

**SBM Holdings Ltd**

**Financial Statements**

**For the year ended**

**31 December 2024**

# SBM Holdings Ltd

## Management Discussion and Analysis

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**PART A**  
**CORPORATE GOVERNANCE REPORT**

# Corporate Governance Report for Financial Year 2024

SBM Holdings Ltd

## A continuation of our Governance Journey in 2024

Dear Shareholders,

We are pleased to present to you our Corporate Governance Report (the Report) for the year ended 31 December 2024, which outlines the governance framework, practices, procedures, the board composition and the responsibilities of the Board and Management in promoting accountability, transparency and integrity to protect the stakeholders' interests and facilitate sustainable growth.

Governance, at SBM Holdings Ltd (SBMH or the Company), is more than a mere set of rules and structures and is indeed a reflection of our values that shapes how we operate, a guiding philosophy that strengthens our relationship with the various stakeholders, builds confidence in our leadership team, and integrity of our decisions, which ultimately contributes to the long-term, sustainable enhancement of our corporate value. As a Group with presence in different jurisdictions, the Board of Directors of SBMH (the Board) recognises the importance of maintaining a governance framework that is both consistent and adaptable to the diverse regulatory and cultural environments.

The collective expertise, diverse perspectives and strategic acumen of the Board have played a critical role in administering SBMH and its subsidiaries (collectively referred to as the 'Group' or 'SBM Group') and ensuring that the Group remains resilient to the dynamic environment and capable of operating responsibly, efficiently and sustainably, in alignment with the highest standards of corporate governance, professionalism, integrity and commitments at all levels.

Moreso, effective governance is a collective effort that involves executive leadership and management. Accordingly, the Board is supported by a dedicated Management Team, established at the Group level, in the pursuit of a shared goal of achieving sustainable success in a responsible way and in adherence to best governance practices. The Board assures its shareholders that it will maintain its focus on attaining the strategic objectives of the Group and further improving its financial performance over the coming years, while ascertaining that the activities of the Group are reinforced by strong governance standards, including but not limited to robust risk management, effective internal control and regulatory effectiveness.

As an ending note, the Board commits to constantly prioritise the expectations of its different stakeholders through responsible business decisions and effective governance measures. We would also like to thank all the Board Members, the Management Team, the Company Secretariat Team and all the employees for their contribution, commitment and dedication towards the SBM Group throughout the year.

Moving forward, the Board commits to continue keeping abreast of trends and upholding the tenets of corporate governance for business transformation, corporate success and sustainable growth.



**Mr Abdul Sattar Adam Ali Mamode Hajee Abdoula**  
*Group Chairman*



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

## Introduction

<b>SBM HOLDINGS LTD</b>	<ul style="list-style-type: none"><li>• Public company listed on the Official Market of the Stock Exchange of Mauritius (SEM) since 03 October 2014</li><li>• Parent company of the SBM Group with operations in banking, non-banking and non-financial clusters</li><li>• Regulated and supervised by the Bank of Mauritius (BoM)</li><li>• Reporting Issuer as per the Securities Act 2005</li><li>• Public Interest Entity by virtue of the First Schedule of the Financial Reporting Act 2004 (FRA 2004)</li></ul>
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## Compliance with The National Code of Corporate Governance for Mauritius (2016)

The Board continues to emphasise on the importance of good corporate governance as a foundation on which its long-term success is built. For the Financial Year (FY) ended 31 December 2024, the Board confirms that SBMH has continued to meet its obligations under The National Code of Corporate Governance for Mauritius (2016) (the Code) and, where appropriate, adopted the recommended best practices as stipulated in the Code, except for Principle Three. That being said, the Board is pleased to inform its shareholders that remedial measures were taken during the first quarter ended March FY 2025 to ensure compliance with Principle 3 of the Code.

## Our Corporate Governance Philosophy

At SBMH, good governance principles are founded upon a rich legacy of fair, ethical and transparent governance practices by adopting the highest standards of professionalism and integrity in the day-to-day business activities and decisions. The Board applies excellent corporate governance practices and support the principles of transparency, discipline, independence, accountability, responsibility, fairness, social conscience, while ensuring compliance with the in-country laws and regulations where SBM Group is present.

The Board ensures that its governance framework is anchored on competent leadership, effective internal controls, strong risk culture, accountability to stakeholders and 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 Group.

## Corporate Governance Scorecard for Mauritius

In view to align with the global shift towards greater transparency, accountability and good governance, SBMH participated in the first and second editions of the Corporate Governance Scorecard Assessment (the Scorecard) organised by the National Committee on Corporate Governance (NCCG) in 2021 and 2023 respectively to evaluate its corporate governance practices based on three main aspects being: (i) Board Effectiveness; (ii) Audit Oversight & Effectiveness; and (iii) Relations with Stakeholders, Shareholders, Sustainability & Inclusiveness. Following an invitation received from the NCCG during the reporting year, SBMH consented to participate in the third assessment exercise and further communication is awaited from the NCCG to that effect.

## Diversity, Equality and Inclusion Charter

As we build on last year's efforts, SBMH remains a committed signatory of the NCCG's Diversity, Equity and Inclusion (DEI) Charter, reflecting our continued dedication to fostering a diverse, equitable, and inclusive environment. During the year under review, we have further aligned our actions with the SBM Group's Sustainability Agenda Pillar 3, 'Inclusive Communities', and prioritised Sustainable Development Goals (SDGs) 4 and 10 relating to "Quality Education" and "Reduced Inequalities" respectively, thereby reinforcing our aspiration to promote meaningful social impact. We have maintained and refined our internal targets across the Mauritius-based entities of the SBM Group, aiming to create a workplace where every stakeholder feels valued, respected and empowered. The DEI Charter encourages representation from people of different backgrounds, experiences and perspectives, including at Board level. SBMH remains transparent and accountable for its DEI journey by committing to report on its annual progress to the NCCG.

## Our key focus areas for the Financial Year 2024

Key focus areas	Main stakeholders impacted	Main capital impacted	Main material matters impacted
Maintain strong and sound governance across the Group	<ul style="list-style-type: none"> <li>Shareholders, debt holders, and investor community</li> <li>Customers</li> <li>Employees</li> <li>Societies and communities</li> <li>Suppliers and strategic partners</li> <li>Governments and regulators</li> </ul>	<ul style="list-style-type: none"> <li>Financial capital</li> <li>Manufactured capital</li> <li>Intellectual capital</li> <li>Human capital</li> <li>Social and relationship capital</li> <li>Natural capital</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory compliance</li> </ul>
Work diligently to attain the vision, mission and strategy of the Group			<ul style="list-style-type: none"> <li>Economic performance</li> <li>Climate consciousness</li> <li>Social inclusion</li> </ul>
Create long-term sustainable shareholder value while ensuring fairness to all stakeholders		<ul style="list-style-type: none"> <li>Financial capital</li> <li>Intellectual capital</li> <li>Social and relationship capital</li> </ul>	<ul style="list-style-type: none"> <li>Customer experience</li> <li>Employee wellbeing</li> <li>Diversity, equity and inclusion</li> <li>Social inclusion</li> </ul>
Foster effective stakeholder engagement		<ul style="list-style-type: none"> <li>Financial capital</li> <li>Intellectual capital</li> <li>Human capital</li> <li>Social and relationship capital</li> </ul>	<ul style="list-style-type: none"> <li>Customer experience</li> <li>Employee wellbeing</li> <li>Diversity, equity and inclusion</li> <li>Social inclusion</li> </ul>
Robust internal controls and sound risk management framework across the Group		<ul style="list-style-type: none"> <li>Intellectual capital</li> <li>Human capital</li> <li>Social and relationship capital</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory compliance</li> </ul>
Improve financial performance & capital positioning of the Group		<ul style="list-style-type: none"> <li>Financial capital</li> <li>Intellectual capital</li> <li>Human capital</li> <li>Social and relationship capital</li> </ul>	<ul style="list-style-type: none"> <li>Economic performance</li> <li>Regulatory compliance</li> <li>Customer experience</li> </ul>

Cost containment	<ul style="list-style-type: none"> <li>• Shareholders, debt holders and investor community</li> <li>• Customers</li> <li>• Employees</li> </ul>	<ul style="list-style-type: none"> <li>• Financial capital</li> <li>• Human capital</li> </ul>	<ul style="list-style-type: none"> <li>• Economic performance</li> <li>• Climate consciousness</li> </ul>
Exercise adequate oversight and control over the subsidiaries	<ul style="list-style-type: none"> <li>• Shareholders, debt holders and investor community</li> <li>• Employees</li> <li>• Governments and regulators</li> </ul>	<ul style="list-style-type: none"> <li>• Intellectual capital</li> <li>• Human capital</li> <li>• Social and relationship capital</li> </ul>	<ul style="list-style-type: none"> <li>• Economic performance</li> <li>• Regulatory compliance</li> <li>• Diversity, equity and inclusion</li> </ul>
Promote equality, diversity and inclusion across the Group	<ul style="list-style-type: none"> <li>• Employees</li> <li>• Societies and communities</li> <li>• Governments and regulators</li> </ul>	<ul style="list-style-type: none"> <li>• Financial capital</li> <li>• Intellectual capital</li> <li>• Human capital</li> <li>• Social and relationship capital</li> </ul>	<ul style="list-style-type: none"> <li>• Employee wellbeing</li> <li>• Diversity, equity and inclusion</li> <li>• Social inclusion</li> </ul>
Promote sustainability initiatives across the Group	<ul style="list-style-type: none"> <li>• Shareholders, debt holders and investor community</li> <li>• Customers</li> <li>• Employees</li> <li>• Societies and communities</li> <li>• Suppliers and strategic partners</li> <li>• Governments and regulators</li> </ul>	<ul style="list-style-type: none"> <li>• Human capital</li> <li>• Social and relationship capital</li> <li>• Natural capital</li> </ul>	<ul style="list-style-type: none"> <li>• Employee wellbeing</li> <li>• Diversity, equity and inclusion</li> <li>• Climate consciousness</li> <li>• Social inclusion</li> </ul>
Strengthen existing policies and procedures and ensure adherence to same	<ul style="list-style-type: none"> <li>• Shareholders, debt holders and investor community</li> <li>• Customers</li> <li>• Employees</li> <li>• Suppliers and strategic partners</li> <li>• Governments and regulators</li> </ul>	<ul style="list-style-type: none"> <li>• Manufactured capital</li> <li>• Intellectual capital</li> <li>• Human capital</li> <li>• Social and relationship capital</li> </ul>	<ul style="list-style-type: none"> <li>• Regulatory compliance</li> <li>• Employee wellbeing</li> <li>• Diversity, equity and inclusion</li> </ul>
Promote talent management and succession planning	<ul style="list-style-type: none"> <li>• Shareholders, debt holders and investor community</li> <li>• Employees</li> <li>• Governments and regulators</li> </ul>	<ul style="list-style-type: none"> <li>• Intellectual capital</li> <li>• Human capital</li> </ul>	<ul style="list-style-type: none"> <li>• Regulatory compliance</li> <li>• Diversity, equity and inclusion</li> </ul>
Ensure a safe working environment for the employees of the Group in view of the recent climate change	<ul style="list-style-type: none"> <li>• Employees</li> <li>• Customers</li> <li>• Societies and communities</li> <li>• Suppliers and strategic partners</li> </ul>	<ul style="list-style-type: none"> <li>• Financial capital</li> <li>• Manufactured capital</li> <li>• Intellectual capital</li> </ul>	<ul style="list-style-type: none"> <li>• Employee wellbeing</li> <li>• Climate consciousness</li> </ul>



Compliance with the in-country laws and regulations	<ul style="list-style-type: none"> <li>• Shareholders, debt holders and investor community</li> <li>• Customers</li> <li>• Employees</li> <li>• Societies and communities</li> <li>• Suppliers and strategic partners</li> <li>• Governments and regulators</li> </ul>	<ul style="list-style-type: none"> <li>• Financial capital</li> <li>• Intellectual capital</li> <li>• Human capital</li> </ul>	<ul style="list-style-type: none"> <li>• Regulatory compliance</li> <li>• Diversity, equity and inclusion</li> </ul>
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## Principle One – Governance Structure

Main stakeholders impacted	Main capital impacted	Main material matters impacted
Shareholders, debt holders and investor community	Financial capital	Economic performance
Customers	Manufactured capital	Regulatory compliance
Employees	Intellectual capital	Customer experience
Societies and communities	Human capital	Employee wellbeing
Suppliers and strategic partners	Social and relationship capital	Diversity, equality and inclusion
Governments and regulators	Natural capital	Climate consciousness
		Social inclusion

## Accountability Statement

SBMH is led by an effective and committed Board which oversees its business performance & affairs and is also entrusted with the responsibility to lead, control and provide guidance to the Management Team to ensure its long-term sustainable success, reputation and governance. Supported by specialised Board Committees and a strong & robust Management Team, the Board 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. The Board also ensures that the Group abides strictly by the governing laws and regulations of the jurisdictions where it operates and observes the applicable guidelines and rules issued by the regulatory authorities.

## Our Corporate Governance Structure

A strong leadership and effective corporate governance fosters a culture of integrity, drives positive performance and ensures sustainable business. It sets the tone as to how an organisation operates, establishes transparent rules and controls, guides leadership and makes careful decisions to generate long-term value for all its stakeholders.

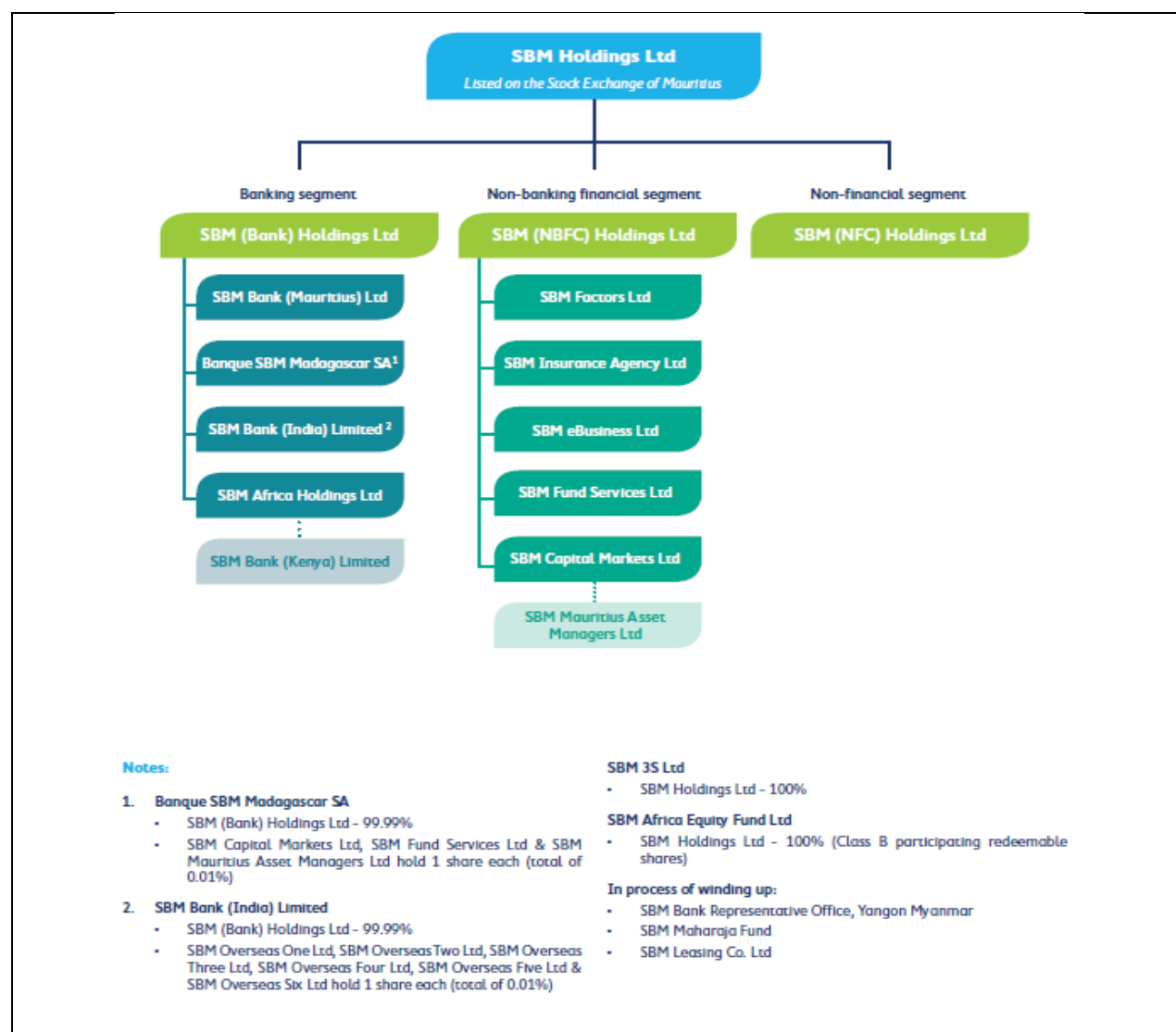
The Board prioritises effective corporate governance across the Group. Promoting fairness, openness, trust and transparency in its responsibilities to stakeholders at all times and generating long-term sustainable success has been, and will remain, the Board's primary objective, despite operating in a dynamic and challenging business environment. As a Company with strong sense of values and

commitments, the Board strongly believes that the Group can emerge as a strong leader by following good and sound corporate governance principles.

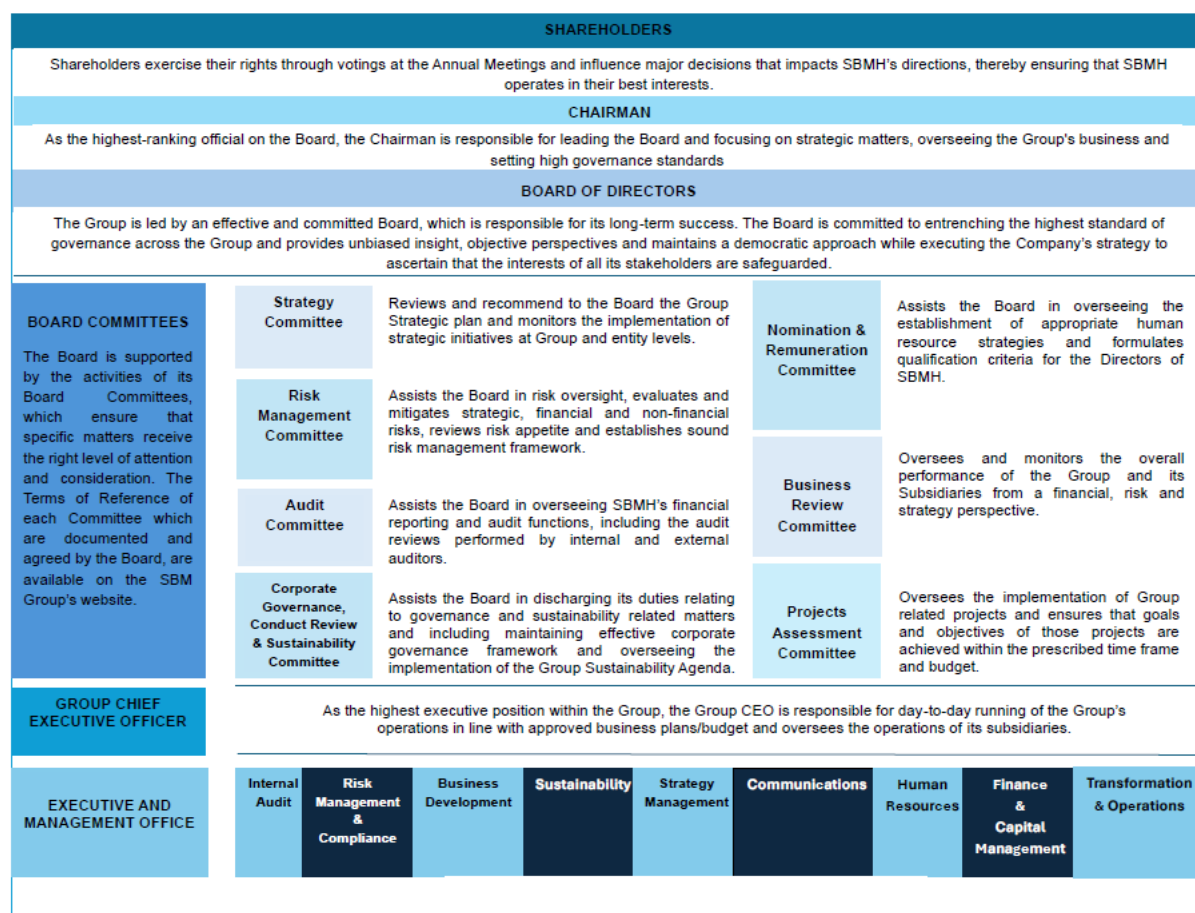
The main governance practices at SBMH are depicted as follows:

- Responsible and strong leadership
- Values and ethics
- Policies, procedures, guidelines and regulatory frameworks
- Strategy and performance management
- Robust risk management and sound internal controls
- Disclosure and transparency
- Accountability and oversight
- Effective Board reporting
- Effective stakeholder management

## Group Structure



## SBMH Governance Structure and Leadership



The Management Team of SBMH is composed of (a) an Executive Office and (b) a Management Office. The profiles of each team member are disclosed in the Profile section.

Each subsidiary of the Group has its own Board/Board Committees which are in line with the best governance principles applicable as per their respective 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/Board Committees and in parallel, they have an indirect reporting line to the Group CEO of SBMH on all matters concerning the operations of their respective entities.

## Board Charter

Good governance policies and processes are critical for ensuring that the Company is governed in the best interests of all the stakeholders.

The Board has articulated and formalised a Board Charter (the Charter) which defines the roles and responsibilities of the Board, both individually and collectively, in setting the direction, management and control of the Company.

As a cornerstone of SBMH's governance system, the Charter needs to be read in conjunction with the Constitution of the Company and be treated as a living document, closely aligned with its strategic direction. The Charter was reviewed during the FY 2024, to keep abreast of developments in laws,

regulations and governance practices. The changes proposed were approved by the Board through the Corporate Governance, Conduct Review & Sustainability Committee (CGCRS Committee).



The Charter is available on the SBM Group's website.

## Code of Ethics and Business Conduct

The Board has adopted a Code of Ethics and Business Conduct (COEBC) to reinforce ethical behaviour, integrity and achieving long term growth and sustainability. The COEBC sets the tone with regard to value and ethics in determining the expected principles and standards of behaviour at all levels of the Group with the objective to achieve the predetermined organisation goals, both internally and externally.

Its applicability ranges from the employees (both temporary and permanent) to all the strategic partners of the SBM Group, including, but not limited to, contractors and consultants. The Group also encourages its subsidiaries to adopt and maintain similar conduct and ethical standards to those outlined in the COEBC. In the event of non-applicability by a subsidiary, that particular entity is recommended to ensure adherence to the best practices of corporate governance, as applicable in the specific jurisdiction in which the entity is operating.

The Board is fully committed to abiding to the COEBC and as such, regularly monitors and evaluates compliance with same. Moreover, the COEBC is reviewed at regular intervals.

The SBM Group also adheres to an Equal Opportunity Policy (EOP), aligned with the Equal Opportunities Act 2008, to promote fair employment practices, prevent discrimination and promote recruitment, training, selection and employment on the basis of merit.



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

## The Role and Responsibilities of the Board of Directors

The Board remains the supreme decision-making authority of the Company, whose Members are elected by the Shareholders at the Annual Meetings. The Board is collectively responsible to (a) set the strategy, (b) promote the long-term sustainable success of the Group, and (c) generate and preserve value for the benefit of its stakeholders and its positive contribution to the society within which it operates. It exercises its duties in line with the provisions of Constitution and the Charter of the Company as well as in accordance with the in-country laws and regulations where it currently operates and as currently in force. In addition, the Board oversees and actively engages with the Management Team in fulfilling its obligations and responsibilities, and continually assesses the Company's financial, non-financial and strategic position, amongst others.

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

- Sets out the vision, mission, goals, values, strategic objectives, targets and overall directions of the Group
- Leads and controls the Company
- Provides strategic guidance to the Company and ensure effective monitoring of the Management Team
- Monitors the Group's operating and financial performance

- Monitors the effectiveness of the Company's governance practices and making changes as necessary
- Ensures the Company meets all its legal and regulatory requirements
- Exercises appropriate control to ensure that the Company is managed efficiently to fulfil its stakeholders' aspirations and societal expectations
- Ensures the Company has in place a robust risk management system, sound internal controls and compliance framework
- Implements the Group's succession planning for its Directors and Management Team
- Exercises oversight over the operations of its subsidiaries to ensure the strategic aims of the Group are attained

## Key governance positions

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, while nurturing a culture in which the Board works harmoniously for the long-term benefit of the Company and all its stakeholders. In line with good governance practice, the roles of the Chairman and the Group CEO are segregated with distinct accountabilities as conferred by the Board but complementing each other to ensure no individual has unfettered powers of decision and control.

Mr Abdul Sattar Adam Ali Mamode Hajee Abdoula (Sattar Hajee Abdoula) has been re-appointed as Chairman by the Board, following the Annual Meeting of the Shareholders (the Annual Meeting) held in June 2024. He is responsible for the leadership of the Board and ensures the Board is effective in its task of: (a) setting and implementing the Company's direction and strategy; (b) overseeing the Group's business; (c) setting high governance standards; and (d) ensuring the effective operation of the Board Committees. He ascertains that appropriate decisions are taken to ensure continuity at the Board level and facilitates effective communication with the Directors. In line with Section 21 of the Constitution of SBMH which stipulates that "*The Chairman of the Board shall be an independent director*" and according to the Charter, Mr Sattar Hajee Abdoula classifies as an Independent Director on the basis that he holds no relationship with the Company or its subsidiaries such that his independence could be questioned. On 12<sup>th</sup> November 2024, the Chairman served notice of his resignation as Director/Chairman of SBMH and the Boards of the subsidiaries where he currently sits, and his resignation will be effective as soon as his replacement is appointed. In line with the provisions of the SEM Listing Rules, the Board notified its shareholders and public in general of the proposed resignation of the Chairman of the Board.

Mr Raoul Claude Nicolas Gufflet (Raoul Gufflet) serves as the Group CEO of SBMH and according to Section 14.1 of the Constitution of SBMH, he shall be an ex-officio member of the Board. He looks after the day-to-day management of the Company, as well as formulates, implements and oversees the Group's strategic objectives as approved by the SBMH Board. He also serves as a Non-Executive Director on the Boards of various subsidiaries of the SBM Group. He is supported by the other Members of the Management Team of SBMH.

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

Chairman
<ul style="list-style-type: none"> <li>• Responsible for the leadership and control of the Board and ensures its effectiveness in all aspects of its role, including the good governance of the Company and the effective operation of its Board Committees</li> <li>• Ensures the Board is effective in setting and implementing the Group's direction and strategy</li> </ul>

- Presides all Board meetings and Annual Meetings of the Company
- Sets the Board meetings' schedules and agendas, in consultation with the Company Secretary and Group CEO. The Agendas should primarily focus on strategy, performance, value creation, culture, governance and accountability
- Ensures that all key and appropriate issues are discussed by the Board in a timely manner and the decisions taken by the Board are in the Group's best interests and fairly reflect a consensus reached by the Board
- Ensures that the strategy and policies approved by the Board are effectively implemented by the Management Team
- Ensures the Directors receive accurate, timely and clear information to enable the Board to take sound decisions, monitor performance effectively and provide advice to promote the long-term success of the Group
- Ensures that sufficient time is allowed to Directors for discussion of critical and strategic matters and promotes a culture of openness to ascertain effective decision making, constructive debate and effective challenge
- Ensures the composition of the Board and Board Committees reflects the skills, attributes, diversity and experience appropriate to the Company's existing and planned business operations as well as per the regulatory requirements
- Arranges informal meetings of the Directors at least once annually including meetings amongst the Non-Executive Directors in the absence of the Group CEO, and ensures that sufficient time and consideration is given to complex, contentious or sensitive issues
- Takes the lead, in liaison with the Company Secretary and Group CEO, in ensuring a properly constructed formal induction programme for all new Directors be provided, which shall be comprehensive and tailored to cover the key businesses and issues facing the Company
- In close liaison with the Company Secretary, Group CEO and the CGCRS Committee, takes a lead in identifying and meeting the training and developmental needs of individual Directors
- Ensures the performance of the Board, its Board Committees and individual Directors are evaluated on an annual basis, be it internally driven or externally facilitated and acts on the results of the evaluation
- Regularly considers succession planning and composition of the Board that promotes diversity, inclusion and equal opportunity
- Ensures effective engagement between the Board and its stakeholders, including shareholders
- With the assistance of the Company Secretary, promotes the highest standards of corporate governance, seeking compliance with the Code. If full compliance is not possible, ensure that the reasons for non-compliance are fully understood, agreed by the Board and explained to shareholders
- Establishes a close relationship of trust with the Group CEO, providing support and advice while respecting executive responsibilities, as conferred by the Board

#### Group Chief Executive Officer

- Responsible for the day-to-day leadership and management of the Group's operations in accordance with the business plans, budget and long-term objectives approved by the Board and oversees the operations of its subsidiaries
- Conducts the affairs of the Group in accordance with the practices and procedures adopted by the Board
- Develops and implements the Group's long-term strategy once approved by the Board
- Ensures the Board and Board Committees receive accurate, timely and clear information to enable them to discharge their fiduciaries duties effectively
- Ensures effective and timely implementation of all decisions of the Board

- Ensures the Board is kept informed of key business issues including any forthcoming, complex, contentious or sensitive issues affecting the Group
- Monitors the on-going financial and non-financial performance and management of the Group to maximise shareholders' value while observing its obligations to all its stakeholders
- Responsible for the recruitment, leadership and development of the Group's Management Team who will contribute in delivering the Group's strategies and objectives
- Responsible for setting up the tone at the top and creating a positive working environment that will foster success
- 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 across the Company
- Works in concert with the Chairman and the Company Secretary to ensure a tailored-made induction programme is provided to newly appointed Directors and also supports in determining the training needs of the Board Members
- Consults and maintains regular dialogues with the Chairman, the Board and the CEOs of the subsidiaries on important and strategic issues facing the Group and ensures bringing these issues to the attention of the respective Boards/Board Committees
- Ensures that the Management Team and CEOs of the subsidiaries give appropriate priority to providing reports to the respective Boards which contain relevant, accurate, timely and clear information necessary for the Boards to fulfill their duties
- Ensures that there are procedures in place to ensure compliance with all relevant legislation and regulations, including timely and accurate disclosure of information in accordance with regulatory requirements
- Promotes and conducts the affairs of the Group with the highest standards of integrity, probity and corporate governance
- Ensures all Group policies and procedures are followed and conformed to the highest standards
- Establishes, in consultation with the Group Chief Risk & Compliance Officer (Group CRCO), a sound and optimum internal control and risk management framework across the Group

### Directors

- Determine the Group's strategic objectives and policies
- Collectively promote the success of the Group
- Attend all Board/Board Committees' meetings and participate actively in the decision-making process while exercising independent judgement, and bringing valuable knowledge and experience to the Board/Board Committees
- Take decisions in the best interest of the Company and its stakeholders
- Monitor the delivery of the Group's strategy and constructively challenge and assist the Management Team in the development of same
- Monitor the performance of the 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 in place
- Exercise reasonable care, skills and diligence in discharging their fiduciary duties
- Act within the powers in line with the Constitution/Charter of the Company and the applicable laws and regulations
- Act prudently and avoid any situation of conflicts
- Make the necessary disclosures as required by the applicable laws and legislations
- Maintain confidentiality at all times

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



## Leadership Team

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

## Principle Two – The Structure of the Board and its Committees

Main stakeholders impacted	Main capital impacted	Main material matters impacted
Shareholders, debt holders and investor community	Financial capital	Economic performance
Customers	Intellectual capital	Regulatory Compliance
Employees	Human capital	Customer experience
Societies and communities	Social and Relationship capital	Employee wellbeing
Suppliers and strategic partners		Diversity, equity and inclusion
Governments and regulators		Climate consciousness

The Board, appointed by the shareholders, provides effective leadership and direction to build as well as promote the long-term sustainable success of the Group, ensuring due regard is paid to the interests of its stakeholders. It plays a vital role in ensuring that good governance is deep rooted across the Company. All Directors contribute to the Board's collective decision-making process and assume their fiduciary duties appropriately in accordance with the Company's Constitution, Charter, applicable laws and regulations.

## Composition and size of Board

SBMH recognises and embraces the importance of a diverse Board in its success. We believe that a truly diverse Board will leverage differences in thought, perspective, industry experience, gender, knowledge, skills including expertise in financial, diversity, leadership, information technology, board services and governance, risk management, amongst others, which will ensure that SBMH retains its competitive advantage.

In accordance with Section 14.1 of the SBMH Constitution, *"the number of Directors shall not be less than Seven (7) nor more than Eleven (11). Moreover, the Chief Executive of the Company shall be an ex officio member of the Board"*.

The Board is currently headed by a unitary Board of seven Directors from diverse broad industry and professional backgrounds as detailed below:

THE BOARD		
Independent	Non-Executive	Executive
<ul style="list-style-type: none"> <li>Mr Abdul Sattar Adam Ali Mamode HAJEE ABDOLA (Chairman)</li> <li>Ms Shakilla Bibi JHUNGEER</li> </ul>	<ul style="list-style-type: none"> <li>Mr Jean Paul Emmanuel AROUFF</li> <li>Mr Visvanaden SOONDRAM</li> </ul>	<ul style="list-style-type: none"> <li>Mr Raoul Claude Nicolas GUFFLET</li> </ul>



<ul style="list-style-type: none"> <li>• Ms Sharon RAMDENEE</li> <li>• Dr Subhas THECKA</li> </ul>		
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Dr Subhas Thecka and Ms Sharon Ramdenree were appointed as Independent Directors on the Board of SBMH in June 2017 and December 2018 respectively. Following the no objection received from the BoM, both Dr Subhas Thecka and Ms Sharon Ramdenree are still serving the Board as Independent Directors until the next Annual Meeting scheduled in June 2025.

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, as defined earlier. In view of the size of the Company, complexity of the business operations, scope of activities and its relative shareholding structure, the Board believes that it possesses the right balance of Executive, Non-Executive and Independent Directors, who are of appropriate caliber and have the required expertise, skills, competencies as well as different professional backgrounds to serve the best interests of all stakeholders. 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 Management Team in relevant Board Committees and Board deliberations as and when needed.

Having an appropriate balance of Independent Directors on the Board brings clarity and objectivity to the table as well as constructive participation in the decision-making process. As reviewed annually and approved by the Board through the CGCRS Committee, the Charter defines an Independent Director as one where in general, he/she has no relationship with the Company or any other subsidiaries such that his/her independence could be called into question. SBMH ensures that the assessment of independence is conducted in accordance with the applicable laws, legislations and best practices in force in Mauritius and same is reflected in its Charter. Frequent discussions regarding the governance structure of SBMH have indicated the potential need for additional independent Directors and the Board affirms that a search for suitable candidates to join the Board of SBMH as an ‘Independent Director’ is considered on a regular basis.

The Board further affirms that it has sufficient number of Directors at present who do not have any relationship with the Company and with the majority shareholders. All Directors were resident in Mauritius during the year under review and are of Mauritian nationality.

SBMH ensures that its Board is committed and adequately balanced which helps the Group in achieving its objectives while optimising the decision-making process. SBMH also ascertains that an environment that encourages openness, transparency and fairness is promoted throughout Board and Board Committees meetings hence, improving the Directors’ ability to be open to new lines of thinking, participate actively, minimizing groupthink and forge positive new directions.

The Board assumes the responsibility for leading and managing the Company in line with its fiduciary duties and ensures that the Group 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 Profile section.

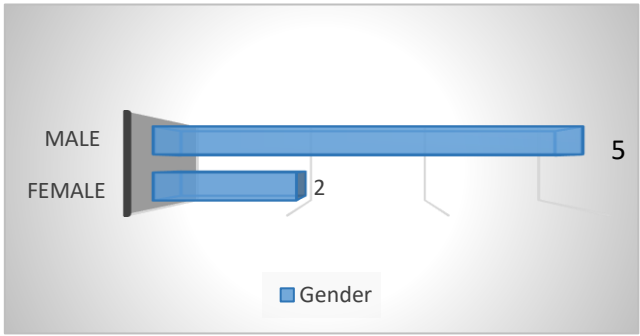
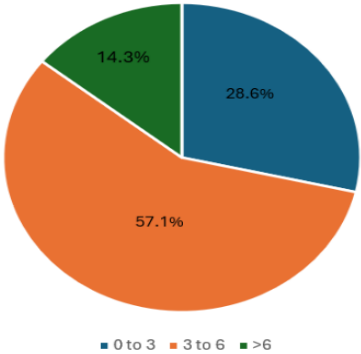
## Board diversity

The Board believes that diversity among its Board Members is an increasingly important corporate necessity that can promote accountability and compliance at the highest level. A diverse board tends to perform better and is more equipped to navigate complex business decisions because they bring together different skills, viewpoints, experience and professional backgrounds. The Board, through the Nomination & Remuneration Committee (REMCO) and the CGCRS Committee, ensures that all appointments made, are based on merit, while ensuring the balance of skills, knowledge and experience required, for the Board and its Board Committees to operate effectively. Further explanations regarding the nomination and appointment process are provided under Principle Three of the Report.

During the year under review, the SBMH adopted a “Group Board Rotation Policy”, which helps in embedding strong corporate governance practices and allows for the bringing of new talent, experiences, skills, gender and ethnicity, all contributing to an effective Board. Overall, SBMH acknowledges the importance of gender parity on its Board and in respect thereof, the Company ascertained its stakeholders that the minimum requirement of having 25 percent of women representatives on its Board, as required by the Act, is satisfied for FY 2024.

SBMH remains an equal opportunity employer whose policies and practices aim at creating an environment that promotes equal opportunities for its employees across the Board. The SBM Group acknowledges that its employees are critical part of its business and there is always a need to create an inclusive culture where the members of the staff can be their best and feel that they truly belong to the Group.

## Board at a Glance

<b>Board skills and experience</b> <table border="1"> <tr><td>Public administration</td><td>2</td></tr> <tr><td>Accounting and audit</td><td>5</td></tr> <tr><td>Banking</td><td>1</td></tr> <tr><td>Economics</td><td>1</td></tr> <tr><td>Finance</td><td>5</td></tr> <tr><td>Manufacturing, Marketing &amp; Services</td><td>2</td></tr> <tr><td>Legal &amp; Governance</td><td>2</td></tr> <tr><td>Others</td><td>3</td></tr> </table>	Public administration	2	Accounting and audit	5	Banking	1	Economics	1	Finance	5	Manufacturing, Marketing & Services	2	Legal & Governance	2	Others	3	<b>Gender</b>  <table border="1"> <caption>Board Gender Distribution</caption> <thead> <tr><th>Gender</th><th>Count</th></tr> </thead> <tbody> <tr><td>MALE</td><td>5</td></tr> <tr><td>FEMALE</td><td>2</td></tr> </tbody> </table>	Gender	Count	MALE	5	FEMALE	2
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<b>Age group</b> <table border="1"> <tr><td>Below 30 years</td><td>0</td></tr> <tr><td>30-40 years</td><td>1</td></tr> <tr><td>41-50 years</td><td>2</td></tr> <tr><td>51-60 years</td><td>2</td></tr> <tr><td>&gt;60 years</td><td>2</td></tr> </table>	Below 30 years	0	30-40 years	1	41-50 years	2	51-60 years	2	>60 years	2	<b>Tenure</b>  <table border="1"> <caption>Board Tenure Distribution</caption> <thead> <tr><th>Tenure</th><th>Percentage</th></tr> </thead> <tbody> <tr><td>0 to 3</td><td>57.1%</td></tr> <tr><td>3 to 6</td><td>28.6%</td></tr> <tr><td>&gt;6</td><td>14.3%</td></tr> </tbody> </table>	Tenure	Percentage	0 to 3	57.1%	3 to 6	28.6%	>6	14.3%				
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## The Company Secretary

In the complex landscape of corporate governance, the Company Secretary undertakes a multifaceted role within a company, contributing significantly to legal compliance, corporate governance, record management, and overall operational efficiency. The diligent work of the Company Secretary ensures the Company maintains transparency, upholds integrity, and fulfil its legal obligations, making them a linchpin in the realm of corporate governance.

At SBMH, the Company Secretary assures that the Company is managed in the most ethical manner, while maintaining the highest standards of corporate governance, professionalism and integrity. The Company Secretary acts as a vital communication link between the Board and the Management Team, ensuring that stakeholders are well-informed and engaged by keeping open lines of communication with the Board, the shareholders and the regulators and more importantly, the interests of the stakeholders are safeguarded.

The appointment or removal of the Company Secretary remains a matter for collective decision by the Board. The Company Secretary is accountable to the Board, through the Chairman, for: (a) advising and supporting the Board and Management in ensuring effective end-to-end governance and decision making across the Company, (b) ensuring that Board procedures, internal policies & procedures are followed, (c) ensuring the Company adheres to the myriad of legal and regulatory requirements in its jurisdiction, (d) ascertaining that the Board Members are kept informed and updated of their fiduciary obligations towards the Company, and (e) assuring that due account is taken of relevant codes of best practice.

### Key roles and responsibilities of the Company Secretary

- Plays a crucial role in enhancing & maintaining strong and consistent governance practices at Board level and throughout the Company
- Responsible for the efficient administration of the Company, particularly with regard to ensuring compliance with the internal policies & procedures, statutory and regulatory requirements
- Supports the Group Chairman in ensuring effective functioning of the Board and its Board Committees, and transparent engagement between Senior Management Team and Non-Executive Directors
- Supports and works closely with the Group Chairman, the Group CEO and the Chairpersons of the Board Committees in setting the agendas for meetings of the Board and the Board Committees
- Provides guidance to the Board in respect of its fiduciary duties, responsibilities, and powers in line with the Constitution, Charter and all applicable laws and regulations
- Arranges meetings of shareholders & Directors and ensures that minutes of proceedings of all these meetings are properly recorded in accordance with paragraph 8 of the Fifth Schedule and paragraph 6 of the Eighth Schedule of the Mauritius Companies Act 2001 (the Act) respectively
- Supports the provision of accurate, timely and clear information flow within the Board and the Board Committees and between the Management Team and Non-Executive Directors in order to ensure the Board and Board Committees have the information and resources they need to function effectively
- Supports the Group Chairman and Group CEO, to facilitate the induction and professional development of Non-Executive Directors as required as well as supports the Group Chairman in designing and delivering the Board, Board Committees, individual Directors performance evaluations

- 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)
- Is the primary channel of communication between the SBMH and its shareholders as well as the regulatory bodies

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

Dedicated Company Secretary with extensive experience in company secretariat, corporate governance, compliance, regulatory affairs and stakeholder management, Mrs Dayawantee (Poonam) Ramjug Chumun continued in her role as the Company Secretary of SBMH Board and Board Committees' adviser on governance matters since March 2015. She is a Fellow of the Chartered Governance Institute (UK) and an ACCA Affiliate. She joined the SBM Corporate Affairs function in 2007 and was formerly the Company Secretary of the SBM Non-Banking cluster and SBM Bank (Mauritius) Ltd (SBMBM). She has been instrumental in the implementation of several Group corporate governance initiatives and developing Group policies that align with best practices. She attends all Board, Board Committees and Annual Meetings of SBMH and is also in charge of the Secretarial function of other subsidiaries of the SBM Group. As a governance professional, she always guides the Board of SBMH on their statutory duties and responsibilities.

## Board meetings

Board meetings are a cornerstone of effective corporate governance and play a vital role in the success and sustainability of a Company. At SBMH, Board meetings serve as a critical platform allowing Board Members and the Management Team gather to deliberate and strategise on matters of utmost importance to the Company. They offer a structured mechanism through which the Directors of SBMH discuss on crucial decisions impacting the Company's direction, policies, operations, strategic planning, and major investments as well as the financial stability of the SBM Group while ensuring that a diverse set of perspectives are considered before reaching a consensus.

## Board meeting process

Setting the Board/Board Committees Calendar	In consultation with the Chairman and the Group CEO, the Company Secretary sets the annual calendar for Board and Board Committees' meetings at the beginning of each financial year. The final calendar is then communicated to the Directors and the Management Team.
Setting of Agenda	The schedule and agenda for Board meetings are set by the Chairman of the Board, in liaison with the Group CEO and the Company Secretary, taking into account the challenges and concerns faced by the Group and its Directors and also ensuring that adequate time is allocated for thorough discussion of critical and strategic matters.
Circulation of Board papers	Board papers are circulated to the Directors within the prescribed time frame as specified in the Charter, ahead of scheduled meetings on a secured software installed on an iPad which is handed over to the Directors at the time they are on-boarded. The Directors are expected to rigorously prepare for, attend and participate in the Board and Board Committees meetings.

Meeting Conduct	Board meetings are held physically, however where physical attendance is not possible, hybrid meetings are conducted, by means of audio and/or video conferences in accordance with the Constitution of the Company. During the year under review, Board meetings were conducted both physically and virtually.
Meeting frequency	In the ordinary course of business, Board meetings are conducted on a quarterly basis, however, ad hoc Board meetings are also convened, at shorter notice where required, to consider specific strategic, transactional and governance matters which required immediate actions.
Meeting attendance	The Board meetings are attended by the Board Members, however, for matters requiring specific input and observations from other parties, the Management Team/Officers of the Company and its subsidiaries, advisors and subject matter experts are also invited to attend the meeting or part thereof, as deemed appropriate by the Chairman of the Board.
Post meeting	Minutes of proceedings (MOPs) are drafted by the Company Secretary and reviewed by the Group CEO/Chairperson of the meeting. The executed MOPs are safeguarded at the registered office of the Company.  Close follow-ups are done on open items arising from the meetings.

At SBMH, the Board and the Management Team collaborate effectively, ensuring continuity in effective governance and decision-making. Directors are expected to attend all Board meetings and where not possible, they are advised to make their views/concerns known to the Chairman of the Board, ahead of the scheduled meetings. During the financial year under review, the Board met on 15 occasions, with an average attendance of 88%, as depicted in the table below.

Members	Independent	Board Member since	Meeting attendance
<b>Chairman</b>			
Mr Sattar Hajee Abdoula ( <i>Chairman</i> )	✓	March 2020	15
<b>Non-Executive Directors</b>			
Mr Jean Paul Emmanuel Arouff	X	March 2020	12
Ms Shakilla Bibi Jhungeer	✓	March 2020	15
Ms Sharon Ramdenee	✓	December 2018	13
Mr Visvanaden Soondram	X	March 2020	7
Dr Subhas Thecka	✓	June 2017	15
<b>Executive Director</b>			
Mr Raoul Claude Nicolas Gufflet	X	November 2022	15

In line with good governance practices, the following meetings were conducted in closed session by the Chairman on a quarterly basis:

- Meeting of the Independent Directors only without the Non-Executive and Executive Director;

- Meeting of the Independent Directors with the Non-Executive Directors and without the Executive Director.

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 or the Executive Director. Independent Directors provide their insights and recommendations based on their expertise and experience, helping to enhance the overall performance and governance of the Company. This collaboration fosters a culture of constructive dialogue and enhances board effectiveness.

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

## Board activities and principal decisions

The key topics discussed at the Board level for the year ended 31 December 2024 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 implementation of approved strategic initiatives of the Group and provided guidance to deal with risks and issues that arose
- Monitored the evolution of SBMH share price
- Discussed on the disposal of non-core assets of the Group through the deleveraging and monetisation strategy
- Reviewed the restructuring plan for subsidiaries
- Monitored the execution of the Group Sustainability Agenda and approved the implementation of a Group Governance model around Sustainability

### 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 payment of dividend to the shareholders
- 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 Company and its subsidiaries
- Approved capital infusion in SBMH subsidiaries as required
- Took note of the financial statements of the operating entities of the Group
- Reviewed and recommended the re-appointment of Deloitte as the Statutory Auditors for the Company for the FY 2024, to hold office until the Annual Meeting scheduled in June 2025 to its shareholders for approval
- Approved (a) new policy as regards to the provision of non-audit services and (b) amendments to existing Group policies such as Procurement policy and Transfer Pricing policy

### Governance, legal and risk

- Reviewed and approved the Directors' training needs for FY 2024
- Reviewed and approved a Board Rotation policy and amendments proposed to existing policies such as Group Insider & Share Dealing policy and Group Related Party Transaction & Conflict of Interest policy

- 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 the Group Enterprise Risk Management Framework (ERMF)
- Monitored the implementation of a governance review remediation plan on a quarterly basis
- Monitored the share dealings by Directors, Senior Management Team, applicable employees and their associates as defined by the Group Insider & Share Dealing policy
- Reviewed and approved proposed amendments to the Charter and Governance Page (on website) of SBMH
- Reviewed and approved the amendments proposed to the Terms of References (TORs) of the Board Committees during the reporting period
- Approved to carry out an internally facilitated Board Evaluation exercise for FY 2024 and took note of the Board Evaluation Report for FY 2023
- Recommended to the shareholders the nomination of Directors
- Monitored material litigation cases at subsidiary level

#### Others

- 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 Integrated Annual Report 2023
- Monitored the Group's governance initiatives being driven at Management level
- Approved the recruitment/novation of staff to SBMH
- Approved the arrangements pertaining to the Annual Meeting of the shareholders

## Access to information and independent professional advice

In line with the Charter, Directors wishing to have information on the Company and its subsidiaries, have unrestricted access to the relevant officers and employees of the Company and this helps them in discharging their fiduciary duties efficiently. However, appropriate diligence is ensured so that they abstain from interfering in the day-to-day activities of the Company or give directives to any employees of the Company. Furthermore, Directors, on an individual basis or jointly, have the right to seek independent professional advice at the expense of the Company, relating to the Company's business subject to the approval of the Board or if it relates to the affairs or business of a Committee, upon approval of the Chairperson of that Committee.

## Board governance structure

In line with good governance, the Board has collective responsibility to promote the long-term sustainable success of the Group, ensuring due regards is paid to the interests of its stakeholders. The Board generally delegates certain roles and responsibilities to its Board Committees, which have been established as per the provisions of the laws and legislations governing SBMH and as per the requirements of the business, in order to safeguard operational efficiency and ensure that specific issues are being handled with relevant expertise. The Board Committees operate within well-defined TORs, duly approved by the Board and are chaired by experienced Chairpersons, who escalate all significant matters discussed at the Committee to the Board.



