described in the notes to these financial statements.

(a) Information about the reportable segment profit, assets and liabilities

Information about the reportable segment and the reconciliation of the reportable segment information to Group total is shown below:

	Banking	Non-bank financial institutions	Non financial institutions	Other institutions	Intersegment adjustments	Group Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
31 December 2022						
Interest income from external customers	14,747,657	62,320	-	9,289	-	14,819,266
Non-interest income from external customers	4,084,815	587,930	524	160,148	(17)	4,833,400
Revenue from external customers	18,832,472	650,250	524	169,437	(17)	19,652,666
Interest income from internal customers	33,565	-	-	-	(33,565)	-
Non interest income from internal customers	2,160,000	373,877	-	2,375,000	(4,908,877)	-
Revenue from other segments of the entity	2,193,565	373,877	-	2,375,000	(4,942,442)	-
Total gross revenue	21,026,037	1,024,127	524	2,544,437	(4,942,459)	19,652,666
Interest and fee and commission expense to external customers	(5,508,975)	(38,652)	-	(484,797)	-	(6,032,424)
Interest expense to internal customers	-	-	-	17	33,565	33,582
	(5,508,975)	(38,652)	-	(484,780)	33,565	(5,998,842)
Operating income/(loss)	15,517,062	985,475	524	2,059,657	(4,908,894)	13,653,824
Depreciation and amortisation	(1,037,177)	(16,476)	(461)	(694)	-	(1,054,808)
Other non-interest expenses	(6,822,432)	(269,361)	(2,910)	(144,047)	156,515	(7,082,235)
Net impairment loss on financial assets	(1,300,322)	(32,376)	-	(45)	-	(1,332,743)
Operating profit/(loss)	6,357,131	667,262	(2,847)	1,914,871	(4,752,379)	4,184,038
Profit/(loss) before income tax	6,357,131	667,262	(2,847)	1,914,871	(4,752,379)	4,184,038
Tax expense	(481,882)	(64,306)	-	(2,189)	-	(548,377)
Profit/(loss) for the year	5,875,249	602,956	(2,847)	1,912,682	(4,752,379)	3,635,661
Segment assets	383,281,977	3,898,738	141,807	38,236,019	(63,217,156)	362,341,385
Segment liabilities	326,205,938	1,628,042	896	9,999,883	(2,663,013)	335,171,746
Additions to tangible and intangible assets	1,085,506	830	-	651	-	1,086,987

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For the year ended 31 December 2022

39. SEGMENT INFORMATION - THE GROUP (cont'd)

(a) Information about the reportable segment profit, assets and liabilities (cont'd)

	Banking	Non-bank financial institutions	Non financial institutions	Other institutions	Intersegment adjustments	Group Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
31 December 2021						
Interest income from external customers	11,709,927	76,685	-	70,976	-	11,857,588
Non-interest income from external customers	3,806,934	262,632	364	264,260	-	4,334,190
Revenue from external customers	15,516,861	339,317	364	335,236	-	16,191,778
Interest income from internal customers	61,251	-	-	-	(61,251)	-
Non interest income from internal customers	400,000	235,293	-	510,000	(1,145,294)	(1)
Revenue from other segments of the entity	461,251	235,293	-	510,000	(1,206,545)	(1)
Total gross revenue	15,978,112	574,610	364	845,236	(1,206,545)	16,191,777
Interest and fee and commission expense to external customers	(3,947,912)	(34,186)	-	(475,782)	-	(4,457,880)
Interest expense to internal customers	-	-	-	2	61,251	61,253
	(3,947,910)	(34,186)	-	(475,780)	61,251	(4,396,627)
Operating income/(loss)	12,030,202	540,424	364	369,456	(1,145,294)	11,795,152
Depreciation and amortisation	(975,560)	(12,071)	(461)	(1,317)	-	(989,409)
Other non-interest expenses	(5,505,806)	(238,537)	(2,387)	(538,730)	132,920	(6,152,541)
Net impairment loss on financial assets	(2,468,638)	(7,020)	-	764	-	(2,474,893)
Profit/(loss) before income tax	3,080,198	282,796	(2,484)	(169,829)	(1,012,374)	2,178,307
Tax expense	(429,908)	(6,710)	(561)	(4,140)	-	(441,319)
Profit/(loss) for the year	2,650,290	276,086	(3,043)	(173,969)	(1,012,374)	1,736,988
Segment assets	377,405,175	3,543,422	163,733	36,605,702	(60,050,051)	357,667,981
Segment liabilities	321,628,534	1,504,311	929	10,051,184	(1,895,271)	331,289,687
Additions to tangible and intangible assets	301,677	7,909	-	968	-	310,554

