



THE FACE OF BRIGHT POSSIBILITIES

SBM HOLDINGS LTD | INTEGRATED ANNUAL REPORT 2024

Cautionary statements

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

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

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

Note to Shareholders

Dear Shareholders,

Reconstitution of the Board of Directors of SBM Holdings Ltd

We wish to bring to your attention that the Board of Directors of SBM Holdings Ltd (SBMH or the Company) has been reconstituted as hereunder, on 11 April 2025:

Name	Category
Mr Rohit Ramnawaz*	Independent Director / Chairman
Ms Ferial Jabeen Aumeerally (Ms Ferial J. Aumeerally)*	Independent Director
Mr Pramod Kumar Bissessur (Mr Pramod K. Bissessur)*	Independent Director
Mr Raoul Claude Nicolas Gufflet (Mr Raoul Gufflet)	Executive Director / Group Chief Executive Officer (Group CEO)
Mr Deobruhsingh Jaypaul*	Independent Director
Mr Aakash Krishan Kalachand (Mr Aakash K. Kalachand)*	Independent Director
Mrs Mathilde Sophie Laurence Lagesse (Mrs Mathilde S. L. Lagesse)*	Independent Director
Ms Sharon Ramdenée	Independent Director
Mrs Danisha Sornum*	Independent Director

Mr Rohit Ramnawaz has been appointed as Chairman of the Board of Directors of SBMH effective as from 14 April 2025. Furthermore, Mr Anil Kumar Ujoodha (Mr Anil K. Ujoodha) has been appointed as Independent Director on the Board of SBMH on 23 May 2025.

The following Directors resigned concurrently on 11 April 2025 and their resignations took effect on the same day:

1. Mr Abdul Sattar Adam Ali Mamode Hajee Abdoula (Independent Director/Chairman)
2. Mr Jean Paul Emmanuel Arouff (Non-Executive Director)
3. Ms Shakilla Bibi Jhungeer (Independent Director)
4. Mr Visvanaden Soondram (Non-Executive Director)
5. Dr Subhas Thecka (Independent Director)

The appointment process for the new Directors (*) was carried out in strict compliance with the SBMH Constitution, the established procedures at the level of the Company and as depicted in Principle Three of the National Code of Corporate Governance for Mauritius (2016) (the Code) as well as the laws and regulations applicable to SBMH. The newly appointed Directors will hold office until the Annual Meeting of the Shareholders (the Annual Meeting) scheduled on 30 June 2025 and will stand for election at the said Annual Meeting to hold office till the next Annual Meeting in 2026. Further details are provided in the Notice of Meeting which shall be sent to each Shareholder as per the provisions of the Mauritius Companies Act 2001 (the Act).

Mr Raoul Gufflet is currently the Group CEO of SBMH, the ultimate holding entity of the SBM Group. Mr Raoul Gufflet was appointed as the Group CEO on 28 November 2022 by the then SBMH Board of Directors and his contract of employment will lapse on 27 November 2027. By virtue of Section 14.1 of the Constitution of the Company, Mr Raoul Gufflet is an ex-officio Member of the Board of SBMH and his directorship will cease when his contract of employment terminates.

The newly constituted Board of Directors brings extensive expertise across a broad spectrum of industries and leadership roles, strengthening the Board's collective capabilities to drive continued growth and value creation. Moreover, the new Board is diverse in terms of age and gender, is composed to avoid groupthink and fosters a balanced & inclusive decision-making process, in line with best governance practices.

The profile of each newly appointed Director can be found under the Group Governance and Leadership section. The updated composition of the Board of SBMH is also available on the SBM Group's website.

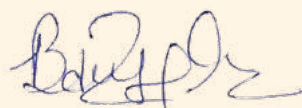
Integrated Annual Report 2024

The Audited Financial Statements of SBMH and the SBM Group as well as the following sections of the Integrated Annual Report 2024 had already been finalised and approved by the former Board of Directors of SBMH on 20 March 2025:

- The Corporate Governance Report including:
 - The Key Governance Positions
 - The SBMH Governance & Leadership Structure
 - The Accountability Statement
 - The Statement of Compliance
 - The Company Secretary Certificate
 - The Group Addresses
 - Additional disclosures as per section 221(2A) of the Act
- The Profiles of the Directors/Management including Subsidiaries' CEOs
- The Financial Review
- The Risk Management Report
- The Sustainability Report

The Corporate Governance Report captures the key input and deliberations of the previous Board of Directors on several matters relating to the financial year ended 31 December 2024.

The other sections including the Reflections from the Chairman, Message from the Group CEO as well as the Group Governance and Leadership section and additional disclosures as per section 221(2A) of the Act have been updated and approved by the current Board of Directors on 20 May 2025.



Mrs D Ramjug-Chumun
Company Secretary
SBM Holdings Ltd



About us

The SBM Group is a **leading banking and financial services provider in Mauritius**, with footprint in India, Kenya and Madagascar by means of dedicated banking subsidiaries. The Group, which has a solid franchise, delivers a comprehensive array of customised financial solutions to help its wide-ranging customers realise their ambitions.

Creating positive outcomes for our stakeholders

As we reflect on our journey so far, we take pride **in our rich legacy of accompanying our stakeholders in their endeavours and growth pathways**, while continuously improving the way we function, promoting positive transformation and fostering proximity with the people with whom we interact at various echelons.

In the years ahead, the SBM Group will continue to stay close to its customers, alongside actively contributing to the sound and sustained advancement of the Mauritian economy and society, in all the relevant dimensions, supported by committed investments, an innovative mindset as well as an open and transparent approach.

Our **purpose-driven strategy** will be geared towards supporting the needs of our employees, customers and shareholders, alongside delivering meaningful long-term value and returns for all, for now and the future.

Theme of this Integrated Annual Report

Connecting Markets | Empowering Communities

The theme of this year's SBM Integrated Annual Report highlights our endeavours **to create bright opportunities for the people** via our **strategic initiatives, while caring for the holistic and sustained progress of our customers and societies**. SBM is committed to fostering strong, flourishing and interconnected markets, alongside contributing to the wellbeing of the societies with which it cohabitates. SBM seeks to play a dynamic and influential role in enabling its individual, corporate and institutional customers to thrive, while contributing to allow markets to perform in optimal conditions. It aspires to create meaningful and sustainable value for its shareholders and strategic partners. It aims to enable its stakeholders from all walks of life to actively participate in and benefit from shared success. In fine, SBM adopts an integrated approach which is geared towards the creation of long-term value and promotes resilience in an ever-evolving operating landscape.

The SBM Group: Embracing transformation and innovation

General remarks

Innovation and transformation are prominent focus areas of the SBM Group, as it moves forward for growth. During the year under review, the operating entities of the Group have pursued initiatives aimed at achieving business transformation and innovation, albeit to varying degrees and at different pace. The entities have taken into consideration their growth ambitions, underlying capital positions and investment plans, alongside catering for the suitability and readiness of their technological systems as well as the demands of an increasingly exigent and competitive market environment. They have reached different stages of their technological and digital transformation journeys, while dealing with different business growth and operational imperatives, priorities and challenges for the short and medium terms.

Zooming on SBM Bank (Mauritius) Ltd

Our philosophy

SBM Bank (Mauritius) Ltd has remained steadfast in its commitment to innovation and digital transformation, a journey that continues to redefine banking experiences, enhance operational efficiencies and strengthen market competitiveness. Over the past year, the bank has undertaken key initiatives in automation, digital banking, IT infrastructure and cybersecurity, with the overall objective of building a future-ready financial institution.

Our recent key accomplishments

As part of this transformation, the bank has reinforced its presence by prioritising the modernisation of its digital channels. The launch of **SBM Tag**, the bank's new Mobile Banking application, on 23 December 2024, marked a significant milestone in this journey. Within just one month of its introduction, nearly a quarter of active Mobile Banking users had transitioned to the new application, a testament to its user-friendliness and enhanced features. Customers welcomed the app's improved functionality, with 25% of transactions being carried out through newly introduced features, reflecting a shift toward digital-first interactions. Encouragingly, feedback has been overwhelmingly positive, particularly regarding ease of use and response time. While minor issues have been reported, the bank has been proactive in addressing them, thus ensuring that customer experience remains at the core of its digital evolution.

Beyond customer-facing innovations, the bank has also made significant advancements in automation and internal efficiencies. The bank has leveraged Robotic Process Automation (RPA) to streamline various operations, resulting in tangible benefits such as reduced manual workloads and increased processing speeds. The automation of inward remittance processing alone has seen a significant improvement, while other enhancements have improved compliance, reconciliation processes, and email automation across different business lines. These efforts have contributed to a more agile and efficient internal operating model, hence allowing the bank to allocate resources more effectively and to focus on value-added services for customers.

A crucial component of the bank's digital transformation has been the modernisation of its IT infrastructure, ensuring that its systems remain secure, scalable and aligned with regulatory requirements. In December 2024, the bank successfully completed a complex two-year programme to replace ageing hardware and software assets, mitigating security risks and enhancing system stability. In addition, the bank has enhanced its Data Centre capabilities in Mauritius, thereby strengthening its resilience and ensuring high availability of business applications and greater capacity for future growth.

Recognising that cybersecurity is integral to digital banking, the bank has significantly reinforced its security framework to combat the ever-evolving threat landscape. Investments in real-time monitoring and proactive defence mechanisms have enabled the bank to prevent potential cyber attacks, safeguarding customer data and preserving trust in its digital ecosystem. Cyber threats continue to be a growing concern in the financial sector and the bank remains vigilant in its approach, while deploying advanced security measures to stay ahead of emerging risks.

In parallel with its IT and digital banking advancements, the bank has undertaken a series of strategic projects aimed at enhancing operational efficiency and improving customer services. The transition to a more advanced card embosser with a cutting-edge system has significantly expedited a seamless card production. This reflects the bank's commitment to cater for the growing needs of the market by leveraging innovation and technology to deliver enhanced efficiency and improved service. Furthermore, the rollout of automated solutions will help to transform the credit facilities process by introducing instant quote generation and risk-based approvals, thereby significantly cutting down processing time for customers.

The bank's ambitions for digital transformation extend beyond 2024, with a well-defined roadmap for the coming years. The next phase will focus on expanding the capabilities of SBM Tag, introducing additional features, while providing an omnichannel experience to further enhance customer convenience. Digital onboarding and online account opening remain key priorities, as the bank seeks to create a seamless banking experience that eliminates traditional barriers. Additionally, internal IT capabilities will be further strengthened, with efforts directed at ensuring that the bank retains agility and autonomy over its technology landscape.

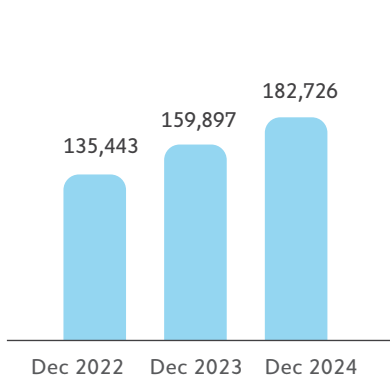
In December 2024, the bank entered an agreement with strategic partners EY and Gartner to support its digital transformation journey, with the objective of becoming a financial powerhouse in the coming years. Looking ahead, innovation will continue to be a cornerstone of the bank's strategic vision.

The vision for the future

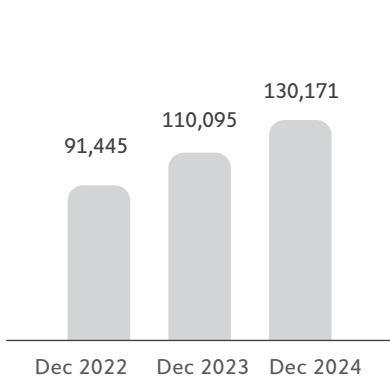
By leveraging technology to enhance customer solutions, drive operational efficiencies and strengthen its competitive edge, the bank is positioning itself as a leading force in the financial sector. Through ongoing investment in digital banking, automation, artificial intelligence and cybersecurity, the bank remains committed to delivering a banking experience that is seamless, secure and future-focused, thus ensuring that it not only meets but exceeds the evolving expectations of its customers.

Sustained expansion of the bank's customer base

Internet Banking customers



Mobile Banking registrations



e-Commerce users

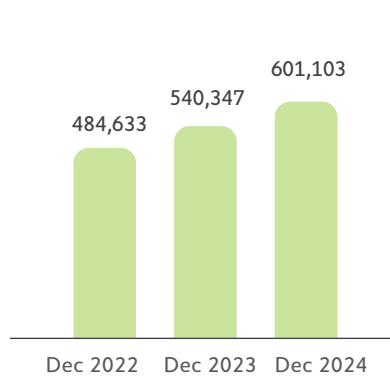


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CONNECTING DREAMS FUELLING SUCCESS

We act as a catalyst for individual aspirations and collective achievements.



Reflections from the Chairman



Dear Shareholders and Partners,

I am deeply honoured and privileged to address you, for the first time, as Chairman of the SBM Group. Today, the Group is positioned as a major player in the local banking and financial services industry and plays a prominent role in supporting the socio-economic progress of Mauritius. While endorsing this important responsibility with humility and a sense of commitment, I remain very eager to collaborate with the Directors, Management and Employees to consolidate our strengths and address all shortcomings so that we are better prepared to tap into the growth opportunities and usher in the necessary changes that will benefit the Group and its stakeholders.



The context

Whereas it continued to capitalise on the key foundations that it has built and harnessed for more than 50 years of its relatively short, yet eventful, history, the SBM Group has, nevertheless, been confronted by various challenges in recent years which have tested its cost structures, performance ratios, brand image and stock market profile. Our operating entities in Mauritius, India, Kenya and Madagascar have faced business development, operational, risk management and legacy-based challenges which need to be dealt with in different ways. We observe that this situation has come up against the backdrop of a demanding operating environment, especially in terms of the economic climate, industry dynamics, and the legal and regulatory set-up, notably in our overseas operations. Also, the Group structure will be reviewed to ensure efficiency and accountability at all levels. I am especially comforted that all the newly-appointed Directors share the same vision.

Our strategic vision

As we look at the future with optimism, but also with the necessary vigilance, I wish to assure all our stakeholders that the new Board of Directors of SBM Holdings Ltd is dedicated to putting the organisation on sound foundations and steering it on the right pathway. We remain committed to nurturing the groundwork and creating the necessary environment that will pave the way for a stable and trustworthy SBM franchise.

We are conscious of the exigencies, specific challenges and imperatives warranting attention in the jurisdictions where we operate. We are confident that, with solid leadership, discipline and the collective efforts of our people, we will emerge stronger. We are determined to make bold steps and take the decisions that matter, in a transparent, inclusive and timely manner.

The SBM Group will be driven by its core strategic orientations which are geared towards forging a more competitive, diversified, deleveraged and sustainable organisation with consistent focus on healthy financial ratios and investor value creation. We also need to manage more efficiently our assets, especially advances. While SBM Bank (Mauritius) Ltd remains the Group's mainstay, we will strive to progressively boost the contribution of our non-banking and foreign banking subsidiaries to our bottom-line results. To this end, we will continuously enrich our customer value propositions, supported by our digital transformation. In support of our growth agenda, we wish to emphasise that ethical conduct, good governance and robust risk management will be the bedrock of everything we do. We will bring in greater agility and innovation in the way we function and interact with our stakeholders.

In our transformative journey, I look forward to benefitting from the wise counsel and proficient insights of fellow Directors across the Group entities. I am also convinced that the hard work, dedication and dexterity of our Employees will be instrumental in helping us to move forward confidently whilst we navigate a fast-paced and often complex operating landscape.

We wish to emphasise that ethical conduct, good governance and robust risk management will be the bedrock of everything we do.

In conclusion, I reassure our esteemed shareholders and other stakeholders that the Board of Directors is, with enthusiasm and purpose, taking all such initiatives to invest for the future, pursue a responsible growth path and generate meaningful long-term returns.

I cannot deny that there is hard work ahead but I am optimistic about the future of our organisation as we mobilise the right energies and capabilities to further strengthen the Group's positioning as a strong, focused and forward-looking organisation!

I thank all our stakeholders, especially our shareholders and employees, for their continued support.



Rohit Ramnawaz
Chairman
SBM Holdings Ltd

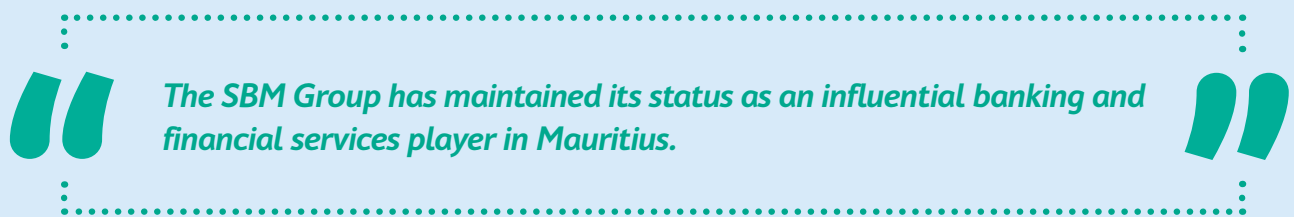


Message from the Group Chief Executive Officer



Dear Valued Partners,

During the past financial year, SBM Group continued advancing its growth strategy while addressing key challenges in the markets where it operates. With the commitment of our Management teams, employees, and stakeholders, we tackled pressing operational and business development matters. In parallel, we deployed strategic initiatives that sharpened our competitive edge, reinforced our capabilities and strengthened customer centricity, all while protecting the Group's brand equity. Our resolve enabled us to maintain resilience and seize new business opportunities across jurisdictions. Building on our dependable business model, the Group sustained healthy financial indicators for FY 2024 and delivered improved returns and dividend yields to shareholders. In line with our dividend policy and the Group's performance, the Board of SBM Holdings Ltd has declared a dividend of 50 cents per share – a 25% increase over the prior year – subject to regulatory approval.



Shedding Light on the Group's performance

General remarks

In FY 2024, the SBM Group has maintained its status as an influential banking and financial services player in Mauritius. The Group has, at the same time, deployed various strategic initiatives to support its banking subsidiaries operating in India, Kenya and Madagascar, with the aim to nurture sound conditions for sustained growth, alongside building the necessary capabilities to confront challenges faced in some areas, many of which having been already resolved. Overall, we continued to protect and strengthen our balance sheet, with high capitalisation levels upheld, thus allowing leeway to underpin our growth ambitions. Thanks to the dedication and expertise of our employees, we have duly accompanied our customers in their journeys. We created further value for our esteemed shareholders and stakeholders, alongside contributing to the advancement of the Mauritian economy and society.

Financial performance of the Group

On the back of its strategic endeavours in various areas, the Group achieved a resilient performance for the year ended 31 December 2024, with profit before tax attaining MUR 5.6 billion, which represents an increase of 12.1% compared to the preceding year. Profit after tax stood at MUR 4.3 billion for the period under review, which corresponds to a marginal increase compared to last year, due to changes in taxes and levies, while credit loss expense has improved. Despite the challenges faced across its presence countries, the Group posted a rise of 6.4% in its operating income. This performance has been supported by an increase of 5.0% in net interest income, on the back of growing business volumes and proactive balance sheet management. Besides, non-interest income edged up, mainly driven by higher net trading income. Non-interest expense increased by 10.6% for the period under review. This is attributable to continued investment in human capital and technology, while catering for inflationary pressures and, to some extent, the effect of the US dollar appreciation. The Group's capital position has remained healthy, with tier 1 and total capital adequacy ratios of 14.6% and 19.2% respectively as at 31 December 2024, which are well above regulatory requirements and provide ample buffers to sustain the ongoing growth trajectory.

Strategic positioning of the Group, supported by dedicated initiatives

While being confronted by an exigent and, sometimes, complex operating environment in the jurisdictions where it is present, the SBM Group has, during the period under review, made further progress against its strategic objectives, alongside addressing business development, operational, legal and regulatory as well as legacy challenges faced. Along the way, the Group has continuously enriched its value proposition and strengthened its customer proximity, while further improving its operational foundations and capabilities.

We remain focused on steering the Group in the right direction, strengthening its overall resilience as well as further boosting its financial health and investor returns.

Strengthened corporate governance has remained high on the agenda to underpin growth endeavours and positively transform the entities, with key developments relating to the recruitment of new Chief Executive Officers for SBM Bank (India) Limited, SBM Bank (Kenya) Limited and Banque SBM Madagascar SA accompanied by changes across senior management layers of these organisations. Moreover, the Group has ensured that its existing clear and function-based organisation chart is endorsed, with the Executives of SBM Holdings Ltd having well-defined responsibilities to exercise their duties and meet reporting requirements, alongside fostering accountability. The Group revisited and strengthened the organisation-wide strategy envisioning, formulation and monitoring exercise and process, which helped to achieve better-informed and more systematic oversight over activities and trajectories of the entities.

Capital management has remained a priority focus area of the Group, which continued to exercise a close monitoring of its capital position and has set out to identify deleveraging options, while ensuring that its operating entities have ample resources to meet regulatory rules and support business growth. As part of the Group's capital management and deleveraging objectives, capital restructuring and balance sheet re-engineering discussions are ongoing, with the aim to evaluate capital raising options and determine the most favourable routes to be taken. In pursuit of its objectives, SBM Holdings Ltd has, on 13 February 2025, approved a subordinated debt issuance for three billion Mauritian Rupees, with a permitted oversubscription of up to two billion Mauritian Rupees, aggregating to five billion Mauritian Rupees, by way of a public offer. 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. Proceeds from this transaction will be used for (i) consolidation of the Tier II capital base of the Company, (ii) re-organising the portfolio of current liabilities of the Company and (iii) satisfying future regulatory requirements of its subsidiaries. At another level, the Board of Directors of SBM Holdings Ltd approved its dividend policy last year. It serves as the guiding framework for future dividend payments and seeks to ensure that shareholders receive an appropriate dividend yield while maintaining the Group's financial strength and growth trajectory.

The Group has embarked on a series of strategic endeavours, with focus on achieving sound business growth as well as shoring up its capabilities and credentials. On the risk management front, the Group proactively dealt with the challenges of the operating context, mainly in relation to macroeconomic uncertainties, increasing regulatory requirements, cybersecurity threats and other key risks faced. Furthermore, the Group's entities have addressed major technology risks through remediation programmes that saw the upgrade of various systems covering IT infrastructure and applications as well as cybersecurity. Much progress has also been made with regard to the Group's digital agenda, with the upgrade of digital services on remote channels, focusing on improving customer experience with simplicity and user friendliness, and the addition of features making it easier for our customers to bank and interact with us. The Group's entities have also embarked key partners to support their digital transformation journeys and are increasingly leveraging on data to better serve their customers and run their operations.

Importantly, the Group has made further progress with regard to the execution of its Sustainability Agenda. At the SBM Group, we have set forward to embed ESG principles into every facet of our business, from responsible lending and governance to community impact and climate action. Our commitment is reflected in how we finance sustainable growth, integrate climate risk into decision-making, and drive financial inclusion across our markets. By aligning with the UN Sustainable Development Goals, we continue to create meaningful impact, ensuring that the prosperity we generate is shared by all.

Key realisations by the operating entities of the Group

SBM Bank (Mauritius) Ltd

In FY 2024, SBM Bank (Mauritius) Ltd has maintained its growth momentum and diversification efforts, alongside strengthening its inherent capabilities and boosting its market visibility. These endeavours have contributed to reinforce the bank's position as the mainstay and flagship entity of the SBM Group as well as a leading player in the Mauritian financial services industry and economy. The bank has supported individuals, micro-enterprises and SMEs as well as large corporate customers in Mauritius, backed by tailor-made customer solutions and a focus on service quality. It has, furthermore, pursued its international market diversification initiatives, aided by a fitting risk appetite and well-engineered business development targets and objectives. It remained focused on widening its growth paths and revenue streams, albeit proceeding in a cautious manner. As it executes its strategic agenda, embracing customer centricity has remained an essential focus area, with continuous improvements in the range of customer products and enriched client experiences. Noticeably, as part of its ongoing transformation, the bank has further modernised its digital channels, while keeping customer expectations and interests in mind. The launch of SBM Tag, the bank's new Mobile Banking application, in December 2024, marked the start of a new digital journey for the bank. Within one month of its introduction, nearly a quarter of active Mobile Banking users had transitioned to the new application, a testament to its user-friendliness and enhanced features. It is, moreover, worth noting that the bank is continuously investing to build the necessary expertise and capabilities to fulfill its role as a caring and responsible corporate citizen, in alignment with the overarching Group Sustainability Agenda.