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. The composition of the Board Committees of SBMH was reviewed by the SBMH Board in August 2024 for alignment purposes as well as to ascertain a fair and equitable distribution of its responsibilities and the membership of the Board Committees was set to three Members of the Board only. The Group CEO was in attendance at those Committee meetings where he is not a full-time member. The following changes were made to the composition of the Board Committees during the period under review:

- Dr Subhas Thecka was appointed as additional member of the Business Review Committee (BRC).
- Ms Sharon Ramdenee was replaced by Dr Subhas Thecka in the CGCRS Committee.
- Ms Sharon Ramdenee was appointed as a new member of the Projects Assessment Committee (PAC) in replacement of Mr Raoul Gufflet.
- Mr Raoul Gufflet was replaced by Mr Soondram in the Risk Management Committee (RMC).
- Mr Visvanaden Soondram ceased to be a member of the Strategy Committee.

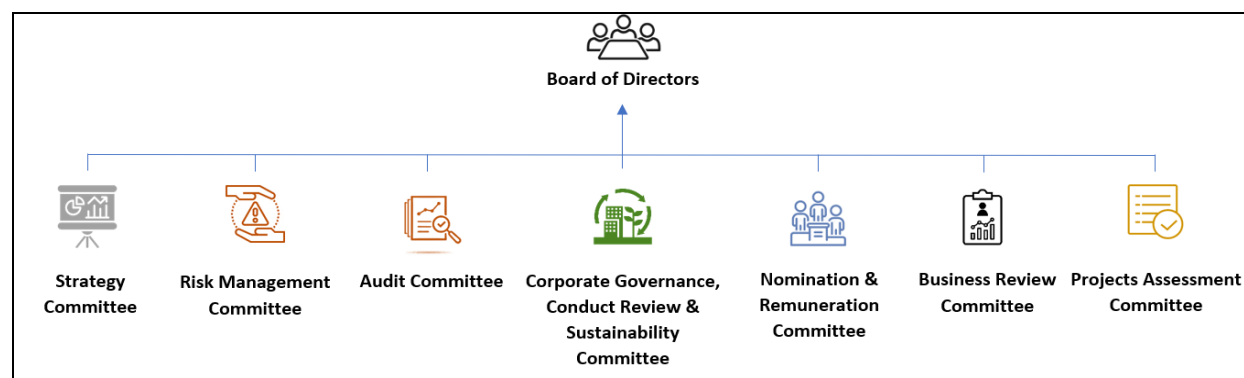
The profiles of the Directors provide thorough insights on the background, qualification and experience and other list of directorships of the Directors, based on which they are nominated on the respective Board Committees.

The governance framework is illustrated under Principle One.

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



## Board Committees



## STRATEGY COMMITTEE

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

Independence	Members	Meetings	Attendance
67% <sup>1</sup>	3 <sup>1</sup>	4	81%



Members	Independent	Committee member since	Meeting attendance
Mr Sattar Hajee Abdoula ( <i>Chairman</i> )	✓	March 2020	4
Mr Raoul Gufflet	x	March 2022	4
Ms Sharon Ramdenee	✓	August 2020	4
Mr Visvanaden Soondram <sup>2</sup>	x	March 2020	1

<sup>1</sup>Based on the current composition of the Strategy Committee

<sup>2</sup>Mr Visvanaden Soondram ceased to be a member effective 12<sup>th</sup> August 2024.

### Principal areas of focus in 2024

- Reviewed the performance and outlook of the Group's operating environment including both the local and international economy and competing peers and assessed their impact on the Group's business activities
- Monitored progress realised with regards to the execution of the strategy of the Group and its operating subsidiaries against their respective strategic plans
- Supervised the execution and successful delivery of selected approved strategic initiatives which are being driven at the Group level and/or at entity level
- Monitored the evolution of SBMH share price and SBMH stock profile in a steady and coherent way

### Looking ahead

- Monitor the developments in the operating environment
- Monitor the implementation of the strategic initiatives in line with the Group's Sustainability Agenda
- Track the progress on the execution of the Group's strategy and make necessary recommendations to tackle any 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

## RISK MANAGEMENT COMMITTEE

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

Independence	Members	Meetings	Attendance
67% <sup>1</sup>	3 <sup>1</sup>	4	75%

Members	Independent	Committee member since	Meeting attendance
Ms Sharon Ramdenee ( <i>Chairperson</i> )	✓	July 2019	4
Mr Raoul Gufflet <sup>2</sup>	x	January 2023	3
Dr Subhas Thecka	✓	August 2017	4
Mr Visvanaden Soondram <sup>2</sup>	x	October 2024	1

<sup>1</sup>Based on the current composition of the RMC

<sup>2</sup>Mr Visvanaden Soondram was appointed as member of the RMC in replacement of Mr Raoul Gufflet effective 09<sup>th</sup> October 2024

The Group CRCO attended all the RMC meetings.

### Principal areas of focus in 2024

- Ensured that the Group including its entities has a robust risk management system in terms of people, process, systems, frameworks, controls and reporting
- Considered and advised the Board on risk management activities, including the identification and mitigation of principal and emerging risks and the risk appetite statements
- Reviewed the Group's financial, operational, compliance and legal risk profiles on a quarterly basis
- Reviewed and assessed the robustness of the Company's internal control including internal financial control and business risk management
- Ensured compliance with the approved risk appetite and monitored key trends and concentrations
- Reviewed the write up of the Risk Management Report to be included in the Integrated Annual Report 2023
- Monitored the development and implementation of the ERMF
- Monitored progress of the various group governance and group risks projects
- Considered risk management matters raised by the regulators and monitored the actions being taken by management to respond
- Reviewed its mandate to ensure compliance with 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 Company and its subsidiaries
- Reviewed and recommended new policies and amendments proposed to existing policies for the Group to the Board

### Looking ahead

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

Monitor the progress of the implementation of the ERMF, revamping of Principal risk policies, Group governance and Group risks projects

- Facilitate risk assessments and reporting, communicating, and dissemination of critical risk management information
- Maintain focus on several key topics including cyber security risk, climate change and Environmental, Social and Governance related risks and emerging risks and ensure appropriate procedures are in place to mitigate these risks on a timely manner
- Ensure the Group's whistleblowing arrangements continue to satisfy the regulatory obligations

## AUDIT COMMITTEE

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

Kindly refer to the Profile section for the financial literacy and expertise of the Members of the Audit Committee.

Independence	Members	Meetings	Attendance
100%	3	4	92%

Members	Independent	Committee member since	Meeting attendance
Dr Subhas Thecka ( <i>Chairman</i> )	✓	August 2017	4
Ms Shakilla Bibi Jhungeer	✓	July 2021	4
Ms Sharon Ramdenee	✓	April 2019	3

Selected members of the Management Team, with technical knowledge in the field are invited to the Audit Committee as and when required. The Committee met in private and also separately with the Head of Internal Audit and Investigation Department, and the External Auditors respectively, without the presence of the Management Team, once quarterly.

### Principal areas of focus in 2024

<b>Financial reporting</b>	<ul style="list-style-type: none"> <li>Considered, analysed, reviewed and debated on information, key judgements and significant matters raised by the Management Team, the Internal Auditors and the External Auditors, to ensure that the financial results provide a true and fair representation of the performance of the Group</li> <li>Reviewed and challenged the Management Team's judgements in relation to credit impairments and the underlying assumptions, methodologies and models applied. Also, considered the impact of macro-economic risks on the credit environment</li> <li>Monitored and assessed the integrity of the annual and interim financial statements during the year, with focus on key accounting policies, financial reporting issues, assumptions and judgements used by Management, together with the findings set out in the reports from the External Auditors</li> <li>Monitored any formal announcements relating to the Group's financial performance</li> <li>Considered the clarity and completeness of the disclosures within the financial reports</li> </ul>
<b>External audit</b>	<ul style="list-style-type: none"> <li>Discussed critical policies, judgements and estimates used by the External Auditors as part of the review of the annual and interim financial statements of the Group</li> <li>Maintained the integrity of the relationship with the External Auditors</li> </ul>

	<ul style="list-style-type: none"> <li>Reviewed and monitored the relationship with the External Auditors, including their appointment, independence, objectivity, effectiveness, terms of engagement and level of fees</li> <li>Considered significant audit matters regarding the audit opinion</li> <li>Reviewed and recommended the re-appointment of Deloitte as the Statutory Auditors of the Company for FY 2024, to hold office until the next Annual Meeting, to the Board for consideration and for onward recommendation to the shareholders for approval</li> <li>Spearheaded the process for approving/ratifying all non-audit services provided by the Group External Auditors in order to safeguard the objectivity and independence of the auditor and comply with the regulatory and ethical guidance</li> </ul>
<b>Internal audit</b>	<ul style="list-style-type: none"> <li>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</li> <li>Considered quarterly reports prepared by the Internal Audit Team on the overall effectiveness of the governance, risk management and internal control framework, current issues and adequacy of remediation activity</li> <li>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</li> <li>Ensured that timely actions were taken by the Management Team to address the adverse findings, if any, from the Internal Audit Team</li> <li>Where appropriate, the Management Team was invited to attend meetings to present an update on the status of measures implemented to address audit findings and recommendations</li> <li>Ensured that there was effective communication between the External Auditors and the Internal Audit Team</li> </ul>
<b>Internal control systems</b>	<ul style="list-style-type: none"> <li>Reviewed the effectiveness of the Group's internal controls and processes on a quarterly basis. The regular monitoring of the Internal Control Framework allowed the identification of issues and formal tracking of remediation plans</li> <li>Ensured that controls are in place with regards to cyber security</li> <li>Ensured integrity and accountability from everyone working for the Group</li> </ul>

### Looking ahead

- Further strengthen the relationship with the Audit Committees of all operating entities to ensure that the Group operates effectively and in a streamlined manner
- Ensure a smooth handing over between the outgoing and incoming Statutory Auditors in light of the rotation of the Auditors as per the Banking Act 2004
- Work together with the incoming Statutory Auditors and the Management to ensure that the Group continues to provide accurate, true, fair and timely financial results and implements accounting standards and judgement effectively
- Review policies and procedures to adapt to the rapidly changing and challenging environment

## CORPORATE GOVERNANCE, CONDUCT REVIEW & SUSTAINABILITY COMMITTEE

The CGCRS Committee has been set up to assist the Board of SBMH in discharging its duties relating to governance and sustainability related matters. The CGCRS Committee keeps abreast with the current environmental, social and governance trends to ensure that the Group develops and maintains a healthy

and effective corporate governance framework, culture and stays compliant with the applicable legislations and best practices. The CGCRS Committee also ensures that the Directors, Management and employees act in an ethical and responsible manner. It bears the responsibility of handling any governance related breaches or issues as reported or highlighted during the year. Additionally, it oversees and monitors progress of the implementation of the Group Sustainability Agenda.

Independence	Members	Meetings	Attendance
67% <sup>1</sup>	3 <sup>1</sup>	4	62.5%

Members	Independent	Committee member since	Meeting attendance
Ms Shakilla Bibi Jhungeer ( <i>Chairperson</i> )	✓	March 2020	4
Mr Jean Paul Emmanuel Arouff	x	March 2020	3
Ms Sharon Ramdennee	✓	February 2022	2
Dr Subhas Thecka <sup>2</sup>	✓	August 2024	1

<sup>1</sup>Based on the current composition of the CGCRS Committee

<sup>2</sup>Dr Subhas Thecka was appointed as member of the CGCRS Committee in replacement of Ms Sharon Ramdennee effective 12<sup>th</sup> August 2024

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

#### Principal areas of focus in 2024

- Reviewed and made recommendations to the Board for approval of the (i) concept of the Integrated Annual Report for SBMH, (ii) the proposed Material Matters for the Group and (iii) the Corporate Governance Report for FY 2023
- Reviewed the Governance Review Report on a quarterly basis and monitored progress relating to actions initiated
- Assessed the Directors' professional development needs for FY 2024 and made appropriate recommendations to the Board
- Reviewed the related party transactions reports on a quarterly basis
- Monitored the progress of the recommendations from the external Board Evaluation exercise conducted in FY 2023
- Discussed and made recommendation to the Board for an internal Board Evaluation exercise for FY 2024
- Reviewed the amendments proposed to the Charter and TORs of the Board Committees and made recommendation to the Board
- Monitored the dealings in SBMH shares by Restricted persons as defined by the applicable guidelines and internal policies
- Reviewed and made recommendations to the Board regarding (a) the proposed amendments to the existing Policies under its mandate and (b) new policies including the Board Rotation policy and thereof, monitored their adoption by the subsidiaries
- Monitored progress in the execution of the Group Sustainability Agenda/Strategy and monitored their endorsement by the subsidiaries
- Considered other governance matters

## Looking ahead

- Ensure the Company continues to comply with all applicable laws & legislations as well as ensure sound governance principles prevail across the Group
- Monitor the Company's governance framework, including the assessment of the effectiveness of governance policies and practices at regular intervals
- Ensure that specialised training sessions are regularly provided to Directors to enable them deliver their fiduciary duties vis-à-vis the Company effectively
- Ensure the execution of the Group Sustainability Strategy by overseeing the progress against agreed sustainability Key Performance Indicators ("KPIs") across the Group
- Ensure that the recommendations of the Board Evaluation Report 2024 are duly implemented

## NOMINATION & REMUNERATION COMMITTEE

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

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

Independence	Members	Meetings	Attendance
33%	3	4	83%

Members	Independent	Committee member since	Meeting attendance
Mr Jean Paul Emmanuel Arouff ( <i>Chairman</i> )	X	August 2020	4
Ms Shakilla Bibi Jhungeer	✓	August 2020	4
Mr Visvanaden Soondram	X	January 2023	2

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

## Principal areas of focus in 2024

- Considered matters relating to Board succession planning, including the recruitment and promotions of key executives' positions at SBMH level
- Monitored the recruitment and departure of senior personnel across all subsidiaries
- Ensured transparent and fair recruitment across the Group
- Recommended the payment of the productivity bonus and annual salary increment of SBMH employees to the Board
- Ensured compliance with IAS 19 during the year under review

### Looking ahead

- Review the composition of the Board in consultation with the CGCRS Committee and make the appropriate recommendation for the nomination of additional (preferably independent) Directors onto the Board
- Review talent pipeline and ensure that any gaps are plugged in a timely, fair and transparent manner
- Continued focus on succession plans for the Board, Executive Committees and Senior Management to ensure the Group has the right skills and experience to deliver its strategy
- Continue to update the training needs of the Directors, in conjunction with the CGCRS Committee after taking the changing operating and regulatory environment into account
- Ensure that employees are remunerated fairly and based on merit

## BUSINESS REVIEW COMMITTEE

The BRC has been established to assist the Board in overseeing, reviewing and monitoring the overall performance of the SBM Group, i.e. SBMH and its subsidiary operating entities from a financial, risk and strategy perspective.

Independence	Members	Meetings	Attendance
67% <sup>1</sup>	3 <sup>1</sup>	4	83%

Members	Independent	Committee member since	Meeting attendance
Mr Jean Paul Emmanuel Arouff ( <i>Chairman</i> )	X	April 2023	4
Ms Shakilla Bibi Jhungeer	✓	April 2023	4
Dr Subhas Thecka <sup>2</sup>	✓	August 2024	2

<sup>1</sup>Based on the current composition of the BRC

<sup>2</sup>Dr Subhas Thecka was appointed as member of the BRC effective 12<sup>th</sup> August 2024

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

### Principal areas of focus in 2024

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

- Considered the business review pack for each entity and reviewed key financial highlights and statistics, summary of risk and compliance related issues, update on initiatives undertaken during the reporting period and any other critical items which required the attention of the Committee
- Met the SBMH Management Team in the absence of the entity CEOs to discuss on any particular concern

### Looking ahead

- Continue to ensure a fair review of the performance of SBMH and its subsidiaries in view of fostering improved results
- Continue to monitor performance through effective discussion between SBMH and the CEO of each subsidiary to ensure that critical matters affecting the performance of the entities receive adequate attention of the Committee

## PROJECTS ASSESSMENT COMMITTEE

The PAC provides an oversight on the strategic projects having an impact across the SBM Group's operating entities. It oversees 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.

Independence	Members	Meetings	Attendance
67% <sup>1</sup>	3 <sup>1</sup>	4	69%

Members	Independent	Committee member since	Meeting attendance
Ms Shakilla Bibi Jhungeer ( <i>Chairperson</i> )	✓	April 2023	4
Mr Jean Paul Emmanuel Arouff	X	April 2023	4
Mr Raoul Gufflet <sup>2</sup>	X	October 2023	3
Ms Sharon Ramdenée <sup>2</sup>	✓	August 2024	-

<sup>1</sup>Based on the current composition of the PAC

<sup>2</sup>Ms Sharon Ramdenée was appointed as member in replacement of Mr Raoul Gufflet effective 12<sup>th</sup> August 2024

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

### Principal areas of focus in 2024

- Provided strategic oversight over Group related projects
- Monitored the progress of the Group related projects
- Assessed potential risks associated with specific projects

### Looking ahead

- Continue to direct major strategic projects to ensure execution in a timely manner
- Ensure that the appropriate resources and assets are in place to effectively manage the proper execution of the strategic projects.

## MANAGEMENT COMMITTEES



The Board has delegated the responsibility to the Group CEO for overseeing the day-to-day operations of the Group as well as formulating, implementing and overseeing the Group’s strategic objectives as approved by the Board.

Supported by the SBMH Management Team (Executive and Management Offices), the Group CEO is responsible for the following, including but not limited to, (a) developing the Group’s budget and long term plan for consideration by the Board, (b) supporting the delivery of the Group’s strategic objectives and priorities as approved by the Board, in line with the mission, vision and values of Company, (c) monitoring the people agenda across the Group including culture, succession planning, talent management and diversity, equity and inclusion, and (d) keeping the Board informed of the status of the Company’s operations, amongst others .

The Governance structure of SBMH as detailed under Principle One provides an overview of the delegated authorities and powers.

- Group Executive Committee (Group ExCo)**

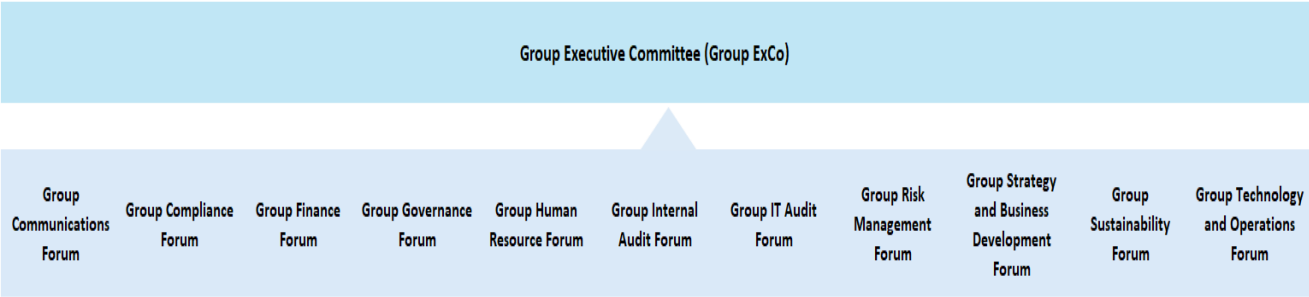
The Board established the Group ExCo, under the leadership of the Group CEO, with the following members: Group Chief Business Development Officer, Group Chief Investment Officer, Group Chief Operations and Transformation Officer, Group Chief Risk and Compliance Officer, Group Chief Strategy Officer, Group Chief Sustainability Officer and Group Chief Financial Officer. The Group ExCo assists in: (a) implementing the Group’s strategy, operational plans, policies, procedures and budgets, (b) providing support to the entities, (c) assessing and managing risks and (d) improving synergy and alignment across the Group.

The Group CEO holds regular one-on-one meetings with each member to stay updated on the progress of various tasks and assignments across the Group and to facilitate the swift resolution of any potential issues.

- Group Functional Forums**

The following Group Functional Forums have been established at Management level of SBMH, to continuously ensure adequate oversight, effective control and improve synergy across all entities of the Group. During the year under review, the Board approved the setting up of an additional Forum – Group Strategy and Business Development Forum, with the aim of fostering alignment and synergies amongst Group entities from a strategic and business development angle, while being mindful of their specificities as well as applicable legal and regulatory stipulations.

The Group Functional Forums are mandated by their respective TORs, which are reviewed annually and approved by the Group CEO in his capacity as Chairperson of the Group ExCo and as approved by the SBMH Board.



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

## Principle Three – Director Appointment Procedure

Main stakeholders impacted	Main capital impacted	Main material matters impacted
Shareholders, debt holders and investor community	Intellectual capital	Regulatory compliance
Governments and regulators	Human capital	Diversity, equity and inclusion
	Social and relationship capital	

## Appointment of Directors

A formal and transparent nomination and appointment process is critical to gain the confidence and trust of all stakeholders as well as to improve the Board's effectiveness.

The Constitution of SBMH includes specific provisions with regards to the criteria for the appointment and re-appointment of the Directors, as depicted below:

<b>Section 14.1</b>	<i>"The number of Directors shall not be less than Seven (7) nor more than Eleven (11). The Chief Executive of the Company shall be an ex officio member of the Board"</i>
<b>Section 14.2</b>	<i>"No Director shall be required to hold shares in the Company to qualify him for appointment/ election.</i> <b>14.2.1</b> <i>No person shall however be qualified for appointment/election as a Director (or alternate Director) unless he holds a degree or an equivalent qualification from a recognised University or Institution.</i> <b>14.2.2</b> <i>No person shall if he does not qualify to be a fit and proper person as per the criteria laid down in the relevant BoM guideline and/or has ever been convicted of an offence relating to financial crime or other criminal acts shall be eligible for election or appointment as a director on the Board of Directors of the Company".</i>
<b>Section 14.3</b>	<i>"Each Non-Executive Director shall be elected by a separate resolution at the Annual Meeting of Shareholders and shall hold office until the next Annual Meeting and subject to any BoM restrictions, shall be eligible for re-election"</i>
<b>Section 14.6</b>	<i>"Notwithstanding Articles 14.1 and 14.2, the Board may at any time appoint any person as Director provided the total number of Directors does not at any time exceed eleven. Any Director so appointed shall hold office only until the next Annual Meeting and shall be eligible for re-election."</i>

At SBMH, there is a pre-determined, formal, transparent and rigorous process in place for the nomination and appointment of Directors. All appointments are made on a merit basis 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 Board delegates the screening and selection process to the CGCRS Committee and the REMCO, which review the composition of the Board and its Board Committees and present a diverse state of recommendations of eligible candidates to the Board for consideration. The Board assumes the ultimate responsibility for the appointment of Directors 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, the Code and other applicable legislations and guidelines, in terms of the board balance. Prior to appointing potential candidates onto the Board, due consideration is given to the needs and strategy of the Company and several components such as, but not limited to, previous experiences, diverse skills, expertise, independence, conflicts of interest amongst others, to ascertain that the Board is adequately balanced.

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

## Selection and appointment of new Directors

	Steps	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 exercise 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 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
7	Regulatory Filings	Relevant filings are done with the regulators

Biographical details of each Director are located in the Profile section.

## Board induction

A robust Directors’ induction programme plays a pivotal role in fostering good corporate governance and ensuring that new Directors are adequately guided in fulfilling their responsibilities.

At SBMH, the Chairman, with the assistance of the Board, the Group CEO and the Company Secretary, through the CGCRS Committee, assumes the responsibility for the induction and orientation 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 Company, its activities, its staff and risks and to ultimately improve their ability to govern.

On appointment, new Directors undergo a comprehensive, tailor-made induction programme so as to familiarise themselves with SBMH’s operations. A full-fledge induction pack is made available to new

Directors, through the Company Secretary's office, which contains essential information, including, but not limited to:

- A brief profile of the activities of the Group
- Fiduciary duties and responsibilities of the Director, including the process for dealing with conflicts
- Governance documents such as the Company's Constitution, Charters, policies and procedures
- Details about Board Committees, composition and TORs
- Calendar of meetings/important events amongst others

The induction programme constantly evolves, changing as appropriate to reflect the business priorities, the experience and expertise of the inductee and the role, the latter will perform. During FY 2024, the composition of the Board remained unchanged. However, a review of the induction programme was undertaken by the Company Secretary, under the guidance of the Group CEO, the Group CRCO and the Group Chief Strategy Officer, to keep abreast of the amendments in legislations, governing laws, guidelines and to keep pace with the continuously changing business environment of the Company and the overall markets.

## Continuous development programme

In a dynamic world of business, Directors play a crucial role in steering the organisations towards success.

At SBM, training and development is given utmost importance throughout the Group. Though the Board of Directors is the highest level in the Company's pyramid, the Board realises that continuous training is essential for the Directors to (a) enhance their leadership abilities, (b) assist them in making more informed and strategic decisions, (c) stay updated with the latest trends, regulations, and best practices and (d) refresh the skills and knowledge necessary for the performance of their duties.

The Board, in concert with the CGCRS Committee, the Group CEO, the Company Secretary and the SBM Academy, co-develop a formal and customised training plan for the Directors and the Management Team of the Group based on their needs, on an annual basis, to ensure that they have adequate level of knowledge and expertise to navigate through the challenges and complexities of the business environment in which the SBM Group operates. All the Directors are constantly encouraged to attend courses, workshops, seminars and other knowledge sharing sessions. A training log for all trainings organised in-house is maintained for each Director by the SBM Academy.

The pillars covered under the Director Development Programme for the year 2024 were: (1) Business Continuity Management for the Boardroom, (2) Cybersecurity oversight in an Era of Digital Acceleration, (3) Sustainable Finance and (4) Artificial Intelligence in Banking. The training programmes were facilitated by both internal and external subject matter experts.

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

## Succession planning

Effective succession planning is a cornerstone of good corporate governance and is an essential component to the survival and growth of any company.

The Board acknowledges that a smooth transition of its Directors and Management Team contributes in (a) delivering the Group's objectives and goals, (b) maintaining operational stability and board

effectiveness, (c) sustaining a strong leadership pipeline and (d) fostering the long-term growth and sustainability of the SBM Group.

Further to the non-compliance reported by SBMH over the past years, the Board is pleased to inform its shareholders and other stakeholders that a Group Succession Planning policy has been drafted internally and adopted by the Company during the first quarter of FY 2025. SBMH is hence fully compliant with the principles of the Code as from Quarter 1 FY 2025.

## Principle Four – Directors’ Duties, Remuneration and Performance

Main stakeholders impacted	Main capital impacted	Main material matters impacted
Shareholders, debt holders and investor community	Financial capital	Economic performance
Customers	Intellectual capital	Regulatory compliance
Employees	Human capital	Customer experience
Societies and communities	Social and relationship capital	Employee wellbeing
Suppliers and strategic partners		
Governments and regulators		

### Legal duties

The Directors are aware of their legal duties as defined in the Act, the SBMH Constitution, the Charter and other laws and regulations currently in force and have constantly carried out same diligently during FY 2024.

The induction pack for newly appointed Directors contains some governance documents to assist the latter in better understanding the Company and the governance system in place within the SBM Group, for the effective discharge of their statutory duties and responsibilities.

### Performance evaluation

The Board sets annual objectives for the business, in line with the Group strategy and monitors its performance through annual assessment to ensure the Board remains effective. The review exercise assesses the performance of the Board, Board Committees, individual Directors and the Chairman of the Board, in line with the provisions of the Code. This exercise serves as a critical tool, enabling an in-depth evaluation of the Board’s operational effectiveness, strategic contributions and governance practices, as well as highlighting any training and development needs for the Directors.

Unlike FY 2023, the Board resolved to conduct an internal evaluation of the Board, Board Committees, individual Directors and the Chairman of the Board for FY 2024 and this exercise was facilitated by the Chairman with the support of the Company Secretary.

The process adopted for the internal evaluation is set as follows:

<b>Step 1</b>	Distribution of a detailed questionnaire to the Directors
<b>Step 2</b>	Evaluation of the effectiveness of the Board, Board Committees, individual Directors and the Chairman of the Board
<b>Step 3</b>	Preparation of a composite report by the Company Secretary
<b>Step 4</b>	Summary of evaluation results for Board, Board Committees, individual Directors and the Chairman of the Board are presented and discussed at the Board meeting
<b>Step 5</b>	Tracked the progress achieved on past performance evaluation exercise
<b>Step 6</b>	Key areas for development and key priorities identified and action plan approved by the Board

The results of the internal performance review were presented to the Board in February 2025, which concluded that the Board & Board Committees were operating effectively and that all Directors continue to fulfil their roles as required by the in-country laws & regulations and to the satisfaction of the Board. Many areas were rated above the average with a few focus areas identified for the forthcoming year as follows:


- The level of indebtedness of SBMH which was on the high side
- Address the capital management imperatives at SBMH level
- Human resources imperatives across all entities
- Improve the performance of foreign subsidiaries
- Enhance product/services provided by its subsidiaries
- Introduce Artificial Intelligence in banking and finance
- Establish proper operational plans for SBMBI and SBMBK
- Focus on the IT infrastructure of the various subsidiaries

A comprehensive action plan would be developed and reviewed regularly to monitor progress throughout the FY 2025 with regards to the above areas.

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

## Related party transactions and conflicts of interests

The Board reviewed the Group Related Party Transactions and Conflict of Interest Policy (the Policy) during the year under review, to ensure compliance with the BoM guideline and other laws & legislations as applicable to the Company. This policy establishes a structured approval process, disclosure requirements and reporting mechanisms for related party transactions ensuring that all such dealings align with the best interests of the Group and its stakeholders.

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

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

The Directors and the Management Team have statutory duties to avoid situations where they have, or could have, a direct or indirect conflict with the interests of the Company. They have an obligation to promptly disclose to the Board/Company Secretary of any actual or potential conflicts 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 to ensure transparency and accountability. 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 and Member of the Management Team must complete a Related Party Declaration Form and thereafter submit a quarterly return through the Company Secretary, in line with the Policy. Related party transactions are inevitable, however, same needs to be done on market terms and at arms' length. In line with good governance, each Director and Member of the Management Team, has an ongoing obligation to report any actual or probable situation of conflict directly or indirectly, 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 must recuse themselves from the deliberations.

## Interests register

In line with the provisions of the Act, the Company Secretary maintains an Interests Register which records all actual conflicts of interest arising when Directors perform their duties and is available for consultation to the shareholders upon written request to the Company Secretary.

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

## Directors' interests and dealings in SBMH shares

- *Compliance with the SEM Listing Rules*

The Directors of SBMH 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 SEM Listing Rules.

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

The Board has adopted a Group Insider and Share Dealing (GISD) Policy which is applicable to Directors, Management Team and applicable employees of the SBM Group, providing a clear guidance on the best practices and procedures to be followed when dealing in shares/securities of SBMH to avoid the abuse of price-sensitive information as well as setting minimum standards of observance. The GISD Policy was reviewed during the FY 2024 to ensure compliance with the applicable laws and regulations. In accordance with good governance and best practices, the Company Secretary maintains a register detailing the dealing in shares/securities of SBMH by the following persons:

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

The register is updated regularly and a 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 2024:



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 (which are in turn /ultimately wholly owned by SBMH) either directly or indirectly as at 31 December 2024.

## Remuneration

### • Board of Directors

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

The table below depicts the remuneration earned by Directors in 2024 and 2023 in their capacity as Board and Committee Members of SBMH and its subsidiaries:

Name of Directors	SBMH	Subsidiaries	SBMH	Subsidiaries
	FY 2024		FY 2023	
	MUR' 000	MUR'000	MUR' 000	MUR' 000
<b>Independent Directors</b>				
Mr Sattar Hajee Abdoula (Chairman)	4,710	4,741	3,245	6,129
Ms Shakilla Bibi Jhungeer	1,800	2,059	1,705	2,080
Ms Sharon Ramdenee	1,350	1,580	1,350	1,935
Dr Subhas Thecka	1,129	-	1,000	-
<b>Non-Executive Directors</b>				
Mr Jean Paul Emmanuel Arouff	1,620	2,672	1,540	2,042
Mr Ramprakash Maunthrooa*	-	-	129	-
Mr Visvanaden Soondram	695	1,492	720	2,282
<b>Executive Director</b>				
Mr Raoul Gufflet (Group CEO)	40,949	-	35,809	-

\*Mr Ramprakash Maunthrooa resigned as Director effective 14<sup>th</sup> July 2023.

The Board confirms that none of the Non-Executive Directors have received any kind of variable remuneration, neither in the form of share options nor bonuses associated with the Company's performance during the FY under review, other than the fixed fees as stipulated in the table above.

With regards to the Executive Director, the amount disclosed in the Report represents the total remuneration paid to him during FY 2024. This includes variable remuneration such as bonuses linked to personal Key Performance Indicators (KPI) and to the performance of the SBM Group, as stipulated in the employment contract. In line with the in-house practices, the Executive Director does not derive any fees as Director of the SBMH and its Subsidiaries during the period under review.

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



- *Executive Management*

SBMH ensures that it attracts, retains and motivates the talent capable of delivering the Group's purpose and strategy and provides clear leadership, regardless of gender, ethnicity and age. SBMH strives to ensure incentives encourage the achievement of its purpose and strategic priorities and the Management Team is rewarded in line with the overall business performance and wider experience of its key stakeholders. The remuneration packages of the Management Team are approved by the Board through the REMCO. Various criteria are considered prior to agreeing to the quantum namely: qualification, skills, experience and achievement of KPIs, amongst others.

## Information, Information Technology and Information Security Governance

SBM Group has an established robust governance framework to ensure that Group-wide and entity-specific policies are aligned with the Company's strategic vision. This framework is reinforced by industry best practices and supported by well-defined procedures. Policies undergo periodic reviews at specified intervals to reflect regulatory developments and emerging trends while considering the local specificities of the Group's operating jurisdictions. The IT teams within each entity are responsible for implementing these policies, standards, and procedures, ensuring compliance at all required levels, including Board-level approvals where deviations occur.

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

To further strengthen governance over technology, the Group has established the Group Technology and Operations Forum at SBMH level. This Group functional forum comprises the Chief Operating Officers and Chief Information Officers of all Group entities and serves as a structured platform for sharing insights on key IT initiatives, lessons learned, and best practices. To enhance synergies across the Group's transformation agenda, a Group Project Portfolio Monitoring Mechanism has been implemented, ensuring effective oversight of all technology-related projects at the Group level. Additionally, cybersecurity matters are addressed within the Group Risk Management Forum, which brings together the Chief Risk Officers of various entities. Relevant information is escalated to the Board through the Group CEO, who receives regular updates.

The PAC established in the prior year at SBMH Board level, assists in enhancing oversight of major projects. The PAC evaluates key technology initiatives that are expected to drive cost efficiencies, operational excellence, and agility across the Group's subsidiaries.

### Principle Five – Risk Governance and Internal Control

Main stakeholders impacted	Main capital impacted	Main material matters impacted
Shareholders, debt holders and investor community	Financial capital	Economic performance
Customers	Human capital	Regulatory compliance
Employees	Social and relationship capital	Customer experience

Societies and communities		Employee wellbeing
Suppliers and strategic partners		
Government and regulators		

The Board considers risk management as a fundamental pillar of resilience and a key driver of sustainable success in today's evolving business landscape. As the ultimate governing body, it is responsible for maintaining and periodically reviewing the effectiveness of the Group's risk management and internal control systems. This includes determining the nature, extent and scope of the principal risks that the Company (on a stand-alone basis) and the Group (on a consolidated basis) are prepared to assume in pursuit of their strategic objectives.

To oversee and enhance risk management and governance, the Board has adopted the '*Three Lines of Defence*' model which establishes clear roles and responsibilities for identifying, assessing, managing and monitoring both financial and non-financial risks. The Group remains committed to embedding the enhanced ERMF across all its entities fostering greater alignment and harmonisation.

To fulfil its risk governance mandate effectively, the Board is supported by two key committees — the RMC and the Audit Committee, which oversee the integrity and effectiveness of the Group's risk management and internal control functions.

The Board, with the support of the RMC, upholds the independence and effectiveness of the risk management function. The RMC's primary mandate is to advise the Board on the Group's overall risk appetite while providing oversight of strategies, emerging risks and associated challenges. This is executed through the establishment of solid and robust frameworks, policies, limits and key control requirements that govern first-line activities, ensuring alignment with the Group's approved risk appetite. The internal control system facilitates the identification, assessment and management of risks that could impact business objectives, providing reasonable assurance against material misstatements or losses.

The Audit Committee assists the Board in fulfilling its responsibilities towards its accounting, internal control and compliance with financial and regulatory reporting responsibilities alongside safeguarding the assets and reputation of the Group. It reviews the effectiveness of internal control systems relating to both financial and risk management controls at the Group. Such review exercise is assisted by both the Internal Auditor and the External Auditors, with the Audit Committee relying on their quarterly reports/feedback to provide an independent and objective assurance to the Board on the adequacy and effectiveness of the Group's internal controls, governance and risk management. Any deviations in policies and non-performance of internal controls are duly reported and discussed at both Management and Audit Committee levels until satisfactory resolution. The Audit Committee, in addition, engages with External Auditors, independent of Management, to ensure that there are no unresolved material issues of concern.


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

## Whistleblowing policy

The Group Whistleblowing (GW) 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. The GW Policy 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. 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 independent investigation shall follow where such action is deemed appropriate. The time taken to close an investigation depends on the nature and complexity of the issue. Due care is taken to close investigations within a reasonable time frame. 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 GW Policy is applicable to all employees of the Group.

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

The following channels are available for whistleblowers:

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

## Principle Six – Reporting with Integrity

Main stakeholders impacted	Main capital impacted	Main material matters impacted
Shareholders, debt holders and investor community	Financial capital	Regulatory compliance
Customers	Intellectual capital	Employee wellbeing
Employees	Human capital	Diversity, equity and inclusion
Societies and communities	Social and relationship capital	Climate consciousness
Governments and regulators	Natural capital	

Similar to the previous year, SBMH has adopted the integrated reporting format which provides a comprehensive view of the Company's performance, encompassing both financial and non-financial aspects. This holistic approach provides valuable insights for our investors, stakeholders and the Company itself and enhances accountability, stewardship and trust. The Integrated Annual Report 2024 has, in various respects, been prepared in accordance with the guidelines set out by the International Integrated Reporting Council (IIRC) and provides key information which enables the assessment of the strategy, business model, operating context, material risks & opportunities, governance and operational performance of SBMH for the period under review.



The Integrated Annual Report 2024 will be available on the SBM Group's website.

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

Alike the previous years, the Board has maintained such a practice, demonstrating a commitment to upholding strong ethical business practices and promoting environmental & social responsibilities. Through transparent reporting and regular communication with its stakeholders, the Board can effectively demonstrate its dedication to sustainability and maintain accountability for its actions.

## Directors' responsibilities

The Board is responsible for ensuring the accurate and fair preparation of the financial statements in accordance with the IFRS accounting standards and in compliance with the requirements of the Act and the FRA 2004. The Board is also vested with the responsibility of implementing internal controls deemed necessary and appropriate to ensure that the financial statements are free from material misstatements, whether due to fraud or error.

Any significant deviation from the aforementioned information shall be detailed in the Independent Auditor's Report, accompanying the Financial Statements. The Board affirms that appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgements and estimates in the preparation of the Group Financial Statements for FY 2024.

The Audited Financial Statements of the Group for the FY 2024 have been approved by the SBMH Board on 20<sup>th</sup> March 2025 and a "*Statement of Directors' responsibilities*" jointly signed off by the Chairperson of the Board and Chairperson of the Audit Committee is included in this Report.

The Board places a strong emphasis on a wide range of critical issues including, strategy, risk, IT security, CSR, sustainability and governance, amongst others. The Strategy Report delves into the details of strategy and sustainability, which are further discussed in other sections of the Report.

## Human resources

### Employees engagement and wellness

At SBM Group, our people are at the heart of our success. Over the past year, the human capital agenda has been instrumental in supporting our strategic objectives by focusing on talent acquisition, employee development, well-being, and fostering a culture that promotes inclusivity and innovation. As we continue to navigate an evolving era, HR remains a key driver in shaping the workforce that will lead us towards a successful and sustainable future. In line with our mission to be a people-first organisation, HR initiatives have been aligned with both the Group's business goals and the broader economic landscape.

Employee well-being continues to be a key focus area. In 2024, the Human Resource Department (HRD) prioritised creating a supportive environment that promotes not only physical health but also mental and emotional well-being. The HRD expanded its wellness programs, offering mental health resources, and continued the on-site wellness activities such as Yoga, Zumba and Tai Chi sessions to employees. The HRD also introduced the services of an onsite psychologist to provide confidential support for personal and work-related challenges, including stress, anxiety, and any other counselling. Other activities include Sports activities where our teams have excelled in corporate sports events, earning podium positions and showcasing outstanding sportsmanship.

The performance management system has been further refined to ensure alignment with our organisational goals and values. In 2024, the HRD implemented another approach to performance management to ensure higher rewards for greater performance, focusing on recognising and rewarding employees for their exceptional contributions in respective areas. Through both formal and informal recognition programs, we celebrated milestones, achievements, and exemplary performance. These efforts have helped to boost morale, increase employee engagement, and drive a culture of excellence across the organisation.

The Group continues to offer competitive compensation and benefits packages that are aligned with industry standards and designed to attract and retain top talent. In addition to base salary, our employees benefit from a range of offerings including performance-based bonuses, health benefits and retirement savings plans. In 2024, a new medical scheme plan has been introduced to Mauritian-based entities with enhanced benefits. The HRD has also concluded the negotiations for the Collective Bargaining Agreement (CBA) with the SBM Staff Union in Mauritius while enjoying a sound and collaborative approach with our partners and in line with our employee relations strategy.

At SBM Group, we also take proactive steps to safeguard the health and safety of our employees, by adhering to the highest health and safety standards, in compliance with the Occupational Safety and Health Act 2005. We prioritise risk management by identifying hazards and implementing control measures. Employees are trained as first aiders and fire wardens, and regular fire drills ensure staff are familiar with evacuation routes and emergency procedures.

Our employees also engage in meaningful Corporate Social Responsibility (CSR) initiatives, bringing joy to children and seniors at charitable institutions. Our employees regularly engage in blood donation activities. These actions reflect SBM Group's commitment to fostering an inclusive community and making a positive impact.

The future of our organisation is built on innovation, and we have prioritised the development of new technologies and digital solutions that enhance customer experience, streamline operations, and improve decision-making through our talented teams and creative minds. Our ongoing investment in digital transformation has enabled us to offer a range of innovative products and services that meet the evolving needs of our clients.

The success of SBM Group is a testament to the dedication, commitment and the teamwork of our employees. Together, we have transformed challenges into opportunities and achieved remarkable growth.

### *Shaping the Organisation for Growth and Resilience*

At SBM Group, we understand that an organisation's success is shaped by its ability to adapt, innovate, and continuously evolve in response to an ever-changing workforce, changing market dynamics, customer expectations, and global economic shifts. Our commitment to shaping a resilient workforce and thus a forward-thinking organisation remains central to our people agenda, allowing us to deliver sustainable growth while maintaining a strong focus on our core values of trust, integrity, and customer-centricity.

As we reflect on the past year, we are proud of the progress we have made in shaping agile and robust human capital and an organisation that is well-positioned to meet the challenges and opportunities of the rapidly evolving sector.

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

All the ethics related matters are being handled by the dedicated HR Business Partners of SBMBM, who simultaneously oversee the HR function of the Group.

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

During the year under review, SBM Bank (India) Limited (SBMBI) had implemented a series of initiatives comprising of training sessions and refresher courses aimed at creating an ethical culture among its employees, as well as its customers. Workshops on Risk, Compliance & Ethics were conducted with an objective of appreciating norms for responsible and ethical behaviour. Emphasis was also placed on Cyber security whereby employees were coached on AADHAR security, password protection, voice cloning, KYC scams, among others. Moreover, training programs concerning Anti Money Laundering, Anti-Bribery & Anti-Corruption, Whistleblowing, Trade-based Money Laundering, Financial Crime Compliance and Combatting Financing of Terrorism were provided to the employees. In view of fostering a culture of appreciation and recognition, around 60 employees at SBMBI were honoured with different category rewards during FY 2024.

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

For Banque SBM Madagascar SA (BSBMM), it adopts the ethics framework of the Group on a best effort basis while ensuring compliance with the local regulation and central bank guidelines.

### *Looking Ahead*

HR will continue to focus on fostering a workforce that is innovative, resilient, and capable of leading the organisation into the future. Our priorities will include further investment in digital tools, continuing our focus on diversity and inclusion, and ensuring our employees are equipped to thrive in an ever-evolving landscape.

At SBM, we are committed to creating an environment where employees can grow, contribute, and succeed, and where every team member feels valued and supported. Through these efforts, we will continue to drive the SBM Group's success, ensuring that we remain at the forefront of the industry we operate in.

## 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 facilitated the SBM Scholarship Scheme to over 2,600 beneficiaries coming from low-income families. The Foundation also supports the projects of several social partners/NGOs with the aim of yielding a positive and long-term impact on the society. The SBM Foundation has embraced the SBM Group's Sustainability Agenda and reinforced one of its priority pillars around environmental protection. SBM staff members are also highly dedicated to society and take part in several social initiatives.

## Donations

The Company and the Group did not make any political donation during the year under review (2023: Nil).

The below table shows the donations, other than political, made by the Company (on a standalone basis), its subsidiaries and the Group.

Donations	SBM Holdings Ltd		Subsidiaries		The Group	
	2024	2023	2024	2023	2024	2023
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Political	-	-	-	-	-	-
Others	-	-	6,414	4,982	6,414	4,982
Total	-	-	6,414	4,982	6,414	4,982

## Principle Seven – Audit

Main stakeholders impacted	Main capital impacted	Main material matters impacted
Shareholders, debt holders and investor community	Financial capital	Economic performance
Customers	Intellectual capital	Regulatory compliance



Employees	Human capital	
Societies and communities		
Suppliers and strategic partners		
Government and Regulators		

## External audit

- Appointment of External Auditors for FY 2024*

At the Annual Meeting held in June 2024, Deloitte was re-appointed as the Statutory Auditors of SBMH for the FY 2024 to hold office until the next Annual Meeting, as recommended by the Board through its Audit Committee.

- Appointment of External Auditors for FY 2025*

It is worth noting that Deloitte is currently serving its fifth year as Statutory Auditors of the Company and in line with the provisions of the Banking Act 2004, the SBMH Board through its Audit Committee, launched a competitive Request for Proposal (RFP) during Q4 FY 2024, inviting bids from four reputable Audit Firms. The Audit Committee, through the Selection Committee, worked closely with the Management to ensure that a suitable Statutory Auditor onboarding process was in place. Several selection criteria were considered, including, but not limited to: (i) capability and competence (including reputation), (ii) audit approach, (iii) alignment with our values and (iv) quality of deliverables. Further to a thorough selection process held in Q1 2025, the SBMH Board has considered the recommendation of its Selection and Audit Committees and will recommend the proposal for “*the appointment of PricewaterhouseCoopers Ltd (PwC) as the Statutory Auditors of SBMH for FY 2025 to hold office until the next Annual Meeting*”, to the shareholders for consideration at the upcoming Annual Meeting of the Company scheduled in June 2025, subject to regulatory approval. Further updates will be provided in the Notice of Meeting to be sent to the shareholders in June 2025.

- Meeting with the Audit Committee*

The Audit Committee is instrumental in ensuring that a high-quality audit is delivered by the Group’s External Auditors and as defined in its TOR, has one of the fundamental responsibilities to oversee the Group’s relationship with the External Auditors to ensure their objectivity, independence and the quality of the external audit process are not jeopardised, but rather moulded in a way that offers constructive challenge where necessary.

The Audit Committee considers report from the External Auditors on a quarterly basis and also meets them, in the absence of the Management, providing opportunities for open conversations including but not limited to: (a) deliberations on significant matters, (b) assess whether the External Auditors have appropriately challenged the Management’s analysis, (c) assess whether there had been instances of potential threats to independence, and to remain satisfied that such independence is not unduly compromised by Management’s influence, amongst others. On the other side, 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 Management Team.

- *Evaluation of the External Auditors*

The Audit Committee regularly monitors the ongoing effectiveness and quality of the audit process and interactions with the Audit Engagement Partner and Senior Members of the External Auditor's Team through regular review meetings with the Management Team and private meetings of the Committee. Among other factors, the review covers Deloitte's independence, objectivity, appropriate mindset, professional scepticism, robustness of its processes and compliance with regulatory requirements as well as ensuring control over the provision of non-audit services.

The Audit Committee believes that the independence, objectivity and quality of the audit reviews conducted by the External Auditors as well as the effectiveness of the audit process were safeguarded and remain strong during the period under review.

- *Audit fees and fees for other services*

The fees paid to the External Auditors for the FY 2024 and 2023 are tabulated as follows:

	2024		2023	
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
	Deloitte	Other Auditors	Deloitte	Other Auditors
<b>SBM Holdings Ltd</b>				
Statutory audit and quarterly reviews	1,202	-	1,093	-
Other services	30	-	28	-
<b>Subsidiaries</b>				
Statutory audit and quarterly reviews	30,339	2,182	22,639	2,379
Other services	5,687	1,538	1,422	-

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

- *Provision of non-audit services*

The Group's External Auditors may also be requested to provide non-audit services to the Group. Their familiarity with the Group's operations and financial structure place them in the best position to effectively and efficiently offer assistance for non-audit works.

To that effect and in line with good governance, a policy related to "Provision of non-audit services" (the NAS Policy) has been established by SBMH in March 2024, which serves to safeguard the independence and objectivity of the Group's External Auditors and its affiliates when providing non-audit services to SBMH and its Subsidiaries. The NAS Policy is based on the underlying principle that the External Auditors (incumbent or incoming) should not provide any non-audit services if such service would have a material effect on, or relevance to, the production of the SBM Group's Financial Statements and/or if such services involve taking of decisions or making significant subjective judgements that should be, in general, the responsibility of the SBM Group's Management Team.

In line with its TOR and the NAS Policy, the Audit Committee oversees the process for approving all non-audit work provided by the External Auditors with the aim of safeguarding their objectivity and independence and ensuring compliance with the applicable rules and regulations and ethical guidance. The non-audit work is performed by a separate team, which holds the necessary expertise and is independent of the Audit Review Team.

During the FY ended 31 December 2024, the following non-audit services were provided by Deloitte which have not, in any manner, impaired their objectivity and independence, as different teams under the supervision of different partners/managers assisted in the tax compliance works.