39. SEGMENT INFORMATION - THE GROUP (cont'd)

(a) Information about the reportable segment profit, assets and liabilities (cont'd)

	Banking	Non-bank financial institutions	Non financial institutions	Other institutions	Intersegment adjustments	Group Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
31 December 2020						
Interest income from external customers	11,077,176	104,269	22,672	52,286	-	11,256,403
Non-interest income from external customers	3,641,940	39,011	4,852	396,929	-	4,082,732
Revenue from external customers	14,719,116	143,280	27,524	449,215	-	15,339,135
Interest income from internal customers	81,294	-	-	-	(81,294)	-
Non interest income from internal customers	80	398,178	-	260,000	(658,258)	-
Revenue from other segments of the entity	81,374	398,178	-	260,000	(739,552)	-
Total gross revenue	14,800,490	541,458	27,524	709,215	(739,552)	15,339,135
Interest and fee and commission expense to external customers	(3,670,532)	(2,521)	-	(444,521)	-	(4,117,574)
Interest expense to internal customers	(301)	(30,516)	-	(50,728)	81,545	-
	(3,670,833)	(33,037)	-	(495,249)	81,545	(4,117,574)
Operating income/(loss)	11,129,657	508,421	27,524	213,966	(658,007)	11,221,561
Depreciation and amortisation	(1,035,564)	(11,075)	(557)	(2,019)	-	(1,049,215)
Other non-interest expenses	(4,384,274)	(168,465)	(3,311)	(591,899)	46,236	(5,101,713)
Net impairment loss on financial assets	(3,743,848)	(13,338)	-	(217)	-	(3,757,403)
Profit/(loss) before income tax	1,965,971	315,543	23,656	(380,169)	(611,771)	1,313,230
Tax expense	(291,634)	(4,941)	(3,887)	336	-	(300,126)
Profit/(loss) for the year	1,674,337	310,602	19,769	(379,833)	(611,771)	1,013,104
Segment assets	307,261,407	3,981,468	169,995	36,889,453	(60,261,717)	288,040,606
Segment liabilities	253,359,061	1,432,582	3,853	10,403,064	(2,354,282)	262,844,278
Additions to tangible and intangible assets	383,278	11,323	-	-	-	394,601

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39. SEGMENT INFORMATION - THE GROUP (cont'd)

(b) Information about the reportable segment revenue from products and services

	Banking		
	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2020
	MUR' 000	MUR' 000	MUR' 000
Revenue from external customers arising from the following products and services:			
Loans and advances to non-bank customers	**479,752**	480,051	373,181
Loans to and placements with banks	**255,865**	107,187	254,535
Net trading income	**1,938,050**	1,342,332	708,977
Card income	**516,505**	(378,908)	293,826
Trade finance services	**2,547,470**	1,868,423	509,655
Deposit and other products /services	**262,728**	950,285	235,440
	6,000,370	4,369,370	2,375,614

(c) Information about revenue of the reportable segment by geographical areas

	Banking		
	Mauritius	**Other countries**	**Total**
31 December 2022			
Revenue from external customers	**8,083,732**	**6,663,925**	**14,747,657**
Tangible and intangible assets	**3,134,712**	**515,695**	**3,650,407**
31 December 2021			
Revenue from external customers	6,661,074	8,843,502	15,504,576
Tangible and intangible assets	4,983,214	1,278,199	6,261,413
31 December 2020			
Revenue from external customers	7,364,856	7,354,260	14,719,116
Tangible and intangible assets	4,983,214	1,278,199	6,261,413

40. DISCONTINUED OPERATIONS

The approval from the Central Bank of Seychelles was received on 30 July 2020 and the latter 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.