SBM Bank (India) Limited

Running three primary business divisions – Corporate, Retail and Treasury – which cater for clients across and outside India, the bank has built a respected brand. During the year under review, the bank has continued to work diligently on executing its strategic plan. It took multiple measures to support revenue generation and rationalise costs. The bank took dedicated measures to strengthen its frontline via organisational restructuring exercises across its Retail Banking and Corporate Banking segments, aimed at distinguishing clearly between its product development and product distribution functions. The bank pushed towards improving revenue lines through a focus on non-credit linked fee income generation through commission earned via trade payments and transactions, foreign exchange income through flow of business and currency imports, income from treasury sales and placement of derivatives products, and recoveries against legacy assets. The bank also rolled out changes in the organisation structures prevalent within business teams to demarcate clear sales and distribution responsibilities and product expertise and to support related responsibilities. With regard to technology-led capabilities and enhancements, the bank has implemented several automations which brought more efficiency in the bank's processes and ensured that increasing business volumes, expanding product suites and other regulatory requirements were adequately absorbed. To sharpen up the skills and experience to navigate through the demanding operating conditions, the bank strengthened its senior management team, with the onboarding of seasoned resources in the roles of Chief Executive Officer, Chief Financial Officer, Head of Retail Banking, Head of Corporate Banking and Head of Compliance.

SBM Bank (Kenya) Limited

The bank has pursued its strategic initiatives, supported by a network of 33 branches countrywide, which is complemented by ATMs, Mobile Banking, online banking, debit, prepaid and credit cards, agency banking services and a call centre that is available 24/7 to support the client base. As a key focus area, the bank has, during the year under review, deployed a Tactical Action Plan devised to find short-term ways and means to turn around the performance of the entity, alongside identifying and executing targeted initiatives that can help to build revenue generating capabilities and nurture a stronger footing for business growth. At the same time, while it received capital injection from SBM Holdings Ltd to support its strategic endeavours, the bank pursued various business development initiatives, including deposit mobilisation campaigns, enhancement of specific products and services, upgrade of Mobile Banking platform, strategic sponsorships, marketing programmes to enhance visibility and card campaigns to increase utilisation and attract new customers.

Banque SBM Madagascar SA

While appointing a new Chief Executive Officer with extensive experience in the banking field, Banque SBM Madagascar SA has strived to tap into targeted segments – namely corporates, well-established SMEs and selected HNWIIs – alongside supporting the Malagasy economy as well as reinforcing customer proximity and value proposition. The bank has set out to establish the right operational capabilities that will underpin its growth ambitions and is ensuring that its business development is based on solid foundations. The bank is strengthening its organisational structure as well as its governance, compliance, risk management and internal control frameworks. It continues to reinforce its relationships with its customer base and explore appealing business prospects, with a key initiative being to further improve the efficiency of sales teams. The bank has also set out to find ways and means to capitalise on the Mauritius International Financial Centre, including serving key Malagasy operators currently leveraging Global Business and Offshore Management Companies operating in Mauritius.

SBM NBFC

Despite facing up to increasingly challenging operating conditions, SBM NBFC has cemented its position as a key operator in the Mauritian financial services industry. SBM NBFC has further disseminated its wide and innovative range of products and services to its customers, including capital markets expertise, trading and asset management expertise, corporate finance solutions insurance agency services and fund services. The last financial year has been a period of sustainable growth, resilience and the beginning of several strategic transformations, thus enabling SBM NBFC to navigate an evolving regulatory landscape, shifting economic dynamics and heightened competitive pressures. Notwithstanding this landscape, SBM NBFC has adapted swiftly, while leveraging its diversified portfolio to mitigate risks and seize opportunities.

Moving ahead with strength and cautiousness

Translating the Board's vision into tangible achievements

As we spearhead the Group ahead in the current demanding operating landscape, I am convinced that the newly-appointed Board of Directors of SBM Holdings Ltd will deliver the necessary vision, leadership, guidance and technical expertise to help trace out a robust pathway for growth and transformation.

With the support of the entity Boards, CEOs and Management Teams, I look forward to working in close collaboration with the Chairman and Directors of SBM Holdings Ltd with a view to translating their aspirations into tangible achievements over the short and medium terms, for the sound and sustained progress of the organisation. This will require consistent hard work, improved operating agility, robust risk management and compliance to applicable rules and standards, dedicated human resource recruitments and talent management, strategy alignment, reinforced synergies between entities, purposeful mindsets and behaviours, and other ingredients that we, together, need to cultivate and judiciously tap into.

In line with the directions set by the Board, we are committed to building strength and resilience to write another chapter in the Group's journey. Several reforms and restructuring initiatives are being unfolded and are awaiting us ahead, with a view to establishing sound foundations and structures for balanced growth across our banking and non-banking financial entities, bolstering our competitive edge in the markets that we serve, achieving operational efficiency levels, diversifying our revenue streams, rekindling investor confidence, as well as underpinning staff welfare and engagement. In this respect, I am confident that our different teams will display the necessary ability and versatility to make things work and achieve our goals.

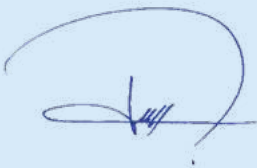
Overall, we remain focused on steering the Group in the right direction, strengthening its overall resilience as well as further boosting its financial health and investor returns. We will be driven by our purpose and values, alongside being supported by reinforced risk management and continued business simplification. Our operating entities face different challenges and imperatives in the jurisdictions where they are present that, directly and indirectly, impact business activities in the financial sectors, shape up the scope and depth of regulatory oversight and affect customer behaviours – and a key goal of the Group is to ensure that these are effectively and timely addressed.

Concluding remarks

Ending here, may I wholeheartedly express my appreciation to all the employees across the different entities of the Group. Their perseverance and acuity have helped us to preserve the trust of our customers and partners, while enabling the organisation to steer through challenging times and to remain competitive. I can only encourage them to maintain the good work, as we seek to capitalise on new growth avenues.

Our customers are at the heart of everything we do. Their loyalty and trust inspire us to continuously improve, deliver exceptional experiences, and stay tuned to their evolving needs. We are grateful for the opportunity to serve them and we look forward to consistently enriching their experiences.

We remain committed to taking the right decisions to achieve success for us and our stakeholders!



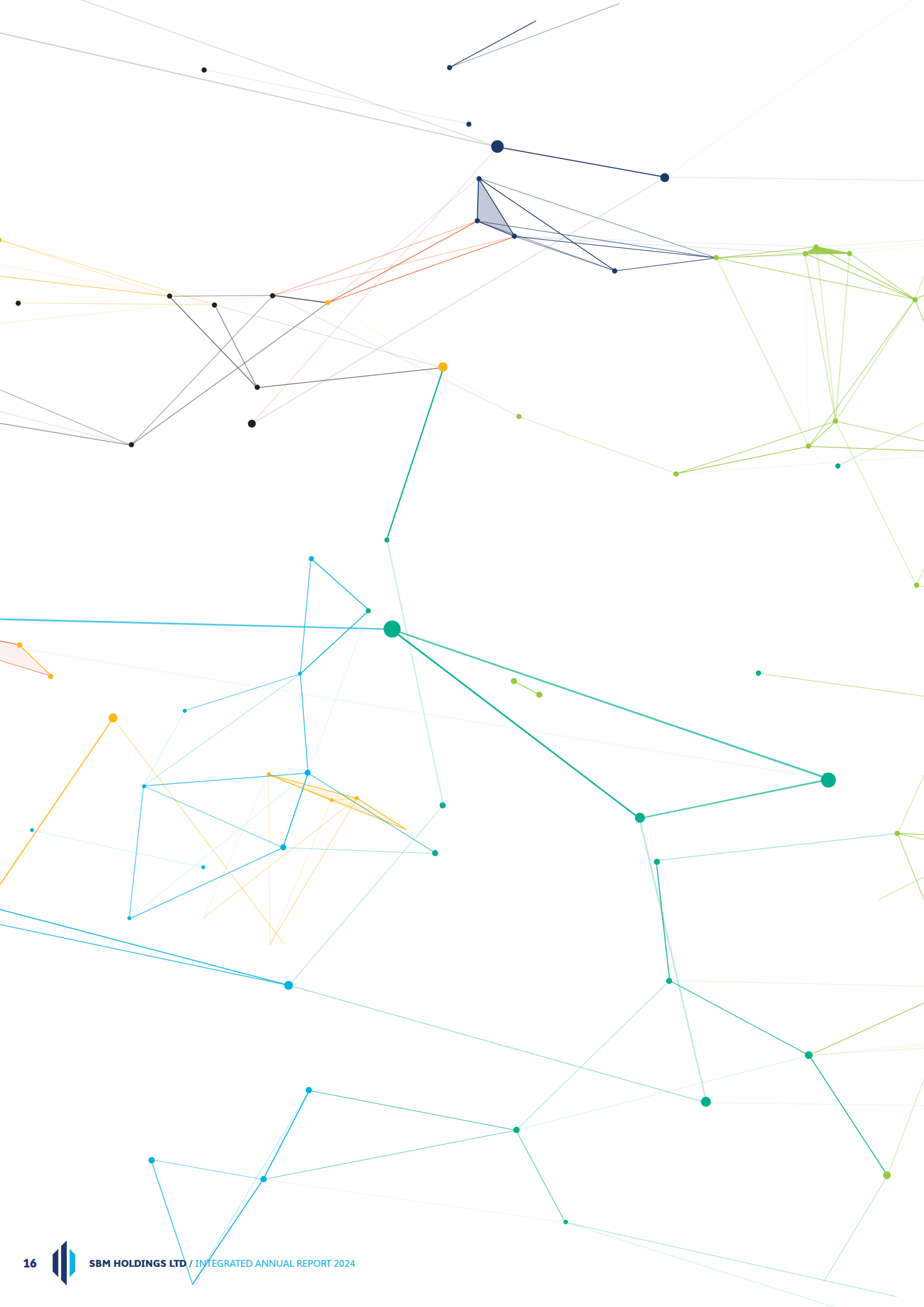
Raoul Gufflet
Group Chief Executive Officer
SBM Holdings Ltd



FOSTERING TIES ENRICHING LIVES

Connecting underserved markets with essential financial services while fostering community relationships.







Our Reporting Universe and Philosophy

Our Reporting Universe and Philosophy

About our report

Background

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

Purpose

The primary purpose of this report is to explain how the SBM Group creates sustainable value for the benefit of its multiple stakeholders, while tapping into opportunities met and managing the risks faced.

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

Scope and boundaries

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

Period covered: From 01 January 2024 to 31 December 2024. Material events after this date and up to the approval of this report on 20 May 2025 are also catered for in this report.

Pursuing an integrated reporting journey

Scope and purpose

The SBM Group has, during the course of FY 2024, implemented its Sustainability Agenda, which reflects its stakeholder engagement and its commitment to achieving a better and fairer world.

Against this backdrop and its wider level ambitions, the SBM Group is making headway in its integrated reporting journey, while adhering to the International Integrated Reporting Council Principles, when producing this Integrated Annual Report. We have set out to communicate our financial and non-financial progress in an increasingly holistic, structured and transparent manner, thus showing how we are fulfilling our purpose. This report conveys a forward-looking perspective of our business, while demonstrating how, amidst an evolving operating landscape, value is created by means of a well-defined business model.

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

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

Navigation toolkit



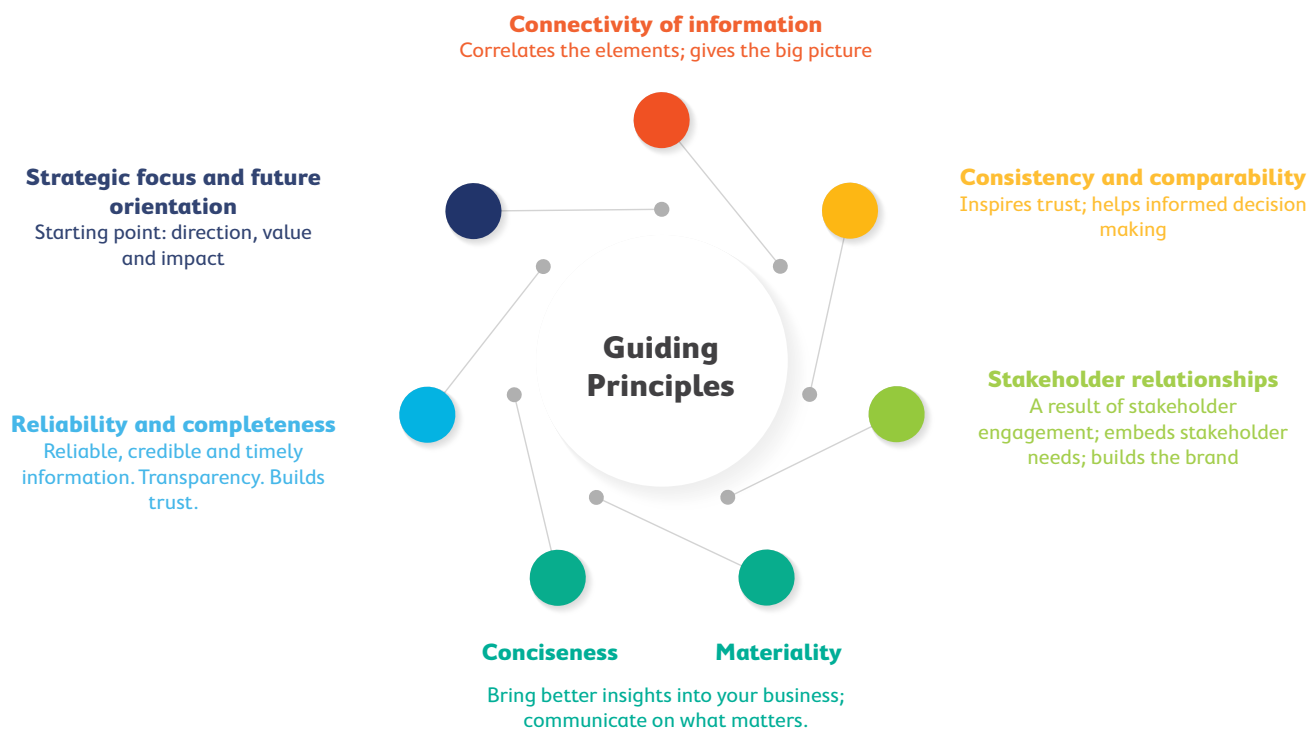
Read more in this Report



Further details on our website

Key principles

The principles guiding information contained in our Integrated Annual Report are as follows:



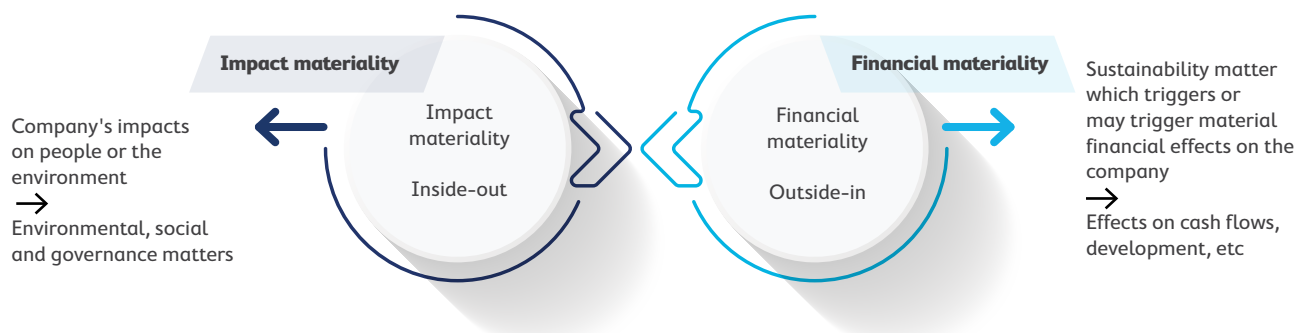
Determination of our material matters

Background

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

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

Being guided by the double materiality concept



Our Reporting Universe and Philosophy (cont'd)

Process and underpinnings

Determination process

The determination of materiality by the SBM Group has been anchored in a structured and stakeholder-driven approach, carried out with the guidance of our external Sustainability Specialist Partner. The process was informed by cross-entity workshops and engagements, with emphasis on aligning strategic priorities, stakeholder expectations and regulatory frameworks. This exercise enabled the Group to identify and prioritise ESG topics most relevant to our operations and the communities we serve.

Further details on the methodology and outcomes of this process are provided in the Sustainability Report.

The Group's foundational material matters



Economic performance

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



Regulatory compliance

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



Customer experience

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



Employee wellbeing

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



Diversity, equity and inclusion

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



Climate consciousness

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



Social inclusion

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

Creating long-term sustainable value in an integrated way

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

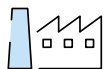
This report sheds light on our regular stakeholder engagement, which enables us to deliver a coherent strategy that drives sustainable value creation on the basis of trustworthy relationships. Towards this end, we demonstrate how we make judicious use of our forms of capital in line with the categories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

Capitalising on our resources ...



Financial capital

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



Manufactured capital

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



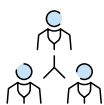
Intellectual capital

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



Human capital

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



Social and relationship capital

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



Natural capital

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

Our Reporting Universe and Philosophy (cont'd)

... to meet stakeholder expectations ...



Shareholders, debt holders and investor community

Striving to generate sound and sustainable financial returns



Customers

Delivering relevant financial solutions and service to our customers



Employees

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



Societies and communities

Promoting inclusive and socially advanced nations



Governments and regulators

Doing the right business, the right way



Suppliers and strategic partners

Leveraging networks and ecosystems to achieve our ambitions

... while adhering to prioritised UN Sustainable Development Goals ...

SDGs

3 GOOD HEALTH
AND WELL-BEING



4 QUALITY
EDUCATION



10 REDUCED
INEQUALITIES



13 CLIMATE
ACTION



14 LIFE
BELOW WATER



17 PARTNERSHIPS
FOR THE GOALS



Assurance and responsibility

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

Deloitte, the Group's External Auditor, has provided independent assurance on the Annual Financial Statements of the SBM Group for the year ended 31 December 2024 and has expressed an unqualified audit opinion. The full content of the Integrated Annual Report has been reviewed by the External Auditor and the Senior Management Team of SBM Holdings Ltd (SBMH) and, in line with related mandates, specific reports were also reviewed and recommended to the Board of Directors of SBMH for approval by the Corporate Governance, Conduct Review & Sustainability, Audit and Risk Management Committees.

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



Your feedback matters

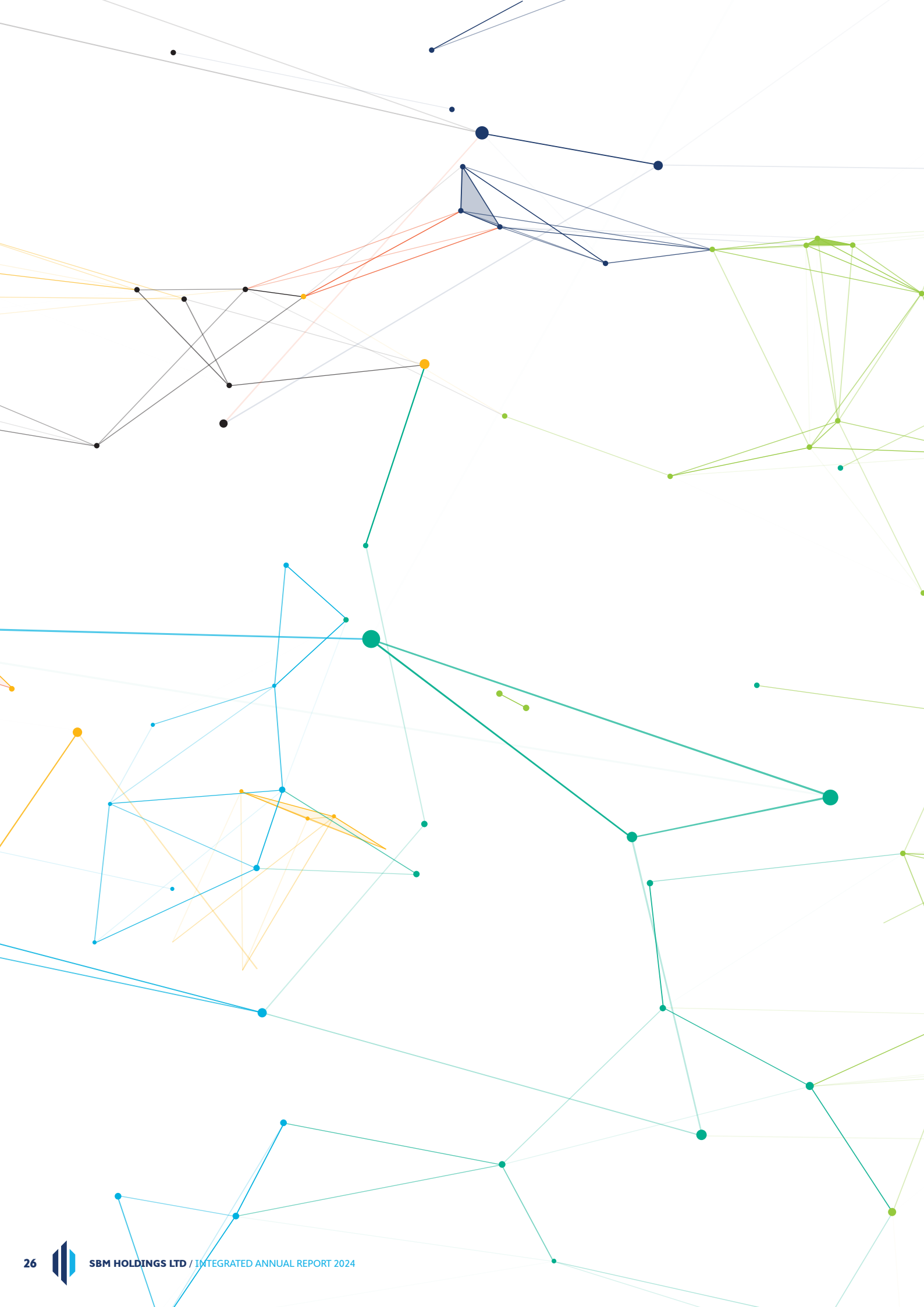
We welcome and value your feedback on our Integrated Annual Report. Please write to us on investor.relations@sbmgroup.mu



CROSSING CONTINENTS DIVERSIFYING MARKETS

We encourage cross-border collaboration while focusing on shared economic goals.