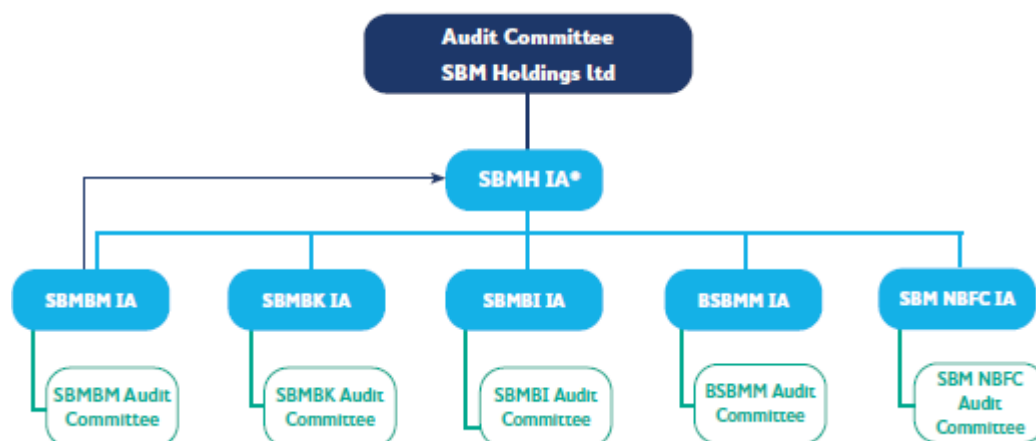
<ul style="list-style-type: none"> <li>• VAT return</li> </ul>
<ul style="list-style-type: none"> <li>• Tax advisory services in relation to entity classification under Foreign Account Tax Compliance Act and Common Reporting Standard</li> </ul>

## Internal audit

### 1. Purpose and structure

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

The IA structure of the Group is as follows:



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

\* The Group's IA function is being handled by the SBMBM IA Team, headed by Mr Neelesh Sawoky, the Head of Internal Audit & Investigation. He 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 Profile section.

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

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

## *2. Meetings with stakeholders*

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

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

## *3. Responsibilities of the SBMH Audit Committee*

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

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

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

## *4. Day to day operations*

The IA functions across the Group operate as per their strategic plan, usually a 3-year IA strategic plan approved by the respective entity's Audit Committee. The 3-year audit plan, which is embedded in the 3-year strategic plan, is aligned with the objectives of each entity within the Group and expectations of key

stakeholders. The strategic plan is flexible and is updated at least annually to take into account the changes in the operating environment.

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

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

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

#### *5. Open Items/Follow-ups*

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

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

#### *6. Qualifications of the IA Team*

The 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.



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

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

The scope of work which was covered by the Internal Audit Team during FY 2024 is as follows:

##### **SBM Holdings Ltd**

The audit plan was achieved satisfactorily and the reports were submitted to the Audit Committee of SBMH.

##### **SBM Bank (Mauritius) Ltd**

IA Team completed the audit plan FY 2024.

In 2025, over and above execution of the audit plan, the IA Team intends to achieve the objectives set as per the 3-year Strategic plan, increase capacity with onboarding of additional resources and explore automation of the audit process through acquisition of a new audit software.

#### **SBM Bank (India) Limited**

The audit plan for 2024 has been completed and reported to the Board Audit Committee. Open issues of audits completed were closely monitored by the Internal Audit team and regularly followed up for closure. This process has now been further streamlined with the use of the Laser Audit Reporting System Audit management tool. The issues highlighted in the 2023 External Quality Assessment report have been fully addressed in FY 2024.

#### **SBM Bank (Kenya) Limited**

The 2024 approved audit plan was achieved and reported to the SBMBK Audit Committee in accordance with the IIA Standards.

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

In 2025, the IA Team will continue with a risk-based approach, with particular emphasis on key risk areas.

#### **Banque SBM Madagascar SA**

The audit plan for 2024 has been achieved to a large extent. 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.

#### **SBM (NBFC) Holdings Ltd**

The IA Function covers the following subsidiaries/functions:

- SBM Capital Markets Ltd
- SBM Factors Ltd
- SBM Insurance Agency Ltd
- SBM Fund Services Ltd
- SBM Mauritius Assets Managers Ltd
- SBM eBusiness Ltd
- SBM NBFC – Finance and Procurement, Compliance and Risk Management

The audit plan for 2024 was 100% achieved. High-risk open items for the current year as well as prior years were prioritised, and close follow-ups were made for closure.

For 2025, the IA functions across the Group will continue with a risk-based approach, with focus on high-risk areas as per the respective audit plan.

## Principle Eight – Relations with Shareholders and Other Key Stakeholders

Main capital impacted	Main material matters impacted
Financial capital	Economic performance
Manufactured capital	Regulatory compliance
Intellectual capital	Customer experience
Human capital	Employee wellbeing
Social and relationship capital	Diversity, equity and inclusion
Natural capital	Climate consciousness
	Social inclusion

In the current dynamic landscape, the Board of SBMH recognises the importance of positive relationships and strong engagement with all its stakeholders. As part of its ongoing commitment to transparency and accountability, SBMH ensures that the diverse needs and expectations of its stakeholders are understood and responded through reliable and effective communication, in a timely manner.

SBMH believes that trust sets the foundation for a healthy and productive relationship with stakeholders and hence has implemented a comprehensive communication strategy to uphold clear, balanced, meaningful and transparent communication with them on a regular basis. SBMH maintains a corporate website to communicate and engage with its external stakeholders such as customers, shareholders and investors, and an intranet for employee stakeholder engagement. Various other communication channels such as the annual reports/integrated annual reports, shareholders' meetings, social medias, communiqués, amongst others, are also employed to communicate and engage with relevant stakeholder groups, to facilitate their understanding of the Group's performance, its prospects, strategic directions, upcoming initiatives and the market environments in which it operates. The stakeholders of the SBM Group are usually involved with respect to matters pertaining to the organisational position, performance of the Group and the outlook.

Effective stakeholder engagement and complaints handling are essential components to fostering positive relationship and ensuring long term success of the Company. Therefore, we encourage our stakeholders to direct any complaints or queries to the Company Secretary on the following address: [company.secretary@sbmgroup.mu](mailto:company.secretary@sbmgroup.mu).

Each stakeholder group plays a crucial role in shaping the direction and activities of the Company, thereby contributing to its overall success and sustainability in an ever-evolving market environment. Below, we provide a summary of our various stakeholder groups:





## Shareholding profile

- Classification of Shareholders*

As of 31 December 2024, SBMH had a total shareholder base of 17,609, split between Foreign and Local shareholders as per table below:

Category	Number of shareholders	% of shareholders	Number of shares	% of shares
Foreign	337	1.91%	58,251,164	1.92%
Local	17,272	98.09%	2,979,151,066	98.08%
<b>Total</b>	<b>17,609</b>	<b>100.00%</b>	<b>3,037,402,230</b>	<b>100.00%</b>

- List of 10 major shareholders*

The substantial shareholders, excluding SBMH Treasury Shares, as of 31 December 2024 are as follows:

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)	67,717,721	2.62%
6	Development Bank of Mauritius Ltd	57,795,000	2.24%
7	The State Investment Corporation Ltd	40,364,380	1.56%
8	The Mauritius Commercial Bank Ltd Superannuation Fund	35,489,886	1.37%
9	MUA Life Ltd	33,623,116	1.30%
10	State Insurance Company of Mauritius Ltd (Life Fund)	32,104,775	1.24%

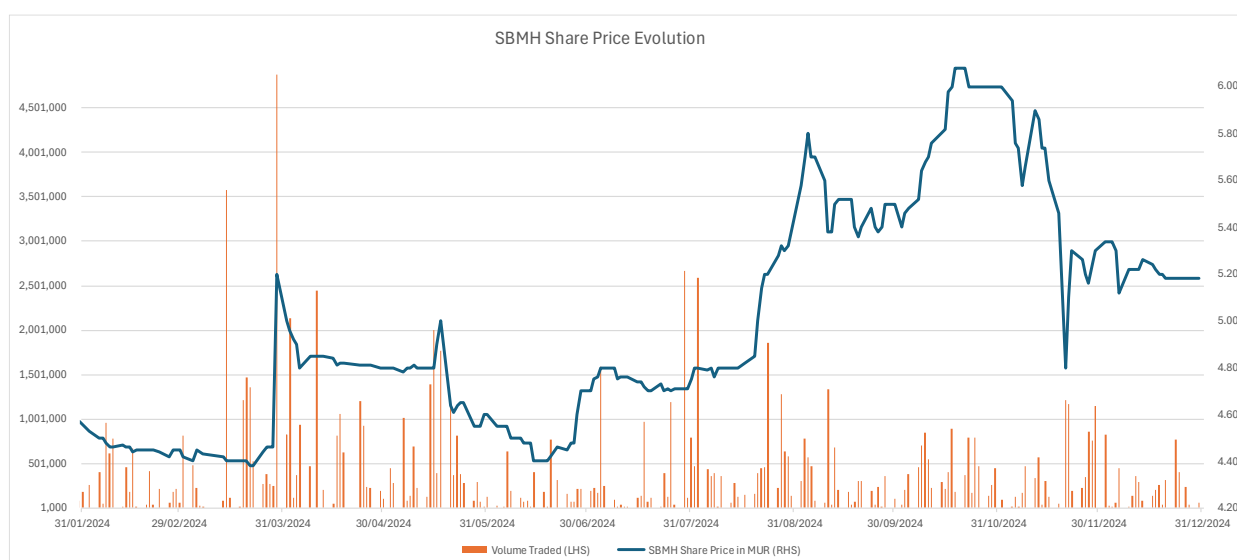
- Shareholders analysis*

The distribution of ownership, as of 31 December 2024, stands as follows:

Size of shareholding	Number of shareholders	% of shareholders	Number of shares	% of shares
1-50,000	15,612	88.66	144,201,809	4.75
50,001-100,000	774	4.39	57,302,271	1.89
100,001-500,000	882	5.01	191,498,192	6.30
500,001-1,000,000	155	0.88	110,721,814	3.64
1,000,001-5,000,000	135	0.77	269,076,728	8.86
5,000,001-10,000,000	22	0.12	146,753,766	4.83
10,000,001-25,000,000	17	0.10	232,511,470	7.65
25,000,001-50,000,000	5	0.03	171,805,677	5.66
50,000,001-100,000,000	3	0.02	205,909,442	6.78
>100,000,000	4	0.02	1,507,621,061	49.64
<b>Total</b>	<b>17,609</b>	<b>100.00</b>	<b>3,037,402,230</b>	<b>100.00</b>

- *Share price evolution*

The price movement of the Company's ordinary shares, which are listed on the SEM since 03 October 2014, for the financial year ended 31 December 2024, is graphically represented as follows:



## 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, including 455,610,330 shares held in treasury as of 31 December 2024.

## Dividend

Building continuous shareholders' trust and confidence contributes to the success of an organisation. SBMH is committed to provide consistent and predictable returns to its shareholders while maintaining a strong capital base to support growth and stability of the various operating entities of its Group. The Board is pleased to inform its shareholders that it has established a Group Dividend Policy during the year under review and a dividend payout ratio of 30% of the Group's Profit after Tax has been set, subject to adherence to regulatory requirements and approvals and prevailing macroeconomic conditions across the jurisdictions in which the Group operates.

During FY 2024, the Board declared a dividend of 40 cents per share, which was paid in June 2024.

## Shareholders information

All shareholders have the same voting rights.

## Shareholders' diary

- *Financial years 2024 and 2025*

No.	Event	Date
1	Release of year end results (2024) and declaration for payment of dividend	March 2025
2	Release of Quarter 1 2025 results	May 2025
3	Annual Meeting of Shareholders	June 2025
4	Release of Quarter 2 2025 results	August 2025
5	Release of Quarter 3 2025 results	November 2025
6	Release of year end results (2025) and declaration for payment of dividend (if any)	March 2026

## Annual Meeting of Shareholders 2025

The Board of SBMH is pleased to invite the shareholders to the next Annual Meeting of the Company. The Notice of Meeting (the Notice), containing information on the ordinary and special business (if any) to be considered at the meeting, shall be issued to the shareholders within the prescribed timeline, as stipulated in the Act.




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

The Board regards the Annual Meeting as an important opportunity to listen and be held accountable to the shareholders. During the meeting, the shareholders are generally briefed on the Group's strategy, financial and non-financial performance and they are always encouraged and provided the opportunity to engage with the Board and the Management Team during a dedicated Question & Answers Session or informally after the meeting. It is imperative that all the Directors fulfil their obligation to attend the Annual Meeting. Each item requiring approval, as outlined in the Notice, is addressed through separate resolutions.

All queries raised by shareholders and responses provided by the Board or Management are meticulously documented by the Company Secretary. In line with the provisions of the Act, these minutes of proceedings are available to the shareholders, free of charge, upon request made to the Company Secretary.

The Board consistently ensures that the Notice and the proxy form are issued to the shareholders at least 21 days prior to the Annual Meeting, in accordance with the Act. The Notice clearly outlines the proxy voting procedures and specifies the deadline for submission to the Company through the office of the Company Secretary. Taking into consideration the shareholder base of SBMH, options like corporate resolutions are not favoured.

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

## Other statutory disclosures

- *Significant contracts*

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

- *Director's Service Contract with the SBM Group*

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

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- *Directors and officers liability insurance*

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

Approved by the Board of Directors on 20 March 2025 and signed on its behalf by

  
**Mr Abdul Sattar Adam Ali Mamode Hajee Abdoula**  
Group Chairman

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

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

Name of Public Interest Entity: SBM Holdings Ltd

Reporting period: 31 December 2024

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 for Mauritius (2016) in all material aspects, except for the following:

Area of non-compliance	
Principle 3:	As of 31 December 2024, the Group did not have a Succession Planning Policy
Director Appointment Procedures	<u>Update:</u> Further to the reorganisation of the key personnel at the SBMH level, a Group Succession Planning Policy has been drafted and approved by the Board of Directors of SBMH through the Nomination & Remuneration Committee and the Corporate Governance, Conduct Review & Sustainability Committee, during Q1 2025.



**Mr Abdul Sattar Adam Ali Mamode Hajee Abdoula**  
Group Chairman



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

Date: 20 March 2025

## Company Secretary's certificate

For the financial year ended 31 December 2024

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



**Mrs D Ramjug Chumun**  
*Company Secretary*

Date: 20 March 2025

# **SBM Holdings Ltd**

## **Corporate Governance Report – FY 2024**

### **Additional Information**

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



## **Profiles - SBMH Directors**

### **MR ABDUL SATTAR ADAM ALI MAMODE 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 Practising 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 (Kenya) Limited, 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.

#### **Board Committees**

Strategy

## **Profiles - SBMH Directors**

### **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 – Ecole Supérieure de Journalisme de Paris, France

#### **Directorship in other entities**

SBM (Bank) Holdings Ltd, SBM Bank (Mauritius) Ltd and SBM (NFC) Holdings Ltd

#### **Board Committees**

Business Review Committee (Chairman), Corporate Governance, Conduct Review & Sustainability Committee (Member), Nomination & Remuneration Committee (Chairman) and Projects Assessment Committee (Member)

## **Profiles - SBMH Directors**

### **MR RAOUL CLAUDE NICOLAS GUFFLET**

Group Chief Executive Officer / Executive Director

#### **Date of appointment:**

28 November 2022

#### **Background and Experience**

Mr Gufflet is a seasoned professional with over three decades of experience in banking and finance. Throughout his career, he has gained extensive knowledge of banking and financial markets across multiple and diverse jurisdictions. He began as a strategic consultant in audit and corporate advisory at PwC, working with banks and central banks across France, Central and Eastern Europe, and Africa. He has also contributed to studies conducted in collaboration with the World Bank and the European Bank for Reconstruction and Development, focusing on financial institutions in both developed and transitional economies. Before joining the SBM Group, he served as Deputy Chief Executive Officer at a leading bank in Mauritius, where he also sat on the boards of its entities across Africa and the Indian Ocean. He has been instrumental in building the international franchise of that bank, establishing its footprint in Structured Finance and Commodities Trade Finance across Africa. He also played a key role in transforming other business units, creating alignment with international best practices, regulatory and technological trends. A strong advocate for ESG principles in responsible banking and finance, he is dedicated to fostering sustainable banking practices - key drivers in unlocking long-term shareholder value.

#### **Qualifications**

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

#### **Directorship in other entities**

Banque SBM Madagascar SA, SBM (Bank) Holdings Ltd, SBM Bank (India) Limited, SBM Bank (Kenya) Limited, SBM Bank (Mauritius) Ltd, SBM Capital Markets Ltd, SBM Factors Ltd, SBM (NBFC) Holdings Ltd and other entities of the SBM Group.

#### **Board Committees**

Strategy Committee (Member)

## **Profiles - SBMH Directors**

### **MS SHAKILLA BIBI JHUNGEER**

Independent Director

#### **Date of appointment:**

13 March 2020

#### **Background and Experience**

Ms Jhungeer is a qualified barrister from the Lincoln's Inn (London, UK) since 2010 with garnered experiences across multiple core industries ranging from aviation, retail, banking and financial services to national bodies against corruption.

Her directorships provide significant contribution in the delivery of various strategic initiatives across the different entities of the organisation. Ms Jhungeer spearheaded the revamping of the Corporate Governance structure and as a fervent believer in ESG principles, she takes great pride in leading and promoting the implementation of the Sustainability Agenda across the Group. She equally demonstrates an unwavering commitment in the crystallisation of the women empowerment initiatives through the Council of "WeMove".

Previously, Ms Jhungeer served as Board Member of the Financial Crimes Commission (FCC) (formerly known as Independent Commission Against Corruption (ICAC)) from 2015 to 2019.

#### **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**

NG Holdings Ltd, SBM (Bank) Holdings Ltd, SBM Bank (Kenya) Limited (Chairperson), SBM 3S Ltd, SBM Factors Ltd, SBM Insurance Agency Ltd, SBM (NBFC) Holdings Ltd and The Stock Exchange of Mauritius Ltd.

#### **Board Committees**

Audit Committee (Member), Business Review Committee (Member), Corporate Governance, Conduct Review & Sustainability Committee (Chairperson), Nomination & Remuneration Committee (Member) and Projects Assessment Committee (Chairperson)

## **Profiles - SBMH Directors**

### **MS SHARON RAMDENE**

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, both in London and internationally, with a portfolio of high-profile clients from a range of industries. She qualified as a Chartered Accountant with Ernst & Young London since 2005.

#### **Qualifications**

- PhD Business & Management (current reading) – Warwick Business School, UK
- Fellow of the Institute of Chartered Accountants in England and Wales (FCA, ICAEW)
- Master of Business Administration (with Distinction) specialising in Strategy and Marketing – Warwick Business School, UK
- Bachelor's Degree in Law and Business – University of Warwick, UK

#### **Directorship in other entities**

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

#### **Board Committees**

Audit Committee (Member), Projects Assessment Committee (Member), Risk Management Committee (Chairperson) and Strategy Committee (Member)

## **Profiles - SBMH Directors**

### **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)
- Master's Degree in Finance – University of Mauritius, Mauritius

#### **Directorship in other entities**

SBM (Bank) Holdings Ltd

#### **Board Committees**

Nomination & Remuneration Committee (Member) and Risk Management Committee (Member)

## **Profiles - SBMH Directors**

### **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 20 years as Lecturer at tertiary level.

#### **Qualifications**

- PhD in Business Sustainability – Open University of Mauritius, 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, Mauritius
- Diploma in Sustainability – TAFE, Australia

#### **Board Committees**

Audit Committee (Chairman), Business Review Committee (Member), Corporate Governance, Conduct Review & Sustainability Committee (Member) and Risk Management Committee (Member)



## **SBMH Management Team - Profiles**

### **MR JASWANT RAO (NUVIN) BALLOO**

Group Chief Strategy Officer

#### **Background and Experience**

Mr Balloo is a seasoned professional with close to 19 years of experience in the banking and financial services sector. At SBM Holdings Ltd, he is currently in charge of overseeing and monitoring overall strategy management, while catering for the Company's Investor Relations function and acting as its main Economist.

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

#### **Qualifications**

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

#### **Directorship in other entities**

SBM Overseas One Ltd, SBM Overseas Two Ltd, SBM Overseas Three Ltd, SBM Overseas Four Ltd, SBM Overseas Five Ltd and SBM Overseas Six Ltd.

## **SBMH Management Team - Profiles**

### **MR AKSHAY FAUGOO**

Group Chief Operations and Transformation Officer

#### **Background and Experience**

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

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

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

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

#### **Qualifications**

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

## **SBMH Management Team - Profiles**

### **MR SIVAKRISNA (KOVI) GOINDEN**

Group Chief Financial Officer

#### **Background and Experience**

Mr Goinden as Group Chief Financial Officer manages the finance, capital, performance management and procurement of SBM Holdings Ltd. He also provides his support and assistance to the different entities across the SBM Group on finance matters, performance management, budgetary control, capital requirements and any project related matters.

During his span at SBM, Mr Goinden has contributed much to the evolution of the Group with his vast experience in merger & acquisitions, Group restructuring and capital projects.

Mr Goinden has worked in the financial industry for nearly 2 decades now out of which 17 years of banking experience.

Mr Goinden is a Director on certain entities of the SBM Group while also being a Councillor of 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 – Heriot-Watt University, UK

#### **Directorship in other entities**

Industrial Finance Corporation of Mauritius (Equity) Ltd, SBM (NFC) Holdings Ltd and other SBM Subsidiaries

## **SBMH Management Team - Profiles**

### **MR NADIM IMRIT**

Group Chief Sustainability Officer

#### **Background and Experience**

Mr Imrit leads the development and management of sustainability strategies across all SBM entities, ensuring alignment with the Group's Sustainability Agenda. With a robust two-decade career in banking and financial services, his expertise is instrumental in driving the Group's strategic objectives.

Before joining SBM Holdings Ltd, Mr Imrit served as Chief Risk Officer at SBM Bank (Mauritius) Ltd, where he was pivotal in designing and implementing a governance and risk management framework that emphasized climate and environmental financial risks. Previously, he held the position of Head of Credit Analysis & Structuring in the Corporate & Institutional Banking division at The Mauritius Commercial Bank Ltd, spearheading the integration of Environmental and Social Risk Management into the bank's credit processes. He also played a key role in developing sustainable finance products and shaping a comprehensive sustainability strategy across the bank.

Mr Imrit began his career in the United Kingdom's consulting sector with KPMG and Deloitte, laying the groundwork for advancement into strategic management roles at major financial institutions, including Barclays Group and Renaissance Capital. Additionally, he is a founding member of The Sustainability Circle, an exclusive global network for sustainability leaders committed to elevating their impact alongside trusted peers.

#### **Qualifications**

- Chartered Banker Certified Green & Sustainable Finance Professional (GSFP)
- Fellow of the Institute of Chartered Accountants in England and Wales (FCA, ICAEW)
- Bachelor of Science (BSc), Management & Information Technology - University of Manchester, UK

## **SBMH Management Team - Profiles**

### **MR AHMAD MAZAHIR KOUSSA**

Group Chief Risk and Compliance Officer

#### **Background and Experience**

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

Throughout his career, Mr Koussa has held senior leadership roles in risk management, demonstrating a proven ability to establish and enhance comprehensive risk frameworks, cultivating a strong risk culture, leveraging technological advancements and foster strategic relationships with key stakeholders. He has been instrumental in the development and implementation of the Group's Enterprise Risk Management Framework with a strong focus on embedding a risk-aware culture across the organisation. His leadership has been instrumental in driving initiatives that reinforce risk awareness, transparency and accountability.

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

#### **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

## **SBMH Management Team - Profiles**

### **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 and the Mauritius Revenue Authority, amongst others.

His past experiences include those of Corporate Banker at HSBC France, Corporate Finance Banker at MCB Capital Markets, Economic Advisor at the Ministry of Finance and Economic Development, Chief Executive Officer at Mauritius Duty Free Paradise and Group Chief Executive Officer at Airports of Mauritius Co. Ltd.

Mr Nilamber was also a part-time 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 to February 2023.

#### **Qualifications**

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

## **SBMH Management Team - Profiles**

### **MR SANJAIYE RAWOTEEA**

Group Chief Business Development Officer

#### **Background and Experience**

Mr Rawoteea is a seasoned banker with a long career spanning over 25 years in the banking sector, with 15 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 the SBM in 2009 where he has since held several senior positions, including those of Senior Relationship Manager in the Private Banking Division, Head of Sales & Marketing at the SBM Non-Banking Financial Cluster and also Head of Consumer Banking. Mr Rawoteea has also served as Acting Chief Executive Officer and Executive Director of SBM Bank (Mauritius) Ltd (the “Bank” or “SBMBM”) in 2023.

At SBMBM, 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. In his capacity as Head of Consumer Banking, he was responsible for the Private Banking & Wealth Management and Retail Banking Divisions of the Bank.

#### **Qualifications**

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

## **SBMH Management Team - Profiles**

### **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 26 years in the banking and financial sector, of which over 17 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 and handles the responsibilities of the Internal Audit function of SBM Holdings Ltd simultaneously.

#### **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



## **SBM Group Chief Executives - Profiles**

### **MR PREMCHAND MUNGAR**

Chief Executive Officer, SBM Bank (Mauritius) Ltd

#### **Background and experience**

Mr Mungar is a seasoned banking professional with a proven track record of leadership and strategic management. Currently serving as the CE of SBM Bank (Mauritius) Ltd ("SBMBM") since November 2023, he has garnered extensive experience in the financial sector, particularly in Mauritius and on the African Continent. His insights and contributions to various entities he has been part of, reflect his deep understanding of the regulatory landscape and his commitment to upholding industry standards and best practices.

Mr Mungar started his career in the banking sector within the SBM Group in 1979 whereby he has held several senior positions. He also served as the Chief Executive and Executive Director of MauBank Ltd from 2018 to 2023. His past experiences also include positions such as General Counsel & Senior Director, amongst other leading roles at the Eastern & Southern African Trade & Development Bank (TDB).

Mr Mungar is currently the Chairperson of the Mauritius Bankers' Association and serves as Chairperson of the UnionPay Africa Regional Council. He also served as an Independent Director on the Board of the Financial Services Commission ("FSC") from 2017 till 2024 whereby he was also the Chairman of the Audit & Risk Committee and a Board member of the Corporate Governance Committee since 2018.

During his career, Mr Mungar has been the privileged recipient of several accolades, including the TDB President's Excellence Award for recognition of the outstanding contribution to TDB, where he served as Senior Adviser.

#### **Qualifications**

- MSc Finance and Financial Law SOAS - University of London, United Kingdom
- Postgraduate professional practitioners course for attorney-at-law - Council of Legal Education (under the aegis of the Supreme Court of Mauritius), Mauritius
- LLB (Hons) English Law and French Law - University of Mauritius in collaboration with the University of Birmingham (England) and Université d'Aix Marseille (France), Mauritius
- LEAD programme - Stanford Graduate School of Business, Stanford University, United States
- 10th Autumn Course on International Finance, sponsored by Japan Bank for International Cooperation and organised in collaboration with Waseda University, held in Tokyo, Japan
- 16th Summer School for International Financial Law, organised by Euromoney in collaboration with St Catherine's College, University of Oxford
- Member of the Law Society of Mauritius
- Alumnus of the University of London
- Member of the Centre for Financial and Management Studies (CeFiMS) at SOAS
- Honored member of the International WHO's WHO Society of Professionals

## **SBM Group Chief Executives - Profiles**

### **MR SHAILENDRASINGH (SHAILEN) SREEKEESSOON**

Chief Executive Officer, SBM (NBFC) Holdings Ltd

#### **Background and experience**

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

## **SBM Group Chief Executives - Profiles**

### **MR ASHISH VIJAYAKAR**

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

#### **Background and experience**

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

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

Prior to joining SBM Bank (India) Limited, Mr Vijayakar was the Co-Head & Managing Director, Corporate & Institutional Banking at Standard Chartered Bank, India, whereby he demonstrated his ability to navigate through complex market dynamics and deliver sustainable results. Mr. Vijayakar has also undertaken critical leadership roles in Standard Chartered Bank's operations in Africa, Middle East and South Asia.

#### **Qualifications**

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

## **SBM Group Chief Executives - Profiles**

### **MR BHARTESH SHAH**

Chief Executive Officer, SBM Bank (Kenya) Limited

#### **Background and experience**

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

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

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

#### **Qualifications**

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

## **SBM Group Chief Executives - Profiles**

### **MRS CHIRIN DITTOO**

Chief Executive Officer, Banque SBM Madagascar SA

#### **Background and Experience**

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

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

#### **Qualifications**

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

## **DIRECTORS OF SBM HOLDINGS LTD AND ITS SUBSIDIARIES**

<b>Holding Entity</b>		
<b>SBM Holdings Ltd</b>		
Mr Sattar Hajee Abdoula ( <i>Chairman</i> ) <sup>1</sup>		
Mr Jean Paul Emmanuel Arouff		
Mr Raoul Gufflet ( <i>Group CEO</i> )		
Ms Shakilla Bibi Jhungeer		
Ms Sharon Ramdennee		
Mr Visvanaden Soondram		
Dr Subhas Thecka		
<b>Bank Holding Entity</b>		
<b>SBM (Bank) Holdings Ltd</b>		
Mr Jean Paul Emmanuel Arouff		
Mr Raoul Gufflet		
Ms Shakilla Bibi Jhungeer		
Mr Visvanaden Soondram		
<b>Bank Operating Entities</b>		
<b>SBM Bank (Mauritius) Ltd</b>	<b>SBM Bank (Kenya) Limited</b>	<b>Banque SBM Madagascar SA</b>
Mr Ranapartab Tacouri, GCSK ( <i>Chairman</i> )	Ms Shakilla Bibi Jhungeer <sup>2</sup> (Chairperson)	Mr Sattar Hajee Abdoula ( <i>Chairman</i> ) <sup>1</sup>
Mr Jean Paul Emmanuel Arouff	Mr Raoul Gufflet	Mr Leckram Dawonauth
Mr Raoul Gufflet	Mr Sattar Hajee Abdoula <sup>13</sup>	Mr Raoul Gufflet
Mrs Imalambaal Kichenin	Dr James Boyd McFie	Mr Maurice Jean Marc Ulcoq
Mr Premchand Mungar ( <i>CEO</i> )	Ms Sharon Ramdennee	
Mr Rajcoomar Rampertab	Mr Sharad Sadashiv Rao	
Mr Muhammad Azeem Salehmohamed	Mr Bhartesh Ajitkumar Premchand Shah	
Ms Oumila Sibartie		
Mr Lawrence Eric Wong Tak Wan		
<b>SBM Bank (India) Limited</b>		
Mr. Anantha Subrahmanya Dhananjaya		
Mr. Abizer Diwanji		
Mr Raoul Gufflet		
Mr Amit Jagdhari		
Mr Umesh Jain		
Ms Pallavi Kanchan		
Mr Sanjeev Lall		
Ms Mariam Rajabally		
Mr Ashish Vijayakar ( <i>MD &amp; CEO</i> )		

Bank Non-Operating Entities		
SBM Overseas One Ltd   SBM Overseas Two Ltd   SBM Overseas Three Ltd   SBM Overseas Four Ltd   SBM Overseas Five Ltd   SBM Overseas Six Ltd		
Mr Jaswant Rao Balloo		
Mr Sivakrisna Goinden		
Mr Raoul Gufflet		
SBM Africa Holdings Ltd		
Mr Sivakrisna Goinden <sup>4</sup>		
Mr Sattar Hajee Abdoula <sup>1</sup>		
Mr Raoul Gufflet <sup>4</sup>		
Non-Bank Holding Entity		
SBM (NBFC) Holdings Ltd		
Mr Sattar Hajee Abdoula <sup>1</sup> (Chairman)		
Mr Pierre d'Unienville		
Mr Raoul Gufflet		
Mr Thierry Hugnin		
Ms Shakilla Bibi Jhungeer		
Mrs. Mariam Rajabally		
Mr Roshan Ramoly		
Mr Shailendrasingh Sreekeessoon (CEO)		
Non-Bank Operating Entities		
SBM Capital Markets Ltd	SBM Mauritius Asset Managers Ltd	SBM Fund Services Ltd
Mr Sattar Hajee Abdoula <sup>1</sup> (Chairman)	Mr Pierre d'Unienville (Chairman)	Mr Assad Abdullatif (Chairman)
Mr Raoul Gufflet	Mr Assad Abdullatif	Mr Ansley Ittea
Mrs. Mariam Rajabally	Mr Vaughan Heberden	Mr Samade Jhummun
Mr Roshan Ramoly	Mr Jayvash Nundoo	Mr Shailendrasingh Sreekeessoon (CEO)
Mr Shailendrasingh Sreekeessoon (CEO)	Mr Roshan Ramoly	
Mr. Dharmeshsingh Sreekeessoon	Mr Shailendrasingh Sreekeessoon (CEO)	
Mr Eric Venpin	Mr Eric Venpin	
SBM Insurance Agency Ltd	SBM Factors Ltd	SBM Leasing Co. Ltd (in process of winding up)
Mr Roshan Ramoly (Chairman)	Mr Sattar Hajee Abdoula <sup>1</sup> (Chairman)	Mr Shailendrasingh Sreekeessoon
Mr Vaughan Heberden	Mr Raoul Gufflet	
Ms Shakilla Bibi Jhungeer	Mr Vaughan Heberden	
Mr. Salim Peer	Ms Shakilla Bibi Jhungeer	

Mr Andre Chung Shui	Mr Shailendrasingh Sreekeessoon (CEO)	
Mr Shailendrasingh Sreekeessoon (CEO)		
SBM eBusiness Ltd		
Mr Sattar Hajee Abdoula <sup>1</sup> (Chairman)		
Mr Shaan Kundomal		
Ms Johanna Van Rensburg		
Mr Shailendrasingh Sreekeessoon (CEO)		
Entities managed by SBM Mauritius Asset Managers Ltd		
SBM India Opportunities 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 (Chairman)
Mr Amal Autar	Mr Amal Autar	Mr Jayvash Nundoo
Mr Shaan Kundomal	Mr Shaan Kundomal	
Mr Jayvash Nundoo	Mr Shailendrasingh Sreekeessoon (CEO)	
Mr Shailendrasingh Sreekeessoon (CEO)		
SBM Alternative Investments Ltd (in process of winding up)	SBM Alternative Solutions Ltd	
Mr Shailendrasingh Sreekeessoon	Mr Shailendrasingh Sreekeessoon	
Entities managed by SBM Capital Markets Ltd		
SBM Structured Solutions PCC	SBM (Mauritius) Infrastructure Development Company Ltd	
Mr Shailendrasingh Sreekeessoon (Chairman)	Mr Ganeshanlall Cheeneebash	
Mr Jayvash Nundoo	Mr Shailendrasingh Sreekeessoon (CEO)	
Non-Financial Entity		
SBM (NFC) Holdings Ltd		
Mr Jean Paul Emmanuel Arouff		
Mr Sivakrisna Goinden		
Mr Raoul Gufflet		
Ms Sharon Ramdenee		
Others		
SBM 3S Ltd		
Mr Sattar Hajee Abdoula <sup>1</sup> (Chairman)		
Ms Shakilla Bibi Jhungeer		
Mr Sivakrisna Goinden		



<sup>1</sup>*Mr Sattar Hajee Abdoula served notice of his resignation on 12<sup>th</sup> November 2024, as Director/Chairman of SBM Holdings Ltd and the Boards of subsidiaries where he currently sits. His resignation shall be effective as soon as his replacement is appointed.*

<sup>2</sup>*Ms Shakilla was appointed as Chairperson of SBM Bank (Kenya) Limited as from 02<sup>nd</sup> January 2025.*

<sup>3</sup>*Mr Sattar Hajee Abdoula was Chairman of SBM Bank (Kenya) Limited up to 31<sup>st</sup> December 2024.*

<sup>4</sup>*Messrs Sivakrisna Goinden and Raoul Gufflet were appointed as Director of SBM Africa Holdings Ltd, effective as from 18<sup>th</sup> November 2024.*

## Registered Office Addresses of SBM Holdings Ltd and its Subsidiaries

Holding Entity		
<b>SBM HOLDINGS LTD</b>  SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 1111/1000 Fax: (230) 202 1234 Website: <a href="http://www.sbmgroup.mu">www.sbmgroup.mu</a> Email: <a href="mailto:sbm@sbmgroup.mu">sbm@sbmgroup.mu</a>		
Bank Holding Entity		
<b>SBM (BANK) HOLDINGS LTD</b>  SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 1111/1000 Fax: (230) 202 1234 Website: <a href="http://www.sbmgroup.mu">www.sbmgroup.mu</a> Email: <a href="mailto:sbm@sbmgroup.mu">sbm@sbmgroup.mu</a>		
Banking Operating Entities		
<b>SBM BANK (MAURITIUS) LTD</b>  SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 1111 Fax: (230) 202 1234 Swift: STCBMUMU Website: <a href="http://www.sbmbank.com">www.sbmbank.com</a> Email: <a href="mailto:sbm@sbmgroup.mu">sbm@sbmgroup.mu</a>	<b>SBM BANK (KENYA) LIMITED</b>  Riverside Mews Building, Riverside Drive, Nairobi, Kenya P.O. Box 34886 - 00100 Tel: (254) 709 800 000/ (254) 730 175 000 Swift: SBMCKENA Website: <a href="http://www.sbmbank.co.ke">www.sbmbank.co.ke</a> Email: <a href="mailto:atyourservice@sbmbank.co.ke">atyourservice@sbmbank.co.ke</a>	<b>SBM BANK (INDIA) LIMITED</b>  101, Raheja Centre, 1 <sup>st</sup> Floor, Free Press Journal Marg, Nariman Point, Mumbai - 400021, Maharashtra, India Tel: (91) (22) 4302 8888 Toll Free Help Line: <a href="tel:18002099335">1800 2099 335</a> / <a href="tel:18001033817">1800 1033 817</a> Swift: STCBINBX Website: <a href="http://www.sbmbank.co.in">www.sbmbank.co.in</a> Email: <a href="mailto:customercare@sbmbank.co.in">customercare@sbmbank.co .in</a>
<b>BANQUE SBM MADAGASCAR SA</b>  1, Rue Andrianary Ratianarivo Antsahavola, 101 Antananarivo, Madagascar Tel: (261) 20 22 666 07 Fax: (261) 20 22 666 08 Swift: BSBMMGMG		

Website: <a href="http://www.sbmgroup.mu">www.sbmgroup.mu</a> Email: <a href="mailto:HOTLINEMADA@sbmgroup.mu">HOTLINEMADA@sbmgroup.mu</a>		
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#### Non-Bank Holding Entity

##### SBM (NBFC) HOLDINGS LTD

SBM Tower  
1, Queen Elizabeth II Avenue, Port Louis,  
Republic of Mauritius  
Tel: (230) 260 6033  
Fax: (230) 210 3369  
Website: [www.sbmgroup.mu](http://www.sbmgroup.mu)  
Email: [nbfcfrontoffice@sbmgroup.mu](mailto:nbfcfrontoffice@sbmgroup.mu)

#### Non-Bank Operating Entities

##### SBM MAURITIUS ASSET MANAGERS LTD

SBM Tower  
1, Queen Elizabeth II Avenue, Port Louis,  
Republic of Mauritius  
Tel: (230) 202 3515/4638/  
1260/4640/4642  
Website: [www.sbmgroup.mu](http://www.sbmgroup.mu)  
Email: [sbm.assetm@sbmgroup.mu](mailto:sbm.assetm@sbmgroup.mu)

##### SBM FUND SERVICES LTD

SBM Tower  
1, Queen Elizabeth II Avenue, Port  
Louis,  
Republic of Mauritius  
Tel: (230) 202 1447/1488/  
1445/1505/1441  
Website: [www.sbmgroup.mu](http://www.sbmgroup.mu)  
Email: [sbmfundservices@sbmgroup.mu](mailto:sbmfundservices@sbmgroup.mu)

##### SBM eBUSINESS LTD

c/o Rogers House  
5, President John Kennedy  
Street, Port Louis, Republic of  
Mauritius  
Tel: (230) 210 0707  
Fax: (230) 203 1150  
Website: [www.rogerscapital.mu](http://www.rogerscapital.mu)

##### SBM FACTORS LTD

SBM Tower  
1, Queen Elizabeth II Avenue, Port Louis,  
Republic of Mauritius  
Tel: (230) 202 4899  
Website: [www.sbmgroup.mu](http://www.sbmgroup.mu)  
Email: [sbmfactors@sbmgroup.mu](mailto:sbmfactors@sbmgroup.mu)

##### SBM INSURANCE AGENCY LTD

SBM Tower  
1, Queen Elizabeth II Avenue, Port  
Louis,  
Republic of Mauritius  
Tel: (230) 260 6033  
Website: [www.sbmgroup.mu](http://www.sbmgroup.mu)  
Email: [insurance@sbmgroup.mu](mailto:insurance@sbmgroup.mu)

##### SBM CAPITAL MARKETS LTD

SBM Tower  
1, Queen Elizabeth II Avenue,  
Port Louis,  
Republic of Mauritius  
Tel: (230) 202 8146/1422/  
1429/1430/1437/1142/3522  
Fax: (230) 210 1710  
Website: [www.sbmgroup.mu](http://www.sbmgroup.mu)  
Email (Investment): [sbm.corporatefinance@sbmgroup.mu](mailto:sbm.corporatefinance@sbmgroup.mu)  
Email (Trading): [scmltraders@sbmgroup.mu](mailto:scmltraders@sbmgroup.mu)

#### Non-Financial Entity

##### SBM (NFC) HOLDINGS LTD

SBM Tower  
1, Queen Elizabeth II Avenue, Port Louis,

Republic of Mauritius  
Tel: (230) 202 1111  
Fax: (230) 211 8838  
Website: [www.sbmgroup.mu](http://www.sbmgroup.mu)  
Email: [finance@sbmgroup.mu](mailto:finance@sbmgroup.mu)

#### **Global Services**

##### **SBM 3S LTD**

SBM Tower  
1, Queen Elizabeth II Avenue, Port Louis,  
Republic of Mauritius  
Tel: (230) 202 1111  
Website: [www.sbmgroup.mu](http://www.sbmgroup.mu)  
Email: [finance@sbmgroup.mu](mailto:finance@sbmgroup.mu)

## Compliance with Section 221 of the Mauritius Companies Act 2001

- a. Total Remuneration and benefits received or due and receivable by the Executive Director from SBM Holdings Ltd and its Subsidiaries for the year ended 31 December 2024

Name of Director	SBM Holdings Ltd (MUR)	Other Subsidiaries (MUR)
Mr Raoul Claude Nicolas Gufflet	40,949,000	-

- b. Total Remuneration and Benefits received or due and receivable by the Directors from SBM Holdings Ltd and its Subsidiaries for the year ended 31 December 2024

Directors	SBM Holdings Ltd (MUR)	Other Subsidiaries (MUR)
Executive	40,949,000	-
Non-Executive	11,305,000	12,545,000

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

	2024 MUR' 000	2023 MUR' 000
<b>SBM Holdings Ltd</b>		
Statutory audit and quarterly reviews	1,202	1,093
Other services	30	28
<b>SBM (Bank) Holdings Ltd</b>		
Statutory audit and quarterly reviews	791	719
Other services	12	12
<b>SBM Bank (Mauritius) Ltd</b>		
Statutory audit and quarterly reviews - Deloitte	20,033	17,480
Other services - Deloitte	437	840
<b>SBM Bank (India) Limited</b>		
Statutory audit - Gokhale & Sathe	786	-
Statutory audit - K.S Aiyar & Co	488	1,392
Statutory audit and quarterly reviews - Deloitte	1,265	1,150
Other services - Gokhale & Sathe	865	-
Other services - K.S Aiyar & Co	673	2,132
Other services - Deloitte	3,314	-
<b>Banque SBM Madagascar SA</b>		
Statutory audit - Delta Audit	454	503
Statutory audit - Mazars Fivoarana	454	503
Statutory audit and quarterly reviews - Deloitte	495	431
Other services - Deloitte	-	-

**SBM Bank (Kenya) Limited**

Statutory audit and quarterly reviews - Deloitte

5,284

4,657

Other services - Deloitte

1,654

1,875

**SBM Africa Holdings Ltd**

Statutory audit

127

115

**SBM (NFC) Holdings Ltd**

Statutory audit

127

115

Other services

20

20

**SBM Capital Markets Ltd**

Statutory audit - Deloitte

443

403

Other services - Deloitte

32

30

**SBM Insurance Agency Ltd**

Statutory audit - Deloitte

127

115

Other services - Deloitte

27

25

**SBM E-business Ltd**

Statutory audit - Deloitte

127

115

Other services - Deloitte

26

25

**SBM 3S Ltd**

Statutory audit

127

115

Other services

26

25

**SBM Leasing Ltd**

Other services - Deloitte

-

-

Other services

-

25

**SBM (NBFC) Holdings Ltd**

Statutory audit - Deloitte

443

403

Other services - Deloitte

27

25

**SBM MAM**

Statutory audit - Deloitte

127

115

Other services - Deloitte

27

25

**SBM Fund Services Ltd**

Statutory audit - Deloitte

127

115

Other services - Deloitte

27

25

**SBM Factors Ltd**

Statutory audit - Deloitte

443

403

Other services - Deloitte

26

25

**SBM Africa Equity Fund Ltd**

Statutory audit - Deloitte	253	115
Other services - Deloitte	32	30

**SBM Alternative Investments Ltd**

Statutory audit - Deloitte		
Other services - Deloitte		

**PART B**

**FINANCIAL REVIEW FOR THE YEAR ENDED 31**

**DECEMBER 2024**





# **SBM Holdings Ltd**

## **Financial Review**

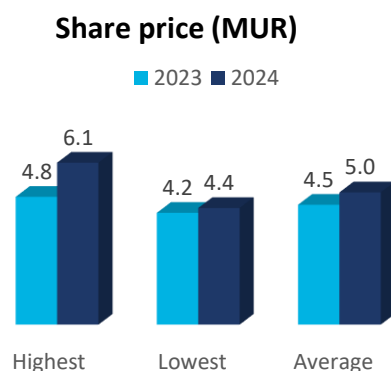
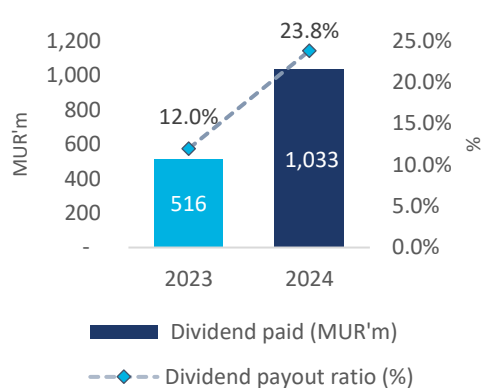
## Management Discussion and Analysis – Financial Review

SBM Group's financial performance for the period demonstrated stability, with results largely in line with those of 2023. This reflects the continued resilience of our business operations and our commitment to delivering consistent value to our investors. Despite global economic uncertainties, elevated, albeit abating, inflationary pressures and regulatory shifts in key markets, the Group remained focused on executing its strategic priorities. The results reflect sustained income growth and enhanced risk management.

SBM Group reported a Profit After Tax (PAT) of MUR 4,338.7 million for the year ended 31 December 2024, reflecting a marginal increase of 0.5% from the previous year, despite challenges in the jurisdictions where the Group is present. Earnings per Share (EPS) grew to 168.0 cents, up slightly from 167.2 cents in the prior year, reflecting the Group's stable performance and its continued focus on delivering value to shareholders in a more challenging environment.

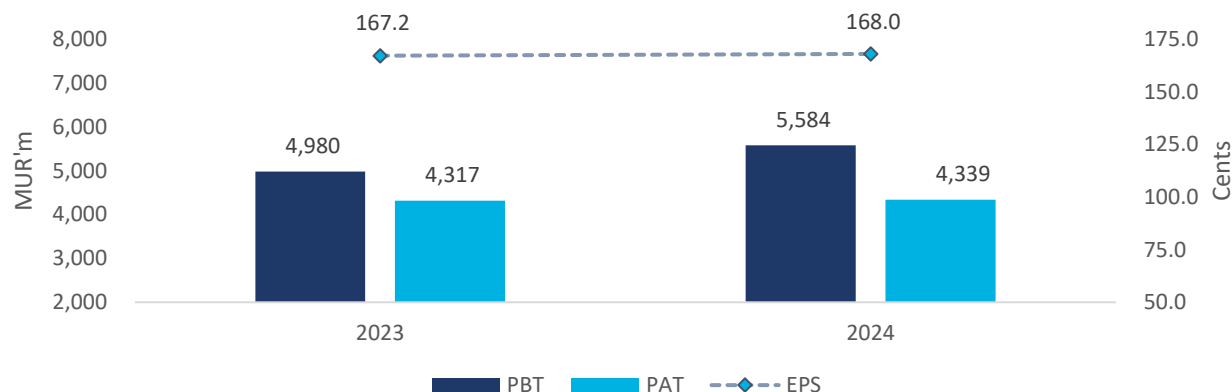
The table below outlines the financial performance of the SBM Group, including its stock market indicators, for the year ended 31 December 2024, compared to the prior year.

Financial highlights (MUR million), except for share price information		
	2023	2024
<b>For the year</b>		
Net interest income	10,640	11,174
Non-interest income	4,991	5,460
Profit before taxation	4,980	5,584
Profit for the year	4,317	4,339
Cost to income ratio	61.4	63.8
Earnings per share	167.2	168.0
Return on average assets (%)	1.2	1.1
Return on average equity (%)	14.7	12.7
<b>At year end</b>		
Total assets	362,253	433,642
Gross Loans and advances	157,802	180,676
Total deposits	293,302	363,459
Shareholders' equity	31,683	36,637
Market capitalisation	13,820	15,734
Market price per share (MUR)	4.6	5.2



## FINANCIAL PERFORMANCE

Our ongoing commitment to supporting customers, coupled with disciplined operational and strategic execution, has resulted in a stable financial performance.



The Group reported a Profit Before Tax (PBT) of MUR 5,584.1 million, representing a 12.1% increase from MUR 4,979.7 million in 2023. The growth was driven by:

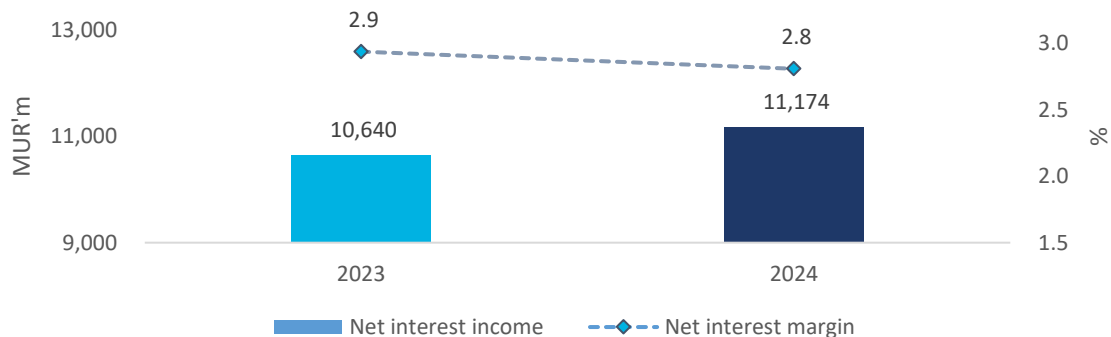
- Higher Net Interest Income, which increased by 5.0%, attributed to growth in business volumes
- Improved Non-Interest Income, primarily underpinned by trading-related activities
- Lower Impairment Charges, with a drop in the level specific provisions, reflecting the positive impact of our strengthened risk management framework

Profit After Tax (PAT) booked a marginal increase of 0.5% to MUR 4,338.7 million, compared to MUR 4,316.9 million in 2023. The lower growth rate in PAT compared to PBT was due to higher tax expenses, following changes in tax rates. Of note also, the performance of the foreign banking subsidiaries remained subdued, due to challenging operating conditions.