	Audited Year ended 31 December 2021	Audited Year ended 31 December 2020
	MUR' 000	MUR' 000
Interest income using the effective interest income method	24	5,141
Interest expense using the effective interest income method	-	(311)
Net interest income	24	4,830
Fee and commission income	-	87
Fee and commission expense	-	(2)
Net fee and commission income	-	85
Other income		
Net trading income	1,857	52,185
Other operating income	-	(101)
	1,857	52,084
Non- interest income	1,857	52,169
Operating income	1,881	56,999
Personnel expenses	-	(8,287)
Depreciation of property, equipment	-	(1,597)
Depreciation right-of-use assets	-	(2,277)
Amortisation of intangible assets	-	(243)
Other expenses	-	(36,675)
Non- interest expense	-	(49,079)
Profit before credit loss expense on financial assets and memorandum items	1,881	7,920
Credit loss expense on financial assets and memorandum items	-	470
Profit before income tax	1,881	8,390
Tax expense	-	(484)
Profit for the year from discontinuing operations	1,881	7,906

The net cash flows incurred by SBMBS are as follows:

	Audited Year ended 31 December 2021	Audited Year ended 31 December 2020
	MUR'000	MUR'000
Operating activities	(109,896)	60,252
Investing activities	-	30,175
	(109,896)	90,427

Additional
information

Directors of SBM Holdings Ltd
and its Subsidiaries

Holding entity	Bank holding entity
SBM Holdings Ltd	**SBM (Bank) Holdings Ltd**
Mr Sattar Hajee Abdoula *(Chairman)*	Mr Nayen Koomar Ballah, *G.O.S.K. (Chairman)*
Mr Jean Paul Emmanuel Arouff	Mr Jean Paul Emmanuel Arouff
Mr Raoul Gufflet *(Group CEO)*	Mr Raoul Gufflet
Ms Shakilla Bibi Jhungeer	Ms Shakilla Bibi Jhungeer
Mr Ramprakash Maunthrooa	Mr Visvanaden Soondram
Ms Sharon Ramdenee	
Mr Visvanaden Soondram	
Dr Subhas Thecka	

Bank operating entities

SBM Bank (Mauritius) Ltd	SBM Bank (Kenya) Limited
Mr Visvanaden Soondram *(Chairman)*	Mr Sattar Hajee Abdoula *(Chairman)*
Mr Jean Paul Emmanuel Arouff	Mr Nayen Koomar Ballah, *G.O.S.K.*
Mr Coomarah Chengan	Mr Raoul Gufflet
Mr Raoul Gufflet	Ms Shakilla Bibi Jhungeer
Mrs Imalambaal Kichenin	Dr James Boyd McFie
Mr Rajcoomar Rampertab	Mr Moezz Mir *(CEO)*
Mr Sanjaiye Rawoteea *(Acting CEO)*	Mrs Flora Mutahi
Mr Muhammad Azeem Salehmohamed	Mr Jotham Mutoka *(Deputy CEO & Chief Commercial Officer)*
Ms Oumila Sibartie	Ms Sharon Ramdenee
Mr Ranapartab Tacouri	Mr Sharad Sadashiv Rao
Banque SBM Madagascar SA	**SBM Bank (India) Limited**
Mr Sattar Hajee Abdoula *(Chairman)*	Mr Sattar Hajee Abdoula *(Chairman)*
Mr Leckram Dawonauth	Mr R. Amalorpavanathan
Mr Raoul Gufflet	Mr Shyam Sundar Barik
Mr Maurice Jean Marc Ulcoq	Mr Raoul Gufflet
	Mr Umesh Jain
	Mr Ameet Patel
	Ms Sharon Ramdenee
	Mr Sidharth Rath *(MD & CEO)*
	Mrs Sudha Ravi