Overview of the SBM Group

Overview of the SBM Group

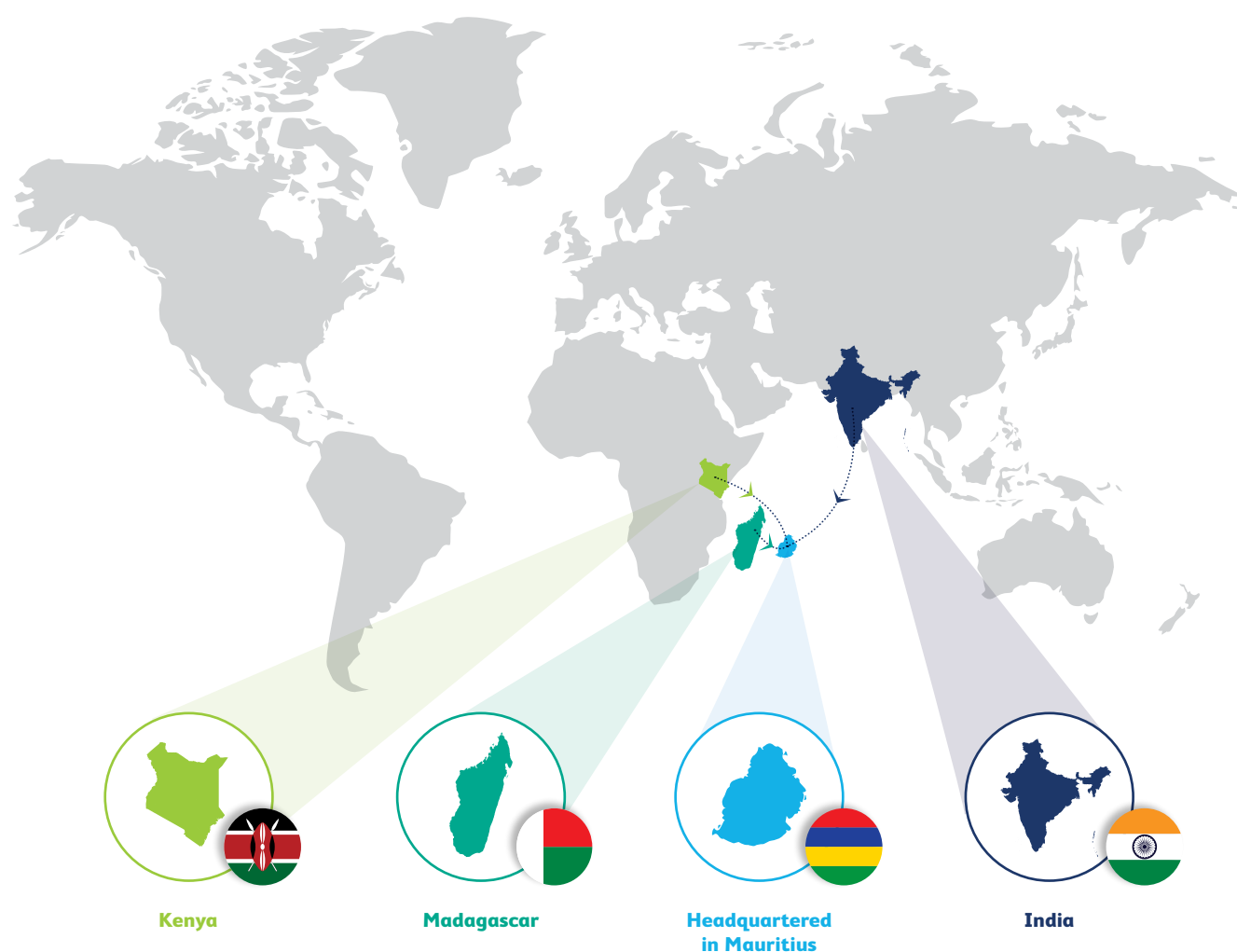
At a glance

Building on its culture of innovation, the SBM Group is a leading banking and financial services player in Mauritius. It is, furthermore, actively involved in the Asia-Africa corridor, by means of dedicated banking subsidiaries operating in India, Kenya and Madagascar.

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

At the same time, we do our best to promote the welfare of the economies, societies and communities in which we are involved.

Where we operate



Read more on the main features of the Group's entities on pages 35 and 36

Our footprint in Mauritius

SBM Bank (Mauritius) Ltd stands as one of the leading and most influential institutions in the Mauritian banking and financial services industry.

We support the country's economic growth and the sustained development of the Mauritius IFC, alongside contributing to wealth creation.

We partake in employment creation in the country and unleash active CSR and sustainability initiatives in various fields, in support of a healthy and inclusive Mauritius.

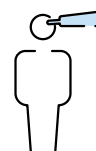
We help economic sectors, entrepreneurs and individuals to achieve their financial and growth aspirations, while financing key investment projects as well as facilitating trade and capital flows that are essential for the country's socio-economic prosperity.

Overview of the SBM Group (cont'd)

Our purpose and philosophy

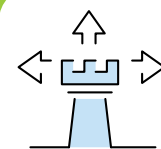
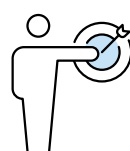
Our vision

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



Our mission

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



Our strategic underpinnings

Our approach

- Keeping customers at the core of what we do
- Responsible decision-making
- Staying safe and secure

Our culture

- Agile
- Innovative
- Diverse and inclusive

Our discipline

- Robust risk management
- Thoughtful business growth
- Solid capital and liquidity ratios

Our values

Customer centricity

Trustworthiness

Integrity

Prudence

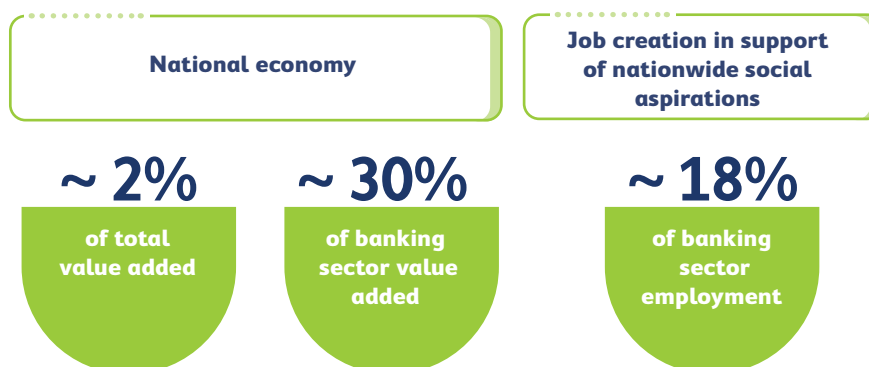
Respect

Overview of the SBM Group (cont'd)

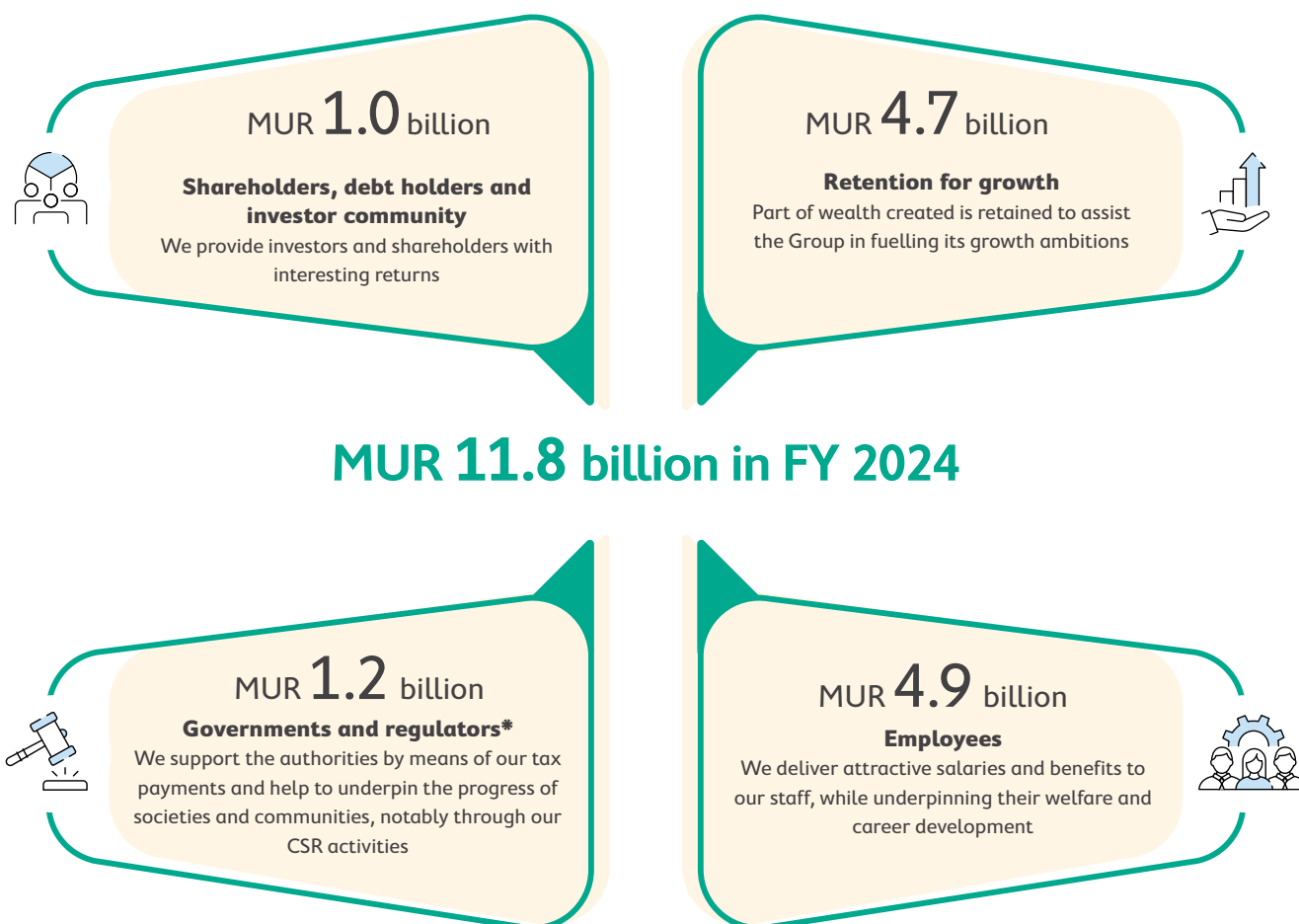
Our performance in 2024

Our significance and value creation

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



Wealth generated by the SBM Group



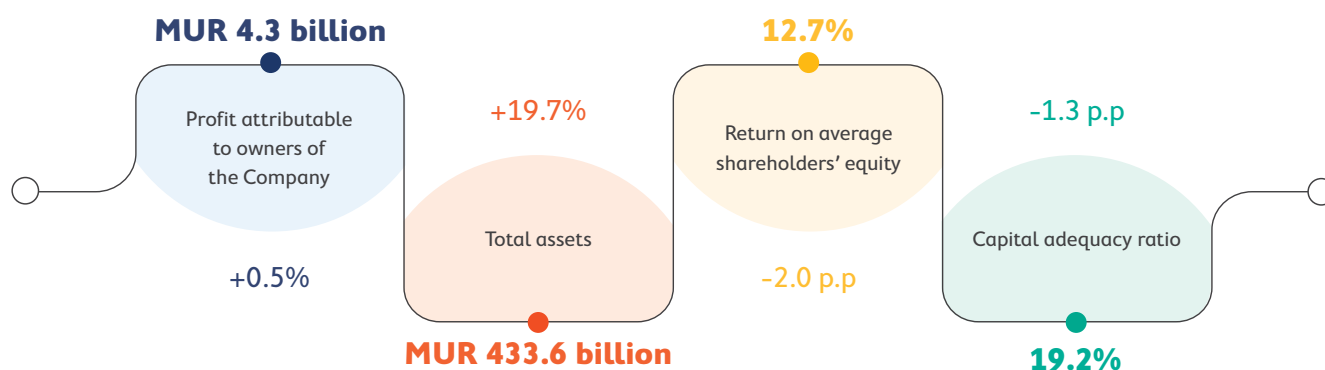
* includes the proportion of our CSR contribution remitted to the Mauritius Revenue Authority

Notes:

- The figures above, which pertain to the year 2024, are only indicative and should be treated with caution, insofar as they are high-level estimates produced for the purpose of this report.
- The ratios computed have been shaped up on certain assumptions made, while being subject to the availability of data.

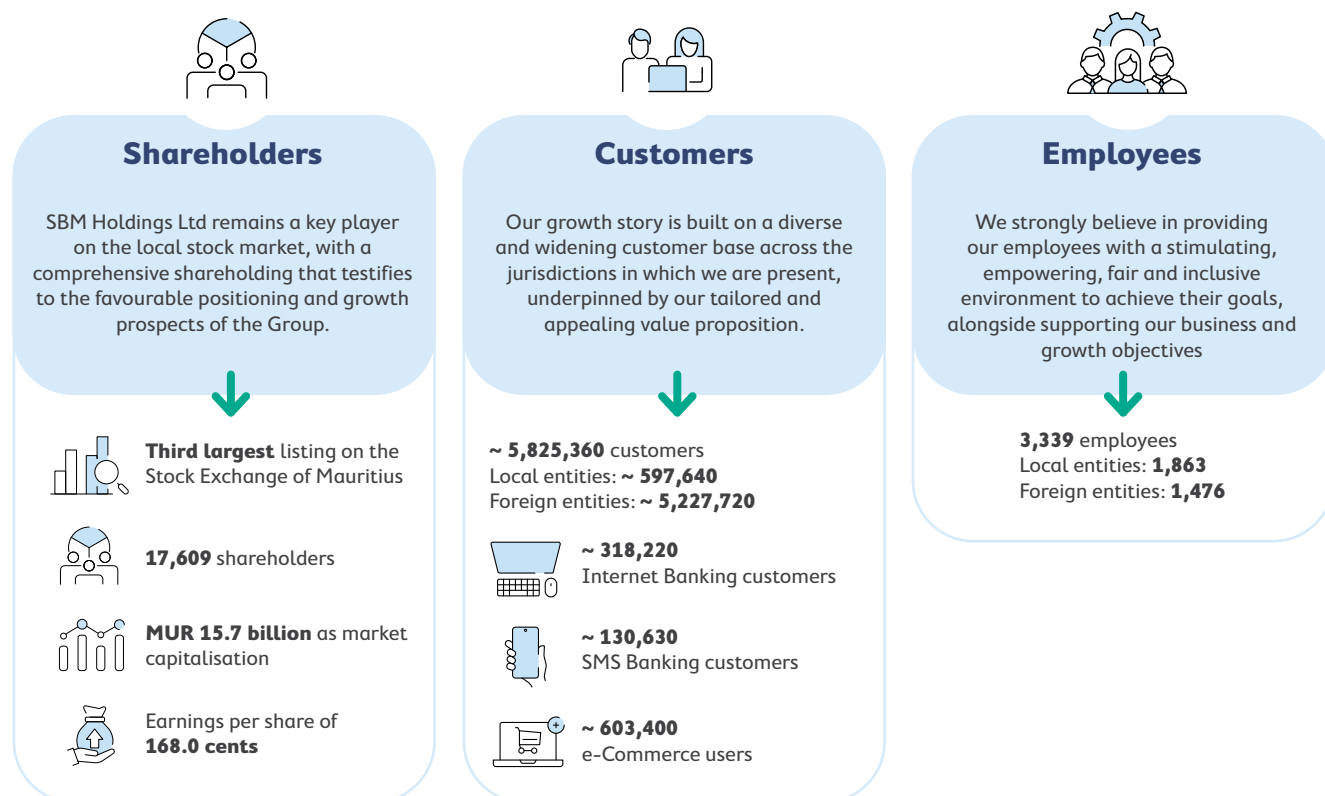
This year at the SBM Group

Our financial highlights



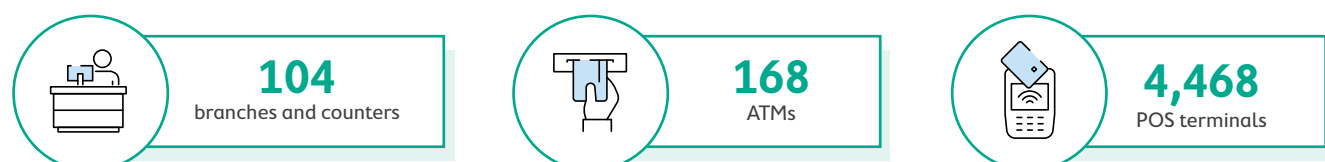
Read more on the Group's financial performance in the 'Financial Review' section on pages 245 to 257

Our stakeholders



Our channels

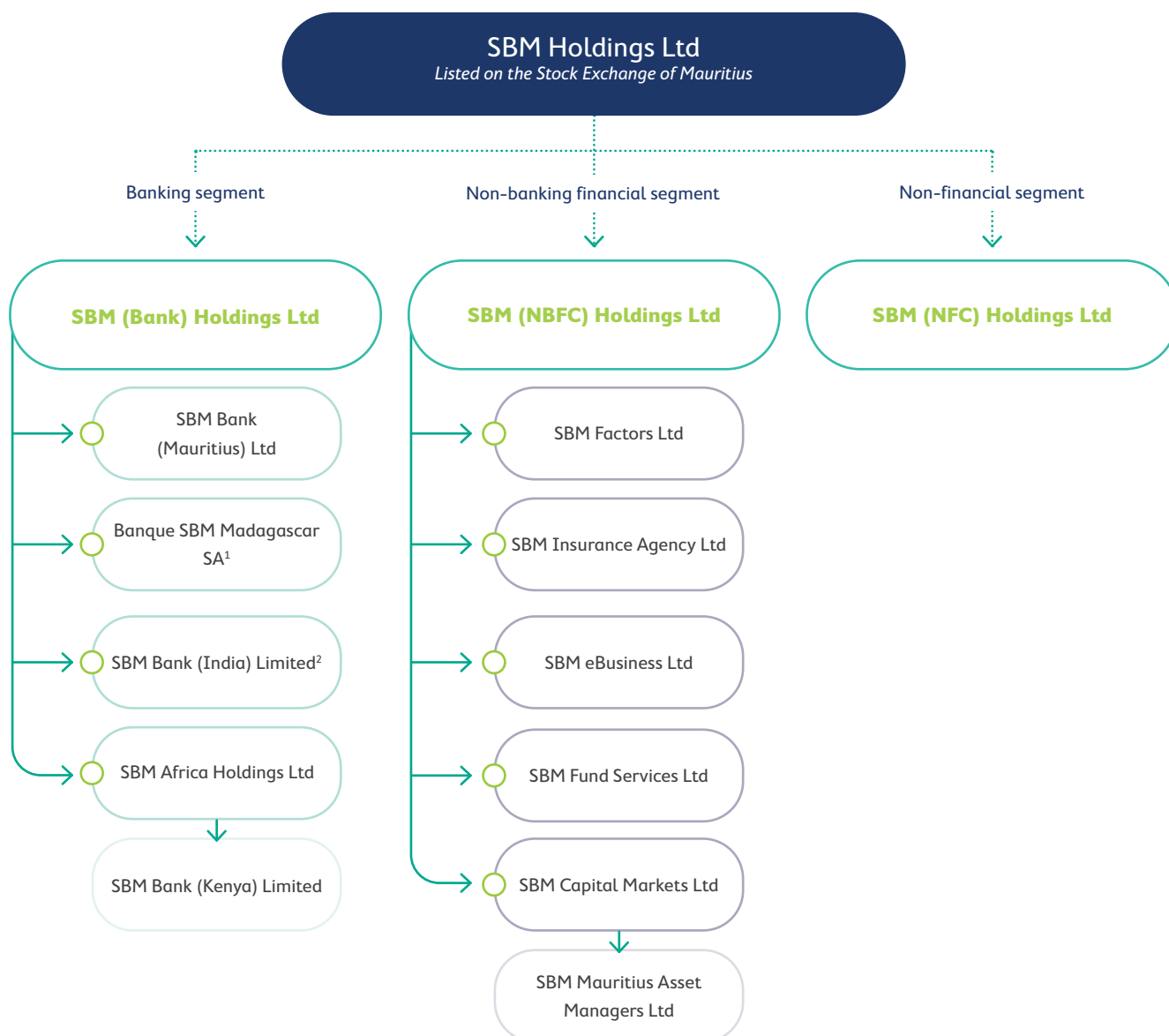
We serve our valued customers by means of convenient service delivery channels, while we seek to continuously strengthen the quality, reach and extensiveness of our various platforms.



Overview of the SBM Group (cont'd)

Reflecting on our operating entities

Our Group structure



Notes:

1. Banque SBM Madagascar SA

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

2. SBM Bank (India) Limited

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

SBM 3S Ltd

- SBM Holdings Ltd - 100%

SBM Africa Equity Fund Ltd

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

In process of winding up:

- SBM Bank Representative Office, Yangon Myanmar
- SBM Maharaja Fund
- SBM Leasing Co. Ltd

Reflecting on our operating entities



SBM Bank (Mauritius) Ltd



Employees
1,682



Customers
~ 564,420



Branches and counters
45

- It is the mainstay and flagship entity of the SBM Group. It is a leading banking operator in Mauritius, while contributing actively to the country's socio-economic development and advancement.
- The bank attends to the needs of a wide range of customer segments, comprising Retail, Private Banking and Wealth Management, Microfinance, Small and Medium Enterprise (SME), Corporate, International Banking, Financial, Government and Non-Government Institutions, amongst others. It depicts prominent local market shares, notably in the retail segment, while being also cautiously involved in cross-border transactions.
- With the support of its employees and multichannel capabilities, the bank provides seamless experiences and an extensive range of solutions to its customers, based on the principles of proximity. Solutions offered to clients include easy-to-use and secured Internet Banking and Mobile Banking services.



SBM Bank (India) Limited



Employees
765



Customers
~ 5.1 million



Branches and counters
20

- After operating as a branch of SBM Bank (Mauritius) Ltd since 1994, the bank has, since 01 December 2018, been operating as the first bank in India to receive a universal banking license from the Reserve Bank of India through the Wholly Owned Subsidiary (WOS) route. The bank is the first and one of the only two foreign-owned WOS entities to have been licensed to operate as a fully-fledged Indian commercial bank.
- Running three primary business divisions – Corporate, Retail and Treasury – which cater for clients across and outside India, the bank has built a respected brand, backed by its human expertise and a network of 20 branches spread across 12 major cities and 5 rural and semi-urban locations, with the additions during the year under review taking place in Tenna, Surat, Bhuj, Bhubaneswar and Indore.
- The bank's product suite today includes multiple payments channels, debit and credit card products, differentiated retail and corporate credit products and trade finance capabilities.



SBM Bank (Kenya) Limited



Employees
606



Customers
~ 109,900



Branches and counters
33

- The bank started its operations in Kenya in May 2017 and, currently, has a network of 33 branches countrywide, which is complemented by ATMs, mobile banking, online banking, debit, prepaid and credit cards, agency banking services and a call centre that is available 24/7 to support the client base. Additionally, the bank operates as an Authorised Depository and Securities Dealer, licensed by the Capital Markets Authority of Kenya.
- The bank aspires to be one of the leading and trusted financial services providers in Kenya, while achieving strong and sustainable returns for its shareholder, meeting the needs of its stakeholders and supporting the development of the community at large, backed by committed growth and transformation agenda and reinforced capabilities.
- The bank's strategic intent is to serve the middle segment of the market, focusing on affluent, business banking and local corporate customers. Solutions offered are tailor-made for the targeted specific segments, which include Consumer Banking, Business Banking and Corporate Banking. Within Consumer Banking, centres of excellence are operated to address the needs of women, youth, diaspora and High-Net-Worth Individuals.

Overview of the SBM Group (cont'd)



Banque SBM Madagascar SA



Employees
105



Customers
~ 3,620



Branches and counters
6

- Headquartered in Antananarivo, the bank started operations in 1998 and, presently, operates branches in Antsahavola, Andraharo, Tanjombato, Behoririka, Talatamaty and Toamasina.
- The bank focuses primarily on large corporates. At the same time, mid-cap corporates, SMEs and High-Net-Worth Individuals are also targeted in line with the bank's objective to diversify its client portfolio.
- Through its continuous endeavours, the bank has developed into a trusted partner for several large and medium corporate entities operating in the local business arena.

SBM Non-Banking Financial Cluster (SBM NBFC)

- SBM NBFC – a key player in the financial services industry for more than 20 years – operates across diversified financial services by complementing the services of the banking entities of the SBM Group.
- The entity addresses the evolving needs of its customers through a panoply of innovative financial solutions, including capital markets expertise (e.g. trading, asset management, CIS funds, etc.), corporate finance solutions (e.g. capital raising, Mergers & Acquisitions, Private Equity), insurance agency services (e.g. tailored insurance solutions across industries), fund services (e.g. fund administration, fund accounting and security agent services), and global payments solutions (e.g. BIN sponsorship, money remittances and other ancillary services), among others.
- The entity capitalises on the business acumen of its workforce and leverages synergies with other Group entities to deepen market penetration both in Mauritius and abroad.