Earnings Per Share (EPS) also rose by 0.5% to 168.0 cents (prior year: 167.2 cents), thus testifying to the Group's ability to generate value for investors.

Return on Assets (RoA) remained stable at 1.1%, while Return on Equity (RoE) declined to 12.7%, down from 14.7% in 2023, as the increase in equity and reserves – mainly driven by higher revaluation reserves on bonds and translation reserves – outpaced the growth in Profit After Tax.

## Net Interest Income



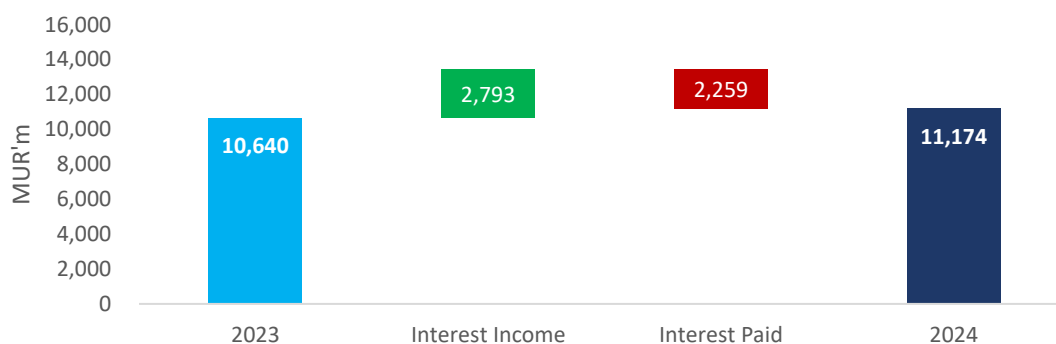
Net Interest Income increased by 5.0% to MUR 11,174.1 million, up from MUR 10,639.8 million in 2023. The key drivers were as follows:

- Growth in the loan portfolio, particularly within the retail and corporate lending segments, along with heightened investment in securities.
- Proactive Balance Sheet Management, thus ensuring an optimal mix between interest-earning assets and liabilities to support long-term sustainable margins.

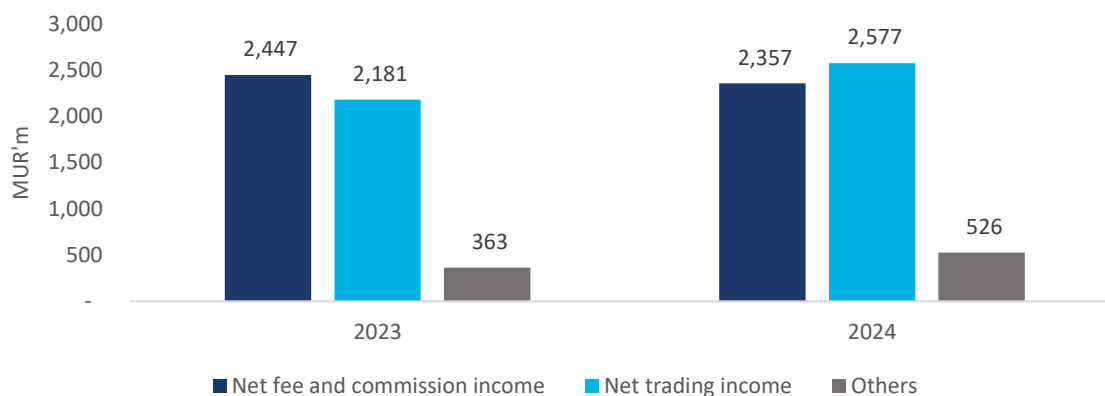
The marginal decline of 0.1% in Net Interest Margins (NIMs) is attributed to a competitive interest rate environment, changes in funding costs and an increased focus on lower-yielding, but higher-quality, credit assets.

The Group continues to optimise its funding mix and asset pricing strategies with a view to sustaining net interest income growth in the coming periods.

## Movement in net interest income



## Non-interest income

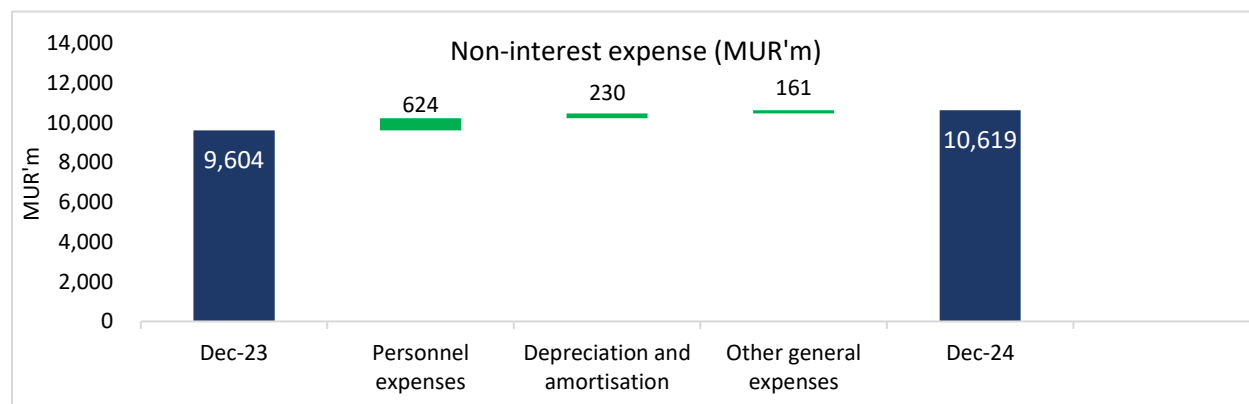


Non-interest income increased by 9.4% to MUR 5,460.4 million, up from MUR 4,991.0 million in 2023, driven by a 18.2% rise in net trading income, supported by higher fixed-income trading activities.

Other operating income for 2024 includes MUR 305.6 million in dividend income from equity investments, MUR 69 million in cyber fraud recovery from SBM Bank (India) Limited and around MUR 55 million from client recovery realisation.

## Non-interest expenses

Operating expenses increased by 10.6% to MUR 10,619.0 million, compared to MUR 9,603.9 million in 2023. The year-on-year movement is illustrated in the graph below, backed by key explanations



- Higher Staff Costs, reflecting the Group's investment in human capital and factoring in inflation-related salary adjustments to support employees amidst rising cost of living pressures.
- Increased IT and System-Related Cost, as the Group pursues its digital transformation agenda and achieves system upgrades.

The cost to income (CI) ratio rose to 63.8%, compared to 61.4% in 2023, reflecting the Group's strategic investments to enhance operational efficiency and long-term sustainability. In this context, the Group continued to lay emphasis on disciplined cost control measures, with an ongoing focus on optimising operational efficiencies and streamlining processes.

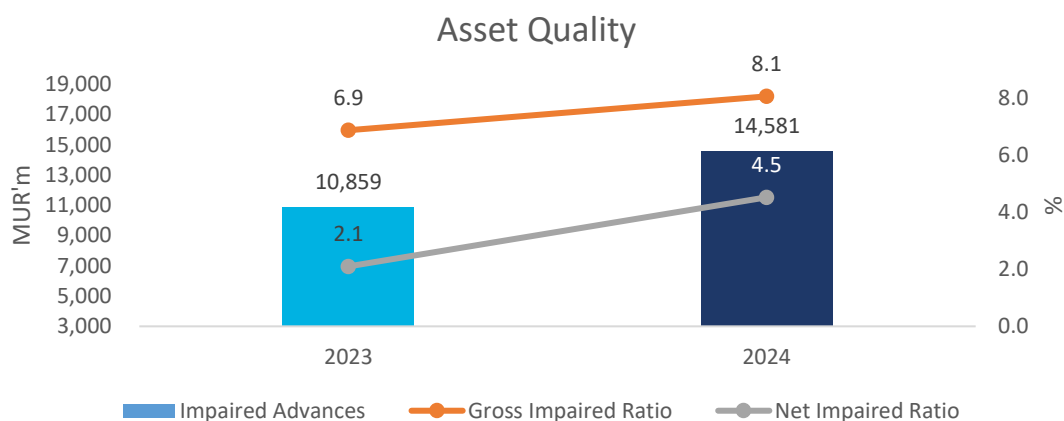
### Credit loss Expense on financial assets

	2023	2024
	MUR million	MUR million
SBMBM	919	116
SBMBI	(10)	247
BSBMM	16	21
SBMBK	100	30
Others	22	16
<b>Total</b>	<b>1,047</b>	<b>431</b>

The Group recorded a significant improvement in terms of impairment charges, which declined by 58.8% to MUR 431.3 million, compared to MUR 1,047.2 million in 2023. The decrease was primarily due to reduced specific provisions, supported by enhanced risk monitoring.

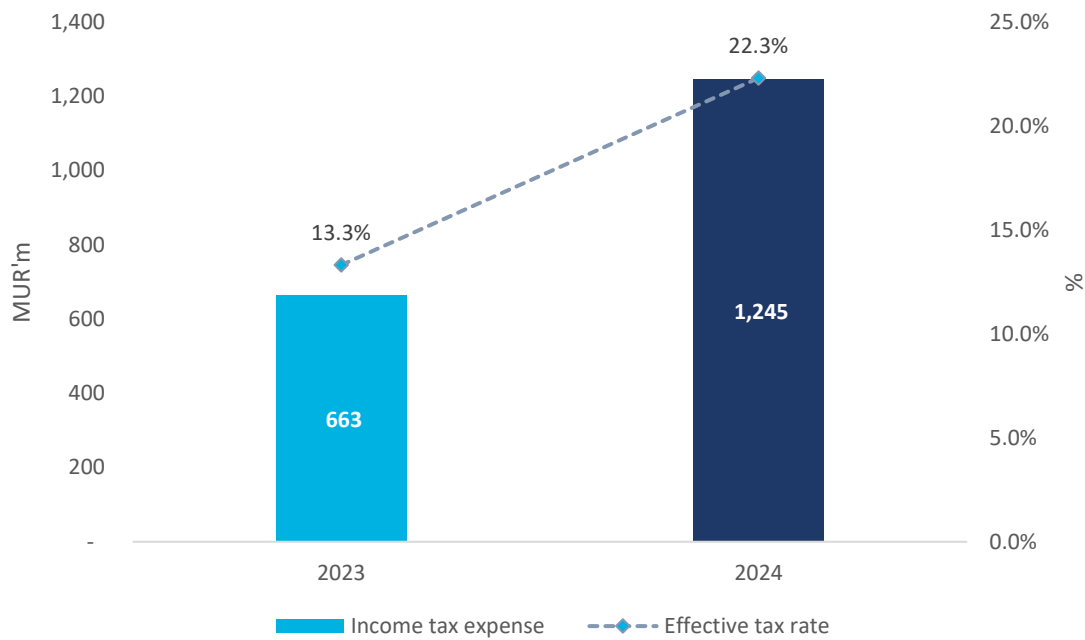
The largest recovery has been realised by SBM Bank (Mauritius) Ltd, amounting to MUR 224.1 million, followed by SBM Bank (Kenya) Limited, amounting to MUR 104.3 million in FY 2024.

### Asset Quality



The gross and net impaired ratios increased compared to last year, as some new accounts were classified as impaired, following the implementation of a new guideline on impairment by the regulator in Mauritius. The increase in the level of Non-Performing Assets (NPA), coupled with the write-off of fully provided books, contributed to the upward movement in the net impaired ratio.

## Tax Expense

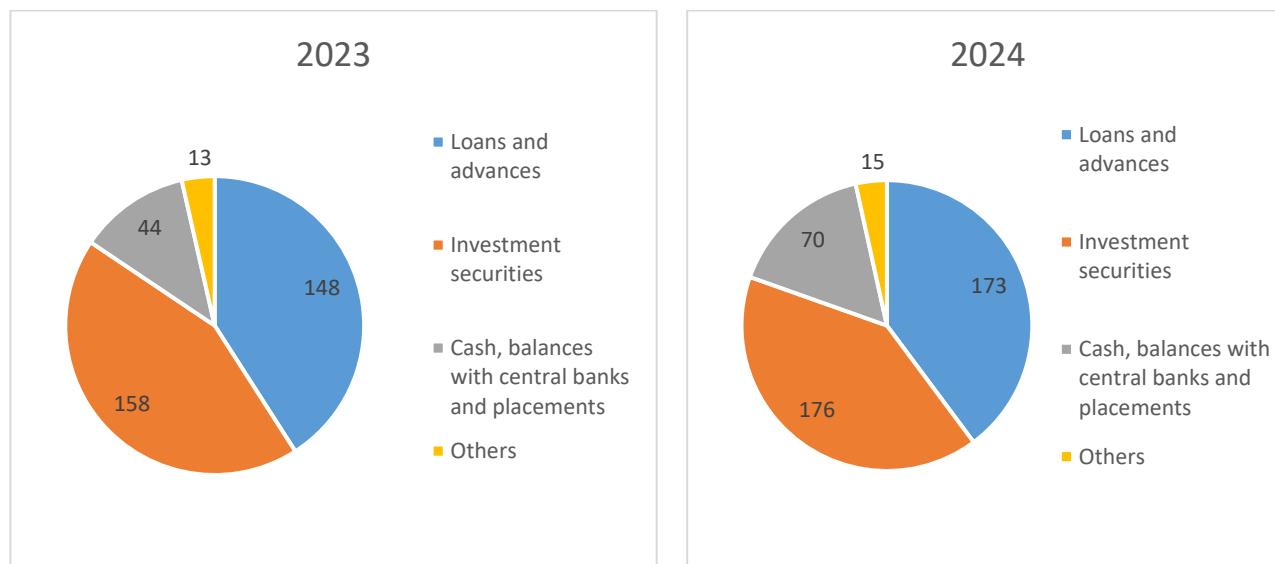


In 2024, a change in the tax rate and deferred tax coupled higher chargeable income being taxed at 15% compared to 2023 has led to an increase in the expense of by SBM Bank (Mauritius) Ltd. In addition, the Group has been levied with a new Corporate Climate Responsibility (CCR) Levy, which is set at 2% of chargeable income as from the year of assessment commencing on 01 July 2024. This new levy is substantively enacted as at the reporting date under the provisions of IAS 12 – Income Taxes and has been accrued in the financial statements.

## FINANCIAL POSITION

Balance sheet strength is critical to our ability to support our customers, invest for the future and deliver sustainable returns for our shareholders. The Group's balance sheet has expanded during the period under review, reflecting strong growth in key asset and liability categories.

### Total assets



As 31 December 2024, total assets stood at MUR 433.6 billion, an uplift of MUR 71.4 billion from 31 December 2023. The increase in assets was primary driven by higher loans and advances, investment securities as well as cash and cash equivalents.

Cash and Cash Equivalents increased by 79.5% to MUR 42.8 billion, as funds were temporarily placed in short-term placements before being deployed in medium- to long-term assets.

### Gross Loans and advances

Gross Loans and advances by entity	2023	2024
	MUR million	MUR million
SBMBM	119,070	134,796
SBMBI	23,531	26,761
BSBMM	1,209	1,354
SBMBK	14,798	18,680
Intercompany	(806)	(915)
<b>Total</b>	<b>157,802</b>	<b>180,676</b>



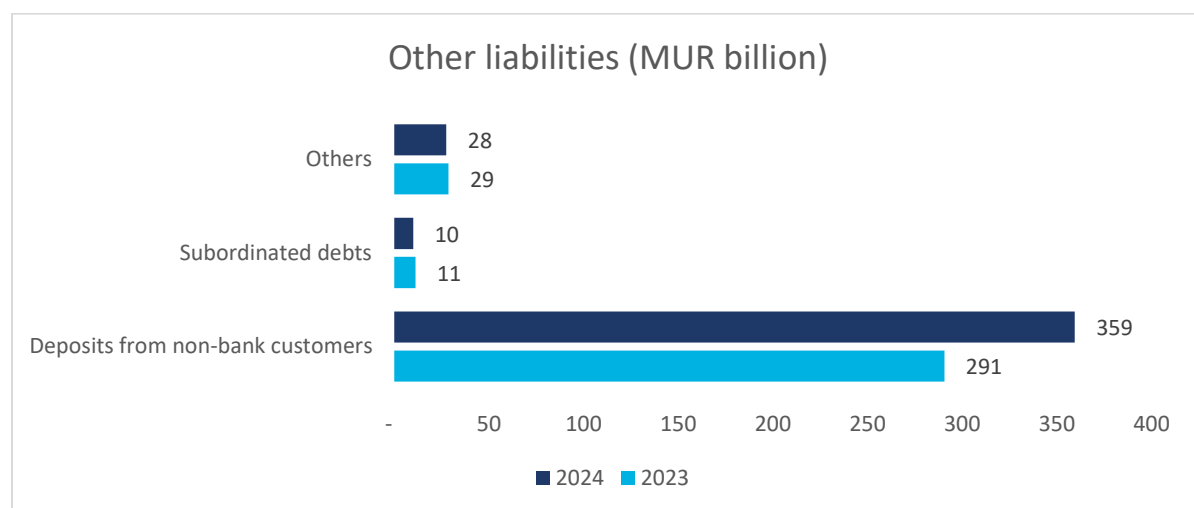
### Investment securities

Trading assets consist of Government bonds, treasury bills, corporate bonds and Bank of Mauritius bills and bonds. Debt securities primarily include Government bonds, treasury bills and bank bonds. The investment in debts securities portfolio is to manage interest rate and liquidity risk.

Investment securities have increased primarily from SBMBM while equity investment has dropped from FY 2024, representing fall in the value of the investment and disposal of some of the investments.

Investment securities by entity	2023	2024
	MUR million	MUR million
SBMBM	125,399	140,608
SBMBI	13,137	14,077
BSBMM	463	570
SBMBK	10,009	13,168
Others	8,525	7,681
<b>Total</b>	<b>157,533</b>	<b>176,104</b>

### Total liabilities

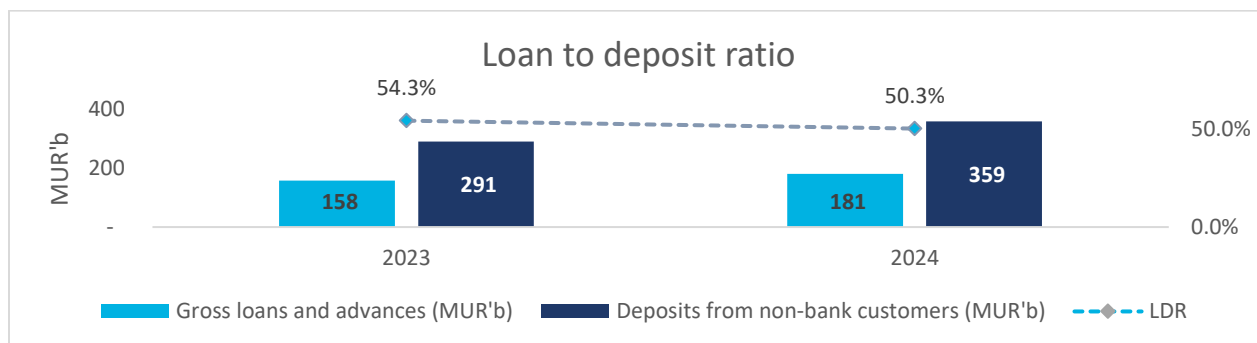


### Deposits from non-bank customers

Deposits from non-bank customers expanded by 23.7%, reaching MUR 359.5 billion in 2024, compared to MUR 290.6 billion in 2023. The increase was primarily observed in term deposits, which saw a significant year-on-year growth of 51.0%, reaching MUR 142.5 billion in 2024. This growth reflects the continued confidence our customers place in us and providing a stable source of funding for deployment.

The Group continues to deploy its liquidity surplus into fixed income gilt-edged securities, foreign banks bonds, corporate bonds and short-term placements.

### Loan to Deposit Ratio (LDR)



The Group has a LDR of 50.3% as at 31 December 2024 compared to 54.3% a year before. The decline in the Loan-to-Deposit Ratio (LDR) reflects a prudent strategy, as the deposit base grew significantly faster than loans and advances. This allowed for the temporary placement of surplus funds in short-term placements, awaiting deployment into medium- to long-term assets in the near future.

### Subordinated debts

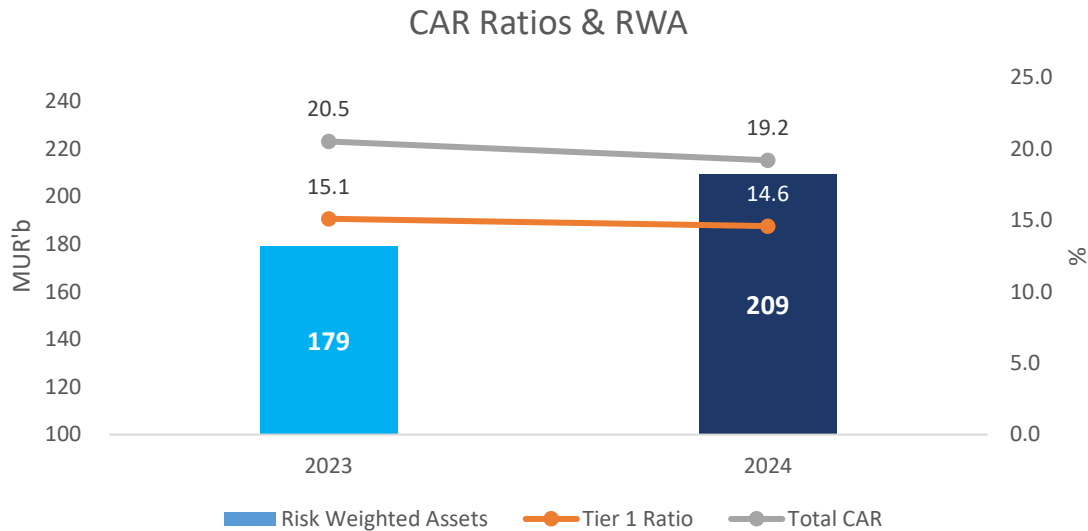
The Company has repaid the Class A1 series bond in March 2024, amounting to MUR 1.5 billion.

					Carrying value
	Maturity date	MUR million	USD million	INR million	MUR million
Second issue of subordinated debts in 2018					
Class A2 series MUR senior unsecured bonds	June 2028	3,061	-	-	3,061
Class B2 series USD senior unsecured bonds	June 2025	-	76	-	3,579
Third issue of subordinated debts in 2021					
Class A3 & B3 series unsecured bonds	June 2031	2,000	-	-	2,009
SBMBI Issue of subordinated debts in 2022 and 2023					
Fixed interest rate subordinated unsecured bonds	2032/2033	-	-	2,405	1,330
Total		5,061	76	2,405	9,978

## Shareholder Equity

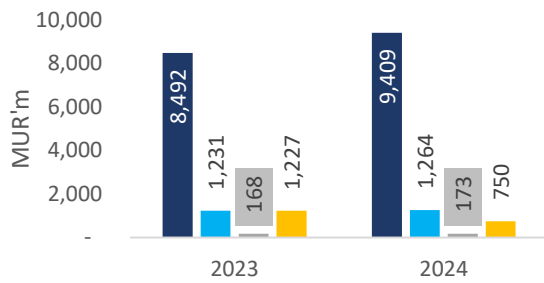
The shareholders' equity stood at MUR 36.6 billion as at 31 December 2024 (2023: MUR 31.7 billion). The increase is explained by the profit for the year, which amounted to MUR 4.3 billion, and other comprehensive income movement of MUR 1.6 billion, which was mitigated by the dividend payment of MUR 1.0 billion (2023: MUR 516 million).

## Capital Ratios

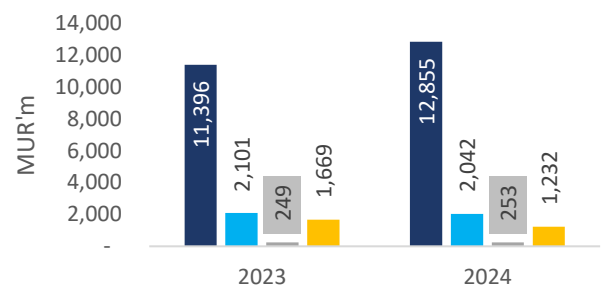


The SBM Group remained well capitalised, with a Tier 1 capital adequacy ratio of 14.6% and total CAR of 19.2% as of 31 December 2024. These capital positions were well above the regulatory minimum of 12.5% and 14.5% respectively.

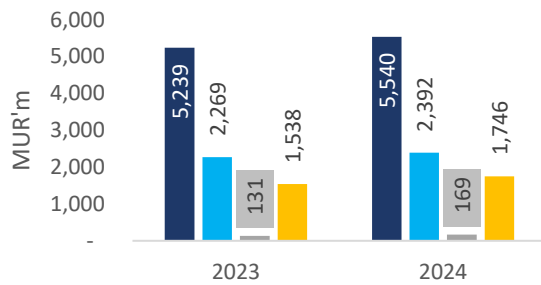
## Banking Segment Performance



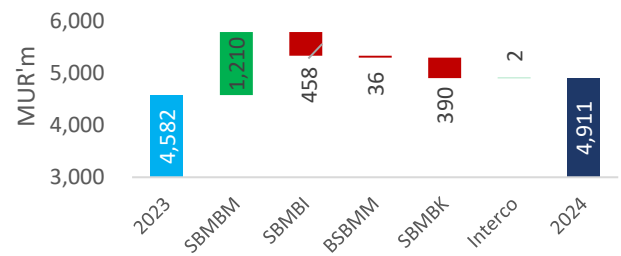
Net interest income



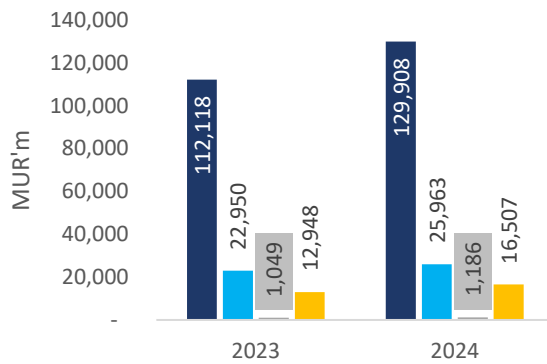
Operating income



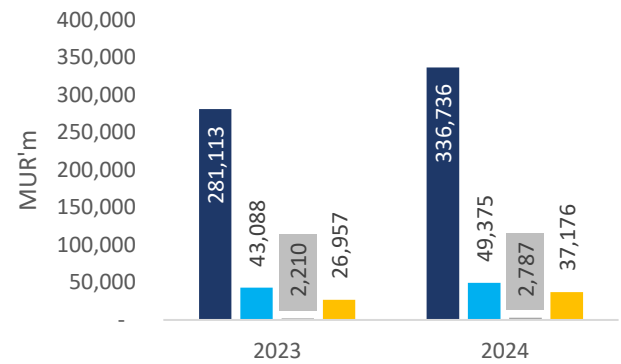
Non Interest Expense



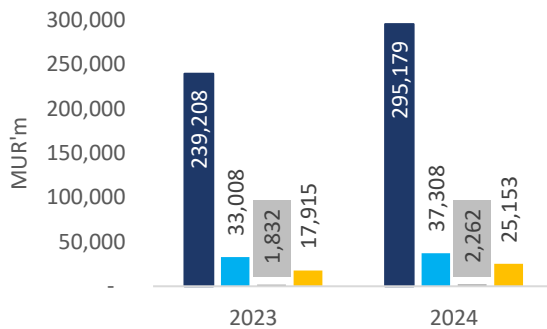
Movement Banking Group Profitability



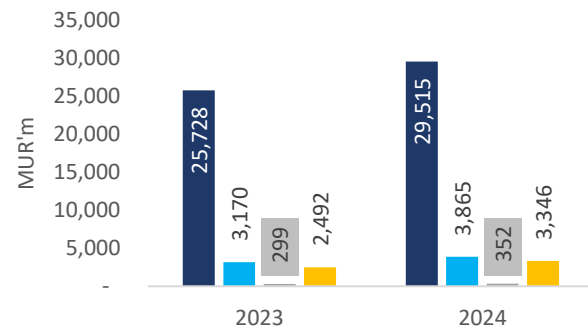
Net Loans & advances from non-bank customers



Total assets



Deposits from non-bank customers



Total equity

### **SBM Bank (Mauritius) Ltd (SBMBM)**

SBMBM's total assets increased by 19.8% compared to the previous year, mainly on the back of an increase in loans and advances to non-bank customers by MUR 17.8 billion, investment securities by MUR 15.2 billion, and cash and cash equivalents by MUR 15.0 billion.

While the bank registered a 13.2% increase in its gross loans and advances to MUR 134.8 billion as at 31 December 2024 (31 December 2023: MUR 119.1 billion), net loans and advances improved mainly with growth from the retail and corporate segments coupled with write offs done during the year improving the allowance for credit impairment from MUR 6.9 billion in FY 2023 to MUR 4.9 billion in FY 2024.

Total deposits from non-bank customers increased from MUR 239.2 billion in FY 2023 to MUR 295.2 billion in FY 2024, representing an increase of 23.4%, reflecting continued trust by stakeholders in the bank.

Return on average shareholder's equity increased from 19.5% in FY 2023 to 21.1% for FY 2024.

Total interest income increased by 15.5% to reach MUR 15.0 billion for the year ended 31 December 2024, mainly on account of an increase of 25.2% in interest received from investment securities coupled with an increase of 5.6% in interest from loans and advances from non-bank customers. Interest income from cash and cash equivalents and loans to placements with banks have also increased by MUR 393.4 million and MUR 171.8 million respectively.

Operating income grew by 12.8% to reach MUR 12.9 billion (MUR 11.4 billion in FY 2023), with the main contributors being interest income (as explained above) as well as net fee and commission and net trading income, which increased by MUR 180.4 million and MUR 337.3 million respectively.

Non-interest expenses witnessed an increase of MUR 301.4 million for the year ended 31 December 2024, attributable to a 15.1% increase in personnel costs as SBMBM remains focused on investing in its human capital. Other expenses decreased by MUR 207.3 million for FY 2024, mainly on account of an exceptional accruals for reverse vat charges recognized in FY 2023 for past three years.

Total credit loss expenses fell by 87.4%, from MUR 919.3 million in FY 2023 to MUR 116.2 million in FY 2024.

SBMBM ended the financial year with profits after tax amounting to MUR 5,834.7 million (FY 2023: MUR 4,624.7 million).

### **SBM Bank (India) Limited (SBMBI)**

SBMBI's performance has been significantly impacted by restrictions imposed by the Reserve Bank of India (RBI) during FY 2024, which led to constraints on funding and capital fronts.

Net Loans and Advances increased by 13.1% in FY 2024 over last year, from MUR 23.0 billion to MUR 26.0 billion. Loan growth has, across the banking industry in India, been slower during the last calendar year compared to 2023 owing to higher interest rates in the market and a relatively conservative approach on the part of the central bank to adopt rate cuts and increase liquidity in the market in the face of inflationary pressures.

Adding to the above, investment securities increased by of 7.2% from MUR 13.1 billion in FY 2023 to MUR 14.1 billion in FY 2024.

Deposits from non-bank customers have grown by 13.0% on the back of concentrated efforts to increase savings and term deposits balances across the Retail and Corporate segments, moving from MUR 33.0 billion to MUR 37.3 billion. Deposit mobilisation was ably supported on the Savings Account side by the bank's Wealth and High Net worth Individual and Ultra High Net worth Individual focused segment, despite slowdown in digital acquisition in the initial quarters of the calendar year. Over the course of 2024, all compliance related loopholes were addressed as per the requirement of the regulator, and, thereafter, the ban on outward remittances by resident Indians under the Liberalized Remittance Scheme ("LRS") route was lifted vide instructions received from RBI on the 5th of April 2024. Outward retail remittances were accordingly resumed on a test-basis towards the latter half of April 2024.

Loss for FY 2024 amounted to MUR 615.3 million (FY 2023: Loss of MUR 157.7 million).

Net interest income increased marginally by 2.7% on account of slower loan growth and surplus liquidity parked in RBI (SDF), drawing zero risk weight and risk-free return.

Non-interest expense grew by 5.4% as a result of higher personnel costs and costs associated with business volumes and operations.

Impairment loss on financial assets increased from a credit of MUR 10.2 million in FY 2023 to MUR 247.2 million in FY 2024 following an increase in the level of NPA in Credit Card and Corporate loan book during the year.

### **Banque SBM Madagascar (BSBMM)**

Total assets stood at MUR 2.8 billion as at 31 December 2024 (2023: MUR 2.2 billion)

BSBMM's gross loans stood slightly above last year, with a balance of MUR 1.4 billion as at 31 December 2024, in line with its strategy to prudently grow its loan book and avoid significant impairment.

An increase in its investment securities has been registered, with part of the excess funds being redeployed in higher return advances.

BSBMM registered a 3.2% increase in net interest income, mainly on account of higher interest income earned from loans and advances and investment securities.

During the second semester of FY 2024, a cleaning up has been undertaken in the bank's Portfolio while recovery of some watch list accounts were made, with the bank prudently slowing down the growth in its loan book.

BSBMM incurred a slight drop of 0.7% in non-interest income, mainly on account of Trading income following the economic situation of the country and a general decrease in the import and export business.

A 28.7% increase in non-interest expense was primarily due to the salary restructuring exercise carried out in FY 2024, while being higher maintenance costs/renovation buildings.

Net impairment charge increased from MUR 16.3 million in FY 2023 to MUR 21.5 million in FY 2024.

BSBMM ended the financial year with a lower PAT amounting to MUR 45.0 million (FY 2023: MUR 81.2 million).

### **SBM Bank (Kenya) Limited (SBMBK)**

SBMBK's total assets stood at MUR 37.2 billion as at 31 December 2024, a growth of 37.9% compared to the previous year, mainly supported by the growth in customer deposits.

The customer deposit balances increased by 40.4% to MUR 25.2 billion as at end of December 2024, compared to MUR 17.9 billion reported at end of the previous year on account of increased transactions with existing and new customers.

The bank's net loans and advances to customers recorded an increase of 27.5%, ending the year at MUR 16.5 billion. SBMBK received a capital injection of USD 10 million, supporting the capital position and operations of the Bank. The Kenyan Shilling strengthened against the US Dollar during the year under review, gaining 21% to close the year at KES 129.3 compared to KES 156.5 at the beginning of the year.

SBMBK recorded a loss after tax of MUR 351.9 million, compared to a profit of MUR 38.3 million reported for the previous year. This performance was mainly attributed to a significant increase in the cost of funds, which outweighed the increase in revenue lines. The industry experienced tightened liquidity and increased competition for customer deposits, which led to the rise in the cost of funds, for replacing matured borrowings and deposits which was at lower rates.

## **Non-Banking Segment performance**

### **SBM Non-Banking Financial Cluster (NBFC)**

SBM's Non-Banking Financial Cluster (NBFC) registered a profit after tax of MUR 188.0 million for the financial year 2024, compared to MUR 205.7 million last year, on account of lower operating income and additional ECL provisioning made as per IFRS 9. The capital markets businesses (including trading, asset and portfolio management, and corporate finance) remained the main driver for the cluster and generated the main part of total income. While some lines of business of the cluster have also improved their financial performances during the financial year, assets under management rose by 16% from MUR 17.9 billion as at 31 December 2023 to MUR 20.8 billion as at 31 December 2024, despite the challenging market conditions which continued to dampen the returns on investments.

### **SBM Holdings Ltd (SBMH)**

SBMH's profit attributable to equity holders increased by 35.1% to MUR 1,767.0 million, driven by a 40.0% rise in other operating income, which reached MUR 2,866.1 million. This growth was supported by an increase in dividend income by MUR 853.8 million from 2023 to 2024. However, the profit was partially offset by higher non-interest expenses, mainly due to an exchange difference of MUR 215.7 million resulting from the appreciation of the USD against the MUR.



## SBM Group Five years' summary

SBM GROUP	December	December	December	December	December
	2024	2023	2022	2021	2020
<b>Key financial highlights (MUR million)</b>					
Profit before income tax and Credit loss movement on financial assets and memorandum items	<b>6,015</b>	6,027	5,517	4,653	5,071
Profit before income tax	<b>5,584</b>	4,980	4,184	2,178	1,313
Profit for the year	<b>4,339</b>	4,317	3,636	1,737	1,013
Gross loans and advances to non-bank customers	<b>180,676</b>	157,802	163,451	145,086	135,601
Investment securities	<b>176,104</b>	157,533	151,978	153,427	121,053
Total assets	<b>433,642</b>	362,253	362,341	357,668	288,041
Deposits from non-bank customers	<b>359,496</b>	290,640	293,350	298,581	226,862
Shareholders' equity	<b>36,637</b>	31,683	27,170	26,378	25,196
Tier 1 capital	<b>30,504</b>	27,016	22,770	21,907	20,626
Risk-weighted assets (including market and operational risks)	<b>209,175</b>	178,969	175,429	153,043	148,284
Average assets <sup>a</sup>	<b>397,948</b>	362,297	360,005	322,854	273,080
Average shareholders' equity <sup>a</sup>	<b>34,160</b>	29,426	26,774	25,787	24,872
<b>Key financial ratios (%)</b>					
Capital adequacy ratio	<b>19.2</b>	20.5	19.1	21.4	20.7
Tier 1 Capital adequacy ratio	<b>14.6</b>	15.1	13.0	14.3	13.9
Return on risk-weighted assets	<b>2.2</b>	2.4	2.1	1.1	0.7
Return on average assets <sup>a</sup>	<b>1.1</b>	1.2	1.0	0.5	0.4
Return on average shareholders' equity	<b>12.7</b>	14.7	13.6	6.7	4.1
Cost to income	<b>63.8</b>	61.4	59.6	60.6	54.8
Provision coverage ratio	<b>46.4</b>	71.3	71.5	74.3	73.4
Gross impaired advances to gross advances	<b>8.1</b>	6.9	8.9	11.4	13.8
Net impaired advances to net advances	<b>4.5</b>	2.1	2.8	3.3	4.1
Credit to deposit ratio	<b>50.3</b>	54.3	55.7	48.6	59.8

SBM GROUP	December	December	December	December	December
	2024	2023	2022	2021	2020
<b>Share information (based on nominal of 10 cent each)</b>					
Earnings per share (Cents)	168.0	167.2	140.8	67.3	39.2
Dividend per share (Cents) <sup>b</sup>	40.0	20.0	20.0	-	-
Net asset value per share (MUR)	14.2	12.3	10.5	10.2	9.8
Share price to book value (times)	0.4	0.4	0.4	0.4	0.4
Dividend yield (%)	7.7	4.4	4.5	-	-
Earnings yield (%)	32.4	36.7	31.3	15.8	10.9
Total Yield (Cents)	40.6	20.1	20.2	67.0	(284.0)
Cumulative Yield (Cents)	967.4	926.8	906.7	886.5	819.5
Price earnings ratio (times)	3.1	2.7	3.2	6.3	9.2
Dividend cover (times)	4.2	8.4	7.0	0.0	0.0
Market capitalisation (MUR M)	15,734	13,820	13,577	12,970	10,935
Market price per share (MUR)	5.2	4.6	4.5	4.3	3.6
Highest	6.1	4.8	5.2	6.7	6.7
Lowest	4.4	4.2	4.2	3.1	3.0
Average	5.0	4.5	4.7	4.7	4.2
Value of shares trades (MUR M)	532	351	1,033	2,018	700
Value of shares traded as a percentage of Market (%)	4.3	4.3	3.3	0.8	4.5
<b>Other key data</b>					
Number of employees	3,339	3,390	3,115	2,870	2,845
Number of employees (Mauritius)	1,863	1,933	1,822	1,719	1,649
Number of employees (Overseas)	1,476	1,457	1,293	1,151	1,196
Number of service units	104	104	103	99	103
Exchange rate (USD : MUR)	47.3	44.3	43.9	43.6	39.5
Exchange rate (INR : MUR)	0.6	0.5	0.5	0.6	0.5
Exchange rate (100 MGA : MUR)	1.0	1.0	1.0	1.1	1.0
Exchange rate (KES : MUR)	0.4	0.3	0.4	0.4	0.4
<sup>a</sup> Averages are calculated using year-end balances.					

**PART C**

**AUDITED FINANCIAL STATEMENT FOR THE YEAR**  
**ENDED 31 DECEMBER 2024**

**SBM HOLDINGS LTD**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2024**

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**SBM HOLDINGS LTD**  
**STATEMENT OF DIRECTORS' RESPONSIBILITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

1

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 IFRS Accounting Standards as issued by IASB, the Mauritius Companies Act 2001 and the Financial Reporting Act 2004 .

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 section in the Annual Report.

Signed on behalf of the Board.



**Abdul Sattar Adam Ali Mamode HAJEE ABDOULA**  
Chairman



**Dr. Subhas THECKA**  
Chairman, Audit Committee

20 March 2025

## Independent auditor's report to the Shareholders of SBM Holdings Ltd

### 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 6 to 113, which comprise the consolidated and separate statements of financial position as at 31 December 2024, and the consolidated and separate statements of profit or loss, consolidated and separate statements of 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 material accounting policy information.

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 2024, and of their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB"), 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.

Key audit matter	How our audit addressed the key audit matter
<b>Provision for expected credit losses – Financial assets which are not credit impaired</b>	
<p>IFRS 9 requires the Bank 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:</p> <ul style="list-style-type: none"> <li>Model estimations – the Bank has used a statistical model 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.</li> <li>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.</li> <li>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.</li> <li>Economic scenarios – the Bank 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.</li> </ul>	<p>Our audit procedures included amongst others:</p> <ul style="list-style-type: none"> <li>Testing the design and operating effectiveness of the key controls over the key inputs, and significant judgements, estimates and assumptions used in the models;</li> <li>Using specialist team in performing certain procedures in relation to model validation including review of economic scenarios as well as ECL recomputation;</li> <li>Verifying the historical data used in determination of PD in the models;</li> <li>Assessing the appropriateness of macro-economic forecasts used;</li> <li>Assessing the appropriateness of probability of default, loss given default and exposure at default assumptions;</li> <li>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;</li> <li>Assessing the reasonableness of the qualitative adjustments applied by management for events not captured by the ECL models; and</li> </ul>

## Independent auditor's report to the Shareholders of SBM Holdings Ltd (Cont'd)

### Key audit matters (Cont'd)

Key audit matter (Cont'd)	How our audit addressed the key audit matter
<b>Provision for expected credit losses – Financial assets which are not credit impaired (Cont'd)</b>	
<ul style="list-style-type: none"> <li>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.</li> </ul> <p>Due to the significance of the judgements and estimates applied in the computation of the provision for expected credit losses, this item is considered as a key audit matter.</p> <p>The details of the policies and processes followed for the determination of ECL are disclosed in Note 38 to the financial statements.</p>	<ul style="list-style-type: none"> <li>Assessing whether the disclosures are in accordance with the requirements of IFRS 9.</li> </ul>
<b>Provision for expected credit losses - Credit impaired assets</b>	
<p>The use of assumptions for the measurement of provision for credit losses on credit-impaired assets is subjective due to the level of judgement applied by Management.</p> <p>Changes in the assumptions and the methodology applied may have a material impact on the measurement of allowance for credit impairment.</p> <p>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 financial statements.</p> <p>The most significant judgements / matters are:</p> <ul style="list-style-type: none"> <li>- whether impairment events have occurred;</li> <li>- valuation of collateral and future cash flows; and</li> <li>- management judgements and assumptions used</li> </ul> <p>Due to the significance of the judgements applied in the identification of credit-impaired facilities and determination of the provision for credit losses, this item is considered as a key audit matter.</p>	<p>Our audit procedures included amongst others:</p> <ul style="list-style-type: none"> <li>Obtaining audit evidence in respect of key controls over the processes for identification of impairment events, impaired assets and impairment assessment;</li> <li>Inspecting the minutes of Management Credit Forum, Board Risk Committee/Board Supervisory Committee and Board to ensure that there are governance controls in place in relation to assessment of allowance for credit impairment;</li> <li>Challenging the methodologies applied by using our industry knowledge and experience;</li> <li>Obtaining audit evidence of management judgements and assumptions, especially focusing on the consistency of the approach;</li> <li>Performing a risk-based test of loans and advances to customers to ensure timely identification of credit impaired assets;</li> <li>Performing tests of details on accuracy of the provision for credit losses, including validation of collateral valuation and future cash flows; and</li> <li>Assessing whether the disclosures are in accordance with the requirements of IFRS 9.</li> </ul>

### Other information

The directors are responsible for the other information. The other information, obtained at the date of this auditor's report, comprises the Statement of Directors' responsibility, Report from the Company Secretary and the Corporate Governance Report and Financial Review 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: Reflections from the Group Chairman, Message from the Group CEO, Our Reporting Universe and Philosophy, Our Value Creation Story and Risk Management Report.

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



## **Independent auditor's report to the Shareholders of SBM Holdings Ltd (Cont'd)**

### **Other information (cont'd)**

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 IFRS Accounting Standards as issued by the IASB, 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.
- 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.

**Independent auditor's report to the Shareholders of  
SBM Holdings Ltd (Cont'd)**

**Auditor's responsibilities for the audit of the consolidated and separate financial statements (Cont'd)**

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.

**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**

20 March 2025



**LLK An Hee, FCA**

**Licensed by FRC**


**SBM HOLDINGS LTD**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2024**

6.

	Notes	The Group		The Company	
		2024	2023	2024	2023
		MUR' 000	MUR' 000	MUR' 000	MUR' 000
<b>ASSETS</b>					
Cash and cash equivalents	5	42,777,884	23,827,701	2,517	710,733
Mandatory balances with central banks		19,509,733	16,918,939	-	-
Loans to and placements with banks	6	7,595,289	2,853,065	-	-
Derivative financial instruments	7	1,464,946	679,073	-	-
Loans and advances to non-bank customers	8	172,687,378	148,259,418	-	-
Investment securities	9(a)	176,104,391	157,532,715	6,662,340	6,814,937
Investment in subsidiaries	9(b)	-	-	31,923,308	31,438,094
Property and equipment	10(a)	5,270,896	4,140,212	4,873	5,312
Right of use assets	10(b)(i)	781,578	724,545	-	-
Intangible assets	11	1,535,893	1,851,623	-	66
Deferred tax assets	17 (d)	1,519,647	1,390,569	-	-
Other assets	12	4,394,750	4,075,455	80,935	113,970
<b>Total assets</b>		<b>433,642,385</b>	<b>362,253,315</b>	<b>38,673,973</b>	<b>39,083,112</b>
<b>LIABILITIES</b>					
Deposits from banks	14	3,963,451	2,662,028	-	-
Deposits from non-bank customers	15	359,496,028	290,639,805	-	-
Other borrowed funds	16	10,523,557	13,405,661	121,946	-
Derivative financial instruments	7	1,429,727	782,595	-	-
Lease liabilities	10(b)(ii)	856,681	801,229	-	-
Current tax liabilities	17 (a)	1,018,819	556,294	-	-
Pension liabilities	13	758,138	450,863	29,411	13,058
Other liabilities	18	8,981,235	10,039,834	117,594	89,296
Subordinated debts	19	9,978,148	11,232,173	8,648,535	9,952,271
<b>Total liabilities</b>		<b>397,005,784</b>	<b>330,570,482</b>	<b>8,917,486</b>	<b>10,054,625</b>
<b>SHAREHOLDERS' EQUITY</b>					
Stated capital	20	32,500,204	32,500,204	32,500,204	32,500,204
Retained earnings		11,543,044	9,511,081	2,877,797	2,148,355
Other reserves		(2,531,616)	(5,453,421)	(746,483)	(745,041)
		41,511,632	36,557,864	34,631,518	33,903,518
Treasury shares	20	(4,875,031)	(4,875,031)	(4,875,031)	(4,875,031)
<b>Total equity attributable to owners of the Company</b>		<b>36,636,601</b>	<b>31,682,833</b>	<b>29,756,487</b>	<b>29,028,487</b>
<b>Total equity and liabilities</b>		<b>433,642,385</b>	<b>362,253,315</b>	<b>38,673,973</b>	<b>39,083,112</b>

Approved by the Board of Directors and authorised for issue on 20 March 2025

  
**Abdul Sattar Adam Al Mamode HAJEE ABDOULA**  
*Chairman*

  
**Dr. Subhas THECKA**  
*Chairman, Audit Committee*

The notes on page 12 to 113 form an integral part of these financial statements.

**SBM HOLDINGS LTD**  
**STATEMENTS OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

7.

	Notes	The Group		The Company	
		2024	2023	2024	2023
		MUR' 000	MUR' 000	MUR' 000	MUR' 000
Interest income using the effective interest method		22,709,870	20,221,308	12,370	32,765
Other interest income		633,002	328,406	-	-
Interest expense using the effective interest method		(11,522,394)	(9,245,282)	(464,252)	(534,993)
Other interest expense		(646,415)	(664,631)	-	-
<b>Net interest income/(expense)</b>	25	<b>11,174,063</b>	<b>10,639,801</b>	<b>(451,882)</b>	<b>(502,228)</b>
Fee and commission income		2,481,656	2,584,671	-	-
Fee and commission expense		(124,710)	(137,358)	-	-
<b>Net fee and commission income</b>	26	<b>2,356,946</b>	<b>2,447,313</b>	<b>-</b>	<b>-</b>
<b>Other income</b>					
Net trading income	27	2,577,460	2,180,663	-	-
Net (losses)/gains from financial assets measured at FVTPL	28 (a)	(2,837)	40,253	1,369	35,342
Net losses on derecognition of financial assets measured at amortised cost	28 (b)	(32,383)	(21,394)	(20,940)	-
Net gains/(losses) on derecognition of financial assets measured at FVTOCI	28 (c)	108,567	44,962	(10,250)	-
Other operating income	29	452,602	299,249	2,866,107	2,046,581
<b>Non-interest income</b>		<b>5,460,355</b>	<b>4,991,046</b>	<b>2,836,286</b>	<b>2,081,923</b>
<b>Total operating income</b>		<b>16,634,418</b>	<b>15,630,847</b>	<b>2,384,404</b>	<b>1,579,695</b>
Personnel expenses	30	(4,899,768)	(4,275,825)	(231,909)	(182,456)
Depreciation of property and equipment	10(a)	(408,417)	(330,262)	(439)	(372)
Depreciation of right of use assets	10(b)	(229,078)	(238,631)	-	-
Amortisation of intangible assets	11	(692,546)	(531,095)	(66)	(269)
Other expenses	31	(4,389,219)	(4,228,071)	(353,074)	(76,087)
Impairment of investment in subsidiary	9(b)	-	-	(29,320)	(13,816)
<b>Non-interest expense</b>		<b>(10,619,028)</b>	<b>(9,603,884)</b>	<b>(614,808)</b>	<b>(273,000)</b>
<b>Profit before credit loss expense</b>		<b>6,015,390</b>	<b>6,026,963</b>	<b>1,769,596</b>	<b>1,306,695</b>
Credit loss movement on financial assets and memorandum items	32	(431,289)	(1,047,247)	(739)	(185)
<b>Profit before income tax</b>		<b>5,584,101</b>	<b>4,979,716</b>	<b>1,768,857</b>	<b>1,306,510</b>
Tax (expense)/credit	17 (b)	(1,245,431)	(662,779)	(1,897)	1,221
<b>Profit for the year attributable to owners of the Company</b>		<b>4,338,670</b>	<b>4,316,937</b>	<b>1,766,960</b>	<b>1,307,731</b>
<b>Earnings per share:</b>					
Basic and Diluted (Cents)	33	<b>168.0</b>	167.2		

The notes on page 12 to 113 form an integral part of these financial statements.