Bank non-operating entities
SBM Overseas One Ltd | SBM Overseas Two Ltd | SBM Overseas Three Ltd | SBM Overseas Four Ltd | SBM Overseas Five Ltd | SBM Overseas Six Ltd
Mr Kabirsingh Baboolall
Mr Sivakrisna Goinden
SBM Africa Holdings Ltd
Mr Sattar Hajee Abdoula
Mr Nayen Koomar Ballah, *G.O.S.K.*

Non-bank holding entity
SBM (NBFC) Holdings Ltd
Mr Sattar Hajee Abdoula *(Chairman)*
Mrs Reedhee Bhuttoo
Mr Pierre D'Unienville
Mr Thierry Hugnin
Ms Shakilla Bibi Jhungeer
Mr Roshan Ramoly
Mr Shailendrasingh Sreekeessoon *(CEO)*

Directors of SBM Holdings Ltd
and its Subsidiaries (cont'd)

Non-bank operating entities

SBM Capital Markets Ltd	SBM Mauritius Asset Managers Ltd	SBM Fund Services Ltd
Mr Sattar Hajee Abdoula *(Chairman)*	Mr Pierre D'Unienville *(Chairman)*	Mr Assad Abdullatif *(Chairman)*
Mrs Reedhee Bhuttoo	Mr Assad Abdullatif	Mrs Reedhee Bhuttoo
Mr Pierre D'Unienville	Mrs Reedhee Bhuttoo	Mr Sammade Jhummun
Ms Umulinga Karangwa	Mr Vaughan Heberden	Mr Shailendrasingh Sreekeessoon
Mr Roshan Ramoly	Mr Roshan Ramoly	
Mr Shailendrasingh Sreekeessoon	Mr Shailendrasingh Sreekeessoon	
Mr Eric Venpin	Mr Eric Venpin	

SBM Insurance Agency Ltd	SBM Factors Ltd	SBM Leasing Co. Ltd
Mr Roshan Ramoly *(Chairman)*	Mr Sattar Hajee Abdoula *(Chairman)*	Mr Shailendrasingh Sreekeessoon
Mr Andre Chung Shui	Mr Andre Chung Shui	
Mr Vaughan Heberden	Mr Vaughan Heberden	
Ms Shakilla Bibi Jhungeer	Ms Shakilla Bibi Jhungeer	
Mr Shailendrasingh Sreekeessoon	Mr Shailendrasingh Sreekeessoon	

SBM eBusiness Ltd
Mr Sattar Hajee Abdoula *(Chairman)*
Mr Shaan Kundomal
Ms Johanna Van Rensburg
Mr Shailendrasingh Sreekeessoon

Entities managed by SBM Mauritius Asset Managers Ltd

SBM India Fund	SBM Maharaja Fund (in process of winding up)	SBM Africa Equity Fund Ltd
Mr Assad Abdullatif *(Chairman)*	Mr Assad Abdullatif *(Chairman)*	Mr Shailendrasingh Sreekeessoon
Mr Amal Autar	Mr Amal Autar	Mrs Reedhee Bhuttoo
Mr Shaan Kundomal	Mr Shaan Kundomal	
Mr Shailendrasingh Sreekeessoon	Mr Shailendrasingh Sreekeessoon	

Entities managed by SBM Mauritius Asset Managers Ltd (cont'd)

SBM Alternative Investments Ltd
Mr Shailendrasingh Sreekeessoon *(Chairman)*
Mrs Reedhee Bhuttoo

Entities managed by SBM Capital Markets Ltd

SBM Structured Solutions PCC	SBM (Mauritius) Infrastructure Development Company Ltd
Mr Shailendrasingh Sreekeessoon *(Chairman)*	Mr Jairaj Sonoo *(Chairman)*
Mrs Reedhee Bhuttoo	Mrs Reedhee Bhuttoo
	Mr Ganeshanlall Cheeneebash
	Mr Goolabchund Goburdhun, *G.O.S.K.*
	Mr Shailendrasingh Sreekeessoon