Read more on the business achievements of the Group's entities on pages 70 to 84

Our credentials and accolades

SBM Holdings Ltd

- Prominent banking and financial services provider
- Part of the Stock Exchange of Mauritius Sustainability Index (SEMSI)

SBM Bank (India) Limited

- Excellence in Creating a Culture of Continuous Learning and Upskill - The Economic Times Human Capital Awards MENA 2024
- National Award For Shaping Healthier and Happier Workplaces - FutureScope'24 Wellbeing at Workplaces Awards

SBM Bank (Kenya) Limited

- Best Bank for Customer Experience - Global Brand Awards 2024
- Fastest Growing Corporate Brand - Global Brand Awards 2024
- Best ESG Bank in Kenya 2024 - Global Financial Market Review
- Leader in Rewarding Banking Programs - Banking on Women Awards 2024

SBM Bank (Mauritius) Ltd

- Leading bank in Mauritius
- Domestic market shares:
 - Highest market share in mortgage: ~ 39%
 - Total domestic loans: ~ 25%
 - Total rupee deposits: ~ 24%
- Rated Ba1 by Moody's Investors Service
- Best Bank for SMEs in Mauritius - Euromoney Awards for Excellence 2024
- Best Private Bank in Mauritius - Global Private Banker MEA Awards 2024

SBM Non-Banking Financial Cluster

- Best Brokerage Services - Africa Global Funds Service Providers Awards 2024
- Best Securities House in Mauritius - Euromoney Securities Houses Awards 2024



Group Governance and Leadership



1. Mr Rohit Ramnawaz
2. Ms Ferial J. Aumeerally
3. Mr Pramod K. Bissessur
4. Mr Raoul Gufflet
5. Mr Deobruthsingh Jaypaul
6. Mr Aakash K. Kalachand
7. Mrs Mathilde S. L. Lagesse
8. Ms Sharon Ramdenee¹
9. Mrs Danisha Sornum
10. Mr Anil K. Ujoodha²

¹Absent from photoshoot

²Appointed on 23 May 2025



Group Governance and Leadership (cont'd)

Board of Directors of SBM Holdings Ltd

1. Mr Rohit Ramnawaz

Chairman / Independent Director

Date of appointment: 11 April 2025



Directorship in other Entities

African Links Ltd, SBM Bank (India) Limited, SBM (NBFC) Holdings Ltd, other entities of SBM Group and various companies in the global business sector

Background and Experience

Mr Ramnawaz has more than 35 years' of experience in the fields of banking, finance, accounting, tax advisory, financial services and global business. He is currently the Managing Director of African Links Ltd, a consultancy firm principally engaged in providing value-added services to clients and multinationals in the global business sector. He also acts as independent director on the board of various companies in the global business sector. He had previously been the Chairman of Airports of Mauritius Company Ltd, Airport Terminal Operations Ltd and Mauritius Duty

Free Paradise Co Ltd. He has also been a freelance country note sender for Mauritius for the Economist Intelligence Unit. Mr Ramnawaz had also served as an independent non-executive director on the Board of SBM Bank (Mauritius) Ltd (formerly State Bank of Mauritius Ltd), from 2006 to 2014.

Qualifications

- Fellow of the Association of Chartered Certified Accountants (FCCA) - UK
- Bachelor in Law (LLB) - University of Huddersfield, UK

2. Ms Ferial J. Aumeerally

Independent Director

Date of appointment: 11 April 2025



Directorship in other Entities

Cavell Touristic Investments Ltd (part of the Terra Group of Companies) and SBM (Bank) Holdings Ltd

Background and Experience

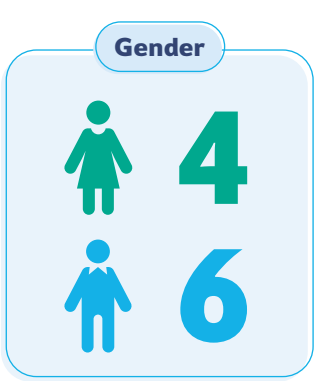
Ms Aumeerally has a solid background in Finance and Lending institutions acquired over two decades. Post training with Ernst and Young, London, she made her mark in Transaction Advisory at PwC Mauritius. She then took a pivotal step of relocating to Melbourne, Australia for 10 years where she amassed a robust finance skillset as a Senior Consultant in the Projects and Structured Finance Team of a Central Borrowing Authority. She also held a position as a Senior Investment Analyst for Infrastructure Funds in a leading Australian research house. Upon her return to Mauritius, she joined the Corporate Banking department of SBM Bank (Mauritius) Ltd, where she led the Project Finance Team and held a portfolio of corporate clients. She then transitioned into industry and was the Projects and Strategy head for the Harel Mallac Group.

Ms Aumeerally formerly served as an Independent Non-Executive Director on the Board of Absa Bank (Mauritius) Ltd and also chaired its Risk Committee. She was previously on the Board of five entities within the Apex Group, which operates in the Global Business Sector. She is currently a member of the Audit Review Practice Panel for the Financial Reporting Council.

Qualifications

- Fellow of the Institute of Chartered Accountants in England and Wales (FCA, ICAEW)
- BSc (Hons) Economics - London School of Economics and Political Science, UK
- Masters in International Business - University of Melbourne, Australia
- Graduate diploma in Applied Finance - Macquarie University, Sydney, Australia

Audit Committee	A	Projects Assessment Committee	PA
Board Legal Committee	LC	Risk Management Committee	RM
Business Review Committee	BR	Strategy Committee	S
Corporate Governance, Conduct Review & Sustainability Committee	CG	Chair of the Committee	
Nomination & Remuneration Committee	NR		



3. Mr Pramod K. Bissessur

Independent Director

Date of appointment: 11 April 2025



Background and Experience

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

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

Qualifications

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

4. Mr Raoul Gufflet

Group CEO / Executive Director

Date of appointment: 28 November 2022

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

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

Board skills and experience	
Banking	● ● ● ● ● ○ ○ ○ ○ ○ ○ ○ ○ ○ ○
Business administration/ Management	● ● ● ● ● ○ ○ ○ ○ ○ ○ ○ ○ ○ ○
Economics	● ● ● ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ ○
Finance/Audit & Accounting	● ● ● ● ● ○ ○ ○ ○ ○ ○ ○ ○ ○ ○
Legal/Public Policy	● ● ● ● ● ● ● ○ ○ ○ ○ ○ ○ ○ ○ ○ ○
Manufacturing, Marketing & Services	● ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ ○
Governance & Risk	● ● ● ● ● ● ● ○ ○ ○ ○ ○ ○ ○ ○ ○ ○
Others	● ● ● ● ● ○ ○ ○ ○ ○ ○ ○ ○ ○ ○



Group Governance and Leadership (cont'd)

5. Mr Deobruthsingh Jaypaul

Independent Director

Date of appointment: 11 April 2025



Directorship in other Entities

SBM (Bank) Holdings Ltd

Background and Experience

Mr Jaypaul is a highly skilled litigator with 16 years of experience in civil and criminal matters. He has been the intellectual property rights representative of a foreign digital imaging technology company and acts as legal advisor to several private companies. He has also been the legal advisor of the Medical Council of Mauritius and the Medical and Health Officers Association - MHOA.

Mr Jaypaul has been involved in several companies in Mauritius providing legal

assistance and guidance in their transformation journey for streamlining their operations and strategies. He is a member of the Honorable Society of Lincoln's Inn London, UK and the Mauritius Bar Association.

Qualifications

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

6. Mr Aakash K. Kalachand

Independent Director

Date of appointment: 11 April 2025



Directorship in other Entities

J Kalachand & Co. Ltd and Mauritius Freeport Development

Background and Experience

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

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

Mr Kalachand had served as an independent director on the Board of SBM Holdings Ltd (SBMH) and SBM Bank (Mauritius) Ltd (SBMBM) from 2014 to 2015. In his capacity as the former Chairman of the Risk Management Committee of SBMH and SBMBM, he was instrumental in

fortifying their risk management framework and ensuring adherence to regulatory standards, notably the Basel III regulations.

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

Qualifications

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

7. Mrs Mathilde S. L. Lagesse

Independent Director

Date of appointment: 11 April 2025



Directorship in other Entities

Bouhelier Invest Ltd, PLCJ Law Firm and Quadrille Investissement Ltd

Background and Experience

Mrs Lagesse is a lawyer, a member of both the Paris and Mauritius Bars. She is also qualified as an arbitrator by the Centre de Médiation et d'Arbitrage de Paris (CMAP) in France and MARC in Mauritius. She is the founding and managing partner of PLCJ Law Firm, a business law firm established in Mauritius and in France, competent in both jurisdictions. PLCJ Law Firm has been recognised for many years for international rankings such as Legal 500 EMEA, IFLR 1000 EMEA, and Chambers Global. This recognition highlights the firm's expertise in mergers and acquisitions, shareholder disputes, corporate transactions, as well as in competition law, intellectual property, new technologies, and dispute resolution.

Additionally, Mrs Lagesse was a lecturer at Paris II- Panthéon Assas University and continues to lecture regularly at the Institute of Legal and Judicial Studies (IJLS) in Mauritius. She is also certified as an APM Expert (Association for the Progress of Management - Mauritius) and has held leadership positions, including Director and Vice President of the Chambre de Commerce France Maurice CCIFM.

Qualifications

- Master Degree in General Private Law (Paris-France)
- Certificate of Aptitude for the Legal Profession (Paris-France)
- Qualified French/Mauritian lawyer
- Qualified Arbitrator (France and Mauritius)

8. Ms Sharon Ramdenee

Independent Director

Date of appointment: 14 December 2018

Directorship in other Entities

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

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

9. Mrs Danisha Sornum

Independent Director

Date of appointment: 11 April 2025



Directorship in other Entities

LeadInclude Africa Ltd

Background and Experience

Mrs Sornum is a barrister-at-law, specialised in International Trade and Investment Law, Arbitration, and ESG compliance in banking practices. Mrs Sornum has been a Consultant with numerous international institutions, including the World Bank. She currently works with the Independent Recourse Mechanism of the African Development Bank, conducting compliance reviews to ensure the sustainability and accountability of projects funded by the Bank across the African region. Mrs Sornum leverages her unique mixed legal and policy background to promote alternative dispute resolution methods, and to mainstream ESG imperatives in business operations and management. She is a Fulbrighter and has authored the book *"Getting into International Arbitration"* with

a focus on Mauritius as a seat of arbitration for international dispute resolution. She has also been the youngest member of the Equal Opportunities Commission, investigating into alleged cases of discrimination, and collaborating closely with public and private stakeholders to foster inclusion across the workplace and the community at large.

Qualifications

- Master of Public Policy (MPP) – Gerald R. Ford School of Public Policy, University of Michigan, USA
- Master of Laws with Distinction (LL.M. International Commercial Law) – University of Birmingham, UK
- Bachelor of Laws (Honours) – University of Mauritius, Mauritius

10. Mr Anil K. Ujoodha

Independent Director

Date of appointment: 23 May 2025

Background and Experience

Mr Ujoodha is currently a barrister-at-law, with 30 years standing. He has worked at the Judiciary and at the Independent Commission Against Corruption (currently the Financial Crimes Commission) where he served as the Director General and Chairperson of the Board from 2006 to 2014.

He is a Member of the Bar Association and is well-versed in Corporate, Banking and Tax laws. He had previously collaborated with the United Nations Office on Drugs and Crime, the World Bank and the Commonwealth Secretariat on Governance, Anti-Corruption and Anti-Money laundering matters.

Qualifications

- Bachelor of Laws (LLB) – University of London, UK
- Bar Vocational (CLE)
- Associate Certified Fraud Examiner

Group Governance and Leadership (cont'd)

Management Team

Mr Jaswant Rao (Nuvin) Balloo

Group Chief Strategy Officer

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

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

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

Mr Sivakrisna (Kovi) Goinden

Group Chief Financial Officer

Directorship in other Entities

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

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

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 emphasised 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

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

Group Governance and Leadership (cont'd)

Management Team (cont'd)

Mr Anoop Kumar Nilamber

Group Chief Investment Officer

Background and Experience

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

He was previously a member on the board of several key entities including MauBank Ltd, Airports of Mauritius Co. Ltd 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 from 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

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

- Senior Executive Leadership Program - Harvard Business School, USA
- Master of Business Administration, Management College of Southern Africa, South Africa
- Bachelor of Social Science - University of Natal, South Africa

Mr Neelesh Sharma Sawoky

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

Background and Experience

Mr Sawoky joined the SBM Group as Audit Lead in February 2015 and has been overseeing the Bank's Internal Audit function since then. He was appointed as Head of Internal Audit in July 2018 and as Head of Internal Audit & Investigation in May 2021.

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

Our Group Executives

Mrs Rita-Devi Persand Gujadhur

Officer in Charge, SBM Bank (Mauritius) Ltd

Background and Experience

Mrs Gujadhur is a seasoned banker with a long career spanning over 37 years at SBM. She joined the Trade Finance Department in 1988, where she spent nine years and acquired a full insight of the trade finance operations before moving to the International Banking Division. She has from then on assumed various positions of increasing responsibilities within the Bank and at Holdings level as Head of Value-Based Performance Management, Head of Operations Centre & Trade Finance,

Head of Strategy & Data Analytics and Chief Financial Management Officer. She currently occupies the post of Officer in Charge at SBM Bank (Mauritius) Ltd.

Qualifications

- Master of Business Administration - Edinburgh Business School, Heriot-Watt University, UK
- Diploma in Business Management - Surrey European Management School, University of Surrey, UK

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

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

Group Governance and Leadership (cont'd)

Our Group Executives (cont'd)

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

Mrs Chirin Dittoo

Chief Executive Officer, Banque SBM Madagascar SA

Background and Experience

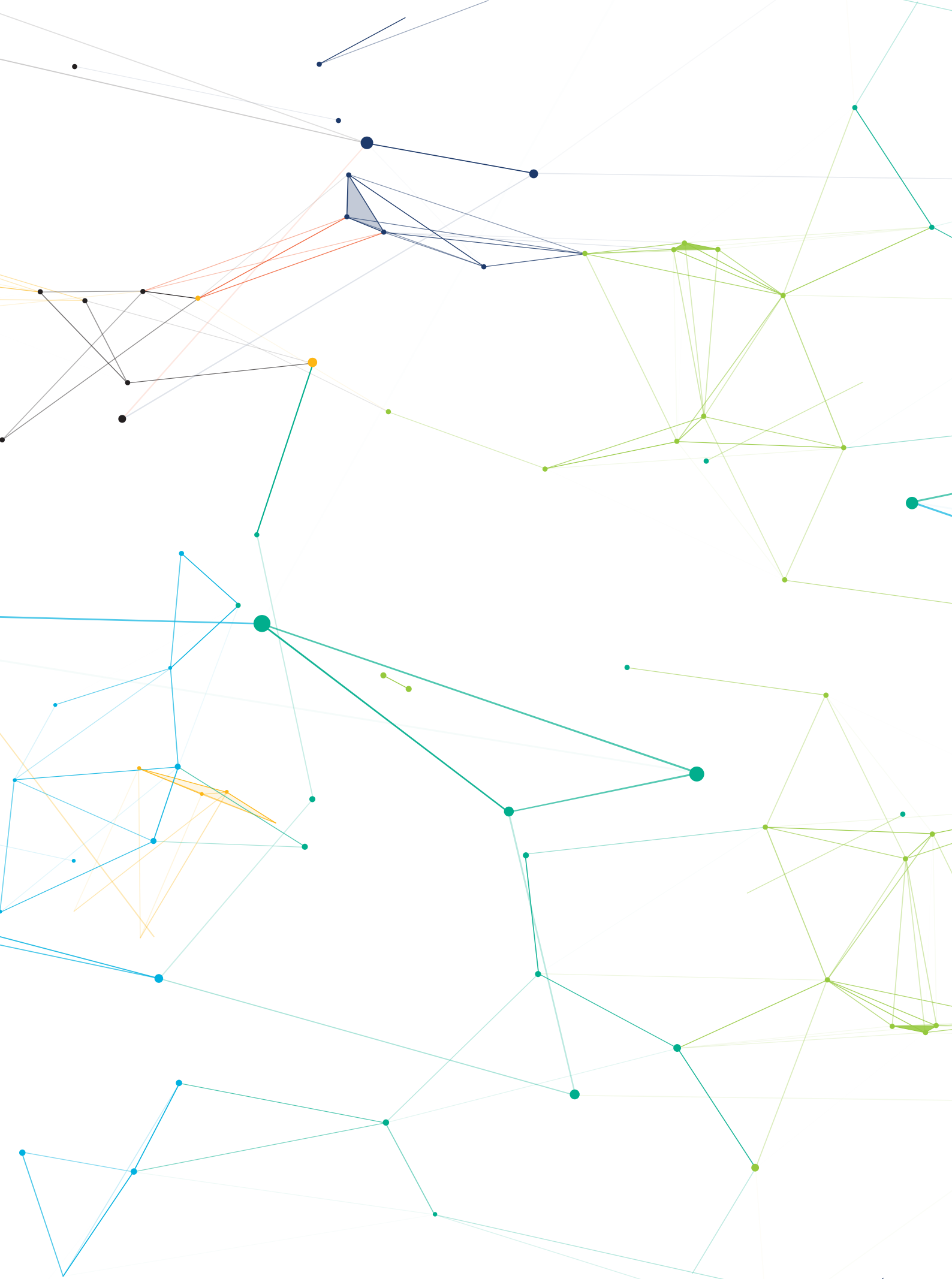
Mrs Dittoo brings over 15 years of experience in the banking sector across Sub-Saharan Africa, Mauritius, and Madagascar. Her experience spans across areas such as business strategy, business development and organisational and technological transformation projects.

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 specialisation in Business Administration - Inscae, Madagascar

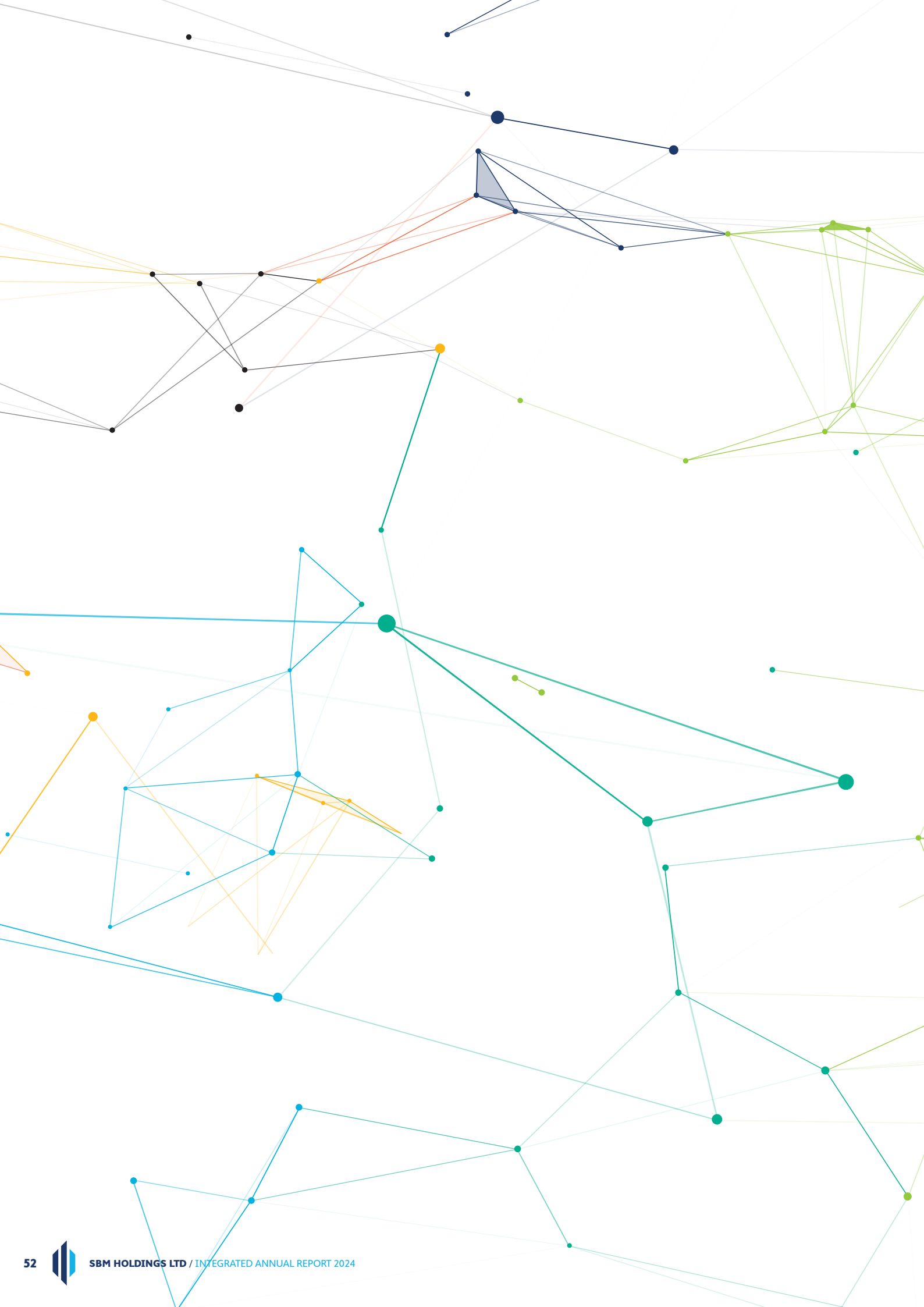




The background is a collage of African art and culture. On the left, a large, colorful, textured object, possibly a basket or a piece of fabric, is visible. In the center and right, there are several wooden masks and carvings, some with intricate details and natural textures. A network of white lines with small dots at the intersections is overlaid on the entire image, creating a sense of connectivity and structure.

EMPOWERING GROWTH INSPIRING RESILIENCE

Innovative financial solutions
that empower individuals
and organisations to
withstand challenges
and thrive.





Strategy Report

Strategy Report

Introduction

This **Strategy Report** sheds light on how the Group and its entities have articulated and executed their **strategic orientations and drivers**, mindful of the unfolding operating context across jurisdictions.

While we nurture a holistic approach to strategy envisioning and formulation (which, thus, incorporates all the aspects that make us a resilient, purposeful, inclusive and sustainable organisation), the focus of this Strategy Report is on our business growth and achievements (from both customer-oriented and operational angles). At the same time, we explain that our business growth is achieved in harmony with the continuous promotion of stakeholder interests. Thus, we, also, describe how we attend to the needs and requirements of our multiple stakeholders. While this stakeholder management approach is a key element of our Sustainability Agenda, the latter is – owing to its importance and in alignment with our integrated reporting approach – explained, in its full shape and form, in the **Sustainability Report** that trails this Strategy Report, with comprehensive details provided on our philosophy and initiatives.