**SBM HOLDINGS LTD**  
**STATEMENTS OF OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

**8.**

	Notes	The Group		The Company	
		2024 MUR' 000	2023 MUR' 000	2024 MUR' 000	2023 MUR' 000
<b>Profit for the year attributable to owners of the Company</b>		<b>4,338,670</b>	4,316,937	<b>1,766,960</b>	1,307,731
<b>Other comprehensive income:</b>					
<i>Items that will not be reclassified to profit or loss:</i>					
Gain on revaluation of property	10(a)	779,597	30,815	-	-
Deferred tax on revaluation of property	17 (d)	(94,290)	-	-	-
Deferred tax arising following change in rate:					
- Revaluation of property	17 (d)	-	(70,482)	-	-
- Defined benefit pension plans	17 (d)	-	(6,446)	-	-
Remeasurement of defined benefit pension plans	13	(262,230)	(204,466)	(4,801)	(5,256)
Deferred tax on remeasurement of defined benefit pension plans	17 (d)	34,392	27,784	-	-
Fair value gain on equity instruments designated at FVTOCI	9(a)	27,131	77,347	-	-
		<b>484,600</b>	(145,448)	<b>(4,801)</b>	(5,256)
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translation of foreign operations	37	773,635	(566,236)	-	-
<i>Debt securities measured at FVTOCI</i>					
-Movement in fair value during the year		627,085	1,335,432	(11,881)	2,596
-Fair value (gains)/losses reclassified to profit or loss on derecognition		(108,567)	(44,962)	10,250	-
-Credit loss movement relating to debt instruments held at FVTOCI		(128,938)	133,829	189	(189)
		<b>1,163,215</b>	858,063	<b>(1,442)</b>	2,407
<b>Total other comprehensive income/(loss) attributable to owners of the Company</b>		<b>1,647,815</b>	712,615	<b>(6,243)</b>	(2,849)
<b>Total comprehensive income for the year attributable to owners of the Company</b>		<b>5,986,485</b>	5,029,552	<b>1,760,717</b>	1,304,882

The notes on page 12 to 113 form an integral part of these financial statements.

**SBM HOLDINGS LTD**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

**9.**

		Stated capital	Treasury shares	Statutory reserve	Retained earnings	Property revaluation reserve	Other reserves*	Total equity
<b>The Group</b>	<b>Note</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>
<b>At 01 January 2023</b>		32,500,204	(4,875,031)	735,260	5,909,389	273,859	(7,374,042)	27,169,639
Profit for the year		-	-	-	4,316,937	-	-	4,316,937
Other comprehensive (loss)/income for the year		-	-	-	(183,128)	(39,667)	935,410	712,615
Total comprehensive income/(loss) for the year		-	-	-	4,133,809	(39,667)	935,410	5,029,552
Appropriation of reserves		-	-	28,731	(67,642)	-	38,911	-
Revaluation surplus realised on depreciation		-	-	-	51,883	(51,883)	-	-
Dividend	21	-	-	-	(516,358)	-	-	(516,358)
<b>At 31 December 2023</b>		<b>32,500,204</b>	<b>(4,875,031)</b>	<b>763,991</b>	<b>9,511,081</b>	<b>182,309</b>	<b>(6,399,721)</b>	<b>31,682,833</b>
<b>At 01 January 2024</b>		<b>32,500,204</b>	<b>(4,875,031)</b>	<b>763,991</b>	<b>9,511,081</b>	<b>182,309</b>	<b>(6,399,721)</b>	<b>31,682,833</b>
Profit for the year		-	-	-	4,338,670	-	-	4,338,670
Other comprehensive (loss)/income for the year		-	-	-	(227,838)	685,307	1,190,346	1,647,815
Total comprehensive income for the year		-	-	-	4,110,832	685,307	1,190,346	5,986,485
Appropriation of reserves		-	-	16,233	(1,103,269)	-	1,087,036	-
Revaluation surplus realised on depreciation		-	-	-	57,117	(57,117)	-	-
Dividend	21	-	-	-	(1,032,717)	-	-	(1,032,717)
<b>At 31 December 2024</b>		<b>32,500,204</b>	<b>(4,875,031)</b>	<b>780,224</b>	<b>11,543,044</b>	<b>810,499</b>	<b>(4,122,339)</b>	<b>36,636,601</b>

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

The notes on page 12 to 113 form an integral part of these financial statements.



**SBM HOLDINGS LTD**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

**10.**

	Note	Stated capital MUR' 000	Treasury shares MUR' 000	Retained earnings MUR' 000	Fair value reserve MUR' 000	Total equity MUR' 000
<b><u>The Company</u></b>						
<b>At 1 January 2023</b>		32,500,204	(4,875,031)	1,362,238	(747,448)	28,239,963
Profit for the year		-	-	1,307,731	-	1,307,731
Other comprehensive (loss)/income for the year		-	-	(5,256)	2,407	(2,849)
Total comprehensive income for the year		-	-	1,302,475	2,407	1,304,882
Dividend	21	-	-	(516,358)	-	(516,358)
<b>At 31 December 2023</b>		<u>32,500,204</u>	<u>(4,875,031)</u>	<u>2,148,355</u>	<u>(745,041)</u>	<u>29,028,487</u>
<b>At 1 January 2024</b>		<b>32,500,204</b>	<b>(4,875,031)</b>	<b>2,148,355</b>	<b>(745,041)</b>	<b>29,028,487</b>
Profit for the year		-	-	1,766,960	-	1,766,960
Other comprehensive loss		-	-	(4,801)	(1,442)	(6,243)
Total comprehensive income/(loss) for the year		-	-	1,762,159	(1,442)	1,760,717
Dividend	21	-	-	(1,032,717)	-	(1,032,717)
<b>At 31 December 2024</b>		<u><b>32,500,204</b></u>	<u><b>(4,875,031)</b></u>	<u><b>2,877,797</b></u>	<u><b>(746,483)</b></u>	<u><b>29,756,487</b></u>

The notes on page 12 to 113 form an integral part of these financial statements.

**SBM HOLDINGS LTD**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

**11.**

	Notes	The Group		The Company	
		2024	2023	2024	2023
		MUR' 000	MUR' 000	MUR' 000	MUR' 000
<b>Net cash generated from/(used in) operating activities</b>	34	<b>24,727,177</b>	<b>(2,673,491)</b>	<b>(58,039)</b>	<b>(537,676)</b>
<b>Investing activities</b>					
Acquisition of property and equipment		(724,427)	(814,626)	-	(2,568)
Acquisition of intangible assets	11	(406,927)	(686,252)	-	-
Proceeds on disposal of property and equipment		23,260	5,615	-	-
Dividend received	29	305,568	267,767	2,796,280	1,942,488
Redemption of capital contribution	9(b)	-	-	125,886	-
Contribution during the year	9(b)	-	-	(1,366,474)	(151,909)
<b>Net cash (used in)/generated from investing activities</b>		<b>(802,526)</b>	<b>(1,227,496)</b>	<b>1,555,692</b>	<b>1,788,011</b>
<b>Financing activities</b>					
Net movement in other borrowed funds	19	(2,882,104)	(2,083,809)	-	-
Repayment of subordinated debts		(1,500,000)	-	(1,500,000)	-
Subordinated debts issued		-	583,039	-	-
Dividend paid on ordinary shares	21	(1,032,717)	(516,358)	(1,032,717)	(516,358)
Payment of principal portion of lease liabilities	10(b)	(293,092)	(234,973)	-	-
<b>Net cash flow used in financing activities</b>		<b>(5,707,913)</b>	<b>(2,252,101)</b>	<b>(2,532,717)</b>	<b>(516,358)</b>
<b>Net change in cash and cash equivalents</b>		<b>18,216,738</b>	<b>(6,153,088)</b>	<b>(1,035,064)</b>	<b>733,977</b>
Effect of foreign exchange rate changes		755,764	(288,009)	204,902	(51,463)
Expected credit loss allowance on cash and cash equivalents		(22,319)	(6,239)	-	-
Cash and cash equivalents at start of year		23,827,701	30,275,037	710,733	28,219
<b>Cash and cash equivalents at end of year</b>		<b>42,777,884</b>	<b>23,827,701</b>	<b>(119,429)</b>	<b>710,733</b>
Reconciliation of cash and cash equivalents					
Cash at bank	5	42,777,884	23,827,701	2,517	710,733
Bank overdraft		-	-	(121,946)	-
		<b>42,777,884</b>	<b>23,827,701</b>	<b>(119,429)</b>	<b>710,733</b>

The notes on page 12 to 113 form an integral part of these financial statements.



**1 General information**

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

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

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

**2 Application of new and revised standards and interpretations**

In the current year, the Group and the Company have applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to their operations and effective for accounting periods beginning on 01 January 2024.

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

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 1	Presentation of Financial Statements - Amendments regarding classification of liabilities
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of debt with covenants
IAS 7	Statement of cash flows - Amendments regarding supplier
IFRS 7	Financial Instruments Disclosure - Amendments regarding supplier finance arrangements
IFRS 16	Leases - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions

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

IFRS 7	Financial Instruments Disclosure - Amendments regarding the classification and measurement of financial instruments (effective 01 January 2026)
IFRS 9	Financial Instruments - Amendments regarding the classification and measurement of financial instruments (effective 01 January 2026)
IFRS 18	Presentation and Disclosures in financial statements - Original Issue (effective 01 January 2027)
IFRS 19	Subsidiaries without Public Accountability: Disclosures (effective 01 January 2027)

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 Accounting policies**

**(a) 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.

**(b) Basis of preparation**

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

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

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

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

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

***Going concern***

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

**(c) Presentation of financial statements**

The financial statements are presented in Mauritian Rupee ('MUR'), which is the Group's and Company's functional and presentation currency. All values are rounded to the nearest thousand (MUR'000), except where otherwise indicated. The Group and the Company presents its statement of financial position broadly in order of liquidity. The recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented under each respective note.

**(d) Basis of consolidation**

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

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

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

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

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

**3 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 of the Group.

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

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

**(e) 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.

**3 Accounting policies (Cont'd)**

**(f) Foreign currency translation (Cont'd)**

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

**(g) Financial instruments**

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

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

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

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

***Financial assets***

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

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

**3 Accounting policies (Cont'd)**

**(g) Financial instruments (Cont'd)**

*Financial assets (Cont'd)*

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

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

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

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

*Debt instruments measured at amortised cost or at FVTOCI*

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

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

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

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

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

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

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

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

**3 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 instruments that the entity manages together and has evidence of a recent actual pattern of short-term profit taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

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

*Cash and cash equivalents*

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

*Reclassifications*

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

*Foreign exchange gains and losses*

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

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

*Financial guarantees*

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

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

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

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

### 3 Accounting policies (Cont'd)

#### (g) Financial instruments (Cont'd)

##### *Impairment of financial assets*

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

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

No impairment loss is recognised on equity investments designated at FVTOCI.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instruments that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instruments (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL. More details on the determination of significant increase in credit risk are provided in Note 38 (b).

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the entity under the contract and the cash flows that the entity expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

For undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the entity if the holder of the commitment draws down the loan and the cash flows that the entity expects to receive if the loan is drawn down.

The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the entity expects to receive from the holder, the debtor or any other party.

More information on measurement of ECLs is provided in Note 38.

##### *Credit impaired financial assets*

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets.

Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event - instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Group considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikelihood to pay indicators and a backstop if amounts are overdue for 90 days or more.

The Group does not have purchased or originated credit impaired financial assets.

### 3 Accounting policies (Cont'd)

#### (g) Financial instruments (Cont'd)

##### *Credit impaired financial assets (Cont'd)*

##### *Definition of default*

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk (see Note 38).

The Group considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Group; or
- the borrower is unlikely to pay its credit obligations to the Group in full.

This definition of default is used by the Group for accounting purposes as well as for internal credit risk management purposes and is broadly aligned to the regulatory definition of default. The definition of default is appropriately tailored to reflect different characteristics of different types of assets. Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding. When assessing if the borrower is unlikely to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis.

The Group uses a variety of sources of information to assess default which are either developed internally or obtained from external sources. More details are provided in Note 38. As noted in the definition of credit impaired financial assets above, default is evidence that an asset is credit impaired. Therefore credit impaired assets will include defaulted assets, but will also include other non-defaulted asset given the definition of credit impaired is broader than the definition of default.

##### *Significant increase in credit risk (SICR)*

The Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

The Group's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

For corporate lending, forward-looking information includes the future prospects of the industries in which the Group's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information. For retail lending, forward-looking information includes the same economic forecasts as corporate lending with additional forecasts of local economic indicators, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment behaviour.



**3 Accounting policies (Cont'd)**

**(g) Financial instruments (Cont'd)**

*Significant increase in credit risk (SICR) (Cont'd)*

The Group allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

- the remaining lifetime PD at the reporting date with
- the remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

The PDs used are forward-looking and the Group uses the same methodologies and data used to measure the loss allowance for ECL.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However, the Group still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending, there is particular focus on assets that are included on a 'watch list' given an exposure is on a watch list once there is concern that the creditworthiness of the specific counterparty has deteriorated. For retail lending, the Group considers the expectation of forbearance and payment holidays, credit scores and events such as unemployment, bankruptcy, sale of assets.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when an asset becomes 30 days past due, the Group considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL. In addition, loans that are individually assessed and are included on a watch list are in stage 2 of the impairment model. As noted, if there is evidence of credit impairment, the assets are moved to stage 3 of the impairment model.

*Modification and derecognition of financial assets*

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Group renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness), change in interest rates and amendments to covenants. The Group has a forbearance policy in place to cater for requests for restructuring of debts. When a financial asset is modified, the Group assesses whether this modification results in derecognition. In accordance with the Group's policy, a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms, the Group considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or when rights to cash flows between the original counterparties expire because a new debtor replaces the original debtor (unless both debtors are under common control), the extent of change in interest rates, and maturity. If these do not clearly indicate a substantial modification, then;
- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest rate. If the difference in present value is greater than 10% the Group deems the arrangement is substantially different leading to derecognition. When performing a quantitative assessment of a modification or renegotiation of a credit-impaired financial asset or a purchased or originated credit-impaired financial asset that was subject to a write-off, the Group considers the expected (rather than the contractual) cash flows before modification or renegotiation and compares those with the contractual cash flows after modification or renegotiation.

**3 Accounting policies (Cont'd)**

**(g) Financial instruments (Cont'd)**

*Modification and derecognition of financial assets (Cont'd)*

In the case where the financial asset is derecognized, the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification.

The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the entity determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified as part of the forbearance policy, where modification did not result in derecognition, the estimate of PD reflects the ability to collect the modified cash flows taking into account the previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. If a forbore loan is credit impaired due to the existence of evidence of credit impairment (see above), the Group performs an ongoing assessment to ascertain if the problems of the exposure are cured, to determine if the loan is no longer credit-impaired. The loss allowance on forbore loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk. Where a modification does not lead to derecognition, the Group calculates the modification loss by comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Modification losses for financial assets are included in the profit or loss account. Then the Group measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Group derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continue to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss. On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer.

The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

### 3 Accounting policies (Cont'd)

#### (g) Financial instruments (Cont'd)

##### *Modification and derecognition of financial assets (Cont'd)*

##### *Write-off*

Loans and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not has assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains, which will be presented in 'credit loss on financial assets and memorandum items' in the statement of profit or loss.

##### *Presentation of allowance for ECL in the statements of financial position*

Loss allowances for ECLs are presented in the statements of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in the statements of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the fair value reserve; and
- for loan commitments and financial guarantee contracts: as a provision where a financial instrument includes both a drawn and an undrawn component, and the entity cannot identify the ECL on the loan commitment component separately from those on the drawn component: the entity presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

##### *Financial liabilities and equity*

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group 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 is or may be obliged to deliver a variable number of their own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity

##### *Financial liabilities measured at amortised cost*

Financial liabilities include deposits from banks and non banks customers, due to Groups and other borrowed funds, lease liabilities and other liabilities and are initially measured at fair value, net of transaction costs. These financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

##### *Financial liabilities measured at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL.

**3 Accounting policies (Cont'd)**

**(g) Financial instruments (Cont'd)**

Financial liabilities measured at FVTPL (Cont'd)

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains/losses arising on remeasurement recognised in profit or loss. The net gain/loss recognised in profit or loss incorporates any interest paid on the financial liability.

*Derecognition and modification of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. When the entity exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the entity accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. To determine if the modified terms, of a liability are substantially different to the original terms a similar process with modification of financial assets is followed. The modification is assessed at first on a qualitative basis, factors such as a change in currency or the introduction of a non-closely related embedded derivative that significantly modifies the cash flows are regarded as substantially different.

If it is not clear from the qualitative assessment that a modification has resulted in a substantial change in a financial liability, a quantitative assessment is applied. It is assumed that the terms of the financial liability are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the Group recalculates the amortised cost of the modified financial liability by discounting the modified contractual cash flows using the original effective interest rate. The Group recognises any adjustment to the amortised cost of the financial liability in profit or loss as income or expense at the date of the modification. The financial liability modification gain/loss is not significant for the Group. Modification gains are presented in 'other operating income' and modification losses are presented in 'other operating expenses' in profit or loss.

**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. SOFR rate), 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.

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 Accounting policies (Cont'd)**

**(g) Financial instruments (Cont'd)**

**Hedge accounting (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.
- The effect of changes in counterparties' credit risk on the fair values of hedging instruments or hedged item.

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in Net Trading Income. In addition, the cumulative change in the fair value of the hedged item attributable to the hedged risk is recognised 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. Derivatives held include forward contracts, spot position, swaps and option contracts. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

**(i) Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

### 3 Accounting policies (Cont'd)

#### (i) Impairment of non-financial assets (Cont'd)

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

#### (j) Provisions and other contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit or loss net of any reimbursement.

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, they are involved in various litigation, arbitration and regulatory investigations and proceedings both in local and in other jurisdictions, arising in the ordinary course of the Group's business. When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. However, when the Group is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Group does not include detailed, case-specific disclosures in its financial statements. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

#### (k) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, therefore, the related assets and liabilities are presented gross in the statements of financial position.

Income and expense will not be offset in the statements of profit or loss and other comprehensive income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies.

The accounting policies of each relevant line item are included in the respective notes.

#### (l) Recognition of income and expenses

##### (i) *Net interest income*

Interest income and expense for all financial instruments except for those classified as held for trading or those measured or designated as at FVTPL are recognised in 'Net interest income' as 'Interest income' and 'Interest expense' in profit or loss using the effective interest method. Interest on financial instruments measured as at FVTPL is included within the fair value movement during the year in 'Net trading income'. Interest on derivatives in economic hedge relationship is included in other interest income/expense.

For all financial instruments measured at amortised cost and interest-earning financial instruments classified as investment securities measured at FVTOCI, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

The interest income / interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)).

**3 Accounting policies (Cont'd)**

**(l) Recognition of income and expenses (Cont'd)**

**(i) *Net interest income (cont'd)***

For financial assets at FVTPL, transaction costs are recognised in profit or loss at initial recognition. Interest on financial instruments measured as at FVTPL is included within the fair value movement during the year in other interest income/expense. Interest on derivatives in economic hedge relationship is included in other interest income/expense.

**(ii) *Net fee and commission income***

Fee and commission income and expense include fees other than those that are an integral part of EIR. The Group earns fee and commission income from a diverse range of services being provided to its customers. Fee income can be categorised as follows:

*Fee income earned from services provided*

These fees include commission income, asset management, custody and other management and advisory fees. The fees are recognised as the related services are provided. Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EIR on the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight-line basis. A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

*Fee income from providing transaction services*

Commission and fees arising from negotiation of transactions with third parties, or participating in the negotiation of a transaction for a third party is recognised on completion of the underlying transaction.

*Fee and commission expense*

Fee and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

**(iii) *Net trading income***

Results arising from trading activities include profit arising on dealings in foreign currencies, all gains and losses from changes in fair value and related interest income and expense as well as dividend on financial assets and financial liabilities held-for-trading.

Profits arising from dealings in foreign currencies include gains and losses from spot and forward contracts and other currency derivatives. Debt securities income includes the results of buying and selling and changes in the fair value of debt securities and debt securities sold short. The results of trading money market instruments, interest rate swaps, options and other derivatives are recorded under other interest rate instruments.

Other net trading income includes the impact of fair value changes due to movement in the fair value of asset backed securities, recorded as held for trading.

**(iv) *Gains and losses from financial assets measured at FVTPL***

The above include:

- Gains or losses on assets, liabilities and derivatives designated in hedge relationships (excluding interest) on both the hedged item and hedging derivative in a fair value hedge relationship, and hedge ineffectiveness from fair value hedge relationships.
- Gains or losses on other financial assets designated at fair value through profit or loss (excluding interest).

**(v) *Dividend income***

Dividend is recognised when the Group's and the Company's right to receive the payment is established, which is generally when the dividend is declared.

**(m) *Comparative figures***

Where necessary, comparative figures are reclassified to conform to the current year's presentation and to the changes in accounting policies.

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

#### 4 Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the financial statements with substantial management judgement and/or estimates are summarised below with respect to judgements/estimates involved.

##### Judgements

#### (a) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

#### (b) Significant increase in credit risk

Significant increase in credit risk: ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group take into account qualitative and quantitative reasonable and supportable forward-looking information.

- Establishing groups of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group monitor the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets.
- Models and assumptions used: The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

#### (c) Deferred tax assets

Recognition of deferred tax assets depends on management's intention of the Group to generate future taxable profits which will be used against temporary differences and to obtain tax benefits thereon. The outcome of their actual utilisation may be different.

##### **Establishing groups of assets with similar credit risk characteristics**

When ECL are measured on a collective basis, the financial assets are grouped on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether groups of financial assets continue to share similar characteristics. This is required in order to assess the need for re-segmentation of the financial assets, with new portfolios being created or assets moving to an existing portfolio that better reflects their credit risk characteristics.

##### **Models and assumptions used**

The Group uses various models and assumptions in measuring the fair value of financial assets and in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset and when determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.



**4 Significant accounting estimates and judgements (Cont'd)**

**Estimates**

**(a) Expected credit losses on financial assets**

The ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models applied by the subsidiaries that are considered accounting judgements and estimates include:

- (i) The internal credit grading model, which assigns PDs to the individual grades;
- (ii) The criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a long term ECL basis and the qualitative assessment;
- (iii) The segmentation of financial assets when their ECL are assessed on a collective basis;
- (iv) Development of ECL models, including the various formulas and the choice of inputs;
- (v) Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs; and
- (vi) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

In relation to credit impaired facilities, the Group determines expected credit losses by estimating the shortfall between the present value of expected cash flows and the present value of contractual cash flows. The estimation of expected cash flows is inherently judgemental and involves an estimation of proceeds from liquidation of the borrowers, proceeds from realisation of collaterals and the timing and extent of repayments on forborne facilities. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

**(b) Fair value of financial Instruments**

Where the fair values of financial assets and financial liabilities recorded on the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable market data where possible, but where observable data is not available, a degree of judgement is required in establishing fair values. The judgements include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

**(c) Leases**

The application of IFRS 16 requires significant judgements and certain key estimates. Critical judgements include determination of enforceable period of the lease and whether it is reasonably certain that an extension or termination option will be exercised. Key sources of estimation uncertainty in the application of IFRS 16 include estimation of lease terms, determination of the appropriate rates to discount the lease payments and assessment of whether right of use asset is impaired.

**(d) Assessment of useful lives of property and equipment and intangible assets**

The Group reviews the estimated useful lives of property and equipment and intangible assets at the end of each reporting period. The cost of the property and equipment and intangible assets are depreciated and amortised over the estimated useful life of the asset. The estimated life is based on expected usage of the asset and expected physical wear and tear which depends on operational factors.

**(e) Pension benefits**

The Group operates a defined benefit pension plan for its employees as well as provide for retirement gratuities under the Workers' Rights Act. The amount shown in the statement of financial position in respect of retirement benefit obligations is subject to estimates in respect of periodic costs which would be dependent on returns on assets, future discount rates, rates of salary increases and inflation rate in respect of the pension plan. The value of the defined benefit pension plans is based on report submitted by an independent actuarial firm on an annual basis. Management considers that they have used their best estimates to value the retirement benefit obligation provisions. Actual results may be different from their estimates.

**(f) Provisions and other contingent liabilities**

Provision is recognised in the financial statements when the Group has met the recognition criterion. The directors measure the provision at the best estimate of the amount required to settle the obligation at the reporting date. Actual results may be different from their estimates.

In specific circumstances, significant judgement is required from directors to identify the financial effects to be disclosed attributable to the uncertainties inherent in contingent liabilities.

**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.

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	2023	<b>2024</b>	2023
	<b>MUR' 000</b>	MUR' 000	<b>MUR' 000</b>	MUR' 000
Cash in hand	<b>2,493,703</b>	2,757,127	-	-
Foreign currency notes and coins	<b>1,104,713</b>	1,233,388	-	-
Unrestricted balances with central banks <sup>1</sup>	<b>3,485,414</b>	3,323,847	-	-
Loans to and placements with banks <sup>2</sup>	<b>34,244,740</b>	11,343,736	-	-
Balances with banks	<b>1,478,561</b>	5,176,530	<b>2,517</b>	710,733
	<b>42,807,131</b>	23,834,628	<b>2,517</b>	710,733
Less: allowance for credit losses	<b>(29,247)</b>	(6,927)	-	-
	<b>42,777,884</b>	23,827,701	<b>2,517</b>	710,733

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

	<b>The Group</b>	
	<b>2024</b>	2023
	<b>MUR' 000</b>	MUR' 000
	<b>Stage 1</b>	Stage 1
ECL allowance as at 01 January	<b>6,927</b>	688
Net remeasurement of loss allowance	<b>26,942</b>	11,322
Assets repaid	<b>(4,671)</b>	(5,041)
Translation adjustment	<b>49</b>	(42)
ECL allowance as at 31 December	<b>29,247</b>	6,927

<sup>1</sup> Unrestricted balances with central banks represent amounts above the minimum cash reserve requirement.

<sup>2</sup> The balance above relates to loans and placements with banks having an original maturity of up to three months.

Cash and Cash equivalents were classified under stage 1 and 12-month ECL was calculated thereon.

**6. Loans to and placements with banks**

	<b>The Group</b>	
	<b>2024</b>	2023
	<b>MUR' 000</b>	MUR' 000
At amortised cost		
Loans to and placements with banks	<b>7,670,399</b>	2,871,465
- Outside Mauritius	<b>7,670,399</b>	2,871,465
Less: allowance for credit losses	<b>(75,110)</b>	(18,400)
	<b>7,595,289</b>	2,853,065
<b>Remaining term to maturity</b>		
Up to 3 months	<b>14,717</b>	576,871
Over 3 months and up to 6 months	-	667,405
Over 6 months and up to 12 months	<b>3,580,105</b>	1,554,256
Over 1 year and up to 2 years	<b>1,424,985</b>	72,933
Over 2 years and up to 5 years	<b>2,650,592</b>	-
	<b>7,670,399</b>	2,871,465

**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.

	2024		
	Stage 1 Individual	Stage 2 Individual	Total
	MUR'000	MUR'000	MUR'000
<b>Internal rating grade</b>			
<b>Performing</b>			
Standard grade	3,617,112	-	3,617,112
Sub-standard grade	2,809,493	1,243,794	4,053,287
<b>Total</b>	<b>6,426,605</b>	<b>1,243,794</b>	<b>7,670,399</b>
2023			
	Stage 1	Stage 2	Total
	Individual	Individual	
	MUR'000	MUR'000	MUR'000
<b>Internal rating grade</b>			
<b>Performing</b>			
Standard grade	1,770,997	-	1,770,997
Sub-standard grade	1,027,535	72,933	1,100,468
<b>Total</b>	<b>2,798,532</b>	<b>72,933</b>	<b>2,871,465</b>

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

	2024		
	Stage 1 Individual	Stage 2 Individual	Total
	MUR'000	MUR'000	MUR'000
<b>Gross carrying amount as at 1 January</b>	<b>2,798,533</b>	<b>72,932</b>	<b>2,871,465</b>
Financial assets originated or purchased	6,426,605	1,229,077	7,655,682
Financial assets derecognised or repaid	(2,987,200)	(58,546)	(3,045,746)
Foreign exchange adjustments	188,667	331	188,998
<b>Gross carrying amount as at 31 December</b>	<b>6,426,605</b>	<b>1,243,794</b>	<b>7,670,399</b>
2023			
	Stage 1	Stage 2	Total
	Individual	Individual	
	MUR'000	MUR'000	MUR'000
<b>Gross carrying amount as at 1 January</b>	<b>1,226,864</b>	<b>-</b>	<b>1,226,864</b>
Financial assets originated or purchased	2,798,532	-	2,798,532
Financial assets derecognised or repaid	(1,112,028)	(57,903)	(1,169,931)
Transfers to Stage 2	(125,023)	125,023	-
Foreign exchange adjustments	10,188	5,812	16,000
<b>Gross carrying amount as at 31 December</b>	<b>2,798,533</b>	<b>72,932</b>	<b>2,871,465</b>

6. Loans to and placements with banks (cont'd)

*Credit loss allowance for loans to and placement with banks (cont'd)*

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows: (Cont'd)

	2024		
	Stage 1	Stage 2	Total
	Individual	Individual	
	MUR'000	MUR'000	MUR'000
<b>ECL allowance as at 1 January</b>	8,942	9,458	18,400
Net remeasurement of loss allowance	73,814	223	74,037
Assets repaid (excluding write offs)	(8,941)	(8,386)	(17,327)
<b>ECL allowance as at 31 December</b>	<b>73,815</b>	<b>1,295</b>	<b>75,110</b>

	2023		
	Stage 1	Stage 2	Total
	Individual	Individual	
	MUR'000	MUR'000	MUR'000
<b>ECL allowance as at 1 January</b>	5,449	-	5,449
Net remeasurement of loss allowance	8,942	8,351	17,293
Assets repaid (excluding write offs)	(4,342)	-	(4,342)
Transfers to Stage 2	(1,107)	1,107	-
<b>ECL allowance as at 31 December</b>	<b>8,942</b>	<b>9,458</b>	<b>18,400</b>

7. Derivative financial instrument

	The Group	
	2024	2023
	MUR' 000	MUR' 000
<b>Assets</b>		
Derivative assets	1,464,946	679,073
<b>Liabilities</b>		
Derivative liabilities	1,429,727	782,595

The fair values of derivative financial instruments are further analysed as follows:

	Notional Principal Amount	Fair Values	
		Assets	Liabilities
	MUR' 000	MUR' 000	MUR' 000
<b>The Group</b>			
<b>31 December 2024</b>			
<b>Derivatives held for trading</b>			
Foreign exchange contracts*	66,140,199	974,360	(989,856)
Cross currency swaps	15,271,662	248,061	(183,198)
Other derivative contracts**	5,970,411	231,662	(233,375)
<b>Derivatives held for risk management purposes</b>			
Interest rate swap contracts	254,645	10,863	(23,298)
	<b>87,636,917</b>	<b>1,464,946</b>	<b>(1,429,727)</b>

**7. Derivative financial instrument (Cont'd)**

The fair values of derivative financial instruments are further analysed as follows: (Cont'd)

	Notional Principal Amount MUR' 000	Fair Values	
		Assets	Liabilities
		MUR' 000	MUR' 000
<b>31 December 2023</b>			
<b>Derivatives held for trading</b>			
Foreign exchange contracts*	47,467,625	405,658	(502,672)
Cross currency swaps	2,553,897	172,655	(166,689)
Other derivative contracts**	3,778,931	84,378	(83,020)
<b>Derivatives held for risk management purposes</b>			
Interest rate swap contracts	279,740	16,382	(30,214)
	<u>54,080,193</u>	<u>679,073</u>	<u>(782,595)</u>

\* Foreign exchange contracts include foreign swaps, forward and spot contracts.

\*\* Other derivatives contracts include options contracts (structured deposits) and interest rate swaps.

**8. Loans and advances to non-bank customers**

	The Group	
	31 December 2024	31 December 2023
	MUR' 000	MUR' 000
Credit cards	537,441	516,931
Governments	3,971	4,985
Retail customers	63,518,237	56,330,060
- Mortgages	49,914,573	44,107,773
- Other retail loans	13,603,664	12,222,285
Corporate customers	57,931,324	56,071,890
Entities outside Mauritius (including offshore / Global Business Licence Holders)	58,685,403	44,878,298
	180,676,376	157,802,162
Less allowance for credit impairment (note8 (c))	(7,988,998)	(9,542,744)
Net loans and advances	<u>172,687,378</u>	<u>148,259,418</u>

	The Group	
	31 December 2024	31 December 2023
	MUR' 000	MUR' 000
<b>(a). Remaining term to maturity</b>		
Up to 3 months	36,980,589	23,799,096
Over 3 months and up to 6 months	7,799,846	8,899,921
Over 6 months and up to 12 months	8,784,044	7,034,134
Over 1 year and up to 2 years	11,563,692	13,707,120
Over 2 years and up to 5 years	30,883,740	24,615,993
Over 5 years	84,664,465	79,745,898
	<u>180,676,376</u>	<u>157,802,162</u>

Out of the gross advances of MUR 180.7 billion (2023: MUR 157.8 billion), there is an amount of MUR 303.9 million (2023: MUR 308.5 million) relating to loans where fair value hedge accounting has been applied. Refer to note 38(d)(ii) for more details.

**8. Loans and advances to non-bank customers (Cont'd)**

**(b). Net investment in finance leases**

**The Group**

Amounts due from lessees under finance leases are recorded as loans and advances at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

The Group acts as lessor of several items like motor vehicles and equipment. There are no restrictions placed upon the lessee by entering into these leases. Rental income earned by the Group during the year is MUR 155.4 million (2023: MUR 140.73 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
31 December 2024	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Gross investment in finance leases	710,365	1,931,287	313,051	2,954,703
Less: Unearned finance income	(154,107)	(271,381)	(13,948)	(439,436)
<b>Present value of minimum lease payments</b>	<b>556,258</b>	<b>1,659,906</b>	<b>299,103</b>	<b>2,515,267</b>
Credit loss expense				(89,283)
<b>Net investment in finance lease</b>				<b>2,425,984</b>
	Up to 1 year	After 1 year and up to 5 years	After 5 years	Total
31 December 2023	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Gross investment in finance leases	576,654	1,476,987	246,177	2,299,818
Less: Unearned finance income	(126,855)	(216,560)	(9,134)	(352,549)
<b>Present value of minimum lease payments</b>	<b>449,799</b>	<b>1,260,427</b>	<b>237,043</b>	<b>1,947,269</b>
Credit loss expense				(101,342)
<b>Net investment in finance lease</b>				<b>1,845,927</b>

**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 2024**

**Internal rating grade**

**Performing**

High grade

Standard grade

Sub-standard grade

Past due but not impaired

**Non-performing**

Individually impaired

**Total**

<b>The Group</b>			
<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Individual</b>	<b>Individual</b>		
<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>
<b>70,797,153</b>	<b>1,160,549</b>	-	<b>71,957,702</b>
<b>54,591,532</b>	<b>6,913,321</b>	-	<b>61,504,853</b>
<b>24,447,304</b>	<b>5,181,211</b>	-	<b>29,628,515</b>
-	<b>3,004,146</b>	-	<b>3,004,146</b>
-	-	<b>14,581,160</b>	<b>14,581,160</b>
<b>149,835,989</b>	<b>16,259,227</b>	<b>14,581,160</b>	<b>180,676,376</b>

**31 December 2023**

**Internal rating grade**

**Performing**

High grade

Standard grade

Sub-standard grade

Past due but not impaired

**Non-performing**

Individually impaired

**Total**

<b>The Group</b>			
<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Individual</b>	<b>Individual</b>		
<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>
59,213,617	4,105,947	-	63,319,564
47,340,985	3,826,546	-	51,167,531
13,855,253	14,162,898	-	28,018,151
-	4,437,909	-	4,437,909
-	-	10,859,007	10,859,007
<b>120,409,855</b>	<b>26,533,300</b>	<b>10,859,007</b>	<b>157,802,162</b>

**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:

**31 December 2024**

	<b>The Group</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>MUR'000</b>	<b>MUR'000</b>	<b>MUR'000</b>	<b>MUR'000</b>
<b>Gross carrying amount</b>				
<b>As at 1 January</b>	<b>120,409,855</b>	<b>26,533,300</b>	<b>10,859,007</b>	<b>157,802,162</b>
Financial assets originated or purchased	50,615,998	5,137,149	263,569	56,016,716
Assets derecognised or repaid (excluding write offs)	(27,153,873)	(8,753,349)	(42,653)	(35,949,875)
Transfers to Stage 1	7,910,505	(7,899,026)	(11,479)	-
Transfers to Stage 2	(5,230,876)	5,407,343	(176,467)	-
Transfers to Stage 3	(421,732)	(4,372,634)	4,794,366	-
Changes to contractual cash flows due to modifications not resulting in derecognition	584,855	(171,352)	193,328	606,831
Amounts written off	-	-	(2,554,367)	(2,554,367)
Foreign exchange adjustments	(484,187)	(64,530)	72,870	(475,847)
Translation adjustments	3,605,444	442,326	1,182,986	5,230,756
<b>As at 31 December</b>	<b>149,835,989</b>	<b>16,259,227</b>	<b>14,581,160</b>	<b>180,676,376</b>

**31 December 2023**

	<b>The Group</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>MUR'000</b>	<b>MUR'000</b>	<b>MUR'000</b>	<b>MUR'000</b>
<b>Gross carrying amount</b>				
<b>As at 1 January</b>	<b>85,352,759</b>	<b>63,569,720</b>	<b>14,528,251</b>	<b>163,450,730</b>
Financial assets originated or purchased	31,690,168	5,814,618	297,687	37,802,473
Assets derecognised or repaid (excluding write offs)	(18,669,924)	(18,620,211)	(441,643)	(37,731,778)
Transfers to Stage 1	28,699,328	(28,663,311)	(36,017)	-
Transfers to Stage 2	(5,525,849)	5,931,740	(405,891)	-
Transfers to Stage 3	(234,184)	(1,833,866)	2,068,050	-
Changes to contractual cash flows due to modifications not resulting in derecognition	884,302	343,305	260,807	1,488,414
Amounts written off	-	-	(4,541,636)	(4,541,636)
Foreign exchange adjustments	387,814	239,403	84,192	711,409
Translation adjustments	(2,174,559)	(248,098)	(954,793)	(3,377,450)
<b>As at 31 December</b>	<b>120,409,855</b>	<b>26,533,300</b>	<b>10,859,007</b>	<b>157,802,162</b>



**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 2024**

**ECL allowance**

**As at 1 January**

Allowance on new financial assets	344,806
Remeasurement of loss allowance	(185,081)
Assets derecognised or repaid (excluding write offs)	(129,122)
Transfers to Stage 1	312,916
Transfers to Stage 2	(66,381)
Transfers to Stage 3	(182,598)
Changes to models and inputs used for ECL calculations	53,458
Amounts written off	-
Foreign exchange adjustments	-
Translation adjustments	13,006

**At 31 December**

The Group			
Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
667,552	1,171,168	7,704,024	9,542,744
344,806	116,015	4,024	464,845
(185,081)	20,389	1,266,445	1,101,753
(129,122)	(438,460)	(553,806)	(1,121,388)
312,916	(312,897)	(19)	-
(66,381)	78,920	(12,539)	-
(182,598)	(291,390)	473,988	-
53,458	50,359	38,247	142,064
-	-	(2,554,367)	(2,554,367)
-	-	(83,032)	(83,032)
13,006	3,093	472,786	488,885
828,556	397,197	6,755,751	7,981,504

**31 December 2023**

**ECL allowance**

**As at 1 January**

Movement for the year	93,444
Remeasurement of loss allowance	(580,570)
Assets derecognised or repaid (excluding write offs)	(64,096)
Transfers to Stage 1	829,810
Transfers to Stage 2	(51,153)
Transfers to Stage 3	(80,686)
Changes to models and inputs used for ECL calculations	38,618
Amounts written off	-
Write back on impaired loans repaid	-
Translation adjustments	(24,470)

**At 31 December**

The Group			
Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
506,655	2,554,843	10,394,689	13,456,187
93,444	201,601	144,152	439,197
(580,570)	(129,736)	2,681,609	1,971,303
(64,096)	(634,022)	(914,829)	(1,612,947)
829,810	(829,687)	(123)	-
(51,153)	69,338	(18,185)	-
(80,686)	(123,783)	204,469	-
38,618	52,440	357,985	449,043
-	-	(4,541,636)	(4,541,636)
-	-	(174,003)	(174,003)
(24,470)	10,174	(430,104)	(444,400)
667,552	1,171,168	7,704,024	9,542,744

**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**

31 December 2024		The Group				
	Gross amount of loans	Credit impaired loans	Stage 3 allowance for credit impairment	Stage 1 & Stage 2 for credit allowance	Total allowances for credit impairment	
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	
Agriculture and fishing	4,702,924	149,756	56,873	19,955	76,828	
Manufacturing	14,776,966	917,302	447,742	75,039	522,781	
<i>of which EPZ</i>	1,267,487	6,086	6,086	4,831	10,917	
Tourism	11,553,392	3,391,806	522,374	75,832	598,206	
Transport	1,495,449	750,296	359,899	11,968	371,867	
Construction	21,274,862	2,969,061	1,093,796	147,389	1,241,185	
Financial and business services	13,812,337	607,977	351,679	133,869	485,548	
Traders	11,841,955	1,867,872	858,074	72,072	930,146	
Personal	67,428,271	2,060,389	1,429,863	490,685	1,920,548	
Professional	3,947,711	189,848	138,450	40,075	178,525	
Global Business Licence holders	3,164,963	1,198,300	1,095,675	29,675	1,125,350	
Others	26,677,545	478,552	408,820	129,194	538,014	
	180,676,375	14,581,159	6,763,245	1,225,753	7,988,998	

31 December 2023		The Group				
	Gross amount of loans	Credit impaired loans	Stage 3 allowance for credit impairment	Stage 1 & Stage 2 for credit allowance	Total allowances for credit impairment	
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	
Agriculture and fishing	3,467,063	686,466	607,667	94,488	702,155	
Manufacturing	12,088,496	822,909	338,092	44,885	382,977	
<i>of which EPZ</i>	1,279,208	6,072	6,072	1,379	7,451	
Tourism	13,509,826	280,231	99,306	396,559	495,865	
Transport	1,300,447	602,993	310,339	15,666	326,005	
Construction	20,268,349	1,458,322	839,172	482,874	1,322,046	
Financial and business services	11,480,607	439,835	396,394	55,673	452,067	
Traders	9,869,886	2,071,195	1,375,020	91,164	1,466,184	
Personal	62,967,586	1,877,921	1,331,783	554,416	1,886,199	
Professional	1,532,138	17,950	9,167	11,819	20,986	
Global Business Licence holders	3,373,479	2,199,401	1,998,491	2,693	2,001,184	
Others	17,944,285	401,784	398,593	88,483	487,076	
	157,802,162	10,859,007	7,704,024	1,838,720	9,542,744	

**38.**

## The Group

**(i) Investment securities measured at FVTPL**

Government bonds and treasury notes

**(ii) Debt securities measured at FVTOCI**

**(iii) Debt securities measured at amortised cost**

**(iv) Equity securities designated at FVTOCI**

**Total investment securities**

(76,218)

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176,104,391

39.

## The Group

Remaining term to maturity

[illegible]

**40.**

## The Company

## 31 December 2024

[illegible]

**9. (a). Investments securities (Cont'd)**

**Debt securities at amortised cost**

The table shows the credit quality and the maximum exposure to credit risk as well as year end stage classification. The amount presented are gross of impairment allowance.

The Group	2024			2023		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000
High Grade	16,568,269	-	16,568,269	19,549,174	-	19,549,174
Standard Grade	63,309,379	204,105	63,513,484	59,475,719	-	59,475,719
Sub Standard Grade	1,843,604	-	1,843,604	984,983	485,921	1,470,904
Total gross carrying amount	81,721,252	204,105	81,925,357	80,009,876	485,921	80,495,797
Credit loss allowance	(75,913)	(305)	(76,218)	(54,022)	(44,490)	(98,512)
Carrying amount	81,645,339	203,800	81,849,139	79,955,854	441,431	80,397,285

An analysis of changes in gross carrying amount and the corresponding ECLs is as follows:

	2024			2023		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
	MUR'000	MUR'000	MUR'000	MUR '000	MUR '000	MUR '000
<b>Gross carrying amount as at 01 January</b>	80,009,876	485,921	80,495,797	78,101,101	505,140	78,606,241
New financial assets originated	8,566,921	-	8,566,921	15,040,514	-	15,040,514
Financial assets that have been repaid/derecognised	(10,052,620)	(177,206)	(10,229,826)	(13,542,940)	-	(13,542,940)
Transfer to stage 1	300,000	(300,000)	-	204,103	(204,103)	-
Transfer to Stage 2	(200,000)	200,000	-	(184,884)	184,884	-
Other movements*	503,072	(4,610)	498,462	2,088,474	-	2,088,474
Translation adjustment	2,594,003	-	2,594,003	(1,696,492)	-	(1,696,492)
<b>Gross carrying amount as at 31 December</b>	81,721,252	204,105	81,925,357	80,009,876	485,921	80,495,797

	2024			2023		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
	MUR'000	MUR'000	MUR'000	MUR '000	MUR '000	MUR '000
<b>ECL allowance as at 1 January</b>	54,022	44,490	98,512	29,463	2,213	31,676
New assets originated	15,105	-	15,105	44	-	44
Net remeasurement of loss allowance	4,453	131	4,584	36,684	39,689	76,373
Assets derecognised or repaid (excluding write offs)	(7,681)	(34,413)	(42,094)	(9,339)	-	(9,339)
Transfer to Stage 1	10,077	(10,077)	-	380	(380)	-
Transfer to Stage 2	(174)	174	-	(2,968)	2,968	-
Translation adjustment	111	-	111	(242)	-	(242)
<b>At 31 December</b>	75,913	305	76,218	54,022	44,490	98,512

\*Other movements include interest and exchange differences.

9. (a). Investments securities (Cont'd)

Debt securities at FVTOCI

The Group

	2024		
	Stage 1	Stage 2	Total
	MUR' 000	MUR' 000	MUR' 000
High Grade	48,439,742	-	48,439,742
Standard Grade	17,251,915	866,768	18,118,683
Sub Standard Grade	1,045,179	167,476	1,212,655
<b>Carrying amount</b>	<b>66,736,836</b>	<b>1,034,244</b>	<b>67,771,080</b>

	2023		
	Stage 1	Stage 2	Total
	MUR' 000	MUR' 000	MUR' 000
High grade	41,211,968	229,475	41,441,443
Standard grade	13,877,283	460,650	14,337,933
Sub standard grade	860,818	1,037,652	1,898,470
<b>Carrying amount</b>	<b>55,950,069</b>	<b>1,727,777</b>	<b>57,677,846</b>

The Group

	2024		
	Stage 1	Stage 2	Total
	MUR'000	MUR'000	MUR'000
<b>Carrying amount</b>			
<b>As at 1 January</b>	<b>55,950,069</b>	<b>1,727,777</b>	<b>57,677,846</b>
Transfer to stage 1	1,366,914	(1,366,914)	-
Transfer to stage 2	(578,400)	578,400	-
New financial assets originated	64,202,097	300,000	64,502,097
Financial assets that have been repaid/derecognised	(57,643,750)	(225,000)	(57,868,750)
Fair value and other movements	2,623,710	19,981	2,643,691
Translation adjustments	816,196	-	816,196
<b>Carrying amount at 31 December</b>	<b>66,736,836</b>	<b>1,034,244</b>	<b>67,771,080</b>

	2023		
	Stage 1	Stage 2	Total
	MUR'000	MUR'000	MUR'000
<b>Carrying amount</b>			
<b>As at 1 January</b>	<b>54,627,670</b>	<b>1,693,054</b>	<b>56,320,724</b>
Transfer to stage 1	1,083,944	(1,083,944)	-
Transfer to stage 2	(184,884)	184,884	-
New financial assets originated	208,617,176	-	208,617,176
Financial assets that have been repaid/derecognised	(206,089,259)	-	(206,089,259)
Fair value and other movements	(1,128,688)	933,783	(194,905)
Translation adjustments	(975,890)	-	(975,890)
<b>Carrying amount at 31 December</b>	<b>55,950,069</b>	<b>1,727,777</b>	<b>57,677,846</b>

The Group

ECL allowance on debt securities at FVTOCI

	2024		
	Stage 1	Stage 2	Total
	MUR'000	MUR'000	MUR'000
As at 1 January	48,539	112,610	161,149
Net remeasurement of loss allowance	(70,646)	(11,112)	(81,758)
Assets derecognised or repaid (excluding write offs)	(47,273)	(58)	(47,331)
Transfer to stage 1	87,733	(87,733)	-
Transfers to stage 2	(507)	507	-
Translation adjustments	-	-	-
<b>As at 31 December</b>	<b>17,846</b>	<b>14,214</b>	<b>32,060</b>

**9. (a). Investments securities (Cont'd)**

**Debt securities at FVTOCI (Cont'd)**

**ECL allowance on debt instruments at FVTOCI (Cont'd)**

	2023		
	Stage 1	Stage 2	Total
	MUR'000	MUR'000	MUR'000
As at 1 January	4,699	22,480	27,179
Net remeasurement of loss allowance	45,974	90,130	136,104
Assets derecognised or repaid (excluding write offs)	(2,134)	-	(2,134)
<b>As at 31 December</b>	<b>48,539</b>	<b>112,610</b>	<b>161,149</b>

**The Group**

**Equity instruments designated at FVTOCI**

	2024	2023
	MUR'000	MUR'000
<b>Carrying amount as at 01 January</b>	<b>5,771,917</b>	5,714,321
Additions	-	4,815
Disposal	(798,193)	(24,922)
Fair value movement	27,131	77,347
Translation adjustment	198	356
<b>Carrying amount as at 31 December</b>	<b>5,001,053</b>	<b>5,771,917</b>

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.