Non-financial entity	Others
SBM (NFC) Holdings Ltd	**SBM 3S Ltd**
Mr Soondrassen Murday *(Chairman)*	Mr Sattar Hajee Abdoula *(Chairman)*
Mr Jean Paul Emmanuel Arouff	Mr Kabirsingh Baboolall
Mr Deovrat Baichoo	Mr Sivakrisna Goinden
Ms Sharon Ramdenee	Ms Shakilla Bibi Jhungeer

Registered office addresses of SBM Holdings Ltd and its Subsidiaries

Holding entity	Bank holding entity
SBM Holdings Ltd	**SBM (Bank) Holdings Ltd**
SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 1111/1000 Fax: (230) 202 1234 Website: www.sbmgroup.mu Email: sbm@sbmgroup.mu	SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 1111/1000 Fax: (230) 202 1234 Website: www.sbmgroup.mu Email: sbm@sbmgroup.mu

Bank operating entities	
SBM Bank (Mauritius) Ltd	**SBM Bank (Kenya) Limited**
SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 1111/1000 Fax: (230) 202 1234 Swift: STCBMUMU Website: www.sbmbank.com Email: sbm@sbmgroup.mu	Riverside Mews Building, Riverside Drive, Nairobi, Kenya P.O. Box 34886 - 00100 Tel: (254) 709 800 000/ (254) 730 175 000 Swift: SBMKKENA Website: www.sbmbank.co.ke Email: atyourservice@sbmbank.co.ke
Banque SBM Madagascar SA	**SBM Bank (India) Limited**
1, Rue Andrianary Ratianarivo Antsahavola, 101 Antananarivo, Madagascar Tel: (261) 20 22 666 07 Fax: (261) 20 22 666 08 Swift: BSBMMGMG Website: www.sbmgroup.mu Email: HOTLINEMADA@sbmgroup.mu	101, Raheja Centre, 1st Floor, Free Press Journal Marg, Nariman Point, Mumbai -400021, Maharashtra, India Tel: (91) (22) 4302 8888 Fax: (91) (22) 2284 2966 Swift: STCBINBX Website: www.sbmbank.co.in Email: customercare@sbmbank.co.in

Non-bank holding entity
SBM (NBFC) Holdings Ltd
SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 1111 Fax: (230) 210 3369 Website: www.sbmgroup.mu Email: nbfc.leads@sbmgroup.mu

Non-bank operating entities		
SBM Mauritius Asset Managers Ltd	**SBM Fund Services Ltd**	**SBM eBusiness Ltd**
SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 1701/1763/3515/1735/1109 Website: www.sbmgroup.mu Email: sbm.assetm@sbmgroup.mu	SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel:(230) 202 1488/1445/1505/1441 Website: www.sbmgroup.mu Email: sbmfundservices@sbmgroup.mu	C/o Rogers Capital Fund Services Ltd 3rd Floor, Rogers House, 5, President John Kennedy Street Port Louis, Republic of Mauritius Tel: (230) 203 1100 Website: www.rogerscapital.mu
SBM Factors Ltd	**SBM Insurance Agency Ltd**	**SBM Capital Markets Ltd**
SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 4899 Fax: (230) 214 1305 Website: www.sbmgroup.mu Email: sbmfactors@sbmgroup.mu	SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 1286 Website: www.sbmgroup.mu Email: insurance@sbmgroup.mu	SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 4135/1682/1429/4636/1430 Fax: (230) 210 3369 Website: www.sbmgroup.mu Email (Investment): sbm.corporatefinance@sbmgroup.mu Email (Trading): scmltrading@sbmgroup.mu

Registered office addresses of SBM Holdings Ltd and its Subsidiaries (cont'd)

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Others
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Notes

Notes

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