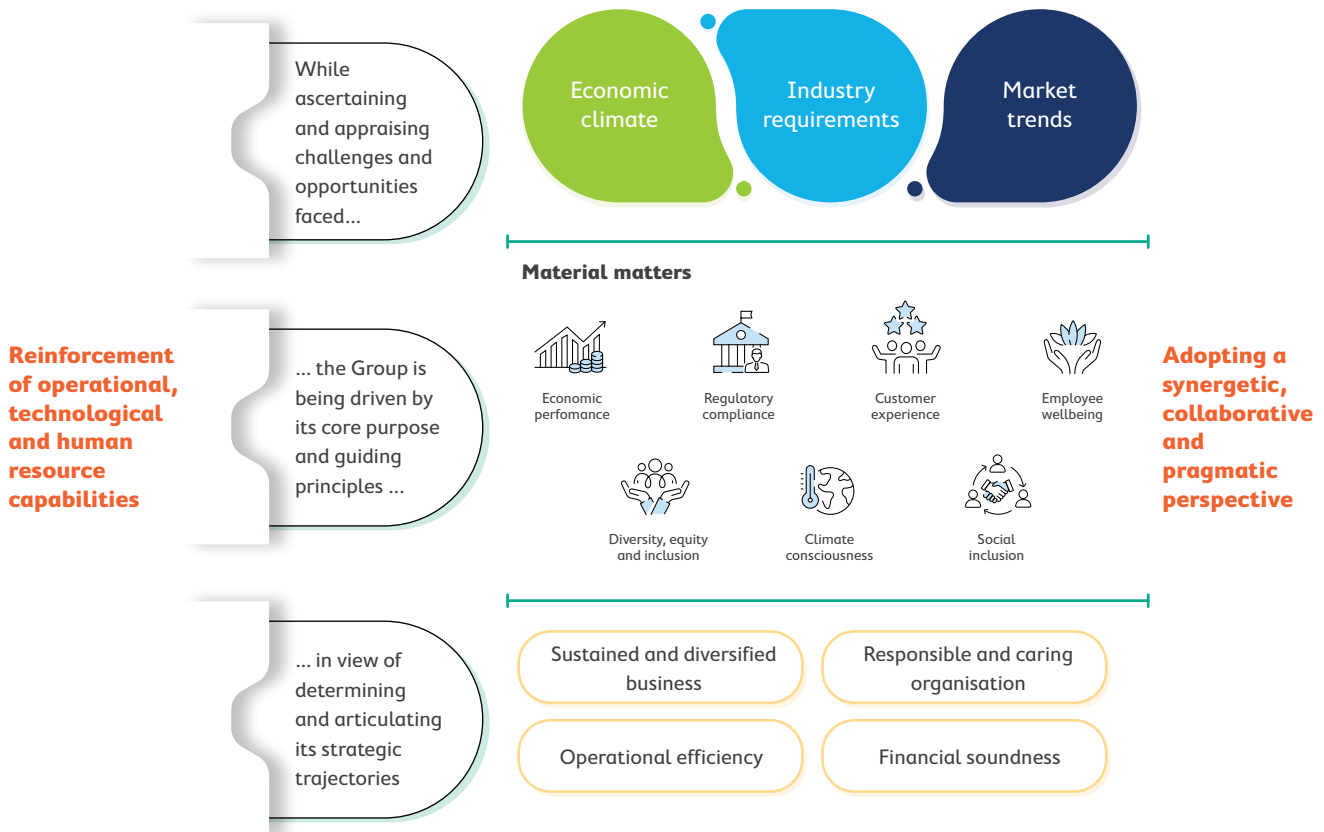
Our operating environment

Our underlying approach

We regularly monitor and review our external operating environment in order to better understand the underlying trends and dynamics, while enabling us to use appropriate judgement to respond to risks and opportunities in an informed and effective manner. This allows us to continuously refine our strategic intents and better manage risks faced along with promoting sound financial progress, thus delivering meaningful value and positive outcomes to our multiple stakeholders.

The economic, market and industry landscapes across jurisdictions where the Group operates are dynamic and, in some instances, complex, thus warranting our sustained focus on making sense of the various influences and imperatives that can potentially shape our functioning.

Our modus operandi



The economic environment

The global context

As per the latest IMF World Economic Outlook, global growth is projected to decline after a period of steady but underwhelming performance, amid policy shifts and new uncertainties, in view of escalating trade tensions. Global growth is projected to drop to 2.8% in 2025 and attain 3.0% in 2026, down from 3.3% for both years as foreseen back in January, corresponding to a cumulative downgrade of 0.8 percentage point and much below the historical (2000–19) average of 3.7%. Risks to the outlook are tilted to the downside, including exacerbating trade disruptions and elevated policy-induced uncertainty, which could further reduce near- and long-term growth, while eroded policy buffers could weaken resilience to future shocks. As per the IMF, demographic shifts and a shrinking foreign labour force may curb potential growth and threaten fiscal sustainability. The lingering effects of the recent cost-of-living crisis, coupled with depleted policy space and dim medium-term growth prospects, could reignite social unrest. The resilience shown by many large emerging market economies may be tested as servicing high debt levels becomes more challenging in unfavourable global financial conditions.

In the context of the unfolding global environment, the economies of the Group's presence countries have, during the year under review, faced challenging conditions. This situation has, to different magnitudes, impacted the market environment, with repercussions on the demand for credit, while central banks have adopted dynamic monetary policies against the backdrop of economic trends and inflation and growth outlooks. Looking ahead, our presence countries are likely to be exposed to a demanding global context, amidst geopolitical tensions, volatile financial and commodity markets and endogenous challenges. That said, they are likely to pursue their recovery momentum in 2025, albeit at different paces, supported by dedicated measures by the public and private sectors.

The Mauritian economy

As per Statistics Mauritius, the country's real GDP growth is estimated to slow down and attain 4.7% in 2024, compared to 5.0% in 2023. The growth figure for 2024 has been underpinned by improved sectorial outcomes and higher investment levels, notwithstanding lower-than-foreseen investment in public sector projects. For 2025, Statistics Mauritius is projecting GDP growth to stand at 3.3%, with major economic sectors expected to post positive performances this year, while others are exposed to key challenges. Generally, the country's growth outlook would be driven by the Government Programme 2025–2029 and the National Budget in line with earmarked economic policies and reforms, even though the impact on key indicators would eventually depend on the speed and extensiveness of the implementation agenda. While the global environment has become more testing as explained above, vigilance is called for on the domestic front in light of the increasingly prominent climate change phenomenon, owing to possible ramifications on the country's infrastructure setup and key sectors such as tourism and agriculture, coupled with pressures on the prices of food and other consumer goods.

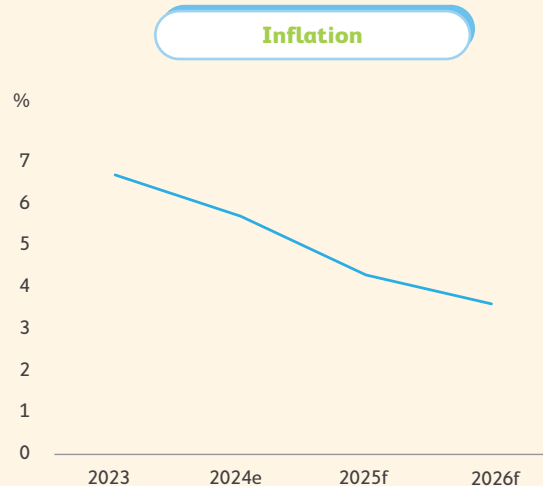
Headline inflation pursued a downtrend to reach 2.6% in April 2025, from a high of above 11% at the beginning of 2023, on the back of a favourable statistical base effect and domestic price movements. Looking ahead, inflation is likely to be subject to pressures amidst risks of accentuating trade wars and increased market volatilities globally, in the wake of the intention by the US to impose additional import tariffs on trading partners. Moreover, any exacerbation of geopolitical tensions in specific parts of the world can have unfavourable implications on commodity prices. That said, the Bank of Mauritius has, in February 2025, raised the Key Rate by 50 basis points to 4.50%, given that the risks of imported inflation are deemed as being high and the likelihood of further exchange rate pressures, in a context of uncertainties and several underlying factors gaining prominence on the global scene.



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

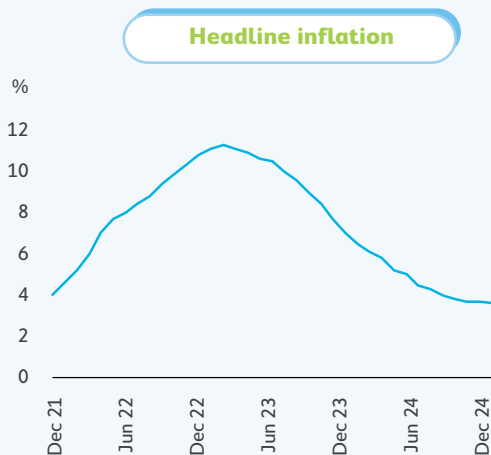
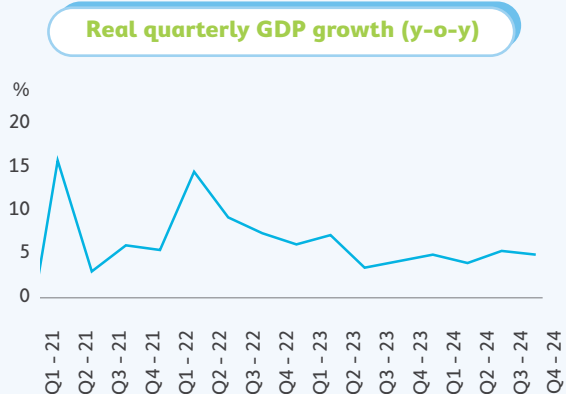
Strategy Report (cont'd)

Global economy



Source: IMF World Economic Outlook (April 2025)

Mauritian economy



Source: Statistics Mauritius

Indian economy

Real GDP growth

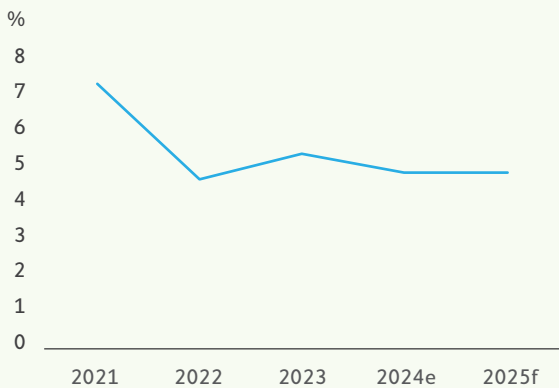


Inflation

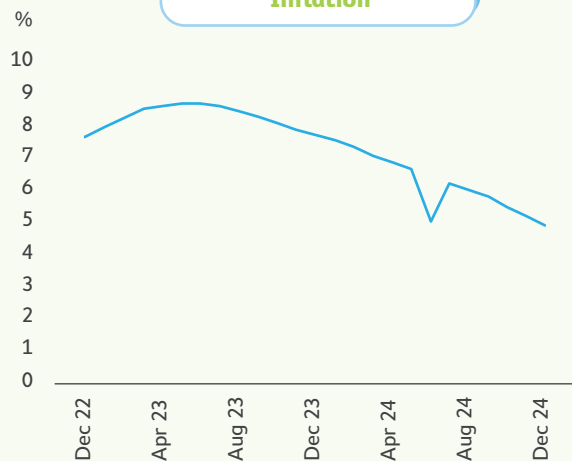


Kenyan economy

Real GDP growth

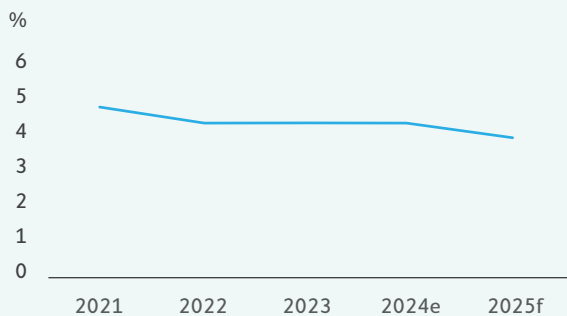


Inflation

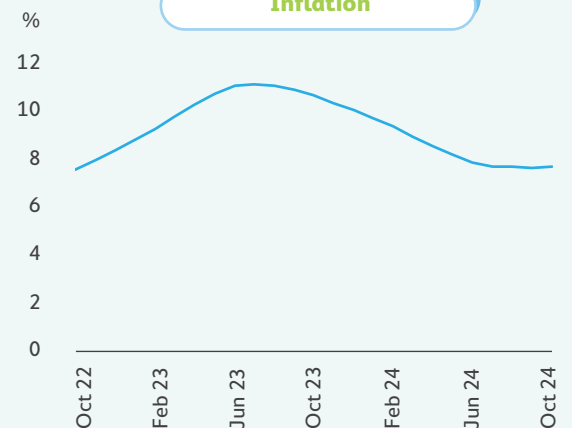


Malagasy economy

Real GDP growth



Inflation



Sources: IMF World Economic Outlook (April 2025); India - Ministry of Statistics & Programme Implementation; Kenya - Central Bank of Kenya; Madagascar - Instat

Reacting and adapting to the operating landscape

Dynamic economic, inflation and interest rate environment

- Closely monitoring economic policies being put into place, evolving regulations as well as market trends and dynamics, while proactively adjusting our business models and strategies if need be
- Gauging customers' resilience to economic trends and events, notably in terms of creditworthiness and repayment capabilities, and dealing with clients facing financial hardships
- Identifying and tapping into opportunities for sustained business growth, in line with the underlying outlook for economic sectors, household consumption and private sector investment

Competitive trends and industry dynamics

- Adapting to a new environment in which our competitors across markets are systematically enriching their financial solutions and spearheading their business diversification thrusts
- Dealing with competitive pressures associated with new industry entrants, including Fintech and Big Tech disruptors as well as other players across the financial services industry
- Adopting a sound business model, while investing continuously in technology and our people as well as deploying enriched and personalised financial solutions
- Embracing innovation as well as emerging technological platforms and systems with a view to driving operational efficiencies, reshaping interactions with stakeholders and delivering superior client experiences in a landscape that is marked by rising digital adoption rates
- Tackling the growing volume, intensity and sophistication of cyber attacks, backed by the endorsement of appropriate risk management frameworks, policies and processes
- Capitalising on the right promotional and communication channels, bearing in mind the ubiquitous nature of social media and the changing profiles of the customer base, alongside moving in a timely and pragmatic way to preserve the organisation's reputation and brand image

Increasingly demanding requirements in terms of compliance and regulations

- Promoting transparency in what we do, what we disclose and how we respond to the authorities
- Working cooperatively with Governments and regulators and responding to their demands
- Operating thoughtfully in a legal and regulatory environment which is triggering a growing range of requirements and policies that have an impact on our business model, internal operations, value proposition, support to the real sector as well as capital and liquidity management
- Coping with the ever more exigent nature of local and international norms, codes and standards of operation, insofar as they impact strategic orientations and business decisions

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

- Responding to the growing demand for increasingly convenient, accessible and personalised client solutions, in addition to triggering the systematic adaptation by business lines and entities to evolving customer needs, notably via seamless omni-channel platforms
- Remodelling our operations and value proposition, in tune with observed demographic trends as well as the changing socio-economic and age profiles of our customer base
- Accompanying customers afflicted by challenging socio-economic conditions, while working cooperatively with the fiscal and monetary authorities to support economic recovery
- Promoting social advancement and inclusiveness by means of our financial solutions and dedicated sustainability initiatives, alongside underpinning the wellbeing of people

Exigencies linked to rapidly occurring climate change and sustainability imperatives

- Identifying risks, challenges and opportunities associated with climate change, alongside adopting an integrated approach towards developments taking place in the sustainability field
- Embedding climate risk management within our business and governance models
- Supporting customers in their transition journey and their endeavours to embrace sustainable consumption and production models, along with incurring climate-resilient investments
- Reshaping our internal operations and delivering responsible and long-term client solutions towards meeting social and environmental needs and the United Nations Sustainable Development Goals, while tapping into business opportunities linked to sustainability initiatives
- Strengthening our adherence to ESG standards, policies and processes as well as our value proposition and our information disclosures vis-à-vis external stakeholders
- Meeting societal and community expectations for social and environmental progress

Evolving operational realities and employee requirements

- Strengthening internal productivity and operational efficiency levels in a fast-changing landscape; laying due emphasis on cost rationalisation and resource optimisation, a leaner and more agile operating model, the forging of partnerships and synergies with key partners within the ecosystem, the review of organisational structures, and advanced analytics, amongst others
- Boosting employee productivity amidst a competitive industry; empowering employees with suitable skills and expertise to deal with new technologies and address customer needs
- Pursuing an agenda aimed at promoting the safety and wellbeing of employees; implementing health and wellness programmes to enhance employee engagement and satisfaction
- Recruiting people with diverse, adaptable, innovative, agile and digitally-enabled skills, expertise and leadership abilities in order to remain relevant in a transformative banking and financial services landscape, alongside growing and retaining top talents across segments
- Creating an appropriate environment that facilitates the dissemination and adoption of flexible working arrangements and remote working practices, while making allowance for the organisation's business imperatives and the demands of the economic and sanitary environment

Capability and culture being high on the agenda

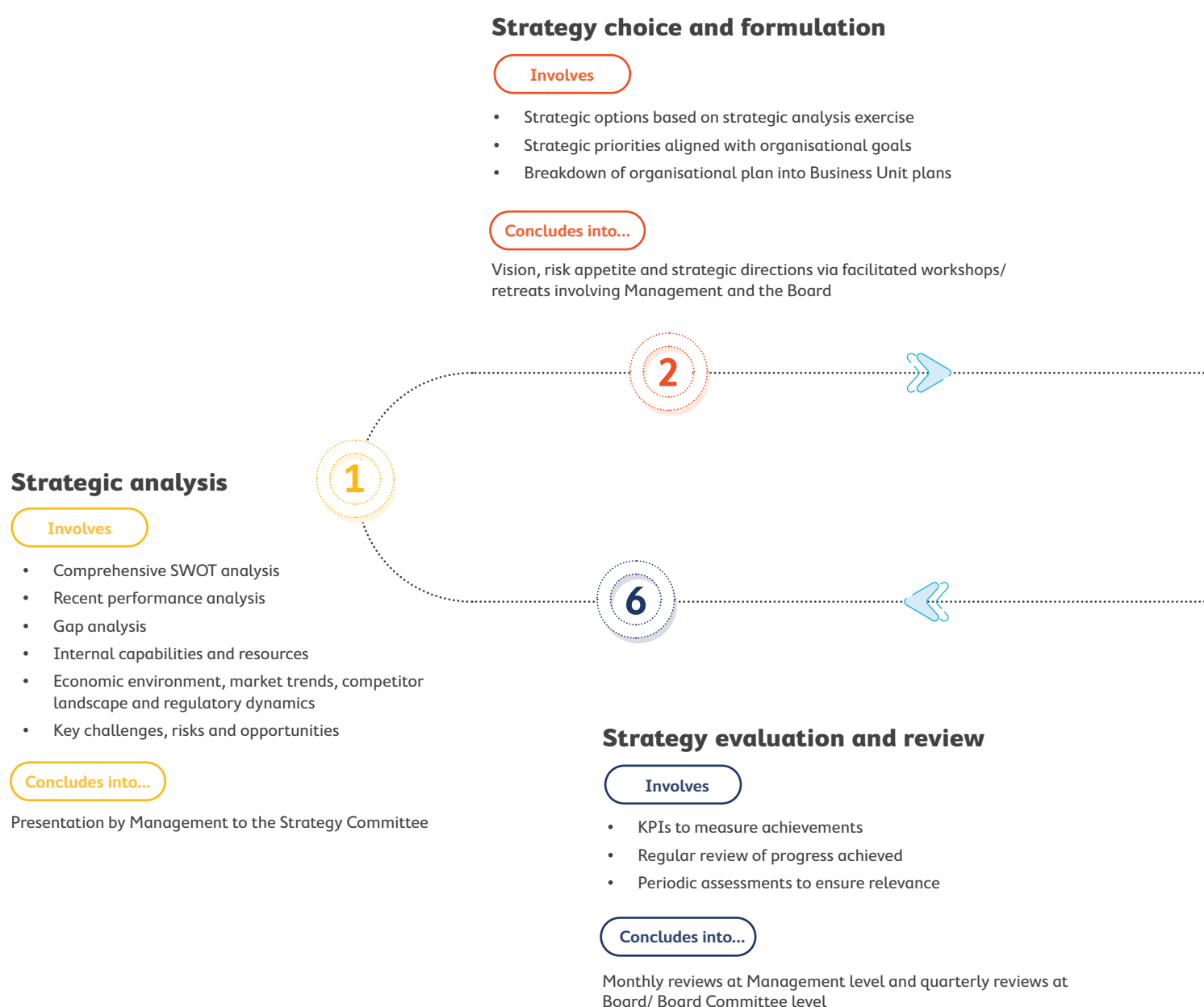
- Embedding a business model that puts overriding emphasis on culture, values and purpose
- Building capabilities that are aligned with the demands of the external world and are conducive to sound decision-taking, alongside providing the necessary flexibility to adapt quickly to change

Key strategic directions

Our strategic planning process

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

The gist of the overall strategic planning process is illustrated as follows:



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

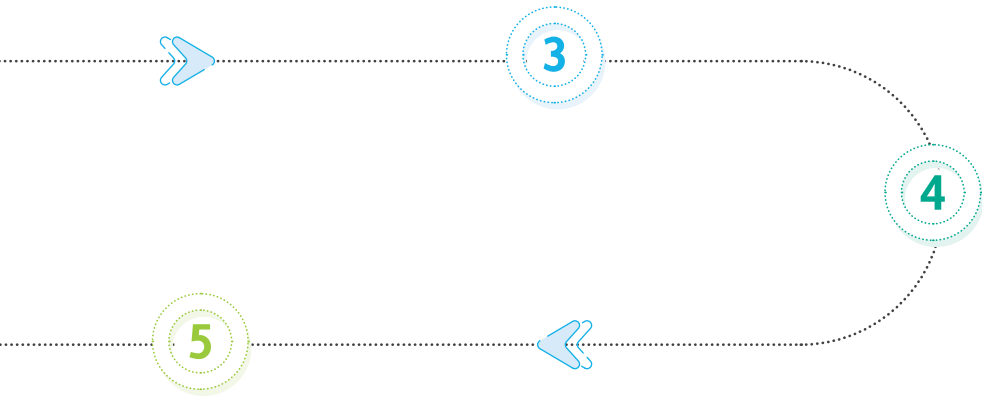
Strategy validation

Involves

- Input from key stakeholders
- Elaboration of chosen strategies
- Alignment with long-term goals and risk tolerance

Concludes into...

Approval of Strategic Plan and Budget at different internal stakeholder levels, including CEO, Management Forum, Strategy Committee and Board



Strategy communication

Involves

- Narrative delivered to staff around common vision and objectives
- Cascading down of strategy, using the Balanced Scorecard methodology, from organisational to Business Unit to individual objectives

Concludes into...

Balanced Scorecards for employees

Strategy implementation

Involves

- Implementation plan with specific milestones and timelines
- Mobilisation and allocation of resources
- Progress monitoring and dealing with challenges

Concludes into...