**The Company**

**Debt securities at amortised cost**

An analysis of changes in gross carrying amount and the corresponding ECLs is as follows:

	2024	2023
	Stage 1	Stage 1
	MUR'000	MUR'000
<b>Gross carrying amount as at 01 January</b>	<b>375,189</b>	375,742
New financial assets originated	-	-
Financial assets that have been disposed/matured	(370,045)	-
Other movements	(5,144)	(553)
<b>Gross carrying amount as at 31 December</b>	<b>-</b>	<b>375,189</b>



**9. (a). Investments securities (Cont'd)**

**Debt securities at amortised cost (Cont'd)**

**The Company**

An analysis of changes in gross carrying amount and the corresponding ECLs is as follows: (Cont'd)

	<b>2024</b>	2023
	<b>Stage 1</b>	Stage 1
	<b>MUR'000</b>	MUR'000
<b>ECL allowance as at 1 January</b>	<b>433</b>	45
Remeasurement of credit losses	-	185
Assets derecognised or repaid (excluding write offs)	<b>(433)</b>	-
New assets originated or purchased	-	203
<b>ECL allowance as at 31 December</b>	<b>-</b>	<b>433</b>

**Debt investment securities at FVTOCI**

	<b>2024</b>	2023
	<b>Stage 1</b>	Stage 1
	<b>MUR'000</b>	MUR'000
<b>Carrying amount as at 01 January</b>	<b>467,537</b>	65,044
New financial assets originated	-	2,269,830
Financial assets that have been disposed/matured	<b>(467,537)</b>	(1,859,977)
Other movements	-	(7,360)
<b>Carrying amount as at 31 December</b>	<b>-</b>	<b>467,537</b>

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**

	<b>2024</b>	2023
	<b>MUR'000</b>	MUR'000
At 01 January	<b>4,303,044</b>	4,303,044
Fair value movement	-	-
At 31 December	<b>4,303,044</b>	4,303,044

**9. (b). Investment in subsidiaries**

***Financial statements of the Company***

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the financial statements from the date on which control commences until the date on which

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.

**9. (b). Investment in subsidiaries (Cont'd)**

**The Company**

	<b>2024</b>	<b>2023</b>
	<b>MUR' 000</b>	<b>MUR' 000</b>
<b>Investment in subsidiaries</b>		
Equity shares	175	175
Capital contribution	31,923,133	31,437,919
<b>Total investment in subsidiaries</b>	<b>31,923,308</b>	<b>31,438,094</b>

Management has evaluated the investment in subsidiaries for impairment and recorded the necessary provisions as required.

**Investment reconciliation is as follows:**

	<b>2024</b>	<b>2023</b>
	<b>MUR' 000</b>	<b>MUR' 000</b>
Opening balance	31,438,094	31,300,001
Transfer to investment securities	(726,054)	-
Redemption of capital contribution during the year	(125,886)	-
Capital contribution granted during the year	1,366,474	151,909
Impairment losses	(29,320)	(13,816)
Closing balance	<b>31,923,308</b>	<b>31,438,094</b>

Details of subsidiaries are as follows:

**Direct holding**

	<b>Country of incorporation and operation</b>	<b>Business activity</b>	<b>Carrying amount</b>		<b>Effective % holding</b>	
			<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
SBM (Bank) Holdings Ltd	Mauritius	Bank investment holding company	30,765,850	29,407,822	100	100
SBM (NBFC) Holdings Ltd	Mauritius	Non-banking financial investments holding company	711,279	1,563,220	100	100
SBM (NFC) Holdings Ltd	Mauritius	Non-financial holding company	139,273	157,773	100	100
SBM 3S Ltd	Mauritius	Training services	6,000	15,000	100	100

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**9. (b). Investment in subsidiaries (Cont'd)**

Details of subsidiaries with indirect holding as follows:

		Country of incorporation and operation	Business activity	Effective % holding	
				2024	2023
1.0	<u>Banking Segmental Subsidiaries</u>				
1.1	<i>Special Purpose Vehicle for Bank Investments Holding Company</i>				
1.1.1	SBM (Bank) Holdings Ltd	Mauritius	Bank investment holding company	100	100
1.1.2	SBM Overseas One Ltd	Mauritius	Offshore banking	100	100
1.1.3	SBM Overseas Two Ltd	Mauritius	Offshore banking	100	100
1.1.4	SBM Overseas Three Ltd	Mauritius	Offshore banking	100	100
1.1.5	SBM Overseas Four Ltd	Mauritius	Offshore banking	100	100
1.1.6	SBM Overseas Five Ltd	Mauritius	Offshore banking	100	100
1.1.7	SBM Overseas Six Ltd	Mauritius	Offshore banking	100	100
1.2	<i>Special Purpose Vehicles for single Bank Investment Holding Subsidiaries</i>				
1.2.1	SBM Africa Holdings Ltd	Mauritius	Investment in SBM Bank (Kenya) Limited	100	100
1.3	<i>Bank Operating Subsidiaries</i>				
1.3.1	SBM Bank (Mauritius) Ltd	Mauritius	Commercial banking	100	100
1.3.2	Banque SBM Madagascar SA	Madagascar	Commercial banking	100	100
1.3.3	SBM Bank (Kenya) Limited	Kenya	Commercial banking	100	100
1.3.4	SBM Bank (India) Limited	India	Commercial banking	100	100
2.0	<u>Non-Bank Financial Segment Subsidiaries</u>				
2.1	<i>Special Purpose Vehicle for Non-Bank Investments Holding Company</i>				
2.1.1	SBM (NBFC) Holdings Ltd	Mauritius	Non-Banking Financial Investments Holding	100	100
2.2	<i>Non-Bank Operating Subsidiaries</i>				
2.2.1	SBM Fund Services Ltd	Mauritius	Fiduciary services / Back office processing	100	100
2.2.2	SBM Mauritius Asset Managers Ltd	Mauritius	Asset management	100	100
2.2.3	SBM Securities Ltd	Mauritius	Stockbroking	100	100
2.2.4	SBM Capital Management Limited	Mauritius	Investments	100	100
2.2.5	SBM eBusiness Ltd	Mauritius	Card acquiring & processing	100	100
2.2.6	SBM Custody Services Ltd	Mauritius	Custody Services	100	100
2.2.7	SBM Factors Ltd	Mauritius	Factoring	100	100
2.2.8	SBM Insurance Agency Limited	Mauritius	Insurance	100	100
2.2.9	SBM Capital Markets Limited	Mauritius	Investments	100	100
3.0	<u>Non-Financial Segment</u>				
3.1	SBM (NFC) Holdings Ltd	Mauritius	Investment securities	100	100
4.0	<u>Investment Holding</u>				
4.1	SBM Africa Equity Fund	Mauritius	Closed ended fund	100	100

SBM Holdings Ltd is the ultimate holding company of all the subsidiaries.

The investment in subsidiaries is classified as non current assets.

**10. (a). Property and equipment**

**Accounting policy**

Property and equipment are stated at cost (except for freehold land and buildings on leasehold land) less accumulated depreciation and any cumulative impairment loss. Land is stated at revalued amounts and buildings are stated at revalued amounts less accumulated depreciation and any impairment loss.

It is the Group's policy to revalue its freehold land and buildings and leasehold buildings at least every five years by independent valuers. Any revaluation surplus is credited to the net property revaluation reserve. Any revaluation decrease is first charged directly against the net property revaluation reserve held in respect of the respective asset, and then to the Statement of profit or loss.

Progress payments on tangible fixed assets are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other tangible fixed assets, commences when the assets are ready for their intended use.

Depreciation on owned assets is calculated to write off the cost or revalued amounts of tangible fixed assets over their estimated useful lives on a straight-line basis. Depreciation is calculated from the month the asset is capitalised. No depreciation is provided on freehold land.

The estimated useful lives of property and equipment are as follows:

Buildings	50-60 years
Furniture, fittings, computer and other equipment	3 to 10 years
Motor vehicles	5-8 years

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset. These are included within *Other operating income* in the *Statement of profit or loss*.

Depreciation on revalued buildings is charged to profit or loss. A transfer is made from the revaluation reserve to retained earnings as the asset is used (representing difference between depreciation based on revalued amount and depreciation based on original cost). On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

The Group	Freehold land and buildings	Buildings on leasehold land	Other tangible fixed assets	Motor vehicles	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
<b>Cost or valuation</b>					
<b>At 01 January 2023</b>	1,154,628	1,519,538	3,062,728	32,137	5,769,031
Additions	-	39,942	267,768	-	307,710
Disposals	-	-	(32,808)	-	(32,808)
Revaluation adjustment	30,815	-	-	-	30,815
Transfer	-	(6,629)	6,629	-	-
Translation adjustment	(15,480)	-	(118,634)	(3,890)	(138,004)
<b>At 31 December 2023</b>	<b>1,169,963</b>	<b>1,552,851</b>	<b>3,185,683</b>	<b>28,247</b>	<b>5,936,744</b>
<b>At 01 January 2024</b>	<b>1,169,963</b>	<b>1,552,851</b>	<b>3,185,683</b>	<b>28,247</b>	<b>5,936,744</b>
Additions	30,756	284,375	439,462	16,846	771,439
Disposals	-	-	(134,420)	(16,260)	(150,680)
Revaluation adjustment	154,196	255,910	-	-	410,106
Translation adjustment	33,013	-	143,770	4,582	181,365
<b>At 31 December 2024</b>	<b>1,387,928</b>	<b>2,093,136</b>	<b>3,634,495</b>	<b>33,415</b>	<b>7,148,974</b>

**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
<b><u>Accumulated depreciation</u></b>					
<b>At 01 January 2023</b>	120,844	179,991	1,983,660	30,441	2,314,936
Charge for the year	28,661	63,040	237,382	1,179	330,262
Transfer	-	(424)	424	-	-
Disposals	-	-	(31,449)	-	(31,449)
Translation adjustment	(8,244)	-	(95,543)	(3,913)	(107,700)
<b>At 31 December 2023</b>	<b>141,261</b>	<b>242,607</b>	<b>2,094,474</b>	<b>27,707</b>	<b>2,506,049</b>
<b>At 01 January 2024</b>	<b>141,261</b>	<b>242,607</b>	<b>2,094,474</b>	<b>27,707</b>	<b>2,506,049</b>
Charge for the year	34,795	80,651	291,150	1,821	408,417
Disposals	-	-	(124,049)	(16,260)	(140,309)
Revaluation adjustment	(70,343)	(299,148)	-	-	(369,491)
Translation adjustment	19,750	-	111,553	4,615	135,918
<b>At 31 December 2024</b>	<b>125,463</b>	<b>24,110</b>	<b>2,373,128</b>	<b>17,883</b>	<b>2,540,584</b>
<b><u>Carrying value</u></b>					
<b>At 31 December 2024</b>	<b>1,262,465</b>	<b>2,069,026</b>	<b>1,261,367</b>	<b>15,532</b>	<b>4,608,390</b>
<b>Progress payments on tangible fixed assets</b>					<b>662,506</b>
					<b>5,270,896</b>
<b>At 31 December 2023</b>	<b>1,028,702</b>	<b>1,310,244</b>	<b>1,091,209</b>	<b>540</b>	<b>3,430,695</b>
<b>Progress payments on tangible fixed assets</b>					<b>709,517</b>
					<b>4,140,212</b>

The Company	Other tangible fixed assets	Total
	MUR' 000	MUR' 000
<b><u>Cost or valuation</u></b>		
<b>At 01 January 2023</b>	1,526	1,526
Additions	739	739
<b>At 31 December 2023</b>	<b>2,265</b>	<b>2,265</b>
Additions	-	-
<b>At 31 December 2024</b>	<b>2,265</b>	<b>2,265</b>
<b><u>Accumulated depreciation</u></b>		
<b>At 01 January 2023</b>	438	438
Charge for the year	372	372
<b>At 31 December 2023</b>	<b>810</b>	<b>810</b>
Charge for the year	439	439
<b>At 31 December 2024</b>	<b>1,249</b>	<b>1,249</b>
<b><u>Carrying value</u></b>		
<b>At 31 December 2024</b>	<b>1,016</b>	<b>1,016</b>
<b>Progress payments on tangible fixed assets</b>		<b>3,857</b>
		<b>4,873</b>
<b>At 31 December 2023</b>	<b>1,455</b>	<b>1,455</b>
<b>Progress payments on tangible fixed assets</b>		<b>3,857</b>
		<b>5,312</b>

**10. (a). Property and equipment (Cont'd)**

The property and equipment are classified as non-current assets.

Management has reviewed the carrying amount of the Group's and Company's property and equipment and are of the opinion that no impairment is required at the reporting date (2023: Nil).

Details of the Group's land and buildings and information about the fair value hierarchy are as follows:

		<b>The Group</b>	
		<b>2024</b>	<b>2023</b>
		<b>MUR' 000</b>	<b>MUR' 000</b>
Freehold land	Level 2	<b>609,333</b>	485,001
Freehold buildings	Level 3	<b>653,131</b>	543,702
Buildings on leasehold land	Level 3	<b>2,069,028</b>	1,310,244
		<b>3,331,492</b>	<b>2,338,947</b>

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:

		<b>The Group</b>	
		<b>2024</b>	<b>2023</b>
		<b>MUR' 000</b>	<b>MUR' 000</b>
Freehold land and buildings		<b>841,627</b>	589,696
Building on leasehold land		<b>378,499</b>	399,503
		<b>1,220,126</b>	<b>989,199</b>

The freehold land and buildings and buildings on leasehold land are periodically valued by an independent chartered valuation surveyor. The valuation exercise conducted as at 31 December 2024 has been performed by an independent chartered valuation surveyor, Aestima Ltd who is a duly registered valuer licensed by the RICS. The valuation is based on its Market Value which is defined as: "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion". The following methods of valuation has been used, namely, the sales comparison method, the depreciated replacement cost method and the income capitalisation approach. There has been no change in the valuation basis and methodology compared to the last valuation exercise conducted. The freehold land and building in India were revalued in March 2023 by independent Chartered Valuation Surveyors, Creative PropTech on market value of similar properties basis. The freehold land and building in Kenya were revalued in November 2018 by Ardhiworth Real Estate Limited an independent Chartered Valuation Surveyors on an open market value basis. The inputs used to revalue the PPE relate to unit prices of similar market transactions.

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 a liability due to Central Bank of Kenya. The liability was fully settled during the year.

Management has assessed the fair value of the properties at 31 December 2024 and 2023 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 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.

**10. (b). Right of use assets and lease liabilities (Cont'd)**

**The Group**

**The Group as lessee (Cont'd)**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise of:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group leases several assets including land, buildings and equipment . The average lease term is 3-6 years.

**10. (b). Right of use assets and lease liabilities (Cont'd)**

**The Group (Cont'd)**

**The Group as lessee (cont'd)**

The Group apply IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of non-financial assets' policy. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other operating expenses' in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The lease contracts do not have lease and non-lease components and hence the Group has not used this practical expedient.

**(i) Right of use assets**

Right of use assets are classified as non-current assets.

<b>The Group</b>	<b>Land and buildings</b>	<b>Other tangible fixed assets</b>	<b>Total</b>
<u><b>Cost or valuation</b></u>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>
<b>At 01 January 2023</b>	1,148,916	320,411	1,469,327
Translation adjustment	(98,296)	-	(98,296)
Additions	166,523	-	166,523
Termination/expiry	(73,009)	(117,135)	(190,144)
<b>At 31 December 2023</b>	<b>1,144,134</b>	<b>203,276</b>	<b>1,347,410</b>
<b>At 01 January 2024</b>	<b>1,144,134</b>	<b>203,276</b>	<b>1,347,410</b>
Translation adjustment	154,588	-	154,588
Additions	318,799	7,998	326,797
Termination/expiry	(259,565)	(17,151)	(276,716)
Remeasurement of existing lease	(23,953)	-	(23,953)
<b>At 31 December 2024</b>	<b>1,334,003</b>	<b>194,123</b>	<b>1,528,126</b>
<u><b>Accumulated Depreciation</b></u>			
<b>At 01 January 2023</b>	481,387	120,191	601,578
Translation adjustment	(58,764)	-	(58,764)
Termination/expiry	(59,796)	(98,784)	(158,580)
Charge for the year	221,883	16,748	238,631
<b>At 31 December 2023</b>	<b>584,710</b>	<b>38,155</b>	<b>622,865</b>
<b>At 01 January 2024</b>	<b>584,710</b>	<b>38,155</b>	<b>622,865</b>
Translation adjustment	82,247	-	82,247
Termination/expiry	(175,524)	(12,118)	(187,642)
Charge for the year	225,896	3,182	229,078
<b>At 31 December 2024</b>	<b>717,329</b>	<b>29,219</b>	<b>746,548</b>
<u><b>Carrying value</b></u>			
<b>At 31 December 2024</b>	<b>616,674</b>	<b>164,904</b>	<b>781,578</b>
At 31 December 2023	559,424	165,121	724,545



**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:

	<b>2024</b>	2023
	<b>MUR' 000</b>	MUR' 000
Depreciation expense on right of use assets	<b>229,078</b>	238,631
Interest expense on lease liability (note 25)	<b>74,523</b>	70,827
Expense relating to leases of low-value assets (included in other operating expenses)	<b>4,111</b>	3,424
(Loss)/gain on contract termination of right of use asset	<b>(1,088)</b>	5,306
<b>Total amount recognised in profit or loss</b>	<b>306,624</b>	318,188

For short term leases (leases with a lease term of 12 months or less) and leases of low value assets (printers and computers), the Group recognises the lease payments as an operating expense on a straight line basis over the term of the lease. Lease payments for short term lease amounted to MUR 1.2 million and MUR 98.1 million for low value assets for the year ended 31 December 2024.

At 31 December 2024, the Group does not have any commitment for short-term leases. There are no variable lease payment in the lease contracts of the Group.

**(ii) Lease liabilities**

	<b>2024</b>	2023
	<b>MUR' 000</b>	MUR' 000
<b>At 01 January</b>	<b>801,229</b>	888,617
Additions	<b>326,797</b>	166,522
Interest expense	<b>74,523</b>	70,827
Termination	<b>(109,522)</b>	(29,353)
Total cash outflows	<b>(293,092)</b>	(234,973)
Exchange difference	<b>83,591</b>	(60,411)
Remeasurement of existing lease	<b>(26,845)</b>	-
<b>At 31 December</b>	<b>856,681</b>	801,229

Maturity analysis of lease liability are as follows:

	<b>2024</b>	2023
	<b>MUR' 000</b>	MUR' 000
Up to 1 year	<b>105,837</b>	129,451
1 to 5 years	<b>538,387</b>	614,879
5 to 25 years	<b>317,577</b>	164,485
	<b>961,801</b>	908,815
Less unearned interest	<b>(105,120)</b>	(107,586)
	<b>856,681</b>	801,229
Further analysed into:		
Non current	<b>517,371</b>	508,957
Current	<b>339,310</b>	292,272
	<b>856,681</b>	801,229

The Group does not face significant liquidity risk with regards to its lease liabilities. All the lease obligations are denominated either in Mauritian Rupees or functional currency of the subsidiaries.

**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 align both its strategies and processes with the Technology Transformation Initiative namely Flamingo Project and also high performance banks. The costs incurred in respect of these initiatives were capitalised as intellectual property rights and are being amortised following the project going live in September 2016.

*WIP Software*

The Group is developing some softwares. These costs will be transferred under "Software" as soon as they will be in use by the Group.

	The Group			
	Software	WIP Software	Intellectual property	Total
<u>Cost or valuation</u>	MUR' 000	MUR' 000	MUR' 000	MUR' 000
<b>At 01 January 2023</b>	5,201,835	175,869	284,915	5,662,619
Translation adjustment	(68,591)	(1,064)	-	(69,655)
Additions	82,263	603,989	-	686,252
Transfer to expenses	-	(29,262)	-	(29,262)
Disposal	(14,094)	-	-	(14,094)
Transfer	394,041	(394,041)	-	-
<b>At 31 December 2023</b>	<b>5,595,454</b>	<b>355,491</b>	<b>284,915</b>	<b>6,235,860</b>
<b>At 01 January 2024</b>	<b>5,595,454</b>	<b>355,491</b>	<b>284,915</b>	<b>6,235,860</b>
Translation adjustment	101,987	2,130	-	104,117
Additions	137,359	269,568	-	406,927
Transfer to expenses	-	(58,199)	-	(58,199)
Transfer	304,710	(304,710)	-	-
<b>At 31 December 2024</b>	<b>6,139,510</b>	<b>264,280</b>	<b>284,915</b>	<b>6,688,705</b>
<u>Accumulated amortisation</u>				
<b>At 01 January 2023</b>	3,624,715	-	284,915	3,909,630
Translation adjustment	(52,965)	-	-	(52,965)
Charge for the year	531,095	-	-	531,095
Disposal	(3,523)	-	-	(3,523)
<b>At 31 December 2023</b>	<b>4,099,322</b>	<b>-</b>	<b>284,915</b>	<b>4,384,237</b>
<b>At 01 January 2024</b>	<b>4,099,322</b>	<b>-</b>	<b>284,915</b>	<b>4,384,237</b>
Translation adjustment	76,029	-	-	76,029
Charge for the year	692,546	-	-	692,546
<b>At 31 December 2024</b>	<b>4,867,897</b>	<b>-</b>	<b>284,915</b>	<b>5,152,812</b>
<u>Carrying value</u>				
<b>At 31 December 2024</b>	<b>1,271,613</b>	<b>264,280</b>	<b>-</b>	<b>1,535,893</b>
At 31 December 2023	1,496,132	355,491	-	1,851,623

**11. Intangible assets (Cont'd)**

**The Company**

	<b>Software</b>	<b>Total</b>
<u>Cost or valuation</u>	<b>MUR' 000</b>	<b>MUR' 000</b>
<b>At 01 January 2023/31 December 2023</b>	1,371	1,371
Additions	-	-
<b>At 31 December 2024</b>	<b>1,371</b>	<b>1,371</b>
<u>Accumulated depreciation</u>		
<b>At 01 January 2023</b>	1,036	1,036
Charge for the year	269	269
<b>At 31 December 2023</b>	<b>1,305</b>	<b>1,305</b>
Charge for the year	<b>66</b>	<b>66</b>
<b>At 31 December 2024</b>	<b>1,371</b>	<b>1,371</b>
<u>Carrying value</u>		
<b>At 31 December 2024</b>	-	-
At 31 December 2023	66	66

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 (2023 : Nil). The intangible assets are non-current assets whose maturity are more than one year.

**12. Other assets**

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>
Accounts receivable - banking <sup>1</sup>	<b>2,009,569</b>	1,685,913	-	-
Accounts receivable - non-banking	<b>1,270,781</b>	1,270,781	<b>81,212</b>	113,507
Balances due in clearing	<b>10,562</b>	11,475	-	-
Tax deducted at source	<b>390,336</b>	344,240	-	-
Tax assets (note 17a)	<b>27,587</b>	32,732	-	-
Prepayment	<b>462,774</b>	399,096	<b>462</b>	463
Other receivables	<b>367,526</b>	454,333	-	-
	<b>4,539,135</b>	4,198,570	<b>81,674</b>	113,970
Less: allowance for credit losses	<b>(144,385)</b>	(123,115)	<b>(739)</b>	-
	<b>4,394,750</b>	4,075,455	<b>80,935</b>	113,970

<sup>1</sup> The accounts receivable are mainly transition accounts that will be cleared the following day and the impairment loss thereon is insignificant.

Other assets are classified as current assets.

An analysis of changes in the corresponding ECL pertaining to accounts receivable is as follows:

<b>The Group</b>	<b>2024</b>		
	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>
	<b>Stage 1</b>	<b>Stage 3</b>	<b>Total</b>
ECL allowance as at 01 January	<b>81,130</b>	<b>41,985</b>	<b>123,115</b>
Financial assets originated or purchased	-	<b>131,310</b>	<b>131,310</b>
Assets derecognised or repaid (excluding write offs)	<b>(13,035)</b>	<b>(41,985)</b>	<b>(55,020)</b>
Translation adjustment	-	<b>(55,021)</b>	<b>(55,021)</b>
ECL allowance as at 31 December	<b>68,095</b>	<b>76,290</b>	<b>144,385</b>

**12. Other assets (Cont'd)**

The Group	2023		
	MUR' 000	MUR' 000	MUR' 000
	Stage 1	Stage 3	Total
ECL allowance as at 01 January	53,827	-	53,827
Movement for the year	27,303	41,985	69,288
ECL allowance as at 31 December	81,130	41,985	123,115

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 liabilities**

**Accounting policy**

**(i) Defined benefit plans**

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets, is reflected immediately in the Statements of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in the Statements of profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements), net interest expense or income and remeasurement.

The retirement benefit obligation recognised in the statements of financial position represents the actual deficit or surplus in the Group's defined benefits plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

**(ii) Defined contribution plan**

Employees who joined after 31 December 2004 are entitled to defined contribution retirement benefit pension arrangements. Employer contributions are expensed in the statements of profit or loss in the period in which they fall due. The defined contribution benefit replaced the defined benefit pension plan as from 01 January 2005. Employees who were initially in the defined benefit pension plan remained in the said plan.

Pension liabilities are classified as non-current liabilities.

The amount included in the Statement of Financial Position arising from the Group's obligation in respect of its defined benefits plan is as follows:

	The Group		The Company	
	2024	2023	2024	2023
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Defined benefit plan (note 13 (a))	398,091	243,263	(120)	1,534
Residual retirement gratuities (note 13 (b))	360,047	207,600	30,580	11,524
	758,138	450,863	30,460	13,058

**13. Pension liabilities (Cont'd)**

**(a). Defined benefit plans**

The Group provides final salary defined benefit (DB) plan to some of its employees ("eligible employees"), and the plan operates under the SBM Group Pension Fund (the "Fund") which is in existence since 1 July 1999. The plan provides for a pension at retirement and a benefit on death or disablement in service before retirement and is wholly funded. SBMBM is the principal sponsor of the Fund and eligible employees are those who have joined the Bank prior to 31 December 2004. The assets of the managed by SBM Mauritius Asset Managers Ltd and administered by SICOM Ltd. There are other participating employers of the Fund (within the SBM Group) that allows them to pool their assets for investment purposes (group administration plans).

The plan provides for a pension at a retirement and a benefit in death or disablement in service before retirement.

The plan exposes the Group to normal risks associated with defined benefit pension plans such as investment, interest, longevity and salary rise risks.

*Investment risk*

The plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan assets is below this rate, it will create a plan deficit and if it is higher, it will create a plan surplus.

*Interest risk*

A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

*Longevity risk*

The plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.

*Salary risk*

The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

There has been no plan amendment, curtailment or settlement during the year except for past service costs accounted for some employee transfers between related entities within the Group and due to the change in methodology.

The most recent actuarial valuation of the defined benefit plan was carried out at 31 December 2024 by AON Hewitt Ltd, actuaries and consultants.

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>
<b>Reconciliation of present value of defined benefit liability</b>				
Present value of funded defined benefit obligation	<b>2,561,171</b>	2,095,217	<b>17,057</b>	16,289
Fair value of planned assets	<b>(2,163,080)</b>	(1,851,954)	<b>(17,177)</b>	(14,755)
Net liability arising from defined benefit obligation	<b>398,091</b>	243,263	<b>(120)</b>	1,534
Balance at start of the year	<b>243,263</b>	357,882	<b>1,534</b>	1,831
Amount recognised in statements of profit or loss	<b>76,483</b>	73,943	<b>628</b>	593
Amount recognised in other comprehensive income	<b>139,448</b>	177,993	<b>(1,851)</b>	1,936
Less employer contributions	<b>(65,984)</b>	(366,555)	<b>(431)</b>	(2,826)
Transfer from other liabilities	<b>4,881</b>	-	<b>-</b>	-
Balance at end of the year	<b>398,091</b>	243,263	<b>(120)</b>	1,534

**13. Pension liabilities (Cont'd)**

**(a). Defined benefit plans (Cont'd)**

	The Group		The Company	
	2024	2023	2024	2023
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
<b>Components of amount recognised in statements of profit or loss</b>				
Current service cost	64,069	40,681	465	410
Net interest cost	12,414	33,262	78	183
Total expense	76,483	73,943	543	593

**Components of amount recognised in other comprehensive income**

Return on planned assets below/(above) interest income	(204,228)	(84,714)	(1,654)	(653)
Liability experience loss	290,033	-	(363)	-
Liability gain due to change in demographic assumptions	29,684	(5,456)	-	-
Liability experience loss due to change in financial assumptions	23,959	268,163	166	2,589
<b>Total</b>	<b>139,448</b>	<b>177,993</b>	<b>(1,851)</b>	<b>1,936</b>

**Reconciliation of fair value of assets**

Balance at start of the year	1,851,954	1,432,735	14,755	10,652
Interest income	104,162	82,908	810	640
Employer contributions	65,984	366,555	431	2,826
Benefits paid	(116,495)	(114,958)	(473)	(16)
Transfer from Other Liabilities	53,247	-	-	-
Return on assets excluding interest income	204,228	84,714	1,654	653
Balance at end of the year	2,163,080	1,851,954	17,177	14,755

**Reconciliation of present value of defined benefit obligation**

Balance at start of the year	2,095,217	1,790,617	16,289	12,483
Current service cost	64,069	40,681	465	410
Past service cost	-	-	85	0
Interest expense	116,576	116,170	888	823
Other benefits paid	(116,495)	(114,958)	(473)	(16)
Liability experience loss	290,033	-	(363)	-
Liability gain due to change in demographic assumptions	29,684	(5,456)	-	-
Liability loss due to change in financial assumptions	23,959	268,163	166	2,589
Transfer from Other Liabilities	58,128	-	-	-
Balance at end of the year	2,561,171	2,095,217	17,057	16,289

	The Group		The Company	
	2024	2023	2024	2023
	%	%	%	%
<b>Allocation of assets at end of year</b>				
Equity - Overseas quoted	47	42	47	42
Equity - Overseas unquoted	-	-	-	-
Equity - Local quoted	18	19	18	19
Equity - Local unquoted	-	-	-	-
Debt - Overseas quoted	1	-	1	-
Debt - Overseas unquoted	-	-	-	-
Debt - Local quoted	6	8	6	8
Debt - Local unquoted	13	17	13	17
Investment Fund	14	-	14	-
Cash and other	1	14	1	14
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**13. Pension liabilities (cont'd)**

**(a). Defined benefit plans (Cont'd)**

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Allocation of assets at end of year</b>				
Reporting entity's own transferable financial instruments	<b>2%</b>	2%	<b>2%</b>	2%
<b>Principal assumptions used at end of year</b>				
Discount rate	<b>5.5%</b>	5.5%	<b>5.3%</b>	5.5%
Rate of salary increases	<b>6.2%</b>	6.2%	<b>5.7%</b>	6.2%
Rate of pension increases	<b>2.0%</b>	2.0%	<b>2.0%</b>	2.0%
Average retirement age (ARA)	<b>65</b>	65	<b>65</b>	65
Average life expectancy for:				
- Male at ARA	<b>15.9 years</b>	15.9 years	<b>15.9 years</b>	15.9 years
- Female at ARA	<b>20.0 years</b>	20.0 years	<b>20.0 years</b>	20.0 years

IAS 19 requires that the discount rate be set based on the yields of high quality corporate bonds with an appropriate term. Since no deep market in such bonds is available, IAS 19 requires that the yield on government bonds of appropriate term can be applied. The discount rate takes account of the nominal yield to redemption of government bonds traded on the secondary market as at 31 December 2024.

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>MUR' 000</b>	MUR' 000	<b>MUR' 000</b>	MUR' 000
<b>Sensitivity analysis on defined benefit obligation at end of year</b>				
Increase due to 1% decrease in discount rate	<b>372,869</b>	314,282	<b>1,075</b>	2,443
Decrease due to 1% increase in discount rate	<b>300,593</b>	251,263	<b>792</b>	1,792

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. Any similar variation in the other assumptions would have shown smaller variations in the defined benefit obligation.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit asset as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

**Future cashflows**

The funding policy is to pay contributions to an external legal entity at the rate recommended by the entity's actuaries.

The Group expects to make a contribution of around MUR 65.5 million to the SBM Group Pension Fund for the next financial year and the weighted average duration of the defined benefit obligation is ranges between 12 to 28 years for the Group and 12 years for the Company.

The Company expects to make a contribution of around MUR 33,000 to the SBM Group Pension Fund for the next financial year.

**(b). Residual retirement gratuities**

The liability relates to residual retirement gratuities payable under the Workers' Rights Act 2019 and is unfunded.

The Group is exposed to normal risks associated with residual retirement gratuities such as interest and salary rise risks.

Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

Salary risk

The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

The most recent actuarial valuation of the retirement gratuities was carried out at 31 December 2024 by AON Hewitt Ltd, actuaries and consultants.

**13. Pension liabilities (Cont'd)**

**(b). Residual retirement gratuities (Cont'd)**

The amount included in the statement of financial position arising from the Group's obligation in respect of its residual retirement gratuities is as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>
<b>Reconciliation of net defined benefit liability</b>				
Balance at start of the year	207,600	211,211	11,524	8,265
Amount recognised in statements of profit or loss	42,751	(22,698)	12,211	682
Amount recognised in other comprehensive income	122,782	26,473	7,439	3,320
Less benefits paid	(13,086)	(7,386)	(594)	(743)
<b>Balance at end of the year</b>	<b>360,047</b>	<b>207,600</b>	<b>30,580</b>	<b>11,524</b>
<b>Reconciliation of present value of defined benefit obligation</b>				
Balance at start of the year	207,600	211,211	11,524	8,265
Current service cost	37,815	23,780	4,669	2,986
Past service cost	(5,964)	(60,398)	6,693	(2,834)
Interest expense	10,900	13,920	849	530
Liability experience loss	34,571	123	1,297	1,304
Liability gain due to change in demographic assumptions	95,840	(14,968)	5,533	(495)
Liability loss due to change in financial assumptions	(7,629)	41,318	609	2,511
Benefits paid	(13,086)	(7,386)	(594)	(743)
<b>Balance at end of the year</b>	<b>360,047</b>	<b>207,600</b>	<b>30,580</b>	<b>11,524</b>

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>
<b>Components of amount recognised in statements of profit or loss</b>				
Current service cost	37,815	23,780	4,669	2,986
Past service cost	(5,964)	(60,398)	6,693	(2,834)
Net interest cost	10,900	13,920	849	530
Total expense	42,751	(22,698)	12,211	682

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>
<b>Components of amount recognised in other comprehensive income</b>				
Liability experience loss	34,571	123	1,297	1,304
Liability experience gain due to change in demographic assumptions	95,840	(14,968)	5,533	(495)
Liability loss due to change in financial assumptions	(7,629)	41,318	609	2,511
<b>Total</b>	<b>122,782</b>	<b>26,473</b>	<b>7,439</b>	<b>3,320</b>

**Principal assumptions used at end of year**

	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>5.3%</b>	<b>5.5%</b>	<b>5.3%</b>	<b>5.5%</b>
Discount rate	5.3%	5.5%	5.3%	5.5%
Rate of salary increases	5.7%/7%	6.2%/7%	5.7%/7%	6.2%/7%
Rate of pension increases	2.0%	2.0%	2.0%	2.0%
Average retirement age (ARA)	60/65	60/65	60/65	60/65

**Sensitivity Analysis on defined benefit obligation at end of year**

	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>112,626</b>	<b>57,442</b>	<b>771</b>	<b>2,770</b>
Increase due to 1% decrease in discount rate	112,626	57,442	771	2,770
Decrease due to 1% increase in discount rate	94,017	48,434	626	2,342

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 liabilities (Cont'd)**

**(b). Residual retirement gratuities (Cont'd)**

**Future cashflows**

The funding policy is to pay benefits from the reporting entity's cashflow as and when due.

Expected contribution for the next financial year is MUR 29.2 million for the Group and MUR 53,000 for the Company and the weighted average duration of the defined benefit obligation is 8-26 years for the Group and 16 years for the Company.

**Defined contribution plan**

As from 1 January 2005, the defined benefit plan has been closed to new entrants and all new entrants of the Group joined a defined contribution plan operated under the SBM Group Defined Contribution Fund (DC Fund). SBMBM is the principal employer of the DC Fund. The assets are managed by SBM Mauritius Asset Managers Ltd and administered by SICOM Ltd. There are other participating employers of the Fund (within the SBM Group) that allows them to pool their assets for investment purposes (group administration plans).

The Group made a contribution amounting to MUR 323.5 million to SBM Group DC fund for employees under the defined contribution pension plan (2023: MUR 143.7 million). The Company contributed MUR 23.6 million (2023: MUR 9.3 million) to the defined contribution plan during the year.

**14. Deposits from banks**

	<b>The Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>MUR' 000</b>	<b>MUR' 000</b>
Demand deposits	<b>3,963,451</b>	<b>2,662,028</b>

**15. Deposits from non-bank customers**

	<b>The Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>MUR' 000</b>	<b>MUR' 000</b>
(i) Retail customers		
Current accounts	<b>31,675,788</b>	<b>28,752,329</b>
Savings accounts	<b>94,881,043</b>	<b>81,056,748</b>
Time deposits with remaining term to maturity:		
- Up to 3 months	<b>12,707,339</b>	<b>10,316,826</b>
- Over 3 months and up to 6 months	<b>5,594,638</b>	<b>3,817,812</b>
- Over 6 months and up to 12 months	<b>7,798,884</b>	<b>7,204,291</b>
- Over 1 year and up to 5 years	<b>13,587,979</b>	<b>10,447,123</b>
- Over 5 years	<b>99,743</b>	<b>191,591</b>
Total time deposits	<b>39,788,583</b>	<b>31,977,643</b>
<b>Total deposits from retail customers</b>	<b>166,345,414</b>	<b>141,786,720</b>
(ii) Corporate customers		
Current accounts	<b>72,206,031</b>	<b>70,713,901</b>
Savings accounts	<b>5,230,260</b>	<b>5,025,449</b>
Time deposits with remaining term to maturity:		
- Up to 3 months	<b>71,732,370</b>	<b>34,119,452</b>
- Over 3 months and up to 6 months	<b>13,058,473</b>	<b>8,683,869</b>
- Over 6 months and up to 12 months	<b>7,967,819</b>	<b>7,991,804</b>
- Over 1 year and up to 5 years	<b>2,695,908</b>	<b>2,681,211</b>
- Over 5 years	<b>68,868</b>	<b>81,120</b>
Total time deposits	<b>95,523,438</b>	<b>53,557,456</b>
<b>Total deposit from corporate customers</b>	<b>172,959,729</b>	<b>129,296,806</b>
(iii) Government		
Current accounts	<b>8,495,361</b>	<b>7,247,519</b>
Savings accounts	<b>4,491,106</b>	<b>3,476,670</b>
Time deposits with remaining term to maturity:		
- Up to 3 months	<b>3,219,710</b>	<b>5,997,633</b>
- Over 3 months and up to 6 months	<b>3,218,316</b>	<b>1,932,240</b>
- Over 6 months and up to 12 months	<b>72,387</b>	<b>350,250</b>
- Over 1 year and up to 5 years	<b>694,005</b>	<b>551,967</b>
- Over 5 years	<b>-</b>	<b>-</b>
Total time deposits	<b>7,204,418</b>	<b>8,832,090</b>
<b>Total deposit from the Government</b>	<b>20,190,885</b>	<b>19,556,279</b>
<b>Total deposit from non-bank customers</b>	<b>359,496,028</b>	<b>290,639,805</b>

**16. Other borrowed funds**

<b>The Group</b>	
<b>2024</b>	<b>2023</b>
<b>MUR' 000</b>	<b>MUR' 000</b>
Borrowings from central banks	5,593,882
Other financial institutions	3,590,464
Borrowings from banks	
- In Mauritius	4,036,479
- Outside Mauritius	184,836
<b>10,523,557</b>	<b>13,405,661</b>

<b>The Group</b>	
<b>2024</b>	<b>2023</b>
<b>MUR' 000</b>	<b>MUR' 000</b>
<b>Remaining term to maturity</b>	
Up to 3 months	9,815,562
Over 3 months and up to 6 months	241,518
Over 6 months and up to 12 months	517,872
Over 1 year and up to 5 years	2,359,610
Over 5 years	471,099
<b>10,523,557</b>	<b>13,405,661</b>

<b>The Company</b>	
<b>2024</b>	<b>2023</b>
<b>MUR' 000</b>	<b>MUR' 000</b>
Borrowings from central banks	-
Other financial institutions	-
Borrowings from banks	
- In Mauritius	-
- Outside Mauritius	-
<b>121,946</b>	<b>-</b>

<b>The Company</b>	
<b>2024</b>	<b>2023</b>
<b>MUR' 000</b>	<b>MUR' 000</b>
<b>Remaining term to maturity</b>	
Up to 3 months	-
Over 3 months and up to 6 months	-
Over 6 months and up to 12 months	-
Over 1 year and up to 5 years	-
Over 5 years	-
<b>121,946</b>	<b>-</b>

Borrowings from banks are short term interbank borrowings from local banks at 31 December 2024 with an interest rate ranging from 3% to 4.5% per annum with a tenor of less than 3 months. 50% of the local borrowings were fully collateralised in the form of marketable government securities.

Borrowings from other financial institutions are long term borrowings taken for refinancing purposes with an interest rate ranging from 0.4% to 10% and have maturity date up to 2032.

**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.

SBM Bank (Mauritius) Ltd is taxed at 5% on the first MUR 1.5 billion of its chargeable income and at 15% of its remaining chargeable income for the year ended 31 December 2023. For the year 2022, the Bank was taxed at 5% on the first MUR 1.5 billion of its chargeable income, at 15% of its chargeable income between MUR 1.5 billion and the base year income, and at 5% on the remainder, subject to meeting prescribed conditions laid down by the Income Tax Act for Banks in Mauritius. The applicable tax rate for India is 43.26% (2023: 43.26%), whereas that of Madagascar is 20% (2023: 20%) and Kenya is 30% (2023: 30%).

Non-banking entities within the Group are taxable at the rate of 15% (2023: 15%).

**17. Taxation (Cont'd)**

**Corporate Social Responsibility (CSR)**

Corporate social responsibility (CSR) was legislated by the Government of Mauritius in July 2009. In terms of the legislation, the 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.

**Corporate Climate Responsibility (CCR)**

The Finance (Miscellaneous Provisions) Act 2024, which was gazetted on 27 July 2024, introduced a new Corporate Climate Responsibility (CCR) levy at 2% on current year chargeable income for the year of assessment commencing on 1 July 2024. CCR is payable to the Mauritius Revenue Authority by all companies where the gross income exceeds MUR 50 million. This levy is recognised as part of income tax expense.

**Bank levy**

SBMBM is liable to pay the taxation authorities a special levy calculated at 5.5% of its leviable income for the year ended 31 December 2024. For the years 2021 and 2020 special levy was calculated at 5.5% of the leviable income which 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.

**(a). Current tax liabilities**

The Company had accumulated tax losses amounting to MUR'000 41,943 as at 31 December 2024 (31 December 2023: MUR'000 22,912) which will expire in year 2029.

Current tax liabilities can be analysed as follows:

	The Group		The Company	
	2024	2023	2024	2023
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
<u>Statement of financial position</u>				
At 01 January	523,562	439,171	-	1,385
Income tax provision	787,208	389,581	-	-
Corporate Social Responsibility contribution	103,742	110,367	-	-
Underprovision / (overprovision) in prior years	16,118	71,682	-	(1,385)
Paid during the year	(770,319)	(939,160)	-	-
Translation difference	(733)	55,935	-	-
Bank levy	186,416	186,416	-	-
Corporate Climate Responsibility levy	124,774	-	-	-
Tax refund	20,464	(20,430)	-	-
Additional tax for year 2022	-	230,000	-	-
At 31 December	991,232	523,562	-	-

The breakdown of current tax liability is as follows:

Tax liability	1,018,819	556,294	-	-
Tax assets (note 12)	(27,587)	(32,732)	-	-
	991,232	523,562	-	-

Current tax liabilities will be repaid within the next one year and is classified as a current liabilities.

**(b). Tax expense**

The total tax expense can also be analysed as being incurred as follows:

	The Group		The Company	
	2024	2023	2024	2023
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
In Mauritius	1,224,855	661,805	-	(1,221)
Overseas	20,576	974	1,897	-
Total tax expense/(credit)	1,245,431	662,779	1,897	(1,221)
Income tax provision	787,208	389,581	-	-
Deferred income tax (note 17d)	4,310	(333,651)	-	-
Corporate Social Responsibility contribution	103,742	110,367	-	-
Bank levy	186,416	186,416	-	-
Corporate Climate Responsibility levy	124,774	-	-	-
Under/(over) provision in previous periods	35,562	71,681	-	(1,385)
Additional tax for year 2022	-	230,000	-	-
Tax refund in relation to prior years	898	(2,664)	-	(2,664)
Withholding tax	2,521	11,049	1,897	2,828
Total tax expense/(credit)	1,245,431	662,779	1,897	(1,221)

**17. Taxation (Cont'd)**

**17. (c). Tax reconciliation**

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>
Profit before income tax from continuing operations	<b>5,584,098</b>	4,979,715	<b>1,768,856</b>	1,306,510
Tax on accounting profit at applicable tax rates	<b>949,297</b>	846,551	<b>300,706</b>	222,106
Under/(over) provision in previous periods	<b>(379)</b>	71,682	-	(1,385)
Non allowable expenses	<b>265,784</b>	836,827	<b>169,969</b>	115,163
Exempt income	<b>(296,884)</b>	(706,358)	<b>(472,863)</b>	(336,253)
Corporate Social Responsibility contribution	<b>(684)</b>	110,367	-	-
Bank levy	<b>186,416</b>	186,416	-	-
Deferred tax assets not recognised	<b>(6,513)</b>	67,383	<b>2,188</b>	-
Tax refund in relation to prior years	-	(2,664)	-	(2,664)
Translation difference	<b>(11,852)</b>	-	-	-
Additional tax for year 2022	-	230,000	-	-
Tax loss utilised	<b>(7)</b>	(1,016)	-	(1,016)
Tax rate differential	<b>158,356</b>	(987,458)	-	-
Withholding tax	<b>1,897</b>	11,049	<b>1,897</b>	2,828
<b>Total tax expense/(credit)</b>	<b>1,245,431</b>	662,779	<b>1,897</b>	(1,221)

**(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,

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred tax relating to items recognised outside profit or loss are recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**Tax rate of SBM Bank (Mauritius) Ltd**

Following the change in tax rate for banks, the deferred tax rate applied for residents is 14% and for non residents & GBL companies is 12% (2023: 14% and 12% , 2022 : 7% and 5%).

**17. Taxation (Cont'd)**

**(d). Deferred tax (assets)/liabilities (Cont'd)**

No deferred tax was recognised as it is not probable that future taxable profit will be available to offset against the unused tax losses.

**Reconciliation of deferred tax assets**

	<b>The Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>MUR' 000</b>	<b>MUR' 000</b>
At 01 January	<b>(1,390,569)</b>	(1,265,176)
Translation adjustments	<b>(193,007)</b>	159,114
Charge/(credit) to profit or loss:		
- Movement for the year (Note 19b)	<b>4,031</b>	(333,651)
Charge/(credit) to other comprehensive income:		
- Remeasurement of retirement benefit obligations	<b>(34,392)</b>	(21,338)
- Revaluation of property	<b>94,290</b>	70,482
<b>At 31 December</b>	<b>(1,519,647)</b>	(1,390,569)

**Reconciliation of deferred tax  
(assets)/liabilities**

	<b>The Group</b>				
	<b>01 January 2024</b>	<b>Charge/ (credit) to profit or loss</b>	<b>Charge (credit) to OCI</b>	<b>Translation adjustment</b>	<b>31 December 2024</b>
	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>
<b>Deferred tax assets</b>					
Allowances for credit impairment	(955,336)	202,580	-	7,941	(744,815)
Pension liability	(58,861)	(2,434)	(34,392)	-	(95,687)
Other provisions	(661,987)	(305,601)	-	(188,135)	(1,155,723)
	<b>(1,676,184)</b>	<b>(105,455)</b>	<b>(34,392)</b>	<b>(180,194)</b>	<b>(1,996,225)</b>
<b>Deferred tax liabilities</b>					
Accelerated capital allowances	137,423	(9,736)	-	(13,087)	114,600
Revaluation of property	145,063	(9,112)	94,290	-	230,241
Unrealised exchange gains	3,129	128,334	-	274	131,737
	<b>285,615</b>	<b>109,486</b>	<b>94,290</b>	<b>(12,813)</b>	<b>476,578</b>
<b>Net deferred tax assets</b>	<b>(1,390,569)</b>	<b>4,031</b>	<b>59,898</b>	<b>(193,007)</b>	<b>(1,519,647)</b>

**Reconciliation of deferred tax  
assets/(liabilities) (cont'd)**

	<b>The Group</b>				
	<b>01 January 2023</b>	<b>Charge/ (credit) to profit or loss</b>	<b>Charge (credit) to OCI</b>	<b>Translation adjustment</b>	<b>31 December 2023</b>
	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>
<b>Deferred tax assets</b>					
Allowances for credit impairment	(504,272)	(432,823)	-	(18,241)	(955,336)
Pension liability	(37,523)	-	(21,338)	-	(58,861)
Other provisions	(825,535)	(2,144)	-	165,692	(661,987)
	<b>(1,367,330)</b>	<b>(434,967)</b>	<b>(21,338)</b>	<b>147,451</b>	<b>(1,676,184)</b>
<b>Deferred tax liabilities</b>					
Accelerated capital allowances	28,135	97,324	-	11,964	137,423
Revaluation of property	74,581	-	70,482	-	145,063
Unrealised exchange gains	(562)	3,992	-	(301)	3,129
	<b>102,154</b>	<b>101,316</b>	<b>70,482</b>	<b>11,663</b>	<b>285,615</b>
<b>Net deferred tax assets</b>	<b>(1,265,176)</b>	<b>(333,651)</b>	<b>49,144</b>	<b>159,114</b>	<b>(1,390,569)</b>

18. Other liabilities

	The Group		The Company	
	2024	2023	2024	2023
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Bills payable	549,775	437,601	-	-
Accruals for expenses	2,453,511	2,089,136	75,370	62,936
Accounts payable	3,913,962	6,052,557	42,224	26,360
Deferred income	104,160	78,413	-	-
Balance due in clearing	(1,184)	15,748	-	-
Balances in transit	1,528,803	1,084,103	-	-
ECL on memorandum Items (note 22)	335,387	232,964	-	-
Other payables	96,821	49,312	-	-
	<b>8,981,235</b>	<b>10,039,834</b>	<b>117,594</b>	<b>89,296</b>

Other liabilities, except for deferred income, are classified as current liabilities. Deferred income has a maturity of over more than one year and is treated as non-current liabilities.