Implementation of strategic initiatives, identification and resolution of risks and issues

Strategy Report (cont'd)

Our value creation model

Capitals employed



Financial capital

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



Manufactured capital

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



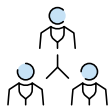
Intellectual capital

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



Human capital

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



Social and relationship capital

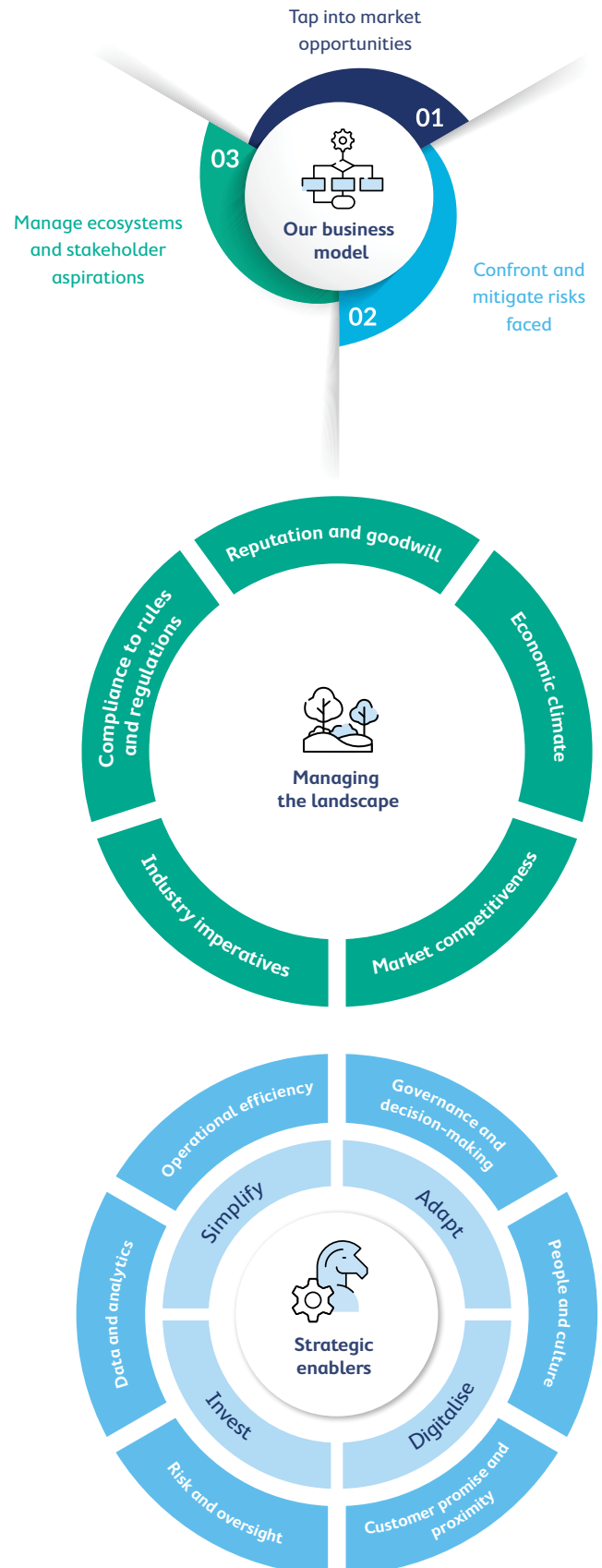
Our trustworthy stakeholder relationship model and strategic collaborations allow us to achieve our growth ambitions, while streamlining our decision making process, optimising our costs and deepening our client engagements



Natural capital

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

Key themes to drive value



Positive outcomes for our stakeholders



Shareholders, debt holders and investor community

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

- Shareholders looking at us to achieve sustainable returns
- Dividend paid to shareholders
- Sizeable market capitalisation



Customers

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

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



Employees

We leverage a competent, inclusive and engaged workforce

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



Societies and communities

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

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



Governments and regulators

We strive to fulfill our responsibilities, while contributing to nationwide prosperity

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



Suppliers and strategic partners

We partake in effective ecosystems and forge value-generating relationships

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

Our philosophy and strategic approach

The foundations

While being mindful of the specificities of its operating entities and the socio-economic realities of its presence countries, the SBM Group is committed to achieving sound and sustained growth in its business activities across jurisdictions, supported by its operating model and financial resilience. Its strategic direction is founded on a clear and coherent view of what it seeks to achieve and the markets to be explored and tapped into. It is geared to promoting a smart, agile, innovative and forward-looking organisation, thus paving the way for nurturing meaningful and long-standing stakeholder relationships.

Importantly also, guided by our strategic pillars and the UN Sustainable Development Goals, our Sustainability Strategy is anchored on our purpose and material topics, which define who we are and what we do, as we move forward to harnessing a responsible and purposeful organisation.

Our growth journey

Capitalising on sustained progress achieved ...

Building on realisations posted in recent years, the Group has set out to anchor its business model on ambitious, yet prudent, foundations, while making allowance for the risks and exigencies associated with the fast-changing operating landscape. It is dedicated to further strengthen its growth impetus across markets.

... the Group aims to strengthen its strategic pathways ...

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

... while supporting the development of its entities ...

While promoting its endeavours, the Group is conscious that its entities face up to different market, economic and cultural backgrounds, thus calling for an informed approach in ascertaining their requirements. Along the way, the Group aims to forge fruitful internal synergies.

... aided by solid enablers and clear directions

The Group will continuously reinforce its human, physical and technological capabilities to promote efficiency and customer service excellence. It will pursue digital transformation and aim for cost optimisation. Judicious capital management is also key to spurring its growth agenda.

Our strategic imperatives and ambitions

For the short and medium terms, a chief endeavour of the SBM Group is to strengthen its resilience and position itself as a leading regional banking and financial services player, alongside supporting the nationwide socio-economic fabric of Mauritius and its IFC

Continuously strengthen the financial soundness of the SBM Group, while gradually leading to enhanced shareholder value and improved dividend yield

Enhance customer proximity and engagement by delivering seamless banking experiences and innovative solutions

Achieve a leaner and digitally-enabled organisation, in alignment with market and industry trends

Resolve legacy, operational, legal and restructuring challenges faced by some entities, while putting them on sounder footings for growth

Embed sustainability as a game-changer with respect to the entities' strategic purpose, functioning and value proposition

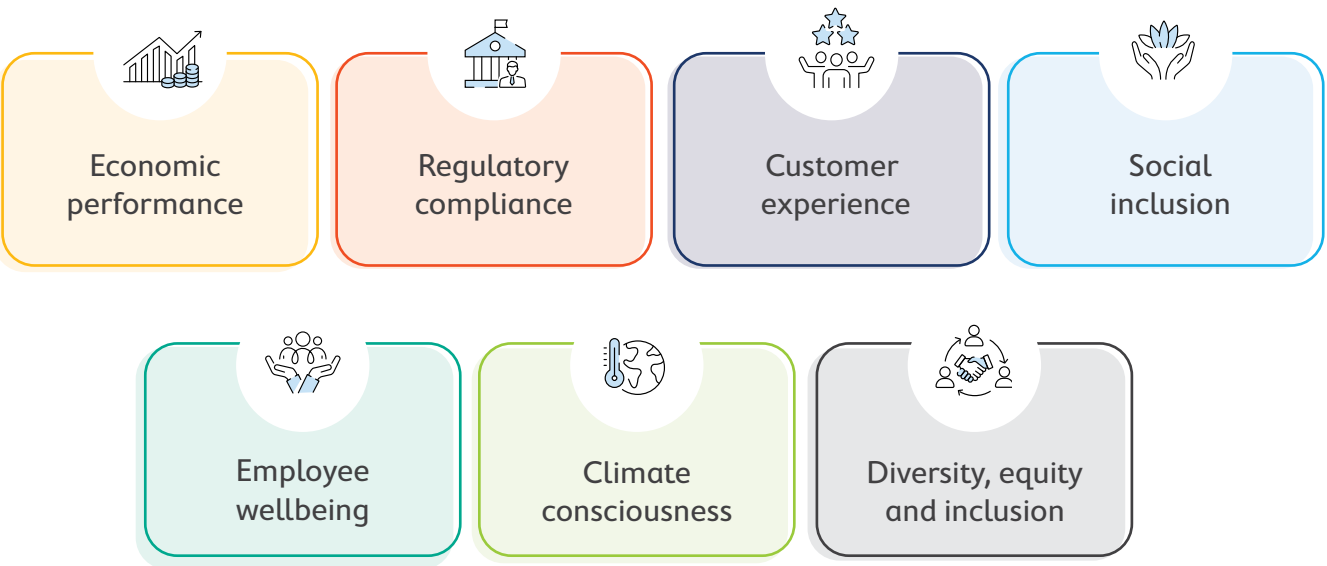
Further enhance the strategic image, reputation and credentials of the SBM Group on the marketplace

Our main focus areas



Group strategic orientations

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



Strategy Report (cont'd)

... which serve as a basis for the formulation of our core strategic orientations ...

Positioning the SBM Group as ...

Deleveraged

- Reduce the level of indebtedness to more sustainable levels
- Implement effective capital management and asset-liability management
- Monetise non-core assets to improve liquidity and redeploy in higher-earning assets, where relevant

Diversified

- Expand and diversify market footprint across segments and jurisdictions
- Retrieve the investment grade credit rating of SBM Bank (Mauritius) Ltd
- Improve the contribution of foreign banking entities to the Group's balance sheet and bottom-line results
- Make further headway in capturing the non-banking financial business in Mauritius

Resilient

- Maintain adequate capital and liquidity buffers to support growth and withstand any potential shocks
- Strengthen the governance, risk management and compliance set-up and policies
- Prioritise scalable operating models and robust intra-Group synergies and congruence to improve functional agility and better support entity business growth

Sustainable

- Execute the key pillars of the Group Sustainability Agenda, while underpinning business growth and the Group's brand image
- Position SBM Group as a dynamic organisation, which supports the holistic progress of Mauritius
- Address critical and emerging climate-related and ESG issues that can have an impact on the Group's operations and positioning

... underpinned by key enablers for sound and sustained growth



Governance, risk and compliance



Strategic human resource and talent management



Culture and behaviours



Technology and innovation



Strategic communication and visibility



Stakeholder management and investor relations



Intra-Group synergies and collaboration

Main strategic directions of the Group's operating entities



SBM Bank (Mauritius) Ltd

Underlying ambition

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

Main strategic orientations

- Position the bank as a key player in the MIFC
- Grow and diversify the revenue base for sustainable growth
- Enhance customer loyalty and satisfaction
- Improve business processes and operational efficiency via innovation
- Embed sustainability in daily business activities
- Foster a culture of high-performance, continuous learning and development

Key enablers for growth

- Product innovation and product bundling
- Networking and relationship management
- Customer centricity and data analytics
- Digital transformation strategy
- Synergy and cross-selling
- Agile and lean operating model, backed by technology
- Sustainability awareness, framework and governance
- Capacity building and upskilling



SBM Bank (India) Limited

Underlying ambition

To become a trusted, stable and customer-centric bank which provides value-added solutions to stakeholders, resting on an efficient and compliant organisation with a strong governance culture

Main strategic orientations

- Build an organisation defined by its focus on (i) profitability - with a view to empowering the bank to drive innovation, staying resilient in dynamic market conditions, implementing efficient technologies and investing in people and growth; (ii) people - with a view to building a workforce that acts as the face of the bank, growth catalysts for its future, leaders propelling growth and excellence and culture shapers; (iii) processes - ensuring increased operational efficiency through streamlining of workflows, reduction in bottlenecks and effective resource allocation
- Boost revenue generation, alongside diversifying income streams
- Build a granular, diversified and sustainable liability base
- Cross-sell within the customer base
- Develop value-added services to be bundled with existing offerings
- Foster robust compliance, control and governance structures
- Build capabilities and promote employee engagement

Key enablers for growth

- Strategically located distribution network
- Enabling customer journeys across digital platforms with seamless banking solutions
- Partnerships, cross-selling and referral businesses to drive sourcing/ origination of assets
- Innovative, robust, scalable and cost-effective technological capabilities
- Adequate risk management framework to accompany journey towards sophistication
- Empowered and engaged workforce
- Critical technology platforms and automations aimed at operational excellence

Strategy Report (cont'd)



SBM Bank (Kenya) Limited

Underlying ambition

To service the 'under-served' Affluent, Business Banking and Corporate Banking segments of the Kenyan market, leveraging a broad offering and an established relationship management model

Main strategic orientations

- Boost financial performance to create headroom for future growth
- Digitalise key customer journeys and improve experiences across channels
- Revamp the attractiveness and appeal of the product suite
- Increase brand awareness for greater visibility
- Strive for operational excellence
- Establish responsive and proactive risk management
- Improve staff wellbeing and productivity

Key enablers for growth

- Innovation, technology infrastructure and digital offering
- Group synergies and strategic partnerships
- Processes, SLAs and turnaround times
- Digital solutions, with focus on automation, for enhanced service delivery
- Robust risk management framework and function
- Engaged, competent and productive workforce



Banque SBM Madagascar SA

Underlying ambition

To grow into a reference bank by delivering increasingly impactful assistance and guidance to niche customer segments, while contributing to the performance of the Group

Main strategic orientations

- Grow market shares, while supporting the development of the Malagasy economy
- Strengthen and diversify the balance sheet, with sound financial metrics
- Fortify the risk management framework and control environment
- Reinforce governance; strengthen culture, values and behaviours
- Improve brand and market visibility

Key enablers for growth

- Distribution network, customer proximity and value proposition
- Risk appetite statement review and alignment with strategy
- Organisation and governance structure review and optimisation
- Credit monitoring and impairment management capabilities
- Corporate culture and human resource strategies

SBM Non-Banking Financial Cluster

Underlying ambition

To support the Group in becoming the preferred financial services institution in Mauritius, while offering comprehensive client solutions and promoting financial empowerment

Main strategic orientations

- Enhance the quality of customer-centric solutions and experience
- Drive innovation and digital transformation to improve customer service
- Strengthen brand visibility and market positioning
- Improve operational capabilities for agility and scalability
- Reinforce risk management for sound and sustainable growth
- Cultivate talent and build an innovation culture

Key enablers for growth

- Enhanced Group synergies, strategic partnerships and alliances
- Innovation and enabling technologies, making use of AI and analytics
- Product development and sales strategies to meet evolving customer needs
- Operational efficiency endeavours such as process reviews and optimisation
- Robust enterprise risk management setup
- Capacity building, talent development, succession planning and organisational culture

Our strategy execution journey

Overall Group performance and positioning

Key realisations

While being confronted with demanding and, sometimes, complex economic, market and industry environments in the jurisdictions where it is present, the SBM Group has, during the period under review, made further progress against its strategic objectives and preserved its financial soundness. Towards these ends, the Group has capitalised on its healthy business model and proactive approach to pursue its growth agenda. It has continuously enriched its value proposition and strengthened its customer proximity, alongside improving its operational foundations and capabilities.

The Group has embarked on a series of strategic initiatives, with a focus on achieving sound business growth, bolstering human capital as well as shoring up its capabilities and credentials. Strengthened corporate governance has remained high on the agenda to underpin growth endeavours and positively transform the entities, with key developments relating to the recruitment of new Chief Executive Officers for SBM Bank (India) Limited, SBM Bank (Kenya) Limited and Banque SBM Madagascar SA.

While our operating entities have put in place various strategic initiatives during the last financial year (see pages 70 to 84), a summary of key intents spearheaded and/or overseen at Group level are:

- The Group has ensured that a clear and function-based organisation chart is endorsed and implemented, with the Executives of SBM Holdings Ltd having well-defined responsibilities to exercise their duties and meet reporting requirements, alongside fostering accountability. The Group revisited and strengthened the organisation-wide strategy envisioning, formulation and monitoring exercise and process, which helped to achieve smarter and more systematic oversight over activities, operations and trajectories of the operating entities. Furthermore, SBM Holdings Ltd has continuously assessed the effectiveness, percussion and pragmatism of its operating and governance model, with a view to allowing for better oversight and monitoring. In 2024, while complementing the current line-up of Functional Forums (which report to the Board committees of SBM Holdings Ltd), the Group Strategy and Business Development Forum (GSBDF) was established. Chaired by the Group Chief Business Development Officer and having the Group Chief Strategy Officer as another member at the level of SBM Holdings Ltd, the GSBDF is geared towards (i) fostering the alignment and convergence of strategic intents across the Group, along with boosting synergies from a business development angle; and (ii) promoting the sharing of information and enforcing appropriate structures across entities, in alignment with Group objectives. While being mindful of entity specificities and the operating environments, the Forum seeks to promote the Group's sound business growth by means of strategic alignment and cross-business collaboration, alongside fostering clarity and coherence in terms of its brand image and identity.
- Capital management has remained a priority focus area of the Group, which continued to exercise a close monitoring of its capital position, while ensuring that its operating entities have ample resources to meet regulatory rules and support business growth. The Group held regular and constructive discussions with them in order to ensure that their strategic endeavours are well-calibrated to minimise risks and to support their business development thrusts.
- The Group's entities have addressed technology risks through remediation programmes, with the upgrade of selected systems covering IT infrastructure and applications as well as cybersecurity. Progress has been made with regard to the Group's digital agenda, with the upgrade of digital services on remote channels – focusing on improving customer experience with simplicity and user friendliness – and additional features onboarded, thus making it easier for clients to bank and interact with us. The entities have embarked key partners to support their digital transformation journey and are leveraging data so as to better serve their customers and run their operations.
- On the risk management front, the Group actively managed the challenges of the operating context, mainly in relation to macroeconomic uncertainties, increasing regulatory requirements, cyber threats and other key risks faced. To promote a strong risk culture, the following initiatives have unfolded during the year: (i) reinforcement of the Group Enterprise Risk Management Framework; (ii) strengthening of the credit risk management process with rigorous oversight; (iii) refining of revised risk appetite frameworks for enhanced concentration risks and cross-border exposures management; (iv) bolstering of the Compliance framework, with the strengthening of AML-CFT processes including the Enterprise-Wide Risk Assessment; (v) improved accountability of the first lines of defence; (vi) reinforcement of the credit risk management process; (vii) investments in information and cybersecurity programs and infrastructure enhancing the ability to anticipate, detect and defend against and recover from cyber attacks, (viii) adoption of a climate risk management model in line with regulatory guidelines and (ix) delivery of targeted training programmes to upskill employees and reinforce a culture of risk awareness and compliance.
- From a sustainability angle, the Group took various steps to embed sustainability into its operations, governance and strategic direction. In 2024, SBM Holdings Ltd established a dedicated Group Sustainability Office, led by the Group Chief Sustainability Officer, to drive the Sustainability Agenda with a structured and coordinated approach across all entities. Governance structures were further reinforced beyond Board-level oversight, with the setting up of the Group Sustainability Forum, daily engagement between the Group Sustainability Office and key stakeholders, and the formation of dedicated working groups, both locally and internationally, to accelerate specific sustainability initiatives. The articulation of the Group Sustainability Agenda into a strategic framework marked a critical milestone, securing Board approval at the Group level and endorsement across all entities and ensuring a harmonised and actionable approach. Capacity-building remained a priority, with the rollout of a baseline sustainability training plan designed to equip employees with the necessary knowledge to support the Group's sustainability ambitions. Beyond internal efforts, SBM played a proactive advocacy role, engaging in high-profile sustainability discussions, including the 'Driving the Sustainability Agenda' panel among SEM-listed companies and the 'Cap sur la Finance Durable' Conference 2025, organised in collaboration with Agence Française de Développement (AFD), Business Mauritius and the European Union. The Group's commitment extended to broader stakeholder engagement, as exemplified by a collaborative webinar for World Environment Day with WWF-Kenya and SBM Bank (Kenya) Limited, which attracted over 200 participants and focused on land restoration, desertification and drought resilience.
- Various initiatives were unleashed to promote the organisation's brand image, market visibility and thought leadership endeavours. The Group disseminated the SBM Insights, which is its flagship economic publication focusing on Mauritian macroeconomic trends, prospects and imperatives.

Strategy Report (cont'd)

Business initiatives and achievements across entities



SBM Bank (Mauritius) Ltd

Key highlights

- Upholding SBM's position as a leading player in the banking industry and Mauritius IFC
- Active contribution to the sustained socio-economic progress of Mauritius
- Continuous strengthening of the bank's operational capabilities and growth agenda
- Cementing initiatives aimed at promoting innovation and digital transformation endeavours
- Diversification of revenue streams, while pursuing thoughtful business development

Strategic initiatives and key enablers

While facing up to various challenges emanating from the market and industry environments, the bank has made further progress against its strategic objectives and upheld its financial soundness. It has embarked on a series of strategic initiatives, with a focus on bolstering human capital as well as gearing up its capabilities and credentials in support of sound and sustained business growth. Initiatives put in place have helped to gear up the resilience of the bank, alongside reinforcing its growth foundations. Towards those ends, the bank has capitalised on its healthy and flexible business model, alongside continuously enriching its value proposition and strengthening customer proximity.

Salient observations

With the steadfast commitment, hard work and collaborative spirit of its employees, the bank has upheld its core values and preserved its status as a prominent player in Mauritius, supported by its sustained growth momentum and business development endeavours across segments. It has consistently pursued its strategic endeavours, grown its balance sheet, diversified its revenue streams and improved its financial ratios, while ensuring that its individual, corporate and institutional customers and partners enjoy a seamless experience, anywhere and anytime. A notable achievement relates to the signature between the bank and the Agence Française de Développement (AFD) of a new green line of credit in April 2025. This line of credit is designed to provide dedicated financing for projects aligned with sustainability and environmental objectives. It will support initiatives in areas such as renewable energy, energy efficiency, climate adaptation, and eco-conscious infrastructure development. Furthermore, the last financial year has been a period of significant milestones for the bank, with strides made in terms of brand equity, governance and leadership, innovation, customer service excellence, operational efficiency, strategic partnerships and external stakeholder management, and community impact. Towards those ends, the bank has geared up its human, physical, risk management and technological capabilities and frameworks, alongside further streamlining policies and procedures as well as laying due emphasis on cost optimisation and rationalisation. Noticeably, key recruitments have been undertaken, with the appointments of the following: (i) Chief Information and Digital Officer; (ii) Head of Marketing; (iii) Head of Sustainability; and (iv) Head of Private Banking. The bank has, also, further upgraded the reach and appeal of its wide-ranging channels and customer touchpoints. Moreover, several targeted marketing campaigns and networking events in favour of brand image promotion and product awareness have been unleashed, supported by increased presence and contents on social media platforms. In a nutshell, the aforementioned endeavours have accompanied the bank in its perpetual quest to enhance market competitiveness and harness its resilience.

In general, the bank's initiatives stand as a testament to its unwavering commitment to delivering services that not only meet but exceed customers' expectations. Its achievements have been reflected through various awards and accolades received during the period under review. In the wake of the bank's journey, it has, in 2024, been awarded the (i) Best Private Bank in Mauritius at the Global Private Banker MEA Awards; and (ii) Best SME Bank in Mauritius at the Euromoney Awards for Excellence (which is a remarkable achievement given that this accolade has been received by the bank for the second consecutive year). These prestigious distinctions demonstrate our commitment to excellence and innovation, the high standards that we uphold, the deployment of our well-crafted strategic measures, our personalised services, and the trust that we have earned from our customers. They position the bank at the forefront of the financial industry and underscore its impact and industry leadership. In the same vein, the bank preserved its prominent domestic market shares, which stood at around 39% and 21% as regard mortgage and corporate banking respectively as at December 2024. All along, it remained committed to accompanying customers facing financial challenges as well as restructuring files where applicable and feasible, while being mindful of its bottom-line financial performance and shoring up NPL recovery efforts where necessary.

The major initiatives and accomplishments posted by the bank are shown in this section. In addition to headway made in respect of the major lines of business, it is worth noting that the bank has witnessed an appreciable growth in assets under custody during the year on the basis of its safekeeping and settlement services. Moreover, the Leverage Finance department has been successfully established, with notable growth in disbursements being already observed during the period under review.

Growing and consolidating domestic business

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

Individual customers

- In the Retail Banking segment, the bank remained attentive to the needs of its customer base. In line with its modernisation strategy and while leveraging committed investments, the bank further uplifted its branch network, with three additional branches undergoing a transformation in 2024. The bank's branch renovation programme features amongst the overall initiatives that reflect its endeavour to continuously improve its touchpoints and customer walk-in experiences, with focus on an innovative approach. Also, additional intelligent ATMs have been installed across the bank's network, while allowing access to real-time deposits. Furthermore, to accompany retail clients, the bank has honed the attractiveness and suitability of its mortgage value proposition, alongside delivering adapted products and services to households and individuals, including targeted solutions and financial assistance plans where need be. In the same spirit, the value proposition for retail customers across age and income groups has been revisited in some cases. For instance, the account holders of SBM Amigos – which is designed to be the perfect finance management solution for children and teenagers – have benefitted from the Angel Plan of the State Insurance Company of Mauritius Ltd, with the latter enabling parents to plan for their children's future cost of education via a savings plan that offers flexible investment options, which are personalised as per client needs and budget. On another note, as a major strategic endeavour, successful deposit mobilisation campaigns have been carried out by the bank.
- The Private Banking and Wealth Management cluster has, during the year under review, pursued its growth strategy and boosted its market credentials, mindful of the demands of a challenging and competitive operating environment. In addition to refining its functioning and operating model for enhanced efficiency levels, the segment has made noteworthy strides to (i) improve customer proximity, notably through dedicated customer events and well-engineered relationship management; (ii) enrich the quality of its products and services; (iii) launch structured products, with focus on ESG; and (iv) provide advisory and discretionary investment services that have been tailored to cater for the different risk profiles of the customer segments served, all while upholding high standards of integrity and professionalism.
- The bank has remained a prominent player in the Cards and Payments segment, with bolstered customer proximity, attractive products and the conduct of various marketing campaigns, which, notably and gradually, helped to trigger a perceptible rise in new cards issued and to drive transactional volumes. Furthermore, SBM has become the first Mauritian bank to accept RuPay cards on its POS devices, thus allowing RuPay cardholders to make payments seamlessly while in Mauritius. Besides, in terms of innovation, SBM has been the first bank on the local market to launch tills integrated Android devices.