19. Subordinated debts

	The Group		The Company	
	2024	2023	2024	2023
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Subordinated Bonds:				
<i>Class A 1 series bond of MUR floating interest rate senior unsecured bonds maturing in 2024 (Note (a))</i>	-	1,526,812	-	1,526,812
<i>Class A 2 series bond of MUR fixed interest rate senior unsecured bonds maturing in 2028 (Note (b))</i>	3,060,520	3,064,426	3,060,520	3,064,426
<i>Class B 2 series bond of USD fixed interest rate senior unsecured bonds maturing in 2025 (Note (b))</i>	3,579,225	3,351,948	3,579,225	3,351,948
<i>Class A 3 series bond of MUR fixed interest rate senior unsecured bonds maturing in 2031 (Note (c))</i>	1,003,567	1,003,560	1,003,567	1,003,560
<i>Class B 3 series bond of MUR floating interest rate senior unsecured bonds maturing in 2031 (Note (c))</i>	1,005,223	1,005,525	1,005,223	1,005,525
<i>Series Bond of INR fixed interest rate subordinated unsecured bonds maturing 2032 &amp; 2033 (Note (d))</i>	1,329,613	1,279,902	-	-
	<b>9,978,148</b>	<b>11,232,173</b>	<b>8,648,535</b>	<b>9,952,271</b>
<i>Analysed as :</i>				
<i>Non-current</i>	6,398,923	9,705,361	5,069,310	8,425,459
<i>Current</i>	3,579,225	1,526,812	3,579,225	1,526,812
	<b>9,978,148</b>	<b>11,232,173</b>	<b>8,648,535</b>	<b>9,952,271</b>

- 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 SOFR rate + 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. The Class A 1 series Bond matured on March 2024.

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 respectively 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%).

**19. Subordinated debts (Cont'd)**

- d. In FY 2022, SBM Bank (India) Ltd made a private placement of 125 Basel III compliant rated, unsecured, subordinated, listed, redeemable, non-convertible and fully paid up Tier 2 bonds in the nature of debentures (Series II) amounting to INR 1,250 million at a price of INR 10 million face value at a fixed interest rate of 9.75% maturing in April 2032. In financial year 2023, the subsidiary further issued 99 unsecured subordinated debts at INR 10 million face value at the rate of 9.98% maturing in January 2033.

**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**

The Group	Non-cash changes					
	At 1 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
<b>2024</b>						
Other borrowed funds	13,405,661	(2,882,104)	-	-	-	10,523,557
Subordinated debts	11,232,173	(1,500,000)	-	293,054	(47,079)	9,978,148
Lease liabilities	801,227	(293,092)	326,797	83,591	(61,842)	856,681
	<b>25,439,061</b>	<b>(4,675,196)</b>	<b>326,797</b>	<b>376,645</b>	<b>(108,921)</b>	<b>21,358,386</b>
<b>2023</b>						
Other borrowed funds	15,489,470	(2,083,809)	-	-	-	13,405,661
Subordinated debts	10,616,492	(38,384)	-	32,641	621,424	11,232,173
Lease liabilities	888,617	(225,056)	166,522	(60,413)	31,557	801,227
	<b>26,994,579</b>	<b>(2,347,249)</b>	<b>166,522</b>	<b>(27,772)</b>	<b>652,981</b>	<b>25,439,061</b>

**The Company**

The Company	Non-cash changes				
	At 1 January	Financing cash flows (i)	Exchange differences	Other changes (ii)	At 31 December
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
<u>2024</u>					
Subordinated debts	9,952,271	(1,500,000)	244,770	(48,506)	8,648,535
<u>2023</u>					
Subordinated debts	9,916,536		30,136	5,600	9,952,271

(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	
	Number	MUR' 000	Number	MUR' 000
Authorised, issued and paid up share capital				
At 31 December 2024	<b>3,037,402,230</b>	<b>32,500,204</b>	<b>3,037,402,230</b>	<b>32,500,204</b>
At 31 December 2023	3,037,402,230	32,500,204	3,037,402,230	32,500,204

**20. Stated capital and treasury shares (Cont'd)**

	<b>The Group</b>		<b>The Company</b>	
	<b>Number</b>	<b>MUR' 000</b>	<b>Number</b>	<b>MUR' 000</b>
<u>Treasury shares held</u>				
<b>At 31 December 2024</b>	<b>455,610,330</b>	<b>4,875,031</b>	<b>455,610,330</b>	<b>4,875,031</b>
At 31 December 2023	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**

Dividends on ordinary shares are recognised in equity in the period in which they are authorised by the directors and have been approved by the Bank of Mauritius.

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>
<i>Dividend declared and paid in current year:</i>				
2024: 40 cents; 2023: 20 cents	<b>1,032,717</b>	516,358	<b>1,032,717</b>	516,358
	<b>1,032,717</b>	516,358	<b>1,032,717</b>	516,358
Less dividend declared and paid during the year	<b>(1,032,717)</b>	(516,358)	<b>(1,032,717)</b>	(516,358)
Dividend payable	<b>-</b>	-	<b>-</b>	-

A dividend of 40 cents (2023: 20 cents) per share has been declared on 28 March 2024 and was paid on 17 June 2024.

**22. Memorandum items**

**a. Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers**

	<b>The Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>MUR' 000</b>	<b>MUR' 000</b>
Acceptances on account of customers	<b>3,108,889</b>	1,917,187
Guarantees on account of customers	<b>23,159,784</b>	19,189,094
Letters of credit and other obligations on account of customers	<b>2,902,407</b>	2,210,680
Other contingent items	<b>-</b>	-
	<b>29,171,080</b>	23,316,961

**b. Commitments**

Undrawn credit facilities	<b>29,054,246</b>	34,692,390
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**c. Other**

Inward bills held for collection	<b>1,860,578</b>	1,880,874
Outward bills sent for collection	<b>7,814,130</b>	3,701,237
	<b>9,674,708</b>	5,582,111
<b>Total</b>	<b>67,900,034</b>	63,591,462
Credit loss allowance	<b>(335,414)</b>	(232,964)
<b>Total carrying value</b>	<b>67,564,620</b>	63,358,498



**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.

<b>The Group</b>	<b>2024</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>Individual</b>	<b>Individual</b>		
	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>
<b>Internal rating grade</b>				
<b>Performing</b>				
High grade	24,995,149	998,974	-	25,994,123
Standard grade	25,157,680	2,881,060	-	28,038,740
Sub-standard grade	12,615,540	610,305	-	13,225,845
Past due but not impaired	-	-	-	-
<b>Non-performing</b>				
Individually impaired	-	-	641,326	641,326
<b>Total</b>	<b>62,768,370</b>	<b>4,490,339</b>	<b>641,326</b>	<b>67,900,034</b>

	<b>2023</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>Individual</b>	<b>Individual</b>		
	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>
<b>Internal rating grade</b>				
<b>Performing</b>				
High grade	27,283,027	428,391	5,737	27,717,155
Standard grade	26,237,684	1,369,787	-	27,607,471
Sub-standard grade	5,488,057	2,651,315	-	8,139,372
Past due but not impaired	-	-	-	-
<b>Non-performing</b>				
Individually impaired	-	-	127,464	127,464
<b>Total</b>	<b>59,008,768</b>	<b>4,449,493</b>	<b>133,201</b>	<b>63,591,462</b>

Details of the Group's internal grading system are set out in note 38(b)(i).

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

<b>The Group</b>	<b>2024</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>Individual</b>	<b>Individual</b>		
	<b>MUR'000</b>	<b>MUR'000</b>	<b>MUR'000</b>	<b>MUR'000</b>
<b>Gross carrying amount as at 01 January</b>	<b>59,008,768</b>	<b>4,449,493</b>	<b>133,201</b>	<b>63,591,462</b>
New exposures	20,219,067	2,260,471	42,273	22,521,811
Exposures derecognised or matured/lapsed	(18,275,492)	(2,059,839)	(201,111)	(20,536,442)
Transfers to Stage 1	353,132	(353,132)	-	-
Transfers to Stage 2	(699,111)	699,111	-	-
Translation adjustments	2,317,482	5,505	216	2,323,203
<b>Gross carrying amount as at 31 December</b>	<b>62,923,846</b>	<b>5,001,609</b>	<b>(25,421)</b>	<b>67,900,034</b>

**22. Memorandum items (Cont'd)**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows: (Cont'd)

	2023			
	Stage 1 Individual MUR'000	Stage 2 Individual MUR'000	Stage 3 MUR'000	Total MUR'000
<b>Gross carrying amount as at 01 January</b>	49,825,253	6,833,655	165,506	56,824,414
New exposures	13,510,322	2,122,348	2,000	15,634,670
Exposures derecognised or matured/lapsed	(7,503,472)	(3,499,687)	(67,941)	(11,071,100)
Transfers to Stage 1	2,298,949	(2,298,633)	(316)	-
Transfers to Stage 2	(1,327,012)	1,329,713	(2,701)	-
Transfers to Stage 3	-	(36,653)	36,653	-
Translation adjustments	2,204,728	(1,250)	-	2,203,478
<b>Gross carrying amount as at 31 December</b>	<b>59,008,768</b>	<b>4,449,493</b>	<b>133,201</b>	<b>63,591,462</b>

**The Group**

	2024			
	Stage 1 Individual MUR'000	Stage 2 Individual MUR'000	Stage 3 MUR'000	Total MUR'000
<b>ECL allowance as at 1 January</b>	<b>87,967</b>	<b>12,651</b>	<b>132,346</b>	<b>232,964</b>
New exposures	88,511	2,930	106,871	198,312
Exposures derecognised or repaid	(32,830)	(4,757)	(59,724)	(97,311)
Transfers to Stage 1	3,028	(3,028)	-	-
Transfers to Stage 2	(1,455)	1,455	-	-
Transfers to Stage 3	(301)	(1,401)	1,702	-
Translation adjustments	1,334	115	-	1,449
<b>At 31 December</b>	<b>146,254</b>	<b>7,965</b>	<b>181,195</b>	<b>335,414</b>

	2023			
	Stage 1 Individual MUR'000	Stage 2 Individual MUR'000	Stage 3 MUR'000	Total MUR'000
<b>ECL allowance as at 1 January</b>	112,542	18,304	170,324	301,170
New exposures	47,817	5,433	38,442	91,692
Exposures derecognised or repaid	(73,659)	(9,458)	(76,657)	(159,774)
Transfers to Stage 1	3,116	(3,116)	-	-
Transfers to Stage 2	(1,717)	1,717	-	-
Transfers to Stage 3	-	(237)	237	-
Translation adjustments	(132)	8	-	(124)
<b>At 31 December</b>	<b>87,967</b>	<b>12,651</b>	<b>132,346</b>	<b>232,964</b>

**22. Memorandum items (Cont'd)**

Legal proceedings

SBM Bank (Mauritius) Ltd (SBMBM)

The Bank is subject to various legal claims from former employees and customers with claims totalling MUR 696.8 million (2023: MUR 882.4 million). Out of these, the Bank has assessed the claims that are highly probable and has made a provision of MUR 60.7 million as at 31 December 2024, the Bank has not made any provision on the remaining claims (MUR 636.1 million) 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 in the amount of USD 7.5m in Chase Bank (Kenya) Limited (In Receivership). These were not part of the assumed liabilities taken over by SBMBK. The Financial Institution 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 filed an appeal in the Court of Appeal. SBMBK also obtained a Stay of Execution of the decision of the High Court, pending the determination of SBMBK's appeal. The Appeal was due to be heard on 18th March 2024 in the Court of Appeal but on that day, the Financial Institution indicated to the Court that there is a proposal for an out-of-court settlement by the Financial Institution, which is likely to extinguish the claim of the Financial Institution against SBMBK. On 28th February 2025, the Court of Appeal delivered its judgment, where it dismissed the appeal by SBMBK based on a technicality. Our advocates have filed on 14th March 2025 an application seeking leave to appeal so that the case can be adjudicated on merit since SBMBK did not take over this liability. No provision in relation to this claim has been recognized in these financial statements as the Directors have been advised by the lawyers that the probability of a liability arising is remote.

In June 2017, Kenya Revenue Authority (KRA) demanded penalties on taxes that were collected by Fidelity Commercial Bank (FCB) on behalf of its customers during the year 2016 under a service level agreement between KRA and FCB. These taxes which amounted to KShs. 239,289,236 were collected prior to the acquisition of FCB by SBM Bank (Kenya) Limited (SBMBK) and were paid in full by the latter upon take-over. KRA then raised a demand notice for penalties which had accrued and which were disputed by SBMBK at the time. KRA subsequently raised a revised penalty claim of Kshs 737 million, which was not agreeable to SBMBK. SBMBK declared a dispute in line with the provisions of the service level agreement. SBMBK also filed a case in High Court seeking temporary protection against enforcement of the claim by KRA as well as seeking direction by the Court for the dispute to be resolved through Arbitration. SBMBK was granted temporary protection by the High Court against enforcement of the claim by KRA. The case seeking to refer the matter to arbitration with a preliminary meeting held in December 2024 with a timetable was set out for the hearing to start on 5th May 2025. The directors, in consideration of the underlying facts about the claim, are confident that SBMBK is not liable and therefore no provision has been made in these financial statements in respect thereof. The possibility and extent to which an outflow of funds will be required to settle the matter will be dependent on the outcome of the ongoing court case and the decision of the arbitrator in the event that the Court directs the parties to resolve the dispute through arbitration.

**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:

<b>The Group</b>	
<b>2024</b>	<b>2023</b>
<b>MUR' 000</b>	<b>MUR' 000</b>
Treasury bills / Government bonds	8,475,353
Other investment securities	8,765,047
	195,275
	1,333,248
	8,670,628
	10,098,295
<i>Analysed as:</i>	
- In Mauritius	-
- Overseas	2,329,691
	8,670,628
	7,768,604
	8,670,628
	10,098,295

**24. Capital commitments**

	<b>The Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>MUR' 000</b>	<b>MUR' 000</b>
Approved and contracted for	<b>1,147,888</b>	1,314,401
Approved and not contracted for	<b>721,582</b>	766,249

**25. Net interest income/(expense)**

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>
<b>Interest Income using the effective interest method</b>				
Cash and cash equivalents	<b>1,049,298</b>	442,526	-	-
Loans to and placements with banks	<b>363,725</b>	198,373	-	-
Loans and advances to non-bank customers	<b>14,345,281</b>	13,168,176	-	-
Investment securities at amortised cost	<b>3,875,081</b>	3,662,891	<b>3,560</b>	12,727
Investment securities at FVTOCI	<b>3,076,485</b>	2,749,342	<b>8,810</b>	20,038
	<b>22,709,870</b>	20,221,308	<b>12,370</b>	32,765
<b>Interest income on financial instruments at fair value</b>				
Investment securities at FVTPL	<b>406,904</b>	129,795	-	-
Derivatives held for risk management	<b>226,098</b>	198,611	-	-
	<b>633,002</b>	328,406	-	-
<b>Total interest income</b>	<b>23,342,872</b>	20,549,714	<b>12,370</b>	32,765
<b>Interest expense using the effective interest method</b>				
Deposits from non-bank customers	<b>(9,539,541)</b>	(7,464,200)	<b>(150)</b>	-
Other borrowed funds	<b>(1,320,633)</b>	(1,056,943)	-	-
Subordinated debts	<b>(587,697)</b>	(653,312)	<b>(464,102)</b>	(534,993)
Interest expense on lease liabilities	<b>(74,523)</b>	(70,827)	-	-
<b>Total interest expense</b>	<b>(11,522,394)</b>	(9,245,282)	<b>(464,252)</b>	(534,993)
<b>Other interest expense</b>				
Interest paid on trading liabilities	<b>(454,915)</b>	-	-	-
Derivatives held for risk management	<b>(191,500)</b>	(664,631)	-	-
<b>Total interest expense</b>	<b>(12,168,809)</b>	(9,909,913)	<b>(464,252)</b>	(534,993)
<b>Net interest income / (expense)</b>	<b>11,174,063</b>	10,639,801	<b>(451,882)</b>	(502,228)

**26. Net fee and commission income**

	<b>The Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>MUR' 000</b>	<b>MUR' 000</b>
<b>Fee and commission income</b>		
Retail banking customer fees	419,618	412,851
Corporate banking customer fees	865,193	749,659
Brokerage income	202,621	183,364
Asset management fees	106,772	84,467
Factoring fees	11,879	11,801
Card income	579,919	683,543
Other fees*	295,654	458,986
<b>Total fee and commission income</b>	<b>2,481,656</b>	<b>2,584,671</b>
<b>Fee and commission expense</b>		
Interbank transaction fees	(66,632)	(63,009)
Brokerage	(3,783)	(1,374)
Other fees	(54,295)	(72,975)
<b>Total fee and commission expense</b>	<b>(124,710)</b>	<b>(137,358)</b>
<b>Net fee and commission income</b>	<b>2,356,946</b>	<b>2,447,313</b>

\* Out of the other fee and commission income an amount of MUR'000 155,529 (2023: MUR'000 146,615) pertain to revenue from contract with customers (brokerage income) which has been recognised as per accounting policy described in note 26(a) below together with the related disclosures.

**(a). Revenue from contracts with customers**

**Significant accounting estimates and judgements**

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

**Identify the performance obligations**

SBM Mauritius Asset Managers Ltd

The Company provides asset management services. Revenue from contracts with customers is recognised when the services are rendered to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

The Company determined that management fees, retrocession fees, arranger fees, entry and exit fees and commission from structured products are capable of being distinct since they are different services being provided and the contracts are separate.

SBM Capital Markets Ltd

The Company provides corporate finance advisory services and stock broking services. Revenue from contracts with customers is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

The Company determined that commission from local equity, commission from local bonds, commission from international equity, commission from international bonds, management fees, retrocession fees, arranger fees, entry and exit fees and commission from structured products are capable of being distinct since they are different services being provided and the contracts are separate.

SBM Fund Services Ltd

The Company acts as registrar and transfer agent for numerous listed companies and mutual funds. It also provides administration services including trade and fees processing, net asset value computation and fund accounting services. Revenue from contracts with customers is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

26. Net fee and commission income (Cont'd)  
(a). Revenue from contracts with customers (Cont'd)

**Identify the performance obligations (Cont'd)**

SBM Fund Services Ltd (Cont'd)

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.

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.

**26. Net fee and commission income (Cont'd)**  
**(a). Revenue from contracts with customers (Cont'd)**

**SBM Capital Markets Ltd (Cont'd)**

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.

**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.

**26. Net fee and commission income (Cont'd)**  
**(a). Revenue from contracts with customers (Cont'd)**

SBM Fund Services Ltd

Trustee fees and debenture holder representative fees are allocated to each client on a monthly basis based on the agreement in place.

SBM Capital Markets Ltd

The corporate finance advisory fees are allocated to each client once the assignment has been completed.

Arranger fees are allocated as per the agreement in place between the Company and the client.

Commission received from trading services provided is allocated to each trading activity (equity and bond trading) as and when it is due as per the agreement.

SBM Factors Ltd

Factoring fees are allocated to each batch of invoices being financed.

Signing fee is fixed amount charged to the client.

SBM Insurance Agency Ltd

Commission from life and general insurance is allocated to each client on a monthly basis based on the premium collected by the Insurance Company.

DTA commission is allocated once the service is completed based on the agreement in place.

**Satisfaction of performance obligations**

SBM Mauritius Asset Managers Ltd

The Company concluded that the management and retrocession fees are recognised over time as the customer simultaneously receives and consumes the benefits provided by the Company when the latter discharges the service or the Company's performance enhances the assets that the fund controls.

On the other hand, entry and exit fees are recognised at a point in time as the benefits are obtained only upon new investment or disinvestment by a customer. Arranger fees and commission from structured products are also recognised at a point in time as they are a one-off fee received upon the completion of the capital raising and at the start of the life of each product respectively.

SBM Fund Services Ltd

The Company concluded that all the fees are recognised over time as the customer simultaneously receives and consumes the benefits provided by the Company when the latter discharges the service or the Company's performance enhances the assets that the fund controls.

SBM Capital Markets Ltd

The Company concluded that the management and retrocession fees are recognised over time as the customer simultaneously receives and consumes the benefits provided by the Company when the latter discharges the service or the Company's performance enhances the assets that the fund controls.

On the other hand, entry and exit fees are recognised at a point in time as the benefits are obtained only upon new investment or disinvestment by a customer. Arranger fees and commission from structured products are also recognised at a point in time as they are a one-off fee received upon the completion of the capital raising and at the start of the life of each product respectively.

The Company concluded that the commission income is recognised at a point in time. The Company recognises the revenue as the service is provided.

The Company concluded that the corporate finance advisory fees and arranger fees are recognised at a point in time upon completion of assignment.



**26. Net fee and commission income (Cont'd)**  
**(a). Revenue from contracts with customers (Cont'd)**

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.

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:

SBM Mauritius Asset Managers Ltd

Management fees

Entry and exit fees

Arranger fees

**Asset management fees included above**

SBM Capital Markets Ltd

Commission income - Local equity

Commission income - Foreign equity

Commission income - Local bonds

Commission income - Foreign bonds

**Brokerage income**

<b>The Group</b>	
<b>2024</b>	<b>2023</b>
<b>MUR'000</b>	<b>MUR'000</b>
<b>57,809</b>	54,956
<b>1,732</b>	1,518
<b>855</b>	606
<b>60,396</b>	57,080
<b>5,697</b>	4,901
<b>176,161</b>	161,847
<b>122</b>	1,430
<b>23,798</b>	15,186
<b>205,778</b>	183,364

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**26. Net fee and commission income (Cont'd)**  
**(a). Revenue from contracts with customers (Cont'd)**

**Disaggregated revenue information (Cont'd)**

		<b>The Group</b>	
		<b>2024</b>	<b>2023</b>
		<b>MUR'000</b>	<b>MUR'000</b>
<u>SBM Capital Markets Ltd</u>			
Entry and exit fees		898	1,588
Management fees		34,124	25,801
Retrocession fees		7,725	7,147
Advisory fees		3,714	7,558
<u>SBM Fund Services Ltd</u>			
Registry fees from Funds		7,781	7,220
Registry fees from other clients		11,334	9,757
Trustee fees		921	914
Debenture holder representative fees		180	195
Administrative fees		8,654	8,638
Registry fees from ultimate holding company		1,705	1,830
<u>SBM Factors Ltd</u>			
Factoring fees		7,458	5,815
Signing fees		-	-
<u>SBM E-Business Ltd</u>			
Card income		2,816	5,222
Network fee		4,558	9,872
Administrative fee		-	-
<u>SBM Insurance Agency Ltd</u>			
Life commission		10,669	11,403
General commission		18,039	11,625
DTA commission		34,953	32,030
<b>Others</b>		<b>155,529</b>	<b>146,615</b>
<b>Total revenue from contracts with customers</b>		<b>421,703</b>	<b>387,059</b>
<b>Geographical markets</b>			
Mauritius		221,743	210,025
Europe		2,739	11,494
US		196,661	165,526
Asia Pacific		560	14
<b>Total revenue from contracts with customers</b>		<b>421,703</b>	<b>387,059</b>
<b>Timing of revenue recognition</b>			
Services transferred at a point in time		382,678	350,598
Services transferred over time		39,025	36,461
<b>Total revenue from contracts with customers</b>		<b>421,703</b>	<b>387,059</b>

**27. Net trading income**

		<b>The Group</b>	
		<b>2024</b>	<b>2023</b>
		<b>MUR' 000</b>	<b>MUR' 000</b>
Profit arising from dealing in foreign currencies		1,615,313	1,584,075
Profit on disposal of debt securities		827,498	613,627
Other interest rate instruments		134,649	(17,039)
		<b>2,577,460</b>	<b>2,180,663</b>

**28. (a). Net gains from financial assets measured at FVTPL**

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>
Financial assets measured at fair value through profit or loss	<b>(18,169)</b>	50,740	<b>1,369</b>	35,342
Derivatives held for risk management purposes	<b>15,332</b>	(10,487)	-	-
	<b>(2,837)</b>	40,253	<b>1,369</b>	35,342

**(b). Net (losses)/gains on derecognition of financial assets measured at amortised cost**

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>
Financial assets measured at amortised cost	<b>(32,383)</b>	(21,394)	<b>(20,940)</b>	-

The Group disposed some of its investments held at amortised cost during the year following credit downgrade of these investments. The nominal value of investment disposed amounts to MUR 307.48 million and realised a loss of MUR 11.77 million for the year ended 31 December 2024.

**(c). Net gains on derecognition of financial assets measured at FVTOCI**

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>
Debt securities measured at FVTOCI	<b>108,567</b>	44,962	<b>(10,250)</b>	-

The Group disposed some of these assets due to the risks associated.

**29. Other operating income**

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>
Gain on disposal of property and equipment	<b>12,888</b>	4,255	-	-
Dividend income from financial assets measured at FVTOCI	<b>305,568</b>	267,767	<b>249,280</b>	167,504
Dividend income from investment in subsidiaries	-	-	<b>2,547,000</b>	1,774,984
Management support income	-	-	<b>69,827</b>	104,093
Sundry income	<b>134,146</b>	27,227	-	-
	<b>452,602</b>	299,249	<b>2,866,107</b>	2,046,581

**Accounting policy**

Dividend income is recognised when the Group's and the Company's right to receive the payment is established, which is generally when the dividend is declared.

**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 Accounting Standard as issued by IASB requires or permits the inclusion of the benefits in the cost of an asset.

	The Group		The Company	
	2024	2023	2024	2023
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Salaries	3,882,551	3,476,008	175,626	159,837
Other social security obligations	34,889	176,215	10,443	10,445
Contributions to defined contribution plans	323,540	143,703	23,657	9,310
Defined benefit plans	76,483	73,943	628	593
Residual retirement gratuities	42,751	(22,698)	11,949	683
Benefits under early retirement scheme	126,358	35,069	-	-
Staff welfare cost	195,284	144,314	846	1,065
Other staff benefits	217,912	249,271	8,760	523
	<b>4,899,768</b>	<b>4,275,825</b>	<b>231,909</b>	<b>182,456</b>

**31. Other expenses**

	The Group		The Company	
	2024	2023	2024	2023
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Software licensing and other information technology cost	1,750,023	1,484,847	1,099	794
Utilities	105,575	107,156	199	870
Professional charges	553,411	535,296	101,880	14,345
Marketing costs	181,633	227,196	5,266	4,359
Rent, repairs and maintenance	321,630	345,857	-	-
Licence and other registration fees	136,964	127,915	5,117	4,607
Foreign exchange difference	205,950	48,937	215,658	34,822
Other operating and administrative costs	1,134,033	1,350,867	23,855	16,290
	<b>4,389,219</b>	<b>4,228,071</b>	<b>353,074</b>	<b>76,087</b>

**SBM HOLDINGS LTD**  
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**32. Credit loss movement on financial assets and memorandum items**

The table below shows the movement in credit loss recognised in the statements of profit or loss under IFRS 9 during 2024:

The Group	2024			
	Stage 1	Stage 2	Stage 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Loans and advances to non-bank customers	147,998	(777,065)	1,133,308	504,241
Loans and placements with banks*	87,143	(8,163)	-	78,980
Debt instruments measured at amortised cost and FVTOCI	(8,912)	(142,581)	-	(151,493)
Other receivables	-	-	76,290	76,290
Loan commitments	45,325	1,302	300	46,927
Off balance sheet items (Guarantees, Letters of credit, Acceptances)	11,630	(6,105)	48,550	54,075
<b>Total credit loss expense</b>	<b>283,184</b>	<b>(932,612)</b>	<b>1,258,448</b>	<b>609,020</b>
Bad debts recovered				(177,731)
				<b>431,289</b>

The Company	2024			
	Stage 1	Stage 2	Stage 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Other receivables	739	-	-	739

The Group	2023			
	Stage 1	Stage 2	Stage 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Loans and advances to non-bank customers	185,367	(1,393,849)	2,455,077	1,246,595
Loans and placements with banks*	9,773	9,458	-	19,231
Debt instruments measured at amortised cost and FVTOCI	68,641	132,407	-	201,048
Other receivables	27,303	-	41,985	69,288
Loan commitments	(17,506)	1,234	(14)	(16,286)
Off balance sheet items (Guarantees, Letters of credit, Acceptances)	(6,937)	(6,895)	(37,964)	(51,796)
<b>Total credit loss expense</b>	<b>266,641</b>	<b>(1,257,645)</b>	<b>2,459,084</b>	<b>1,468,080</b>
Write off				38,385
Bad debts recovered				(459,218)
				<b>1,047,247</b>

The Company	2023			
	Stage 1	Stage 2	Stage 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Debt instruments measured at amortised cost	185	-	-	185

\* ECL movement for cash and cash equivalents are included under loans and placement with banks.

**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	
	2024	2023
	MUR' 000	MUR' 000
Profit for the year	4,338,670	4,316,937
Profit attributable to owners of the Company	4,338,670	4,316,937
Number of shares entitled to dividend (thousands)	2,581,792	2,581,792
Basic and Diluted Earnings per share (cents)	168.0	167.2

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**34. Net cash from operating activities**

Notes	The Group		The Company	
	2024	2023	2024	2023
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
<b>Cash flows from operating activities</b>				
Profit for the year	<b>4,338,670</b>	4,316,937	<b>1,766,960</b>	1,307,731
<b>Adjustments to determine net cash flows:</b>				
Depreciation of property and equipment	10(a) <b>408,417</b>	330,262	<b>439</b>	372
Depreciation of right of use assets	10(b) <b>229,078</b>	238,631	-	-
Amortisation of intangible assets	11 <b>692,546</b>	531,095	<b>66</b>	269
Impairment of equity investment	-	-	<b>29,320</b>	13,816
Pension expense	30 <b>119,234</b>	51,245	<b>12,839</b>	1,276
Net impairment loss on financial assets	32 <b>431,289</b>	1,468,080	<b>739</b>	185
Net gains on derecognition of financial assets measured at FVTOCI	<b>(108,567)</b>	-	<b>10,250</b>	-
Net gain on termination of right of use	<b>(20,447)</b>	2,212	-	-
Net gain on disposal of property and equipment	29 <b>(12,888)</b>	(4,255)	-	-
Net gain on financial assets at amortised cost	28 (b) <b>32,383</b>	21,394	<b>20,940</b>	-
Investment securities at fair value through profit or loss	<b>2,837</b>	(40,253)	<b>(1,369)</b>	(35,342)
Interest income	-	-	<b>(12,370)</b>	(32,765)
Interest expense	-	-	<b>464,252</b>	534,993
Tax expense	17(b) <b>1,245,431</b>	662,779	<b>1,897</b>	(1,221)
Dividend income	29 <b>(305,568)</b>	(267,767)	<b>(2,796,280)</b>	(1,942,488)
<b>Operating profit/(loss) before working capital changes</b>	<b>7,052,415</b>	7,310,360	<b>(502,317)</b>	(153,174)
<b>Change in operating assets and liabilities</b>				
(Decrease)/increase in derivative financial instruments (assets)	<b>(785,873)</b>	526,095	-	-
Increase in loans to and placements with banks	<b>(4,798,884)</b>	(1,644,643)	-	-
Increase/(decrease) in loans and advances to non bank	<b>(24,754,470)</b>	488,530	-	-
(Increase)/decrease in gilt-edged investment securities	<b>(17,930,125)</b>	(4,235,325)	<b>842,422</b>	58,127
Increase in mandatory balances with central banks	<b>(2,590,795)</b>	(1,195,501)	-	-
(Increase)/decrease in other assets	<b>(395,585)</b>	256,497	<b>32,296</b>	(51,437)
(Decrease)/increase in derivative financial instruments (liabilities)	<b>647,132</b>	(122,722)	-	-
Increase/(decrease) in deposits from banks	<b>1,301,423</b>	(1,140,880)	-	-
Increase/(decrease) in deposits from non-bank customers	<b>68,856,223</b>	(2,710,629)	-	-
Increase/(decrease) in other liabilities	<b>(1,024,895)</b>	1,107,828	<b>28,299</b>	63,648
Net change in pension liabilities	13(a)&13(b) <b>(79,070)</b>	(373,941)	<b>(1,025)</b>	(3,569)
Interest received	-	-	<b>17,076</b>	36,403
Interest paid	-	-	<b>(472,893)</b>	(487,510)
Income tax paid	17(c) <b>(770,319)</b>	(939,160)	<b>(1,897)</b>	(164)
<b>Net cash used in operating activities</b>	<b>24,727,177</b>	(2,673,491)	<b>(58,039)</b>	(537,676)

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	
	2024	2023
<u>Statement of financial position</u>	MUR' 000	MUR' 000
(a) <u>Credit facilities</u>		
(i) <i>Loans</i>		
Balance at beginning of year	395,862	274,357
Loans to directors / entities who ceased to be related parties during the year	(53,378)	(31,816)
Existing loans of new related parties	30,718	78,598
Exchange difference	13,908	(19)
Other net movements	13,958	74,742
Balance at end of year	401,068	395,862
(ii) <i>Off-balance sheet obligations</i>		
Balance at end of year	1,050	323,260
(b) Deposits at end of year	412,549	277,010
<u>Statement of profit or loss</u>		
(c) Interest income	15,109	13,925
(d) Interest expense	10,228	6,287
(e) Other income	339	649

Short term benefits amounted to MUR 136.1 million at the reporting date (2023: MUR 171.2 million) and long term benefits was nil at the reporting date (2023:nil).

The Company	Subsidiaries	
	31 December 2024	31 December 2023
	MUR'000	MUR'000
(a) Cash and cash equivalents at year end	2,514	710,733
(b) Payables	16,793	279
(c) Dividend income	2,547,000	1,774,984
(d) Management support income	69,827	104,093
(e) Management support cost	12,837	5,462
(f) Receivables	96,538	113,597
(h) Interest expense	150	-

**35. Related party disclosures (Cont'd)**

Related party transactions in relation to SBM Pension Funds are as follows:

	<b>The Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>MUR' 000</b>	<b>MUR' 000</b>
Deposits at end of year	<b>94,388</b>	446,502

Credit facilities to key management personnel and executive directors are as per their contract of employment. All other transactions with key management personnel and directors, whether credit facilities, deposits or purchase of goods and services, are at market terms and conditions and will be settled in cash.

All credit facilities with entities considered as related parties disclosed above are at market terms and conditions and will be settled in cash. Credit facilities are secured except for credit card advances and some personal loans which are granted under an unsecured loan scheme in the normal course of business.

The above mentioned outstanding balances arose in the normal course of business. For the year ended 31 December 2024, the Group has recognised expected credit losses on doubtful debts relating to amounts owed by related parties as per ECL model currently being applied on financial assets. At 31 December 2024, none of the facilities to related parties was non-performing (2023: MUR Nil). In addition, for the year ended 31 December 2024, the Banking Group has not written off any amount owed by related party (2023: MUR Nil).

The Government of Mauritius (GOM), by virtue of board representation, exercises significant influence on SBMH. The transactions with GOM and other entities controlled, jointly controlled or significantly influenced by GOM pertain mainly to investments, loans and advances and deposits. The transactions are individually and collectively not material. None of these transactions are carried out on either non-market terms or outside the normal course of business.

**36. Capital management**

The Group manages its capital to ensure that it will be able to continue as a going concern and maximise returns to shareholders. It also ensures that adequate capital is maintained to support its growth strategies, its risk appetite and depositors' confidence, while complying with statutory and regulatory requirements. The capital resources of the Group are disclosed in the Statement of changes in equity.

All entities within the Group have met the respective minimum capital requirements set out by the relevant regulatory body and, where applicable, appropriate transfers have also been made to statutory reserves, ranging from 10% to 25% of annual profits.

All Banking entities within the Group have also met their respective minimum capital adequacy ratio requirements. Banks in Mauritius are required to maintain a ratio of eligible capital to risk weighted assets of at least 14.5%, whereas for India, Kenya and Madagascar, the minimum ratio is set at 11.5%, 14.5% and 8.0% respectively.

	<b>The Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>MUR' 000</b>	<b>MUR' 000</b>
Tier 1 Capital	<b>30,503,827</b>	27,016,479
Eligible capital	<b>40,134,166</b>	36,694,250
Risk weighted assets	<b>209,175,339</b>	178,946,163
Capital adequacy ratio (%)	<b>19.2</b>	20.5

Tier 1 Capital also known as going concern capital consists of shareholder's equity less revaluation of fixed assets and regulatory deductions such as intangible assets and deferred tax and Tier 2 Capital also known as the supplementary capital that provides loss absorption of a going concern basis includes 45% revaluation reserves on fixed assets and allowances for credit losses (restricted to 1.25% of total credit risk weighted assets).



**37. Other reserves**

<b>The Group</b>	<b>Fair value reserve MUR' 000</b>	<b>Translation reserve MUR' 000</b>	<b>Prudential provisions reserve MUR' 000</b>	<b>Earnings reserve MUR' 000</b>	<b>Restructuring reserve MUR' 000</b>	<b>Total MUR' 000</b>
At 1 January 2023	(3,033,353)	256,171	783,480	2,935,807	(8,316,147)	(7,374,042)
Other comprehensive income for the year	1,501,646	(566,236)	-	-	-	935,410
Transfer from retained earnings	-	-	38,911	-	-	38,911
<b>At 31 December 2023</b>	<b>(1,531,707)</b>	<b>(310,065)</b>	<b>822,391</b>	<b>2,935,807</b>	<b>(8,316,147)</b>	<b>(6,399,721)</b>
At 1 January 2024	<b>(1,531,707)</b>	<b>(310,065)</b>	<b>822,391</b>	<b>2,935,807</b>	<b>(8,316,147)</b>	<b>(6,399,721)</b>
Other comprehensive income for the year	<b>416,711</b>	<b>773,635</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,190,346</b>
Transfer from retained earnings	<b>-</b>	<b>-</b>	<b>1,087,036</b>	<b>-</b>	<b>-</b>	<b>1,087,036</b>
<b>At 31 December 2024</b>	<b>(1,114,996)</b>	<b>463,570</b>	<b>1,909,427</b>	<b>2,935,807</b>	<b>(8,316,147)</b>	<b>(4,122,339)</b>

Fair value reserve

This reserve comprise of fair value movements recognised on financial assets measured at FVTOCI.

Translation reserve

The translation reserve is used to record exchange differences arising from the translation of financial statements of foreign subsidiaries and associates.

Prudential provisions reserve

The prudential provision reserve for SBMBK relate to, where impairment losses required as per prudential guidelines exceed those computed under IFRS Accounting Standard issued by the IASB, the excess is recognised as a regulatory loan loss reserve and accounted for as an appropriation of retained profits and the reverse for reduction. Investment fluctuation reserve is 2% of FTVOCI and FVTPL portfolio of investment required to be transferred and profit on investment securities held at amortised cost portfolio required to be appropriated as required by legislation.

SBMBM has appropriated part of its retained earnings to the provision reserve in accordance with the revised Bank of Mauritius Guideline on Classification, Provisioning and Write off of Credit Exposures effective on 30 September 2024.

Restructuring reserve

Restructuring reserve includes unrealized investment fair value reserve of MUR 5,401 million, translation reserve of MUR 646 million and property revaluation reserve of MUR 1,063 million and shall not be reclassified to the statement of profit or loss upon disposal of the related asset.

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. The board approves the risk policies and a set of prudential limits and risk tolerance limits, besides regulatory limits, within which the Group operates. The Senior Management Team monitors a full spectrum of risks on an ongoing basis and is accountable to ensure its operations are within board approved policies and risk appetite framework besides regulatory limits. Any deviation and non-compliance are reported to Board Risk Committee. The principal risks arising from financial instruments to which the Group is exposed include credit risk, liquidity risk, market risk, operational risk, strategic risk and reputational risk.

**a (i) Classification of financial assets and financial liabilities**

The following table shows the measurement categories under IFRS 9 for financial assets and financial liabilities:

<b>THE GROUP</b>	<b>Classification and measurement category</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Financial assets</b>		<b>MUR' 000</b>	<b>MUR' 000</b>
Cash and cash equivalents	Amortised cost	42,777,884	23,827,701
Mandatory balances with central banks	Amortised cost	19,509,733	16,918,939
Derivative financial instruments	Fair value through P&L	1,464,946	679,073
Loans to and placements with banks	Amortised cost	7,595,289	2,853,065
Loans and advances to non-bank customers	Amortised cost	172,687,378	148,259,418
Investment securities	Amortised cost	81,849,139	80,397,287
Investment securities	Fair value through OCI	67,771,080	57,677,846
Investment securities	Fair value through P&L	19,123,824	12,016,065
Equity investment	Fair value through OCI	5,001,053	5,771,917
Equity investment	Fair value through P&L	2,359,295	1,669,600
Other assets <sup>*1</sup>	Amortised cost	3,357,381	2,967,576
<b>Total financial assets</b>		<b>423,497,002</b>	<b>353,038,487</b>
<b>Financial liabilities</b>			
Deposits from banks	Amortised cost	3,963,451	2,662,028
Deposits from non-bank customers	Amortised cost	359,496,028	290,639,805
Derivative financial instruments	Fair value through P&L	1,429,727	782,595
Other borrowed funds	Amortised cost	10,523,557	13,405,661
Lease liabilities	Amortised cost	856,681	801,229
Other liabilities <sup>*2</sup>	Amortised cost	8,364,650	9,387,530
Subordinated debts	Amortised cost	9,978,148	11,232,173
<b>Total financial liabilities</b>		<b>394,612,242</b>	<b>328,911,021</b>
<b>THE COMPANY</b>			
<b>Financial assets</b>			
Cash and cash equivalents	Amortised cost	2,517	710,733
Investment securities	Amortised cost	-	374,756
Investment securities	Fair value through OCI	-	467,537
Equity investment	Fair value through OCI	4,303,044	4,303,044
Equity investment	Fair value through P&L	2,359,296	1,669,600
Other assets <sup>*3</sup>	Amortised cost	80,163	113,597
<b>Total financial assets</b>		<b>6,745,020</b>	<b>7,639,267</b>
<b>Financial liabilities</b>			
Other borrowed funds	Amortised cost	121,946	
Other liabilities <sup>*4</sup>	Amortised cost	117,867	86,111
Subordinated debts	Amortised cost	8,648,535	9,952,271
<b>Total financial liabilities</b>		<b>8,888,348</b>	<b>10,038,382</b>

<sup>\*1</sup> An amount of MUR 1,037 million pertaining to security deposits, prepayments and taxes has been excluded from other assets under the above section. (2023: MUR 1,108 million)

<sup>\*2</sup> An amount of MUR 616 million pertaining to taxes has been excluded from other liabilities under the above section. (2023: MUR 652 million).

<sup>\*3</sup> An amount of MUR 0.8 million pertaining to prepayments has been excluded from other assets under the above section. (2023: MUR 0.4 million)

<sup>\*4</sup> An amount of MUR 0.4 million pertaining to taxes has been excluded from other liabilities under the above section. (2023: MUR 3.2 million).

**38. RISK MANAGEMENT (CONT'D)**

**a (ii) Fair values**

**Accounting policy**

The Group measures financial instruments, such as, derivatives at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in note a (ii) below. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Set out below is a comparison of the carrying amounts and fair values of financial instruments held at the reporting date.

	31 December 2024		31 December 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
<b>THE GROUP</b>				
<b>Financial assets</b>				
Cash and cash equivalents	42,777,884	42,777,884	23,827,701	23,827,701
Mandatory balances with central banks	19,509,733	19,509,733	16,918,939	16,918,939
Loans to and placements with banks	7,595,289	7,595,289	2,853,065	2,853,065
Derivative financial instruments	1,464,946	1,464,946	679,073	679,073
Loans and advances to non-bank customers	172,687,378	172,263,066	148,259,418	147,835,105
Investment securities	176,104,391	172,414,326	157,532,715	153,842,650
Other assets	3,357,381	3,357,381	2,967,576	2,967,576
	<b>423,497,002</b>	<b>419,382,625</b>	<b>353,038,487</b>	<b>348,924,109</b>
<b>Financial liabilities</b>				
Deposits from banks	3,963,451	3,963,451	2,662,028	2,662,028
Deposits from non-bank customers	359,496,028	359,382,095	290,639,805	290,525,872
Other borrowed funds	10,523,557	10,523,557	13,405,661	13,405,661
Derivative financial instruments	1,429,727	1,429,727	782,595	782,595
Lease liabilities	856,681	856,681	801,229	801,229
Other liabilities	8,364,650	8,364,650	9,387,530	9,387,530
Subordinated debts	9,978,148	9,978,148	11,232,173	11,232,173
	<b>394,612,242</b>	<b>394,498,309</b>	<b>328,911,021</b>	<b>328,797,088</b>
<b>COMPANY</b>				
<b>Financial assets</b>				
Cash and cash equivalents	2,517	2,517	710,733	710,733
Investment securities	6,662,340	6,845,169	6,814,937	6,997,766
Other assets	80,163	80,163	113,597	113,597
	<b>6,745,020</b>	<b>6,927,849</b>	<b>7,639,267</b>	<b>7,822,096</b>
<b>Financial liabilities</b>				
Other borrowed funds	121,946	121,946		
Other liabilities	117,867	117,867	86,111	86,111
Subordinated debts	8,648,535	8,648,535	9,952,271	9,952,271
	<b>8,888,348</b>	<b>8,888,348</b>	<b>10,038,382</b>	<b>10,038,382</b>

**Loans and advances to non- bank customers**

All the fixed loans and advances maturing after one year have been fair valued based on the current prevailing lending rate.

**Investment securities and equity investments**

All government bonds and BOM bonds have been fair valued based on the latest weighted yield rate. The equity investments has been fair valued at year end based on net assets value of the investees. The Group fair values its investment in mutual funds using net asset value.

**Derivative financial instruments**

Derivative products valued using a valuation methodology with market observable inputs include forward foreign exchange contracts, interest rate swaps and option contracts across several asset classes, including but not limited to foreign currencies, commodities, indices and equities. The most frequently applied valuation techniques include forward pricing and swap models, using discounted cash flow methodology based on market conventions. The models incorporate various inputs including foreign exchange spot and forward rates, interest rate curves, market volatilities and other feeds from appointed valuation/calculation agents.

**Deposits from non-bank customers**

For deposits from non-bank customers, all the term deposits maturing after one year have been fair valued based on the current prevailing savings rate.

Except for the levels in which the financial assets and financial liabilities are shown in table below, the fair values of the other financial assets and financial liabilities are categorised in level 3.

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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.

	<b>The Group</b>				<b>The Company</b>			
	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
<b>31 December 2024</b>								
<b>Derivative financial assets</b>	-	1,464,946	-	1,464,946	-	-	-	-
<b>Investment securities measured at FVTPL</b>								
Debt securities	18,382,045	-	741,779	19,123,824	-	-	-	-
Equity securities	-	2,359,295	-	2,359,295	-	2,359,296	-	2,359,296
<b>Investments measured at FVTOCI</b>								
Debt securities	62,791,594	2,678,428	2,301,058	67,771,080	-	-	-	-
Equity securities	70,330	-	4,930,723	5,001,053	-	-	4,303,044	4,303,044
<b>Total assets</b>	<b>81,243,969</b>	<b>6,502,669</b>	<b>7,973,560</b>	<b>95,720,198</b>	<b>-</b>	<b>2,359,296</b>	<b>4,303,044</b>	<b>6,662,340</b>
<b>Derivative financial liabilities</b>	-	1,429,727	-	1,429,727	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>1,429,727</b>	<b>-</b>	<b>1,429,727</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>31 December 2023</b>								
<b>Derivative financial assets</b>	-	679,073	-	679,073	-	-	-	-
<b>Investment securities measured at FVTPL</b>								
Debt securities	11,618,016	-	398,049	12,016,065	-	-	-	-
Equity securities	-	1,669,600	-	1,669,600	-	1,669,600	-	1,669,600
<b>Investments measured at FVTOCI</b>								
Debt securities	52,131,449	2,804,612	2,741,785	57,677,846	467,537	-	-	467,537
Equity securities	79,600	677,967	5,014,350	5,771,917	-	-	4,303,044	4,303,044
<b>Total assets</b>	<b>63,829,065</b>	<b>5,831,252</b>	<b>8,154,184</b>	<b>77,814,501</b>	<b>467,537</b>	<b>1,669,600</b>	<b>4,303,044</b>	<b>6,440,181</b>
<b>Derivative financial liabilities</b>	-	782,595	-	782,595	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>782,595</b>	<b>-</b>	<b>782,595</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 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	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 2024	31 December 2023	31 December 2024	31 December 2023
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Balance at start of year	8,154,184	7,047,175	4,303,044	4,303,044
Additions	709,563	1,175,600	-	-
Disposals	(903,853)	(105,685)	-	-
Exchange difference	29,039	4,865	-	-
Fair value movement	(15,373)	32,229	-	-
Balance at end of year	7,973,560	8,154,184	4,303,044	4,303,044

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 risk management team, independent of the origination process, ensures the accumulation of assets within acceptable risk norms using internal and external rating systems for the standardisation of credit assessment. The Group has a tiered credit sanctioning process depending on the credit quality, exposure type and amount. Credit exposures and risk profile are monitored by the Risk Management team and reported regularly to the Board Risk Management Committee. The Group has also enhanced its credit risk policy to reinforce its controls on non-resident lending.

### 38. RISK MANAGEMENT (CONT'D)

#### b Credit risk (cont'd)

##### (i) Maximum credit exposure

The maximum exposure to credit risk at the reporting date without taking account of any collateral held and other credit enhancements is as disclosed below:

	THE GROUP		THE COMPANY	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
<b>Fund-based exposures:</b>				
Cash and cash equivalents	38,217,003	19,844,113	2,517	710,733
Mandatory balances with central banks	19,509,733	16,918,939	-	-
Loans to and placements with banks	7,670,399	2,871,465	-	-
Derivative financial instruments	1,464,946	679,073	-	-
Loans and advances to non-bank customers	180,676,375	157,802,162	-	-
Investment securities	176,180,609	157,631,227	6,662,340	6,815,370
Other assets	3,357,381	2,967,576	80,163	113,597
	<b>427,076,446</b>	<b>358,714,555</b>	<b>6,745,020</b>	<b>7,639,700</b>
<b>Non-fund based exposures:</b>				
Acceptances, guarantees, letters of credit, endorsements and other obligations on account	38,845,786	28,899,072	-	-
Credit commitments	29,054,248	34,692,390	-	-
	<b>67,900,034</b>	<b>63,591,462</b>	<b>-</b>	<b>-</b>

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.