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

- With regard to SMEs, entrepreneurs and micro-enterprises, the bank has continued to lay a strong emphasis on supporting their sustainable growth and responding to their changing needs in a proactive manner, in line with its ambitions to supporting the advancement of the local economy. It has enhanced the range and quality of its services to accompany its clients in their journeys, alongside revisiting its operating paradigm, restructuring the teams and establishing dedicated sub-segments to service different client profiles. In this spirit, the bank has, notably, established a Business Banking segment in 2024, which testifies to its unflinching customer focus and proximity. This has taken the form of a new sales segment to cater for mid-sized corporate enterprises which generate yearly turnover ranging between MUR 100 million to MUR 500 million. Overall, the commitment to upholding the growth and interests of SMEs led the bank to boost the in-branch experience and decentralise SME services, with the setting up of dedicated SME desks and hubs across the network of branches situated in various regions of Mauritius and Rodrigues, with changes brought about being welcomed by clients. The bank further deployed its Special Agricultural Schemes – launched in 2023 – which are designed with attractive features and benefits for farmers, plantation owners and agri-entrepreneurs. During the last financial year, the bank has, *inter alia*, achieved the following as part of its quest to gratifyingly attend to the needs of SMEs: (i) improvements were brought about to instill more coherence and effectiveness in the way the bank is structured and operates (in terms of segregation of activities, reporting lines, accountabilities and responsibilities, staffing and operations, etc.), with the judicious allocation of portfolios to Relationship Managers and their positioning across flagship branches allowing for the delivery of timely and increasingly personalised client services; (ii) reduced client turnaround time was registered, as a result of higher operational efficiency levels as well as the streamlining of processes for account opening and for the processing and approval of credit facilities; (iii) campaigns were launched, notably to target women entrepreneurs and professionals; (iv) Customer Satisfaction Surveys were conducted to find ways and means to gear up the quality of the bank's solutions and interactions; and (v) participations in fairs, campaigns and workshops were encouraged to meet and discuss with current/potential clients, along with achieving greater market visibility and awareness with respect to the panoply of financial solutions that the organisation offers to address customer needs. With regard specifically to micro-enterprises, the bank pursued its engagement to support their operations and maturity development by means of dedicated and everyday banking solutions. Market visibility was enhanced, thanks to word-of-mouth and brand trustworthiness, backed by a vast distribution network. The bank continued to guide its customers, while ensuring that they understand the significance and implications of their debt commitments.

Strategy Report (cont'd)

- As gauged by its expanding loan book, the bank has made further headway in serving large corporates in Mauritius and has continued to support specific projects shaping up the country's economic landscape, backed by sustained customer proximity, increased market visibility, adapted solutions and capacity building, with targeted training programmes conducted. The bank remained active in accompanying corporates across wide-ranging economic sectors, in line with their growth prospects and the set risk appetite. As a key enabler, a Deal Structuring Team was set up to service the evolving domestic market of structured financing and to position the bank in this niche market, alongside looking at green financing in line with the bank's Sustainability Agenda, with a focus on both mitigation and adaptation projects. In 2024, the Team spearheaded the structuring of some major client files, including renewable energy projects that are scheduled to unfold in 2025.
- Regarding the Financial Markets segment, it has remained a key contributor to the bottom-line performance of the bank by means of its endeavours across three main activities, namely sales of Financial Instruments across assets (FX, Rates and Credit), structuring of Financial Solutions across assets, and Trading of Financial instruments. A client coverage desk has been set up with the aim to increase revenue, broaden the spectrum of products and financial solutions, and grow market footprint. The Division also oversees asset-liability management since 2023, with improvements brought about to strategic Balance Sheet management for the bank. A sound Interest Rate Risk Management Framework and investment strategies were implemented for the banking book. Strategic and operational capabilities and service levels were reinforced, with (i) the onboarding of additional brokers and counterparties; (ii) increased synergies with other bank departments and the conduct of joint client meetings; (iii) implementation of Phase 1 of the Finacle Treasury System; (iv) structuring of ESG-compliant structured products for private banking and institutional clients; and (v) delivery of innovative yield enhancement solutions to clients across segments.
- The bank signed a Memorandum of Understanding (MoU) with the Trade and Development Bank Group (TDB Group). The MoU provides a framework for the TDB Group and the bank to collaborate on joint business opportunities and co-financing agreements with TDB Asset Management (TAM). The bank joined hands with the TDB Group to create synergies that aim to benefit its clients, contribute to the economic prosperity of the African region and promote the Mauritius IFC.

Building and solidifying customer loyalty | Technological improvements

- While the bank remained dedicated to act in its clients' best interests, it has set out to build trust through regular and transparent engagements, interactions and endeavours, based on the increasing sophistication of customer needs. Customer-centricity, being a core value, sets the standards by which the bank prioritises decisions about touchpoints, alongside improving the convenience of solutions offered and hearing the voice of its clients through regular surveys.
- As a major focus area that reflects its growth aspirations amidst an increasingly competitive market environment, the bank laid sustained emphasis on its gradual technological transformation, with operational efficiency improvements, reinforced business organisation and process engineering, enhanced customer value proposition and enriched channel management. Focus has been laid on digital and IT transformation to pave the way for the appropriate organisational structures, processes, tools and channels that allow the bank to achieve its aspirations. The bank has set out to strengthen its IT ecosystem and lay the foundations of its longer-term digital journey. Tellingly, as it sets out to improve the suitability and attractiveness of its digital channels, the bank has provided a new mobile banking experience to its customers. It has, in December 2024, officially launched the SBM Tag mobile banking application (with new features including Pay to Mobile, Request Money, Scan and Pay, and Quick Pay), which empowers clients with greater convenience, security and control over their banking needs, with extensive marketing campaigns conducted on various platforms to reach out to the current and prospective customer base. Encouragingly, this upgraded version has, so far, garnered significant market interest. Furthermore, the bank has signed a partnership agreement with Gartner and EY to support its digital transformation strategy and journey, thus ensuring that it remains at the forefront of technological innovation and continues to deliver exceptional value to its customers. Indeed, the bank is intent on anticipating future trends, in a context where Artificial Intelligence, robotics and digital advances are reshaping the industry landscape. Additionally, the bank has launched the new SBM KYC Online Portal, which is available to customers with registered email addresses, while leveraging an interesting gamut of features and a user-friendly interface. On another note, the bank has moved its local data centres to primary and secondary co-location sites for better performance and greater resilience.
- The bank has achieved further progress and milestones in respect of service excellence and quality assurance. Notably, the Service Excellence team has, in collaboration with stakeholders across the bank, strived for continuous service improvements in the retail segment, with quarterly in-branch visit assessments performed and recurrent surveys conducted. This led to informed recommendations on how to improve the quality of customer service, with insights shared with branch managers and service quality trainings dispensed to staff. Also, new methodologies for customer surveys were developed to the attention of the Private Banking, SME and Corporate Banking segments, while interesting insights have been garnered from the Customer Satisfaction Index (CSI) and Net Promoter Score. Efforts made to enhance banking experiences are illustrated by the year-on-year increases in the CSI scores attributed to the different lines of business and functions of the bank. Besides, the average complaints resolution time of the bank has improved to 4.1 days in 2024, compared to 5.1 days in 2023. Overall, around 10,000 Voice of Customers were captured through several projects and surveys. Importantly, the bank has created a Customer Experience Team, which works round-the-clock and seven days a week to boost customer service and provide quick resolution to queries raised and issues faced by clients. Besides, the bank's Customer Experience Forum is a platform whereby stakeholders can discuss and share their views on how to enhance customer journeys.

Steady and prudent growth of international footprint

During the year under review, the bank pursued its efforts to carefully, yet resolutely, expand its international business across segments, as a means to progressively bolster its resilience and diversify its revenue streams. By setting priorities and policies which are consistent with the bank's strategic directions as well as its values of prudence and customer centricity, the bank has – following a thorough review of the economic and market environments in the jurisdictions in which it is involved – remained guided by its risk appetite and country limits, alongside establishing a Middle Office in order to enable Relationship Managers to devote more time to client acquisition. Specifically, the bank further attended to the

needs of Financial Institutions, supported by prudent disbursements, revised credit policy and guidelines, fruitful synergies with bank stakeholders that led to improved turnaround time, reassessed processes that contributed to higher efficiency levels and the removal of roadblocks throughout the value chain, increased cross-border visibility and staff upskilling. As for Structured and Trade Finance, a notable growth in advances was witnessed, with the bank cautiously stepping up its involvement across geographies and sectors. Alongside revising its international banking strategy and policy, the bank leveraged new product offerings, namely prepayments and reserves-based lending, geared up its market visibility and streamlined processes, which led to enhanced customer service. Regarding the Global Business unit, it achieved a significant rise in deposits mobilised, with a major uptick in the number of new accounts opened. It remained active on the market and strengthened client relationships, backed by the organisation of key events and the synergies forged with the non-banking financial cluster of the Group.

Promoting sustainability

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

Looking ahead

In the short and medium terms, the bank aspires to further cement its prominent position in the Mauritian banking industry and IFC, alongside striving to eventually retrieve its investment-grade credit rating status. While appraising and adapting to the dynamic operating environment and financial landscape, the bank is dedicated to pursuing its growth agenda across all segments in a thoughtful manner – with focus on enhancing customer experiences and value propositions, notably through digitalisation and technology – along with cautiously managing operating costs. Emphasis will, concomitantly, be laid on inclusion and sustainability, as the bank strives to deliver sustained and meaningful value to the economy, the communities that it serves and its multiple stakeholders. The bank will embrace the opportunities ahead and ensure that it continues to be a beacon of trust, integrity and excellence.

Overall, to further transform the bank, the Management has devised a three-year plan, with the underlying focus areas being growth via diversified income streams, operational efficiency, customer centricity, sustainability as well as impaired file management and recovery. This would allow the bank to achieve sustained profitability growth, enhance customer loyalty and satisfaction, drive greater efficiency and adaptability in the functioning model, and optimise resource allocation, while championing an agile operating paradigm and fostering a culture of continuous learning and innovation. Alongside adhering to its fundamental principles and capitalising on intra-Group synergies, the bank will seek to bolster its balance sheet and the resilience of its revenue streams, with an eye on leveraging opportunities in established and emerging markets offering appreciable growth opportunities. Along with further consolidating and strengthening its foothold in the domestic markets, the bank is intent on further broadening its revenue streams through its unique value propositions and enhanced suites of solutions. It will gradually and carefully execute its international banking strategies on the basis of a selective market development approach, backed by bolstered capabilities and a fitting risk appetite. In the process, the bank will seek to tap into nascent avenues, with key cases in point being the forging of strategic alliances/partnerships and the assistance to domestic conglomerates seeking regional expansion. In support of its endeavours, the bank will be guided by key enablers, including recruitments for key positions, stakeholder management, channel optimisation, training and capacity building, customer relationship management, marketing and communication, and automation and data analytics.

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

Strategy Report (cont'd)



SBM Bank (Mauritius) Ltd relocated its Grand Bay service unit, welcoming clients at its premises at the Coeur de Ville Grand Bay.



SBM Bank (Mauritius) Ltd hosted a Prize Giving ceremony for the winners of its 'Rempportez une croisière magique' cards campaign.



SBM Bank (Mauritius) Ltd hosted a special viewing of the UEFA EURO 2024 Quarter Finals for its Global Business and Corporate Banking customers, strengthening relationships.



SBM Bank (Mauritius) Ltd launched SBM Tag, bringing a whole new level of convenience, speed and innovation to its clients while offering enhanced features and a more user-friendly experience.



SBM Bank (Mauritius) Ltd organised a Prize Giving ceremony to celebrate the talent and creativity of participants to the SBM Amigos Drawing and Painting Competition on the theme 'My SBM Branch of the Future'.



SBM Bank (Mauritius) Ltd moved to a new location at Pope Hennessy, introducing a fresh and contemporary atmosphere conducive to both work and business.



SBM Bank (India) Limited

Key highlights

- Pursuing the underlying vision to becoming a trusted customer-centric bank, by capitalising on technology and providing efficient solutions, thus leading to value creation for all stakeholders
- Focusing on selected partnerships with tech-led BFSI entities, with new-age digital interfaces, preliminary client servicing capabilities, marketing initiatives as well as unique benefits and rewards programmes, which the bank leverages to digitally acquire customers
- Tapping into multiple channels, including Branch Banking, Mobile Banking and Internet Banking
- Striving for income improvement and serving new customer segments
- Undertaking various cost rationalisation initiatives around technology, people, processes and property

Strategic initiatives and key enablers

Driven by its vision to become a trusted customer-centric bank by leveraging technology and providing efficient solutions leading to value creation for all stakeholders, SBM Bank (India) Limited (SBMBI) has continued to work diligently on executing its strategic plan while duly taking into account the various challenges and opportunities encountered along the way since its conversion as a full-fledged Indian commercial bank in 2018. One of the key indicators highlighting the bank's evolution is the number of customers which has risen to more than 5 million from approximately 3,000 back then.

In a bid to gather the necessary repertoire of skills and experience to navigate through the demanding operating conditions banks in India are facing, SBMBI strengthened its senior management team with the onboarding of seasoned resources in the roles of Chief Executive Officer, Chief Financial Officer, Head of Retail Banking, Head of Corporate Banking and Head of Compliance.

The year also witnessed the addition of 5 branches - namely in Indore, Bhubaneswar, Surat, Bhuj and Tennaka - to the existing network bringing the total to 20 branches and representing the bank's penetration into (i) smaller cities with a concentration of MSME, trade and industrial activities; (ii) cities which exhibit rising metrics around consumption, disposable income and luxury spending indicating a growing base of HNWI/UHNWI clients and NRIs; (iii) small unbanked rural locations showcasing the bank's commitment towards financial inclusion; and (iv) in mega-cities where a larger number of branches and relationship managers are required to mine and convert opportunities.

Apart from growing its physical presence, the bank has taken dedicated measures to strengthen its frontline via organisational restructuring exercises across its Retail Banking and Corporate Banking segments aimed at distinguishing clearly between its product development and product distribution functions. Besides cross-selling across product lines and delivery channels to cultivate deeper relationships with and serve the customer in a more comprehensive manner, branch-led efforts included monthly 'meet and greet' events. The bank has also been identifying customers onboarded digitally, through co-branded partnerships and deposits garnering arrangements - who demonstrate potential for a higher total relationship value - and ensuring increased branch engagement. For Private Banking clients in particular, the bank is working on building a preferential experience across all touchpoints with a view to building a strong resident HNWI/UHNWI book.

Furthermore, the bank has started utilising the customer service channel to, during the interactions with its customers, garner feedback and insights on the potential specific needs of the customer and propose appropriate financial solutions offered by the bank. In this regard, it is interesting to note that prior to the beginning of the year, SBMBI (i) strengthened its Enterprise Architecture and carried out the migration of critical enterprise data to the bank's dedicated AWS cloud; and (ii) completed the Enterprise Data Lake project to better leverage data across the organisation, providing seamless and consistent business insights, analytics and reports. Besides, the bank conducts an annual Customer Satisfaction Survey to gauge performance and continually improve on its offering.

With regard to technology-led capabilities and enhancements, the bank has worked arduously to implement several automations which brought more efficiency in the bank's processes and ensured that increasing business volumes, expanding product suites and other regulatory requirements were adequately absorbed. These include systems for card management, customer relationship management applications, construction and continual bettering of the enterprise service bus layer to be able to integrate partner systems with bank's APIs, mobile and internet banking applications, cash management systems including comprehensive collection and payments capabilities, data lake and warehousing systems, credit monitoring tools, central reconciliations systems and impaired asset recognition and monitoring systems, among many others. On a special note, the Video KYC process has also been improved to allow for a seamless digital onboarding and account opening experience while maintaining necessary compliance checks in place. This enables the bank to run a dedicated Video KYC centre with over 50 agents. A promising work-in-progress initiative relates to the implementation of a WhatsApp Banking AI platform which allows customers to engage with the bank and extract information pertinent to basic pre-defined use-cases such as account balance information, product features, guidance on KYC process, customer ID details and guidance on account opening.

Strategy Report (cont'd)

The aforementioned, combined with various other process improvements made by the bank, paved the way for the regulator to acknowledge resolution to the observations it made in earlier annual inspections and, in April 2024, allowed for the resumption of certain remittance services by the bank - which had been paused in early 2023 and significantly impacted the business and performance of the bank since.

In response, SBMBI undertook multiple measures during the year to support revenues and rationalise costs. For instance, the bank adopted a targeted approach to growing the derivatives business; upped efforts to pursue recovery for large-sized legacy non-performing assets; and purposefully promoted cross-selling across its entire network by, *inter alia*, building in targets into functional KRAs with broader objective of enabling access to the complete suite of SBM products and services for all customers. In parallel, the bank also carried out multiple cost rationalisation initiatives to optimise people costs, technology costs and property costs. For instance, the bank's physical branch presence has been reviewed and branch relocation and roll-out of new smaller format branches has taken place to optimise the associated property costs. In terms of human resources, the bank is looking to optimise its existing headcount by increasing its focus on productivity and efficiency.

Looking ahead

SBMBI has set strong and clear strategic priorities for the years ahead. It is intent on pursuing the road to profitable growth by expanding and diversifying revenue streams and optimising costs - funding, operational and risk - in order to build up the financial resources necessary to drive the bank's growth aspirations, while ensuring, all along, that high standards of governance, risk management and compliance are set and adhered to.

From a business development perspective, SBMBI is looking to mine its vast customer base through enhanced customer servicing capabilities; leverage customer interactions and data analytics to better serve existing customers; increase the convenience of services provided to its Wealth and Private Banking customers; diversify its product suite to also include financial markets solutions such as derivatives; widen the markets being targeted to also serve MSMEs and mid-sized corporates; strategically grow its branch network further; and tap into co-lending opportunities. To enable these efforts, SBMBI will increasingly focus on (i) growing its deposits base, particularly lower-cost CASA balances, supported by the introduction of savings accounts variants at multiple price points; (ii) strengthening its sales team with better product knowledge and advanced relationship management skills; and (iii) undertaking technology-related enhancements such as Mobile Banking revamp, Customer Relationship Management system, Loan Management system, Loan Origination system, DIY and digitally driven customer onboarding journey and next gen Customer Care capabilities.

Along the way, the bank will sustain efforts and initiatives to widen and deepen its working relationships with the other entities of the Group, regularly sharing knowledge and best practices, with the objective of identifying and tapping into potential synergies and business prospects such as the financing of cross-border and trade transactions.



SBM Bank (India) Limited inaugurated a new branch in Bhuj, marking an important milestone in its journey of growth.



SBM Bank (India) Limited unveiled its collection of Credit and Debit Cards amidst an excited gathering at the Global Fintech Fest 2024.



SBM Bank (Kenya) Limited

Key highlights

- Positioning of the entity in the middle segment of the market, while focusing on affluent, business banking and local corporate customers
- Serving customers via a large network of branches, complemented by several platforms, including ATMs, Mobile Banking, Cards, Agency Banking services, and call centre
- Operating as an Authorised Depository and Securities Dealer, licensed by the Capital Markets Authority of Kenya

Strategic initiatives and key enablers

During the last financial year, several initiatives were underway, with a view to fostering disciplined business growth, enhancing customer experiences and improving operational efficiency levels. A major development during the year has been the appointment of a new Chief Executive Officer for the bank, with experience and leadership skills honed during a career spanning two decades in the financial services industry in Eastern Africa, Singapore and the United Kingdom. As a key focus area for the bank, it has, during the year under review, deployed its Tactical Action Plan in respect of which it has made good progress in terms of implementation of relevant measures, with positive outcomes being already observed on specific fronts. The Plan has been devised to find short-term ways and means to turn around the performance of the entity, alongside identifying and executing targeted initiatives that can help to build revenue generating capabilities and nurture a stronger footing for business growth. The Plan is made up of seven key focus areas, namely interest income, interest expense, non-funded income, operating costs, net impairment, staff productivity and Enterprise Risk Management. It translates into more than thirty agreed action points, including branch rationalisation – with the number of branches having now been reduced to 33, compared to 40 at the start of 2024 – balance sheet management, capital efficiency, remediation of legacy NPL book, etc. At the same time, while it received capital injection from SBM Holdings Ltd to support its strategic endeavours, the bank pursued various business development initiatives, including deposit mobilisation campaigns, enhancement of specific products and services, upgrade of mobile banking platform, strategic sponsorships, marketing programmes to enhance visibility (e.g. participation in corporate events, customer advocacy, with publication of opinion editorials in the media, print and digital advertisements on bank product offerings, etc.) and card campaigns to increase utilisation and attract new customers. The bank has, also, upheld its partnership and risk-sharing agreement with the African Guarantee Fund, amounting to USD 10 million, which is aimed at increasing financing opportunities for Micro, Small and Medium-sized Enterprises as well as for women-owned businesses. As a result of the combined efforts, the bank crossed the KSH 100 billion mark in terms of total assets for the first time since inception.

To support its business endeavours, the bank has further strengthened its functioning and operational capabilities. It laid emphasis on human resource management, with (i) staff training provided on various thematic areas such as AML, risk management and bank products; (ii) initiatives meant to attract and retain the best talents, including alignment of staff benefits to industry (e.g. medical cover, pension, salary scale, bonus policy); and (iii) key recruitments undertaken, namely the Chief Operating Officer and Head of Operations. To exercise increasingly effective oversight of its activities, the bank has set up additional Management Committees in line with the requirements of the Central Bank and while aligning with best practices. The bank invested in refreshing its IT infrastructure and consolidating its IT operations, with the objective to address technology risks and enhance its digital offerings. It made an important addition to its mobile banking application, SBM Mfukoni, which now allows for self-registration and e-citizen integration. Towards improving its cybersecurity posture, the bank has set up a new Security Operations Centre. It reviewed and streamlined current operational policies and procedures, to notably adhere to changes in the operating environment. In terms of risk management, the bank has (i) pursued the regular review of its risk appetite statement, in tune with the evolving business environment; (ii) conducted audits to give assurance on the adequacy of internal controls; and (iii) carried out assessments to provide assurance on compliance to bank policies and regulatory stipulations, with training delivered during the year to educate staff on the requirements pertaining to AML, CFT and any changes in the procedures for identifying and reporting suspected cases.

Strategy Report (cont'd)

Looking ahead

Guided by its niche market development approach and the aim to progressively become a relatively more prominent player in the banking landscape, the bank aspires to further improve its business growth in a cautious, yet determined, manner over the short and medium terms, with the key strategic pillars intended to sharpen its competitive edge comprising the following: sustained financial performance, digital transformation, operational excellence and productivity. While striving to upgrade its operations and to anchor its functioning on sounder foundations, the bank is intent on continuously improving its customer value proposition and optimising business efficiency levels, with a view to, amongst key ambitions, growing its liabilities base, expanding non-funded income, driving cost optimisation, increasing the active client base and boosting brand association. Specifically, to gear up business development, the bank will (i) uphold the emphasis on tapping into local corporates, businesses and affluent clients, while introducing innovative and customised financial solutions; (ii) focus on CASA deposits and drive low-cost liabilities growth; (iii) operate a bancassurance unit to drive growth in fee and commission income; (iv) diversify the client base; (v) maximise intra-Group synergies and collaboration; (vi) forge strategic and value partnerships where and when need be; and (vii) enhance the digital channel offering, along with putting in place a thoughtful digital transformation exercise. As enablers, the bank will work towards achieving improved operational efficiency, notably via business process reengineering, optimising technology infrastructure, nurturing proactive and responsive risk management, enhancing staff productivity and wellbeing, and creating a strong organisation culture.