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 2024	31 December 2023
<b>The Group</b>	<b>MUR' 000</b>	<b>MUR' 000</b>
<b>Grades:</b>		
1 to 3 - High Grade	67,808,639	82,419,389
4 to 6 - Standard	78,269,136	74,112,156
7 to 10 (including unrated) - Sub standard	58,100,340	30,414,698
	<b>204,178,115</b>	<b>186,946,243</b>

Grade 1 includes customers with low credit risk factors, strong financial conditions and excellent repayment capacities whereas grade 10 includes weak category clients and unrated customers who have been defaulted to 10 on a prudent basis. The Group also have an internal policy to downgrade internal ratings which are based on outdated financials depending on the date of the last available financials. For non bank exposures, internal ratings are used except for some corporates which have external ratings.

#### Overview of modified loans

From a risk management point of view, once an asset is modified, the Group continues to monitor the exposure until it is completely and ultimately derecognised.

The table below shows the gross carrying amount and ECL of modified financial assets for where modification did not result in derecognition. No modification gains/losses were recognised as amounts were not material.

	31 December 2024		31 December 2023	
	Gross carrying amount	ECL	Gross carrying amount	ECL
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Modified loans	15,659,710	481,132	10,361,995	744,792

### 38. RISK MANAGEMENT (CONT'D)

#### b Credit risk (cont'd)

#### (ii) Credit risk assessment

The credit risk management framework is further supported by the policies and procedures in place to appropriately maintain and validate models to assess and measure ECL. (Expected Credit Loss)

The Group uses a combination of credit rating (internal and external) and statistical regression analyses to determine the probability of default. Statistical regression is derived using an analysis of historical data, whereby the Group has estimated relationships between macro-economic variables, credit risk and credit losses.

#### Governance and post model adjustments

The IFRS 9 parameters PD, EAD and LGD models are subject to the provisioning policy that stipulates periodic model monitoring, periodic re-validation and defines approval procedures and authorities according to model materiality. Post model adjustments (PMAs) are applied where necessary to incorporate the most recent data available and are made on a temporary basis ahead of the underlying model parameter changes being implemented.

#### Internal credit risk ratings

In order to minimise credit risk, the Group has recourse to external international providers of credit rating scorecards that grades the corporate and SME clients according to their degree of risk of default. The Group also has internal acquisition scorecards for its retail facilities. The Group's credit risk grading framework comprises different categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

The credit risk grades are designed and calibrated to reflect the risk of default as credit risk deteriorates. As the credit risk increases the difference in risk of default between grades changes. Each exposure is allocated to a credit risk grade at initial recognition, based on the available information about the counterparty. All exposures are monitored and the credit risk grade updated to reflect current information. The monitoring procedures followed are both general and tailored to the type of exposure.

The following data are typically used to monitor the Group's exposures:

- Payment record and ageing analysis;
- Extent of utilisation of granted limit;
- Changes in business, financial and economic conditions;
- Credit rating information supplied by external rating agencies; and
- For retail exposures internally generated data of customer behaviour or other metrics.

The Group uses credit risk grades as a primary input into the determination of the term structure of the PD for exposures. The Group collects performance and default information about its credit risk exposure analysed by type of products and borrower as well as by credit risk grading. The information used is both internal and external depending on the portfolio assessed. The table below provides a mapping of the Group's internal credit risk grades to external ratings.

Group's credit risk grades	BOM external rating grade	Standard & Poor's 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 by using macroeconomic forecasts to adjust estimates of PDs.

**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 initial recognition when contractual payments are more than 30 days past due unless the Group has reasonable and supportable information that demonstrate otherwise.

The Group has monitoring procedures in place to ensure that the criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted or when the asset becomes 30 days past due. 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 12mECL is a compounded element of the LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a partial derecognition of the financial asset.

The Group calculates ECLs based on three scenarios (baseline, upside and downside) to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the Group expects to receive.

Loan commitments are assessed along with the category of loan the Group is committed to provide, i.e. commitments to provide corporate loans are assessed using similar criteria to corporate loans.

**Stage 1:** The 12mECL is calculated as the portion of LTECLs that represents the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

**Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

**Stage 3:** For loans considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%. Of note, for the year under review, the Group also abides by the bank of Mauritius Guideline on Classification, Provisioning and Write-off of credit exposure effective 30 September 2024.



**38. RISK MANAGEMENT (CONT'D)**

**b Credit risk (cont'd)**

**(ii) Credit risk assessment (Cont'd)**

**2. Incorporation of forward-looking information**

The Group incorporates forward looking information that is available without undue cost and effort into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on analysis from the economic experts and consideration of a variety of external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome.

When estimating the macro-economic variables used in ECL calculation, the Group considers three scenarios (a base case, an upside and a downside). These economic scenarios are subject to different assumptions with the base scenario being the best estimate. These estimates are taken from reputable external providers based on econometrics methods.

Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of increasing the severity of the weights assigned to the downside scenarios or taking higher percentile of downside scenarios.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk and credit losses. The following key indicators were considered:

- Industrial production index: General index
- Implicit Price Deflator: Government Consumption
- National Accounts: Real Changes in Inventory
- National Accounts: Nominal Gross Capital Formation [GCF]
- Money & Banking: Claims on Private Sector
- Stock Price Index
- National Accounts: Real Gross Domestic Product [GDP] - Market exchange rate
- Labor Force Survey Employment – Total
- National Accounts: Real Gross Fixed Capital Formation [GFCF]
- Labor Force Survey: Labor Force

In light of the high inflationary environment coupled with rising interest rates and change in outlook of Mauritius, 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 Group had factored in post model adjustment on its retail book to cater for clients where recomputed debt-to-income based on prevailing interest rates, following hike in interest rates, was above norms. The adjustment was based on uncertainty of future interest rates and its impact on the future probability of default of this segment. Besides, as of 31 December 2024, the Group has considered 100 percent weightage on the downside PD and LGD for models other than Banks and Sovereigns on a prudent stance given the recent review of Moody's rating agency on the outlook of Mauritius, which might subsequently impact on the macroeconomic variable forecast.

**3. Significant increase in credit risk**

The Group monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of default that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information.

For the year under review, one of the subsidiaries, SBMBM has revised its approach to SICR criteria for corporate clients. Previously, downgrade in credit rating and outdated financials were automatic SICR triggers for movement to stage 2. However, such events do not always indicate a genuine increase in credit risk, particularly when they are temporary or do not materially affect the client's ability to meet their financial obligations. As such, these criterias were adopted into a watchlist process where the Group ensures that decisions are made based on a more comprehensive evaluation considering the client's overall risk profile, external conditions and any mitigating circumstances. The watchlist process warrants clients being classified as high risk and these are reviewed on a quarterly basis by the Credit Portfolio and Monitoring Forum (Senior Management Risk Forum) prior movement to stage 2. The Group has however maintained clients rescheduled over the last 12 months as criteria of SICR.

The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products. This is based on shifts in the customer's internal credit grade, but greater emphasis is also given to qualitative factors such as changes in usage.

Forward-looking information includes the future prospects of the industries in which the Group's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information. The Group allocated its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

**38. RISK MANAGEMENT (CONT'D)**

**b Credit risk (cont'd)**

**(ii) Credit risk assessment (Cont'd)**

**3. Significant increase in credit risk (Cont'd)**

- the remaining lifetime PD at the reporting date; with
- the remaining lifetime PD for the point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

The PDs used are forward looking and the Group uses the same methodologies and data used to measure the loss allowance for ECL. The qualitative factors that indicate a significant increase in credit risk are reflected in PD models on a timely basis. However the Group still considers separately some qualitative factors to assess if credit risk has increased significantly, such as, creditworthiness of counterparty which has deteriorated. As a back-stop when an asset becomes 30 days past due (rebuttable presumption), the Group considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products. This is based on shifts in the customer's internal credit grade, but greater emphasis is also given to qualitative factors. For the year under review, the Group has also considered classification requirements under the BoM Guideline on Classification, Provisioning and Write-Off of Credit Exposures.

**4. Measurement of ECL**

The calculation of ECLs, including the estimation of the expected period of exposure and discount rate is made at a facility level for all credit exposures.

The key inputs into the measurement of ECL are the following:

**(i) Probability of default (PD);**

The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

**(ii) Loss given default (LGD);**

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

**(iii) Exposure at default (EAD).**

The EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

These parameters are derived from trusted external sources based on internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

**PD Estimates**

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. For other segments, different internal variables such as industry, line of business, product, month on book are considered. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

Retail, Corporate and SME PD models all use the logistic regression framework to model monthly default rates. For the different segments, different features including macro-economic variables have been chosen for inclusion in the 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 matrix 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.

38. RISK MANAGEMENT (CONT'D)

b Credit risk (cont'd)

(ii) Credit risk assessment (Cont'd)

4. Measurement of ECL (Cont'd)

LGD (Cont'd)

Retail, Corporate and SME LGD model use the work-out LGD framework. In this methodology, LGD estimates are based on the historical data after discounting the cash flows (of the contracts in default) that are recorded through the recovery & workout stage at the reference time. Two possible outcomes are considered: Cure (Facility defaults, but goes back to active without loss, LGD close to zero) and No cure (Facility defaults, does not cure, LGD between 0% and 100%). A logit model is fitted to the work-out LGD and the different features for inclusion in the model are chosen based on their statistical significance as well as the intuitiveness of the coefficients. The Group considers different scenarios for LGD to reflect possible changes in the forecasted LGD figures.

For banks and sovereign exposures, in the absence of internal data, Basel F-IRB unsecured recovery rates for senior claims are used for the LGD parameter.

EAD

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 Bank's IT system are used to project EAD values at each point-in-time.

With the exception of credit cards and other revolving facilities, for which the treatment is separately set out below, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has the legal right to call it earlier.

**Loan commitments and letters of credit:** When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cashflows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

**Financial guarantee contracts:** The Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit or loss, and the ECL provision. For this purpose, the Group estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The ECLs related to financial guarantee contracts are recognised within other liabilities.

### 38. RISK MANAGEMENT (CONT'D)

#### b Credit risk (cont'd)

#### (ii) Credit risk assessment (Cont'd)

##### 4. Measurement of ECL (Cont'd)

**Credit cards and other revolving facilities:** The Group's product offering includes a variety of corporate and retail overdraft and credit cards facilities, in which the Group has the right to cancel and/or reduce the facilities with one day's notice. The Group does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Group's expectations of the customer behaviour, its likelihood of default and the Group's future risk mitigation procedures, which could include reducing or cancelling the facilities. In the case of credit cards, the most significant judgement is to reflect the operational practice of card reissuance and the associated credit assessment as enabling a formal re-origination trigger. As a consequence, a capped lifetime approach of 12 months is used for overdraft balances since limit are renewed on a yearly basis. For credit cards, an estimate of the behavioural lifetime is considered by segment (36 months for retail cards and 20 months for corporates and SME).

For credit cards and revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognised within other liabilities.

##### Individually assessed allowances

The Group determines the allowances to be appropriate for each facility assessed on an individual basis. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance once a financial difficulty has arisen, projected receipts and the expected dividend payout should bankruptcy ensue, the availability of other financial support, the realisable value of collateral and the timing of the expected cash flows. The impairment losses are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

##### Regulatory provision

With, respect to SBM Bank (Mauritius) Ltd, regulatory provision is determined in accordance with the Bank of Mauritius Guideline on The Guideline on 'Classification, Provisioning and Write offs which require the Group to take a minimum level of general provisioning as follows:

- Exposures with bullet repayment with remaining maturity of more than 2 years (other than those to sovereigns, central banks, Multilateral Development Banks and banks) : 1.5%
- Exposures to or guaranteed by counterparties whose rating is investment grade or better: 0.5% (The ratings should be issued by an Eligible External Credit Assessment Institution (ECAI) as per the Guideline on the Recognition and Use of External Credit Assessment Institutions. The guarantee should meet the minimum requirements stipulated in the Guideline on Standardised Approach to Credit Risk.)
- All other performing exposures: 1%

Additional portfolio provision is also required as a macroprudential policy measure ranging between 0.5% to 1% depending on the sectors.

For SBM Bank (Kenya) Limited, the following minimum percentage amounts for provisioning are to be maintained according to assigned classifications as described below:

- (i) for loans classified as 'Normal' minimum 1% portfolio provision
- (ii) for loans classified as 'Watch' minimum 3% portfolio provision
- (iii) for loans classified 'Substandard' 20% applied on net balances after deduction of realisable value of security and interest in suspense.
- (iv) for loans classified 'Doubtful' 100% applied on net balances after deduction of realisable value of security and interest in suspense.
- (v) for loans classified 'Loss' 100% applied on net balances after deduction of realisable value of security and interest in suspense.

##### Collateral valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Group's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. 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 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 The Guideline on 'Classification, Provisioning and Write offs before the exposure is no longer considered to be credit-impaired/ in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to lifetime ECL.

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. A non-performing exposure should be upgraded to a standard exposure when:

- all arrears of interest and principal are paid by the counterparty in full and the customer meets the terms and conditions of the existing loan for a continuous 'observation' period as specified in the table below;
- the counterparty has resolved its financial difficulty such that full repayment is expected according to original or modified terms; and
- the reduction in credit risk is considered sustainable.

The observation period for each type of exposure is listed below:

- Non-Performing Exposure : 3 months
- Restructured (included repeated restructuring) non-performing exposure : 6 months
- Non-performing bullet facility: 12 months

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.

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 2024	31 December 2023	Principal Type of collateral held
	MUR' 000	MUR' 000	
<b>The Group</b>			
<b>Fund-based exposures:</b>			
Cash and cash equivalents	38,217,003	19,844,113	Unsecured
Mandatory balances with Central Banks	19,509,733	16,918,939	Unsecured
Loans to and placements with banks	7,670,399	2,871,465	Unsecured
Derivative financial instruments	1,464,946	679,073	Unsecured
Loans and advances to non-bank customers	180,676,375	157,802,162	Residential/ Commercial property/Floating charge on assets
Investment securities	176,180,609	157,631,227	Unsecured
Other assets	3,357,381	2,967,576	Unsecured

**38. RISK MANAGEMENT (CONT'D)**

**b Credit risk (cont'd)**

**(iii) Collateral and other credit enhancements (Cont'd)**

Type of credit exposure	31 December 2024	31 December 2023	Principal Type of collateral held
<b>The Group</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	
<b>Non-fund based exposures:</b>			
Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers	<b>38,845,786</b>	28,899,072	<i>Fixed/Floating charge on assets</i>
Credit commitments	<b>29,054,248</b>	34,692,390	<i>Unsecured</i>

**The Company**

The Fund-based exposures are unsecured

In addition to the collateral included in the table above, the Group holds other types of collateral and credit enhancements, such as second charges and floating charges for which specific values are not generally available.

There was no change in the Group's collateral policy during the year.

**(iv) Ageing of loans and advances:**

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:

	<b>The Group</b>			
	<b>31 December 2024</b>		<b>31 December 2023</b>	
	<b>Gross Carrying Amount</b>	<b>Loss Allowance</b>	<b>Gross Carrying Amount</b>	<b>Loss Allowance</b>
	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>
0-30 days	162,391,965	1,068,535	143,238,376	1,668,540
31-60 days	2,358,344	91,361	1,924,130	66,444
61-89 days	1,344,906	65,859	1,780,649	103,736
<b>Total</b>	<b>166,095,215</b>	<b>1,225,755</b>	146,943,155	1,838,720

**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:

<b>THE GROUP</b>	
<b>31 December 2024</b>	31 December 2023
<b>MUR' 000</b>	MUR' 000
Loans and advances (note 8d)	10,859,007
Specific allowance held in respect of impaired advances (note 8d)	7,704,024
Fair value of collaterals of impaired advances	4,656,830

**(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 10% of its Tier I Capital, classified by industry sectors:

<b>THE GROUP</b>	
<b>31 December 2024</b>	31 December 2023
<b>MUR' 000</b>	MUR' 000
<b>Portfolio</b>	
Agriculture	2,755,624
Traders	2,823,048
Real estate	5,983,820
Financial Institutions	19,168,381
Services	3,223,968
Tourism	4,066,777
<b>57,725,006</b>	<b>38,021,618</b>

**(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.

**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
<b>31 December 2024</b>								
<u>Financial assets</u>								
Cash and cash equivalents	41,970,007	637,046	21,815	15,315	4,884	158,065	(29,248)	42,777,884
Mandatory balances with central banks	2,818,907	1,134,900	1,047,704	703,766	911,789	12,892,667	-	19,509,733
Loans to and placements with banks	-	14,592	74,265	3,552,061	4,070,675	-	(116,304)	7,595,289
Derivative financial instruments	40,133	121,342	296,471	256,059	119,151	123,823	507,967	1,464,946
Loans and advances to non-bank customers	20,400,409	9,445,432	7,878,698	10,583,997	40,696,065	76,112,411	7,570,366	172,687,378
Investment securities	21,023,030	3,908,060	18,039,430	10,900,553	43,390,575	70,312,032	8,530,711	176,104,391
Other assets	786	-	-	30,418	3,755	995	3,321,427	3,357,381
	86,253,272	15,261,372	27,358,383	26,042,169	89,196,894	159,599,993	19,784,919	423,497,002
<u>Financial liabilities</u>								
Deposits from banks	1,636,014	1,400,380	178,239	371,638	377,180	-	-	3,963,451
Deposits from non-bank customers	90,607,556	26,620,697	26,952,599	24,689,568	17,642,229	172,983,379	-	359,496,028
Other borrowed funds	7,790,016	372,915	376,430	1,075,342	483,588	417,713	7,553	10,523,557
Derivative financial instruments	25,829	141,830	301,980	380,508	67,285	47,294	465,001	1,429,727
Subordinated debts	49,254	-	3,627,846	-	-	6,301,048	-	9,978,148
Lease liabilities	-	-	-	-	-	-	856,681	856,681
Other liabilities	74,801	-	-	-	39,000	-	8,250,849	8,364,650
<b>Total financial liabilities</b>	<b>100,183,470</b>	<b>28,535,822</b>	<b>31,437,094</b>	<b>26,517,056</b>	<b>18,609,282</b>	<b>179,749,434</b>	<b>9,580,084</b>	<b>394,612,242</b>
<b>Liquidity Gap</b>	<b>(13,930,198)</b>	<b>(13,274,450)</b>	<b>(4,078,711)</b>	<b>(474,887)</b>	<b>70,587,612</b>	<b>(20,149,441)</b>	<b>10,204,835</b>	<b>28,884,760</b>

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
<b>31 December 2023</b>								
<u>Financial assets</u>								
Cash and cash equivalents	21,110,097	257,143	156,046	111,525	44,035	2,155,782	(6,927)	23,827,701
Mandatory balances with central banks	2,091,114	1,358,034	868,498	691,768	753,376	11,156,149	-	16,918,939
Loans to and placements with banks	565,953	664,524	27,109	1,553,203	72,235	-	(29,959)	2,853,065
Derivative financial instruments	25,224	11,579	13,863	22,047	242,568	65,787	298,005	679,073
Loans and advances to non-bank customers	6,021,461	12,654,130	6,683,800	8,023,432	37,785,806	77,413,439	(322,650)	148,259,418
Investment securities	15,556,270	3,050,863	15,705,558	9,065,504	38,943,989	60,952,346	14,258,185	157,532,715
Other assets	27,154	5,804	-	-	15,187	1,219	2,918,212	2,967,576
	45,397,273	18,002,077	23,454,874	19,467,479	77,857,196	151,744,722	17,114,866	353,038,487
<u>Financial liabilities</u>								
Deposits from banks	1,496,906	595,358	165,869	89,642	314,253	-	-	2,662,028
Deposits from non-bank customers	52,046,632	24,592,690	19,648,913	19,194,412	15,925,825	153,725,250	5,506,083	290,639,805
Other borrowed funds	8,849,920	1,259,211	281,196	554,331	1,989,302	471,701	-	13,405,661
Derivative financial instruments	-	-	-	-	-	-	782,595	782,595
Subordinated debts	48,876	-	1,574,847	-	3,351,948	6,256,502	-	11,232,173
Lease liabilities	-	-	-	-	-	-	801,229	801,229
Other liabilities	102,203	37,274	-	27,491	42,591	-	9,177,971	9,387,530
<b>Total financial liabilities</b>	62,544,537	26,484,533	21,670,825	19,865,876	21,623,919	160,453,453	16,267,878	328,911,021
<b>Liquidity Gap</b>	(17,147,264)	(8,482,456)	1,784,049	(398,397)	56,233,277	(8,708,731)	846,988	24,127,466

38. RISK MANAGEMENT (CONT'D)

c Liquidity risk (cont'd)

	Up to 1 month	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Non-Maturity *	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
<b>THE COMPANY</b>								
<b>31 December 2024</b>								
<u>Financial assets</u>								
Cash and cash equivalents	2,517	-	-	-	-	-	-	2,517
Investment securities	-	-	-	-	-	-	6,662,340	6,662,340
Other assets	-	-	-	-	-	-	80,163	80,163
	<b>2,517</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,742,503</b>	<b>6,745,020</b>
<u>Financial liabilities</u>								
Subordinated debts	-	-	3,579,225	-	-	5,069,310	-	8,648,535
Other borrowed funds	-	-	114,394	-	-	-	7,553	121,947
Other liabilities	-	-	-	-	-	-	117,867	117,867
	<b>-</b>	<b>-</b>	<b>3,693,619</b>	<b>-</b>	<b>-</b>	<b>5,069,310</b>	<b>125,420</b>	<b>8,888,349</b>
Liquidity Gap	<b>2,517</b>	<b>-</b>	<b>(3,693,619)</b>	<b>-</b>	<b>-</b>	<b>(5,069,310)</b>	<b>6,617,083</b>	<b>(2,143,329)</b>
<b>31 December 2023</b>								
<u>Financial assets</u>								
Cash and cash equivalents	710,733	-	-	-	-	-	-	710,733
Investment securities	-	49,967	72,122	345,437	-	374,767	5,972,644	6,814,937
Other assets	-	-	-	-	-	-	113,597	113,597
	<b>710,733</b>	<b>49,967</b>	<b>72,122</b>	<b>345,437</b>	<b>-</b>	<b>374,767</b>	<b>6,086,241</b>	<b>7,639,267</b>
<u>Financial liabilities</u>								
Subordinated debts	-	-	1,526,812	-	3,351,948	5,073,511	-	9,952,271
Other liabilities	-	-	-	-	-	-	86,111	86,111
	<b>-</b>	<b>-</b>	<b>1,526,812</b>	<b>-</b>	<b>3,351,948</b>	<b>5,073,511</b>	<b>86,111</b>	<b>10,038,382</b>
Liquidity Gap	<b>710,733</b>	<b>49,967</b>	<b>(1,454,690)</b>	<b>345,437</b>	<b>(3,351,948)</b>	<b>(4,698,744)</b>	<b>6,000,130</b>	<b>(2,399,115)</b>

\* 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
<b>Financial liabilities</b>							
Deposits	218,950,039	77,667,346	16,224,037	16,158,030	27,201,513	7,258,513	363,459,478
Derivative financial instruments	-	167,656	301,980	380,508	67,285	512,297	1,429,726
Other borrowed funds	7,434,724	666,792	376,430	1,075,342	483,588	486,682	10,523,558
Subordinated debts	-	49,254	3,627,846	-	-	6,301,048	9,978,148
Lease liabilities	-	-	-	-	-	856,681	856,681
Other liabilities	74,801	-	-	-	39,000	8,250,848	8,364,649
<b>31 December 2024</b>	<b>226,459,564</b>	<b>78,551,048</b>	<b>20,530,293</b>	<b>17,613,880</b>	<b>27,791,386</b>	<b>23,666,069</b>	<b>394,612,240</b>
<b>Financial liabilities</b>							
Deposits	193,322,589	44,113,684	11,405,975	14,439,185	24,068,264	5,952,136	293,301,833
Derivative financial instruments	-	58,558	29,771	21,024	252,037	421,205	782,595
Other borrowed funds	5,778,718	4,330,412	281,196	554,331	1,989,302	471,702	13,405,661
Subordinated debts	-	48,876	1,574,847	-	3,351,948	6,256,502	11,232,173
Lease liabilities	-	-	-	-	-	801,229	801,229
Other liabilities	102,203	37,274	-	27,491	42,591	9,177,971	9,387,530
<b>31 December 2023</b>	<b>199,203,510</b>	<b>48,588,804</b>	<b>13,291,789</b>	<b>15,042,031</b>	<b>29,704,142</b>	<b>23,080,745</b>	<b>328,911,021</b>
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
<b>Financial liabilities</b>							
Derivative financial instruments			3,579,225			5,069,310	8,648,535
Subordinated debts			114,394			7,553	121,947
Other borrowed funds			-			117,867	117,867
Other liabilities			-			-	-
<b>31 December 2024</b>	<b>-</b>	<b>-</b>	<b>3,693,619</b>	<b>-</b>	<b>-</b>	<b>5,194,730</b>	<b>8,888,349</b>
<b>Financial liabilities</b>							
Subordinated debts	-	-	1,526,812	-	3,351,948	5,073,511	9,952,271
Other liabilities	86,111	-	-	-	-	-	86,111
<b>31 December 2023</b>	<b>86,111</b>	<b>-</b>	<b>1,526,812</b>	<b>-</b>	<b>3,351,948</b>	<b>5,073,511</b>	<b>10,038,382</b>

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.

**38. RISK MANAGEMENT (CONT'D)****d Market risk (Cont'd)****(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 2024	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
<b>Financial assets</b>								
Cash and cash equivalents	34,260,203	-	-	-	-	-	8,517,681	42,777,884
Mandatory balances with central banks	333,068	-	-	-	-	-	19,176,665	19,509,733
Loans to and placements with banks	5,695,342	1,941,986	-	-	-	-	(42,038)	7,595,289
Derivative financial instruments	186,624	348,544	255,914	92,328	73,569	-	507,967	1,464,946
Loans and advances to non-bank customers	138,552,213	6,508,310	7,570,912	5,715,884	9,436,928	7,420,191	(2,517,061)	172,687,378
Investment securities	14,398,480	24,043,600	13,299,283	23,036,078	42,171,246	50,585,266	8,570,438	176,104,391
Other assets	786	-	-	3,755	995	-	3,351,845	3,357,381
<b>Total assets</b>	<b>193,426,716</b>	<b>32,842,440</b>	<b>21,126,109</b>	<b>28,848,045</b>	<b>51,682,738</b>	<b>58,005,457</b>	<b>37,565,497</b>	<b>423,497,002</b>
<b>Financial liabilities</b>								
Deposits from banks	1,578,043	178,239	371,615	357,275	19,905	-	1,458,374	3,963,451
Deposits from non-bank customers	208,167,343	20,979,386	14,703,336	9,115,368	8,093,995	196,262	98,240,338	359,496,028
Other borrowed funds	8,151,396	259,687	1,098,710	322,392	161,196	-	530,176	10,523,557
Derivative financial instruments	181,510	332,584	380,367	60,086	10,176	-	465,004	1,429,727
Lease liabilities	-	-	-	-	-	-	856,681	856,681
Subordinated debts	49,254	48,620	3,579,225	-	-	6,301,049	-	9,978,148
Other liabilities	74,801	-	-	-	39,000	-	8,250,849	8,364,650
<b>Total liabilities</b>	<b>218,202,347</b>	<b>21,798,516</b>	<b>20,133,253</b>	<b>9,855,121</b>	<b>8,324,272</b>	<b>6,497,311</b>	<b>109,801,422</b>	<b>394,612,242</b>
On balance sheet interest rate sensitivity gap	(24,775,631)	11,043,924	992,856	18,992,924	43,358,466	51,508,146	(72,235,925)	28,884,760
Off balance sheet interest rate sensitivity gap	359,016	(987,150)	85	454	1,015,972	(336,475)	-	51,902
	(24,416,615)	10,056,774	992,941	18,993,378	44,374,438	51,171,671	(72,235,925)	28,936,662

**38. RISK MANAGEMENT (CONT'D)****d Market risk (Cont'd)****(i) Interest rate risk (Cont'd)**

THE 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 2023	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
<b>Financial assets</b>								
Cash and cash equivalents	8,288,429	-	-	-	-	-	15,539,272	23,827,701
Mandatory balances with central banks	96,567	4,410	18,116	39,058	-	-	16,760,788	16,918,939
Loans to and placements with banks	2,855,915	-	-	-	-	-	(2,850)	2,853,065
Derivative financial instruments	36,803	13,863	22,047	194,594	113,761	-	298,005	679,073
Loans and advances to non-bank customers	124,976,293	7,912,321	6,733,067	4,021,257	7,119,739	4,901,546	(7,404,805)	148,259,418
Investment securities	11,174,196	16,048,688	9,200,421	24,831,198	39,392,308	49,542,918	7,342,986	157,532,715
Other assets	26,837	5,736	-	-	15,010	953	2,919,040	2,967,576
<b>Total assets</b>	<b>147,455,040</b>	<b>23,985,018</b>	<b>15,973,651</b>	<b>29,086,107</b>	<b>46,640,818</b>	<b>54,445,417</b>	<b>35,452,436</b>	<b>353,038,487</b>
<b>Financial liabilities</b>								
Deposits from banks	662,830	165,869	89,642	192,677	121,576	-	1,429,434	2,662,028
Deposits from non-bank customers	155,152,395	12,937,030	13,438,143	9,045,255	8,383,512	124,083	91,559,387	290,639,805
Other borrowed funds	10,020,065	241,518	483,036	1,475,057	479,520	-	706,465	13,405,661
Derivative financial instruments	58,558	29,771	21,024	230,747	27,218	-	415,277	782,595
Lease liabilities	-	-	-	-	-	-	801,229	801,229
Subordinated debts	48,876	48,034	1,526,812	-	3,351,948	6,256,503	-	11,232,173
Other liabilities	102,203	37,274	-	27,491	42,591	-	9,177,971	9,387,530
<b>Total liabilities</b>	<b>166,044,927</b>	<b>13,459,496</b>	<b>15,558,657</b>	<b>10,971,227</b>	<b>12,406,365</b>	<b>6,380,586</b>	<b>104,089,763</b>	<b>328,911,021</b>
On balance sheet interest rate sensitivity gap	(18,589,887)	10,525,522	414,994	18,114,880	34,234,453	48,064,831	(68,637,327)	24,127,466
Off balance sheet interest rate sensitivity gap	281,273	(1,019,378)	(2,685)	-	1,000,000	(346,173)	-	(86,963)
	<b>(18,308,614)</b>	<b>9,506,144</b>	<b>412,309</b>	<b>18,114,880</b>	<b>35,234,453</b>	<b>47,718,658</b>	<b>(68,637,327)</b>	<b>24,040,503</b>

38. RISK MANAGEMENT (CONT'D)

d Market risk (Cont'd)

(i) Interest rate risk (Cont'd)

THE COMPANY	Up to 3 months	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Non-interest sensitive	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
<b>31 December 2024</b>								
<b>Financial assets</b>								
Cash and cash equivalents	-	-	-	-	-	-	2,517	2,517
Investment securities	-	-	-	-	-	-	6,662,340	6,662,340
Other assets	-	-	-	-	-	-	80,163	80,163
<b>Total assets</b>	-	-	-	-	-	-	6,745,020	6,745,020
<b>Financial liabilities</b>								
Other borrowed funds			114,394				7,553	121,947
Subordinated debts	-	-	3,579,225	-		5,069,310	-	8,648,535
Other liabilities	-	-	-	-	-	-	117,867	117,867
<b>Total liabilities</b>	-	-	3,693,619	-	-	5,069,310	125,420	8,888,349
On balance sheet interest rate sensitivity gap	-	-	(3,693,619)	-	-	(5,069,310)	6,619,600	(2,143,329)
Off balance sheet interest rate sensitivity gap	-	-	-	-	-	-	-	-
	-	-	(3,693,619)	-	-	(5,069,310)	6,619,600	(2,143,329)
<b>31 December 2023</b>								
<b>Financial assets</b>								
Cash and cash equivalents	-	-	-	-	-	-	710,733	710,733
Investment securities	-	49,967	72,122	345,437	-	374,767	5,972,644	6,814,937
Other assets	-	-	-	-	-	-	113,597	113,597
<b>Total assets</b>	-	49,967	72,122	345,437	-	374,767	6,796,974	7,639,267
<b>Financial liabilities</b>								
Subordinated debts	-	-	1,526,812	-	3,351,948	5,073,511	-	9,952,271
Other liabilities	-	-	-	-	-	-	86,111	86,111
<b>Total liabilities</b>	-	-	1,526,812	-	3,351,948	5,073,511	86,111	10,038,382
On balance sheet interest rate sensitivity gap	-	49,967	(1,454,690)	345,437	(3,351,948)	(4,698,744)	6,710,863	(2,399,115)
Off balance sheet interest rate sensitivity gap	-	-	-	-	-	-	-	-
	-	49,967	(1,454,690)	345,437	(3,351,948)	(4,698,744)	6,710,863	(2,399,115)

38. RISK MANAGEMENT (CONT'D)

d Market risk (cont'd)

(i) Interest rate risk (cont'd)

Various scenarios are used to measure the effect of the changing interest rates on net interest income including the standardised approach of 200bp parallel shock over a 12-month period assuming a static balance sheet, as shown below.

	31 December 2024	31 December 2023
	MUR' 000	MUR' 000
Increase in profit	(296,459)	(199,512)

Interest rate sensitivity

The following table demonstrates the sensitivity of a 2% change in interest rates in the different countries:

	31 December 2024	31 December 2023
	MUR' 000	MUR' 000
Mauritius	60,743	(24,768)
India	2,993	32,940
Madagascar	12,189	2,369
Kenya	(339,671)	(188,686)
Others	(32,713)	(21,367)
	(296,459)	(199,512)

38. RISK MANAGEMENT (CONT'D)

d Market risk (cont'd)

(ii) Fair value hedges

	31 December 2024				31 December 2023			
	Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged items		Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged items	
	Assets MUR' 000	Liabilities MUR' 000	Assets MUR' 000	Liabilities MUR' 000	Assets MUR' 000	Liabilities MUR' 000	Assets MUR' 000	Liabilities MUR' 000
Micro fair value hedges								
Fixed rate corporate loans	303,924	-	-	10,242	308,516	-	-	15,643

The following table provides information about the hedging instruments included in the derivative financial instruments line items of the Bank's statement of financial position:

	31 December 2024			31 December 2023		
	Notional Amount	Carrying Amount		Notional Amount	Carrying Amount	
	MUR' 000	Assets MUR' 000	Liabilities MUR' 000	MUR' 000	Assets MUR' 000	Liabilities MUR' 000
Micro fair value hedges						
Interest rate swaps	254,645	10,716	-	279,741	15,977	-

The below table sets out the outcome of the Bank's hedging strategy, set out in Notes 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 2024			31 December 2023		
		Gain / (loss) attributable to the hedged risk			Gain / (loss) attributable to the hedged risk		
		Hedged items	Hedging instruments	Hedge ineffectiveness	Hedged items	Hedging instruments	Hedge ineffectiveness
Hedged items	Hedging instruments						
Micro fair value hedge relationships hedging assets							
Fixed rate corporate loans	Interest rate swaps	(10,242)	10,716	474	(15,643)	15,977	334
Total micro fair value hedge relationship		(10,242)	10,716	474	(15,643)	15,977	334

The maturity profile of the hedging instruments used in micro fair value hedge relationships is as follows:

At 31 December 2024:

	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
Fixed rate corporate loans						
Interest rate swap (Notional amount)	-	-	-	-	254,645	254,645

At 31 December 2023:

Fixed rate corporate loans						
Interest rate swap (Notional amount)	-	-	-	-	279,741	279,741



**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 2024	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
<b>FINANCIAL ASSETS</b>								
Cash and cash equivalents	3,804,368	31,946,028	343,287	338,136	4,837,394	429,502	1,079,169	42,777,884
Mandatory balances with Central Banks	14,633,930	1,684,992	143,393	575,972	1,406,565	699,936	364,945	19,509,733
Loans to and placements with banks	(75,110)	5,740,672	-	1,929,727	-	-	-	7,595,289
Derivative financial instruments	200,753	271,520	5,090	24	984,727	-	2,832	1,464,946
Loans and advances to non-bank customers	89,684,318	29,495,571	818,729	15,037,035	25,696,122	10,710,409	1,245,194	172,687,378
Investment securities	90,751,889	56,938,771	-	1,532,608	14,624,963	11,685,919	570,241	176,104,391
Other assets	709,851	979,034	1,666	342,341	481,939	840,381	2,169	3,357,381
Total monetary financial assets	199,709,999	127,056,588	1,312,165	19,755,843	48,031,710	24,366,147	3,264,550	423,497,002
<b>FINANCIAL LIABILITIES</b>								
Deposits from banks	550,211	822,256	12,717	147,972	2,419,606	4,175	6,514	3,963,451
Deposits from non-bank customers	162,599,796	127,196,905	3,021,510	14,053,935	29,378,039	17,909,312	5,336,531	359,496,028
Other borrowed funds	427,982	358,457	-	637,190	2,179,516	6,920,412	-	10,523,557
Derivative financial instruments	193,278	240,750	-	-	993,405	-	2,294	1,429,727
Subordinated debts	5,069,310	3,579,225	-	-	1,329,613	-	-	9,978,148
Lease liabilities	227,207	-	-	-	273,958	295,734	59,782	856,681
Other liabilities	3,946,422	4,206,885	(325,883)	238,906	910,657	511,023	(1,123,360)	8,364,650
Total monetary financial liabilities	173,014,206	136,404,478	2,708,344	15,078,003	37,484,794	25,640,656	4,281,761	394,612,242
On balance sheet position	26,695,793	(9,347,890)	(1,396,179)	4,677,840	10,546,916	(1,274,509)	(1,017,211)	28,884,760
Off balance sheet position	-	-	-	-	-	-	-	-
Net currency position	26,695,793	(9,347,890)	(1,396,179)	4,677,840	10,546,916	(1,274,509)	(1,017,211)	28,884,760

**38. RISK MANAGEMENT (CONT'D)**

**d Market risk (cont'd)**

**(iii) Currency risk (cont'd)**

<b>THE GROUP</b>	<b>MUR</b>	<b>USD</b>	<b>GBP</b>	<b>EURO</b>	<b>INR</b>	<b>KES</b>	<b>OTHER</b>	<b>TOTAL</b>
	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>
<b>31 December 2023</b>								
<b>FINANCIAL ASSETS</b>								
Cash and cash equivalents	4,579,357	13,499,735	650,895	715,268	2,896,375	287,682	1,198,389	23,827,701
Mandatory balances with Central Banks	12,880,174	1,327,729	162,981	508,671	1,367,313	474,842	197,229	16,918,939
Loans to and placements with banks	(18,400)	2,798,532	-	72,933	-	-	-	2,853,065
Derivative financial instruments	173,679	120,790	2,053	-	370,726	-	11,825	679,073
Loans and advances to non-bank customers	81,627,831	19,925,895	895,623	13,619,189	22,758,130	8,350,232	1,082,518	148,259,418
Investment securities	86,379,142	45,797,056	-	1,611,976	13,690,366	9,591,236	462,939	157,532,715
Other assets	320,320	1,282,621	2,798	60,296	1,092,617	402,132	(193,208)	2,967,576
<b>Total monetary financial assets</b>	<b>185,942,103</b>	<b>84,752,358</b>	<b>1,714,350</b>	<b>16,588,333</b>	<b>42,175,527</b>	<b>19,106,124</b>	<b>2,759,692</b>	<b>353,038,487</b>
<b>FINANCIAL LIABILITIES</b>								
Deposits from banks	341,537	1,093,966	1,506	36,141	1,167,168	179	21,531	2,662,028
Deposits from non-bank customers	145,263,132	85,663,757	3,142,636	14,026,716	27,085,600	11,012,074	4,445,890	290,639,805
Other borrowed funds	4,036,479	-	-	652,356	2,938,108	5,778,718	-	13,405,661
Derivative financial instruments	102,511	305,097	-	-	345,342	-	29,645	782,595
Subordinated debts	6,600,412	3,351,859	-	-	1,279,902	-	-	11,232,173
Lease liabilities	229,610	-	-	-	321,168	242,684	7,767	801,229
Other liabilities	3,883,348	3,874,984	54,258	524,408	718,065	235,659	96,808	9,387,530
<b>Total monetary financial liabilities</b>	<b>160,457,029</b>	<b>94,289,663</b>	<b>3,198,400</b>	<b>15,239,621</b>	<b>33,855,353</b>	<b>17,269,314</b>	<b>4,601,641</b>	<b>328,911,021</b>
On balance sheet position	25,485,074	(9,537,305)	(1,484,050)	1,348,712	8,320,174	1,836,810	(1,841,949)	24,127,466
Off balance sheet position	-	-	-	-	-	-	-	-
<b>Net currency position</b>	<b>25,485,074</b>	<b>(9,537,305)</b>	<b>(1,484,050)</b>	<b>1,348,712</b>	<b>8,320,174</b>	<b>1,836,810</b>	<b>(1,841,949)</b>	<b>24,127,466</b>

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 198.4 million (2022 : MUR 93.3 million) and subordinated debts (financial liabilities) amounting to MUR 5,760.82 million (2022: MUR 5,157.93 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.

	<b>Impact on Group's profit after tax and Equity</b>					
	<b>USD</b>	<b>GBP</b>	<b>EURO</b>	<b>INR</b>	<b>KES</b>	<b>OTHER</b>
	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>
<b>31 December 2024</b>						
5%	(467,395)	(69,809)	233,892	527,346	(63,725)	(50,861)
-5%	467,395	69,809	(233,892)	(527,346)	63,725	50,861
<b>31 December 2023</b>						
5%	(476,865)	(74,202)	67,436	416,009	91,840	(92,097)
-5%	476,865	74,202	(67,436)	(416,009)	(91,840)	92,097

### 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 2024	31 December 2023
	MUR' 000	MUR' 000
Minimum for the year		
SBM Bank (Mauritius) Ltd	2,875,000	1,390,000
SBM Bank (India) Ltd	12,825	533
Banque SBM Madagascar S.A	47	59
SBM Bank (Kenya) Limited	234,179	2,018
Maximum for the year		
SBM Bank (Mauritius) Ltd	20,747,000	11,226,000
SBM Bank (India) Ltd	2,513,025	630,817
Banque SBM Madagascar S.A	3,934	4,924
SBM Bank (Kenya) Limited	3,273,178	14,803
Year end		
SBM Bank (Mauritius) Ltd	4,187,000	5,167,000
SBM Bank (India) Ltd	2,513,025	179,512
Banque SBM Madagascar S.A	1,383	1,731
SBM Bank (Kenya) Limited	801,141	2,018

#### (iv) Equity price sensitivity analysis

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than for trading purposes and the Group does not actively trade in these investments. Changes in prices / valuation of these investments are reflected in the statement of comprehensive income, except for impairment losses which are reported in the *statements of profit or loss*. Changes in prices of held-for-trading investments are reflected in the *statements of profit or loss*.

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 2024	31 December 2023	31 December 2024	31 December 2023
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Statements of comprehensive income	250,053	288,596	215,152	215,152
	<b>250,053</b>	<b>288,596</b>	<b>215,152</b>	<b>215,152</b>

#### 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:

	<b>Banking</b>	<b>Non-bank financial institutions</b>	<b>Non financial institutions</b>	<b>Other institutions</b>	<b>Intersegment adjustments</b>	<b>Group Total</b>
<b>31 December 2024</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>	<b>MUR' 000</b>
Interest income from external	23,248,466	82,036	-	12,370	-	23,342,872
Non-interest income from external customers	4,908,938	382,049	2,040	292,043	(5)	5,585,065
<b>Revenue from external customers</b>	<b>28,157,404</b>	<b>464,085</b>	<b>2,040</b>	<b>304,413</b>	<b>(5)</b>	<b>28,927,937</b>
Interest income from internal	49,506	-	-	-	(49,506)	-
Non interest income from internal customers	2,497,000	242,096	-	2,550,000	(5,289,096)	-
<b>Revenue from other segments of the entity</b>	<b>2,546,506</b>	<b>242,096</b>	<b>-</b>	<b>2,550,000</b>	<b>(5,338,602)</b>	<b>-</b>
Total gross revenue	30,703,911	706,181	2,040	2,854,413	(5,338,607)	28,927,937
Interest and fee and commission expense to external customers	(11,820,955)	(57,818)	-	(464,252)	49,506	(12,293,519)
Interest expense to internal customers	-	-	-	-	-	-
	(11,820,955)	(57,818)	-	(464,252)	49,506	(12,293,519)
<b>Operating income</b>	<b>18,882,955</b>	<b>648,363</b>	<b>2,040</b>	<b>2,390,161</b>	<b>(5,289,101)</b>	<b>16,634,418</b>
Depreciation and amortisation	(1,313,073)	(16,349)	-	(619)	-	(1,330,041)
Other non-interest expenses	(8,536,799)	(300,201)	(1,828)	(594,249)	144,090	(9,288,987)
Net impairment loss on financial assets	(415,058)	(53,194)	-	(739)	37,702	(431,289)
Operating profit	8,618,025	278,619	212	1,794,554	(5,107,309)	5,584,101
Profit before income tax	8,618,025	278,619	212	1,794,554	(5,107,309)	5,584,101
Tax expense	(1,209,212)	(34,759)	437	(1,897)	-	(1,245,431)
Profit for the year	7,408,813	243,860	649	1,792,657	(5,107,309)	4,338,670
Segment assets	457,143,944	2,844,901	139,762	38,683,896	(65,170,118)	433,642,386
Segment liabilities	388,996,599	1,153,960	147	8,921,664	(2,066,586)	397,005,784
Additions to tangible and intangible assets	1,170,406	6,789	-	1,171	-	1,178,366

**39. Segment information (Cont'd)**

**The Group**

**(a). Information about the reportable segment profit, assets and liabilities (Cont'd)**

	Banking	Non-bank financial institutions	Non financial institutions	Other institutions	Intersegment adjustments	Group Total
<b>31 December 2023</b>	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Interest income from external customers	20,432,486	84,463	-	32,765	-	20,549,714
Non-interest income from external	4,417,956	366,206	1,625	342,621	(5)	5,128,403
<b>Revenue from external customers</b>	<b>24,850,442</b>	<b>450,669</b>	<b>1,625</b>	<b>375,386</b>	<b>(5)</b>	<b>25,678,117</b>
Interest income from internal customers	59,346	-	-	-	(59,346)	-
Non interest income from internal	1,624,984	311,639	-	1,750,000	(3,686,623)	-
<b>Revenue from other segments of the</b>	<b>1,684,330</b>	<b>311,639</b>	<b>-</b>	<b>1,750,000</b>	<b>(3,745,969)</b>	<b>-</b>
Total gross revenue	26,534,772	762,308	1,625	2,125,386	(3,745,974)	25,678,117
Interest and fee and commission expense	(9,509,092)	(62,754)	-	(534,997)	-	(10,106,843)
Interest expense to internal customers	-	-	-	5	59,567	59,572
	<u>(9,509,092)</u>	<u>(62,754)</u>	<u>-</u>	<u>(534,992)</u>	<u>59,567</u>	<u>(10,047,271)</u>
<b>Operating income</b>	<b>17,025,679</b>	<b>699,554</b>	<b>1,625</b>	<b>1,590,394</b>	<b>(3,686,407)</b>	<b>15,630,845</b>
Depreciation and amortisation	(1,082,573)	(16,546)	(148)	(720)	-	(1,099,987)
Other non-interest expenses	(8,102,391)	(308,859)	(2,173)	(264,965)	174,492	(8,503,896)
Net impairment loss on financial assets	<u>(1,032,793)</u>	<u>(14,269)</u>	<u>-</u>	<u>(185)</u>	<u>-</u>	<u>(1,047,247)</u>
Operating profit	<u>6,807,923</u>	<u>359,880</u>	<u>(696)</u>	<u>1,324,524</u>	<u>(3,511,915)</u>	<u>4,979,716</u>
Profit before income tax	6,807,923	359,880	(696)	1,324,524	(3,511,915)	4,979,716
Tax expense	<u>(628,168)</u>	<u>(35,832)</u>	<u>-</u>	<u>1,221</u>	<u>-</u>	<u>(662,779)</u>
Profit for the year	<u>6,179,755</u>	<u>324,048</u>	<u>(696)</u>	<u>1,325,745</u>	<u>(3,511,915)</u>	<u>4,316,937</u>
Segment assets	382,756,205	3,770,906	146,470	39,096,369	(63,516,635)	362,253,315
Segment liabilities	321,679,856	1,380,965	661	10,058,060	(2,549,060)	330,570,482
Additions to tangible and intangible	<u>918,395</u>	<u>58,442</u>	<u>-</u>	<u>739</u>	<u>-</u>	<u>977,576</u>

**39. Segment information (Cont'd)**

**The Group**

**(b). Information about the reportable segment revenue from products and services**

	<b>Banking</b>	
	<b>2024</b>	2023
	<b>MUR' 000</b>	MUR' 000
Revenue from external customers arising from the following products and services:		
Loans and advances to non-bank customers	<b>632,872</b>	762,669
Loans to and placements with banks	<b>1,049,298</b>	442,526
Net trading income	<b>1,689,844</b>	1,660,378
Card income	<b>439,060</b>	357,688
Trade finance services	<b>3,144,490</b>	2,692,927
Deposit and other products /services	<b>280,262</b>	434,346
	<b>7,235,826</b>	6,350,534

**(c). Information about revenue of the reportable segment by geographical areas**

	<b>Banking</b>		
	<b>Mauritius</b>	<b>Other countries</b>	<b>Total</b>
	MUR' 000	MUR' 000	MUR' 000
<b>2024</b>			
Revenue from external customers	<b>11,872,303</b>	<b>11,376,164</b>	<b>23,248,466</b>
Tangible and intangible assets	<b>4,424,919</b>	<b>787,770</b>	<b>5,212,688</b>
<b>2023</b>			
Revenue from external customers	11,872,303	8,560,183	20,432,486
Tangible and intangible assets	3,439,902	217,195	3,657,097

**40. Subsequent events**

The Board of Directors has approved on 13<sup>th</sup> February 2025, a subordinated debt issuance for three billion Mauritius Rupees (MUR 3,000,000,000) with a permitted oversubscription of up to two billion Mauritius Rupees (MUR 2,000,000,000) aggregating to five billion Mauritius Rupees (MUR 5,000,000,000), by way of a public offer.

Subject to obtaining all regulatory approvals, the Company will seek the listing of the floating rate notes, by way of an offer for subscription, on the Official Market of The Stock Exchange of Mauritius Ltd such Notes being issue in the form of debentures under the Companies Act 2001. The Notes will be rated, unsecured and subordinated.