SBM Bank (Kenya) Limited, together with representatives of Safer Power Limited and Stoni Athi Resort, participated in the ribbon-cutting ceremony to officially launch a 192 kWh Solar Power plant at Stoni Athi Resort – a project financed by the bank.



SBM Bank (Kenya) Limited won the 2024 Marketing Society Award for Best Product Relaunch for its Platinum Saver Account.



Banque SBM Madagascar SA

Key highlights

- Striving to increase market share in targeted segments – namely corporates, well-established SMEs and selected HNWI – while actively supporting the Malagasy economy by reinforcing the bank's customer proximity, value proposition and capabilities
- Strengthening the organisational structure as well as the governance, compliance, risk management and internal control frameworks, in support of a sound growth trajectory

Strategic initiatives and key enablers

During the year under review, the bank has appointed a new Chief Executive Officer, with over 15 years of experience in the banking sector in sub-Saharan Africa, Mauritius and Madagascar. Her experience spans across areas such as business strategy, business development as well as organisational and technological transformation projects. The bank continued to ensure that its business development momentum is anchored on solid foundations, alongside reorganising operations where need be and boosting internal capabilities. The bank has reinforced its relationships with its customer base, explored appealing business prospects and stayed committed to uphold the soundness of its growth agenda and financial metrics. While the bank embraced a holistic growth approach, key customer segments that have been targeted pertain to corporate clients, High-Net-Worth Individuals and well-established SMEs, with the main solutions comprising current, savings and term deposits, working capital facilities, term loans, non-financial lines and trade finance services, including international payments. Key strategic initiatives that unfolded during the year relate to the diversification of the liabilities base and loan book, bolstering of service excellence, strengthening of capabilities regarding strategy development and risk management, cost management, tackling of impaired files, and pursuance of sustainability-linked activities in line with the bank's corporate responsibility and while contributing to the enhancement of its reputation and visibility. The bank set up a corporate sales team, with focus on providing tailor-made services to customers. It has also consolidated its IT network and connectivity between branches, while initiatives are underway to upgrade the bank's core banking platform and to improve its telecommunication platform in terms of the cost and the broadband speed. The bank has invested in new IT equipment for the past year, with the networking infrastructure being revamped. Laptops and smart phones have been purchased to ensure that staff have the appropriate tools to do their job correctly and without issues. In another respect, the bank has been striving to endorse a relatively stronger corporate culture, with emphasis on, *inter alia*, promoting ethical behaviours, employee engagement and productivity, and risk awareness. Staff remunerations have, in specific instances, been reviewed with a view to retaining the talented and engaged employees. Furthermore, with a view to reinforcing the resilience of operations, the controls already in place were bolstered in various departments, notably those pertaining to credit, sales, legal activities and finance.

Looking ahead

An underlying objective of the bank is to establish the necessary operational foundations and capabilities which will enable it to steadily grow its business and improve its financial performance in a progressive, yet firm, manner, with focus on embedding the right organisational structure, attracting competent human resources as well as endorsing fitting governance and risk management frameworks, policies and processes. For the short and medium terms, the bank aspires to gradually, but cautiously, expand its footprint in the Malagasy banking industry and economic landscape, alongside contributing favourably to the profitability and credentials of the SBM Group. Towards those ends, the bank will be primarily focusing on large corporates, while well-structured SMEs and High-Net-Worth Individuals will also be targeted to work towards forging and harnessing a diversified client portfolio. Specifically, key strategic orientations of the bank can be delineated as follows: (i) reinforcing adherence to good governance while establishing a proper organigram; (ii) strengthening the risk management framework and control environment along with establishing fitting mechanisms for sound operations; (iii) forging a strong and diversified balance sheet and diversifying the revenue streams by enriching customer service quality and experiences, delivering appropriate digital solutions, improving the bank's credit monitoring and impairment management, and setting up and managing KPIs and KRIs for improved performances and monitoring; and (iv) achieving improved profitability and financial ratios by undertaking systemic performance monitoring and control and putting in place a concise sales plan with specific targets and milestones. The bank is, over time, intent on reviewing its channel management and branch network, with a view to ensuring that its operations are strategically located to attract business and towards widening the client base. In the same vein, the bank aims to create a sales force with product knowledge, market knowledge as well as selling and time management skills. In terms of capabilities, the bank will, also, shore up its human resource policies, achieve targeted recruitments and attain higher operational efficiency.

Strategy Report (cont'd)



Banque SBM Madagascar SA participated in an industry related fair held annually in Madagascar (Salon International du Transport, Logistique et Manutention).

SBM Non-Banking Financial Cluster

Key highlights

- Cementing its position as a prominent player in the Mauritius IFC and economy
- Empowering individuals and businesses to achieve financial wellbeing by offering innovative end-to-end financial solutions through cutting edge technology and personalised services, that complement and add value to the services of other entities of the SBM Group
- Addressing customer needs through comprehensive solutions, notably capital markets, asset management, corporate finance, fund management, insurance agency and global payments solutions

Strategic initiatives and key enablers

Salient features

The financial year 2024 has marked a period of sustainable growth, resilience and strategic transformation for SBM NBFC. Despite a dynamic regulatory landscape and increasing market competition, the entity has adapted effectively by leveraging its diversified portfolio and seizing new opportunities.

A key milestone has been the expansion of SBM NBFC's market reach, strengthening its position as a leading non-bank financial company in Mauritius. Through an agile and customer-focused approach, the company has successfully broadened its financial solutions across stockbroking, bancassurance, asset management, investment funds and corporate finance and advisory services. These efforts align with the Group's vision of fostering long-term value creation while enhancing operational efficiency and profitability.

SBM Capital Markets Ltd (SCM), in particular, the company's stockbroking arm, continues to gain industry recognition. It recently received the 'Best Brokerage Services' at the Africa Global Funds Service Providers Awards, reflecting and reinforcing its commitment to service excellence and innovation in financial markets.

Business development and achievements

During the financial year, SBM NBFC maintained focus on strengthening its business ecosystem by deepening relationships with market players. It mainly serves local and foreign corporates, institutional clients, Management Companies, External Asset Managers, retail customers and High Net Worth Individuals through a comprehensive suite of financial solutions covering stockbroking, asset management, investment funds, fund management, corporate finance and advisory, bancassurance and global payments solutions. By promoting synergies across business units, the entity enhances cross-functional collaboration and delivers a seamless customer experience, reinforcing the SBM Group's positioning as a 'one-stop-shop' financial services provider.

Duly licensed by the Financial Services Commission, SCM, as the main subsidiary of SBM NBFC, offers financial solutions in areas such as Corporate Finance Advisory, Capital Raising, Trading and Structuring, and Investment Advice and Management. To strengthen its service proposition, and also to support regional expansion, SCM is actively forging strategic alliances, including with SBM Bank (Kenya) Limited.

SBM Mauritius Asset Managers Ltd ("SBM MAM"), wholly owned by SCM and acting as a Collective Investment Scheme (CIS) Manager has, during the year under review, made significant strides to secure mandates and expand its client base. This has been enabled via close collaboration with the network of SBM Bank (Mauritius) Ltd, which has been supported with tailored training and awareness sessions on the product offering. As one key event during the year which brought together several customers and key partners, SBM NBFC hosted an insightful presentation on responsible investing, in collaboration with Fisher Investments, underscoring the entity's drive to embracing sustainability and ethical investing. It is interesting to note that SBM NBFC has posted an encouraging growth in total Assets Under Management in 2024, made possible by the trust placed by clients, robust investment strategies and revamped investment funds.

From a Trading perspective, SBM NBFC has achieved a satisfactory financial performance with trading platforms having been upgraded to improve user experience. The Trading team has also collaborated with the Global Business and External Asset Managers teams of SBM Bank (Mauritius) Ltd, through joint meetings and shared insights to ensure a cohesive approach to capitalising on market trends and optimising business development outcomes for the Group. In this wake, the entity has, during the year under review, organised a series of presentations titled 'Empowering Management Companies through Augmented Financial Solutions' for key stakeholders, reflecting its commitment to accompanying clients in the achievement of their financial aspirations.

Strategy Report (cont'd)

Providing advisory services and financial planning for capital raising, mergers & acquisitions, and private equity, the Corporate Finance team has collaborated with the Corporate Banking team of SBM Bank (Mauritius) Ltd to identify business opportunities. It closed two major transactions in capital raising and private equity during 2024 and is building a promising pipeline for 2025.

SBM Insurance Agency Ltd conducts the activities of an Insurance Agent by acting as an intermediary between partner insurance companies and clients, with a view to providing financial protection in the face of uncertainties, in the form of comprehensive insurance solutions tailored to the diverse needs of customers operating across industries. To support this endeavour, the Insurance Agency team has partnered with leading insurers and leverages the extensive network of service units serving the retail clients of SBM Bank (Mauritius) Ltd. During the year, the entity has embarked on a project to implement a new IT system aimed at reducing client onboarding time and providing greater flexibility in environment scanning and business development efforts.

SBM Fund Services Ltd, another subsidiary of SBM NBFC, manages Fund Administration and conducts Registry & Transfer Agent Services and CIS Administrator Services for the Group. It is also authorised by the Ministry of Finance to act as Debenture Holder's Representative. Key achievements during the year include the streamlining of fund administration processes to reduce turnaround time and the implementation of a Workflow Solution to further improve operational efficiency, among others.

Capacity building and enablers for growth

Recognising that human capital is its most valuable asset, SBM NBFC upheld its commitment to talent development by undertaking several initiatives during the year. In particular, it recruited for specialist roles in the areas of Business Development for SBM Capital Markets, Corporate Finance and others, thus reinforcing the talent base of the organisation. With a view to ensuring that its workforce is adequately equipped with the knowledge, competencies and skills required to navigate today's demanding business environment, it has promoted the adoption of a learning culture, providing regular coaching and targeted training to its employees. Besides continual mentoring at various levels, the institution fosters professional and leadership development, safeguarding business continuity and long-term stability of the entity.

Keeping abreast of technological advancements that are fast reshaping the financial sector landscape, SBM NBFC undertook the implementation of several initiatives in 2024. These include (i) upgrade of the IT network infrastructure to improve performance; (ii) transition to a laptop environment, addressing device performance issues and lowering power consumption; (iii) implementation of a Workflow Management Solution to improve collaboration, streamline interdepartmental tasks and enhance operational visibility; (iv) deployment of specialist systems to optimise business activities of the Insurance Agency arm; (v) exploring of possibilities and opportunities to leverage blockchain technologies; and (vi) upgrade of IT systems within SBM Capital Markets to enhance operational capabilities.

SBM NBFC refined risk management and tightened internal control by employing a rigorous framework that integrates comprehensive risk assessments to address market risk, credit risk, operational risk and compliance risk. In addition, employees are empowered to promptly recognise and report risks through regular mandatory training and awareness sessions. This ensures that the team remains vigilant in safeguarding both institutional and stakeholder interests against existing as well as emerging risks. Risk policies have also been reviewed and revamped to align with developments in the operating environment.

Building on its brand, image, visibility and reach, SBM NBFC is stepping up with participation in various information channels including public relations activities, industry events and conferences which allow to showcase its offerings and reinforce its presence on the marketplace. Examples include sponsoring and taking centre stage with insightful presentations at key events such as the NEXTCOMP 2024 conference and the publication of numerous articles throughout the year addressing topics around investment opportunities for the younger generation which aims at cultivating a savings and investment culture for future financial comfort and security. Through such engagements, SBM NBFC continues to inspire financial literacy and long-term wealth creation.

Looking ahead

SBM NBFC firmly believes that financial empowerment drives both individual and societal progress. Envisioning a dynamic financial environment, it aims to break barriers in financial solutions, fostering inclusivity for employees, customers and other stakeholders. Anchored in principles of good governance, accountability and transparency, SBM NBFC strives to set new benchmarks of excellence, while fostering a culture of innovation through technology. By doing so, it seeks to position itself as a key player within the SBM Group, reinforcing its role as a leading financial services institution in Mauritius. Furthermore, SBM NBFC remains steadfast in its commitment to sustainability, championing community initiatives and environmental stewardship to ensure responsible growth.

Guided by a vision of innovation, sustainability and strategic expansion, SBM NBFC is on a transformative journey to develop and deliver cutting-edge financial solutions. By leveraging data-driven insights, enabling technologies and a customer-centric approach, it aims to continuously adapt to the evolving needs of its clients while fostering collaboration across departments. This approach enhances efficiency and ensures alignment with the overarching mission of the Group.

A key pillar of SBM NBFC's strategy is the diversification of services to cater to an increasingly diverse clientele. As part of its expansion within the digital financial ecosystem, SBM NBFC is actively exploring opportunities to integrate fintech advancements and optimise operational efficiency. By embracing innovation, it seeks to enhance client engagement through personalised interactions while developing future-ready solutions tailored to evolving customer expectations. Additionally, SBM NBFC is looking to expand its footprint in emerging markets such as Kenya, leveraging the Group's regional network to provide seamless financial experiences.

By integrating innovative technologies and adopting best-in-class solutions, the entity continues to strengthen its client-centric approach. In parallel, SBM NBFC nurtures empowerment, resilience and adaptability among its teams, equipping them with advanced skills and fostering collaboration to create a workforce that thrives in an ever-evolving financial landscape.

As it forges ahead, SBM NBFC remains dedicated to shaping a sustainable and inclusive financial future for all its stakeholders. By fostering partnerships, it continues to play a pivotal role as a responsible corporate citizen, driving positive societal impact.

Strategy Report (cont'd)



SBM NBFC participated and presented on the power of AI in trading at the NextComp (Next Generation Computing Applications) 2024, organised by the University of Mauritius.



SBM Insurance Agency Ltd became a distributor of the International Medical Insurance, serviced by OracleMed Health, in partnership with SICOM General Insurance Ltd, thus offering unparalleled access to medical solutions in 18 countries.



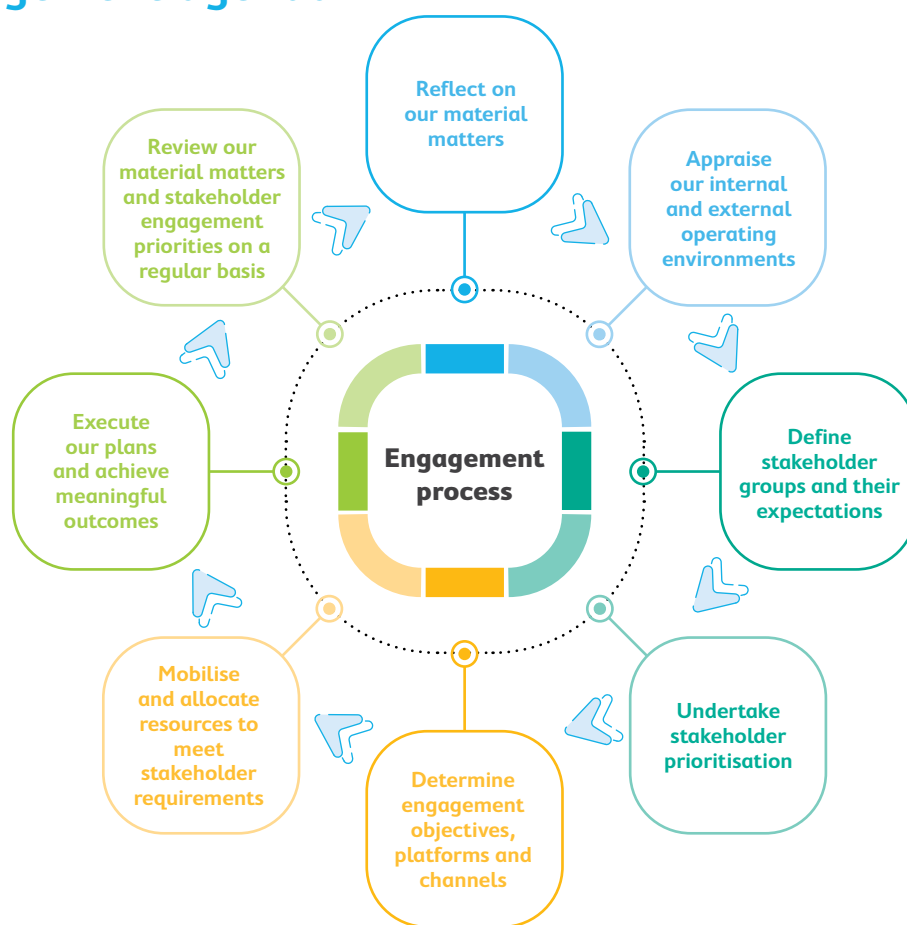
Read more on the positioning and performance of the Group's entities on our websites

Our stakeholder model and engagement

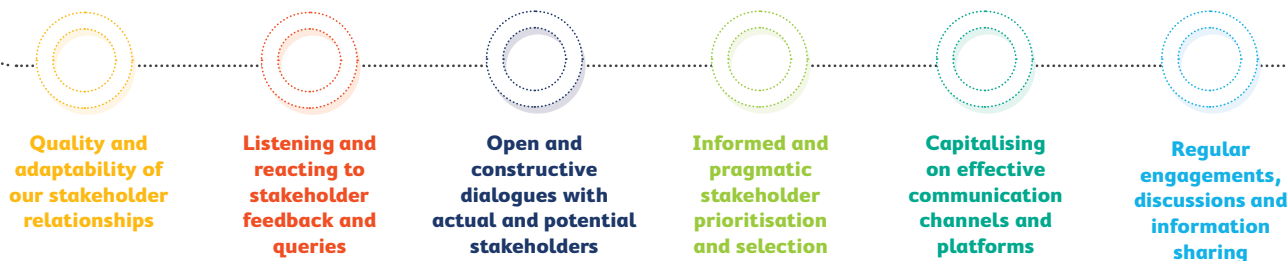
Our approach

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

Our engagement agenda



Our strategic value drivers



Read more on our stakeholder engagement in the Sustainability Report on pages 109 to 143



Read more on how we manage our business operations in a sound way in the Risk Management Report and the Corporate Governance Report on pages 201 to 241 and pages 147 to 197, respectively

Creating value for our shareholders, debt holders and investor community



Our philosophy

- We seek to optimise our relationships and synergies with the broad-based investor community, including shareholders, debt holders and fund managers as well as credit rating agencies, while securing the necessary resources to underpin the Group's growth ambitions.
- We aim to promote the long-term shareholder value of the Group by boosting our franchise and strengthening our revenue base, while upholding solid capitalisation metrics.

Main capitals impacted



Financial



Intellectual



Social and relationship



Natural

Main material matters impacted



Economic performance



Regulatory compliance



Customer experience



Employee wellbeing



Climate consciousness



Social inclusion



Diversity, equity and inclusion

Reference metrics

Stock position of SBM Holdings Ltd

17,609

Individual and institutional investors

3,037,402,230

Issued shares

40 cents

Dividend per share

7.7%

Dividend yield

Rating profiles

SBM Bank (Mauritius) Ltd



Long term deposit rating

Ba1

Outlook

Stable

Rating agency: Moody's Investors Service

SBM Bank (India) Limited



Long term Basel III Tier II Bonds

A

Outlook

Stable

Rating agency: ICRA Limited

Strategy Report (cont'd)

The context

Key trends

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

Opportunities and challenges

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

Taking stock of stakeholder expectations

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

The Group's engagement

Frequency of dialogue and modes of engagement

- *Regular and well-timed interactions, as per stakeholder requirements*
- *Ad hoc discussions and engagements, depending on the context*
- Interim financial results on a quarterly basis
- Group Management Statement to shed light on our financial results
- Integrated Annual Report, that highlights our positioning and performance
- Annual Meeting with Shareholders
- Regular and close interactions with credit rating agencies
- Frequent discussions with correspondent banks and foreign investors
- Stock Exchange of Mauritius announcements
- Investor Relations information portal on website
- Press releases and corporate announcements
- Ad hoc meetings

Key endeavours during the period under review

- Group achieving improved core earnings and profitability performance on the back of sharpened competitive edge, market development headway and capacity building initiatives
- Dividend of 40 cents per share paid by SBM Holdings Ltd in June 2024, based on the Group's performance and capital position; balance between shareholder returns and retained earnings
- Close and regular interactions, discussions and information sharing with Moody's Investors Service to shed comprehensive light on the financial and strategic progress of SBM Bank (Mauritius) Ltd in our attempt to retrieve the bank's investment-grade credit rating status
- Initiatives to bolster the capital position and resources of SBM Holdings Ltd, alongside ensuring that the capital adequacy ratios of operating entities comply with set regulatory guidelines
- Pragmatic review of the Group's strategic intents, where need be, in order to cater for the evolving operating environment as well as the resource levels and risk appetite of entities
- Discussions with local and foreign investors to demonstrate the resilience and favourable prospects of the Group and its operating entities
- Participation of Senior Management in conferences and roadshows



Read more on our shareholder relations in the 'Corporate Governance Report' on pages 147 to 197



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



Creating value for our customers

Our philosophy

- We help our customers achieve their financial and personal goals, thus assisting them in improving their wellbeing and underpinning their growth ambitions over time.
- We aim to make our financial solutions simpler and safer for our customers, while improving their experiences, with focus on digitalisation, technology and building our capabilities.

Strategy Report (cont'd)

Main capitals impacted



Financial



Intellectual



Social and
relationship



Manufactured



Natural

Main material matters impacted



Economic performance



Regulatory
compliance



Customer experience



Employee wellbeing



Climate consciousness



Social inclusion



Diversity, equity
and inclusion

Reference metrics

Channels



104
branches and counters



168
ATMs



4,468
POS terminals

Customer complaints resolution



SBM Bank (Mauritius) Ltd

~ 99%



SBM Bank (India) Limited

~ 99%



Banque SBM Madagascar SA

~ 80%

SBM Bank (Mauritius) Ltd

Business involvement

Overall loan book
MUR 142.5 billion

Market share for credit
to domestic economy in
Mauritius
~ 25%

Customer service

Number of branches renovated
under Excellence Programme
29

Customer
Satisfaction
Index scores

~ 80 Retail Banking
~ 72 Private Banking
and Wealth
Management
~ 80 Corporate
~ 81 SME

The context

Key trends

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

Opportunities and challenges

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

Taking stock of stakeholder expectations

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

The Group's engagement

Frequency of dialogue and modes of engagement

- *Everyday interactions, as per stakeholder requirements*
- *Regular undertakings to boost customer relationship management*
- *Ad hoc discussions and engagements, depending on the context*
- Engaging with stakeholders as per their requirements
- Leveraging branches and digital channels
- Implementing initiatives to strengthen customer relationship management
- Proximity to clients via frequent visits by Relationship Managers
- Visibility through marketing campaigns, notably on social media platforms
- Adopting agile working practices and quick decision-making for efficiency
- Fostering dedicated customer care and complaints management

Key endeavours during the period under review

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



Read more on our customer excellence initiatives in the 'Business initiatives and achievements across entities' section on pages 70 to 84



Read more on the wide range of banking and non-banking financial products and services offered by the different entities of the SBM Group on our websites

Creating value for our employees



Our philosophy

- We offer a competitive employee value proposition, while supporting the Group's interests.
- We are dedicated to investing in our people and creating a conducive workplace.

Strategy Report (cont'd)

Main capitals impacted



Financial



Intellectual



Social and
relationship



Natural

Main material matters impacted



Customer experience



Employee wellbeing



Diversity, equity
and inclusion



Social inclusion

Reference metrics

Total employee
count
3,339

Female
employees
~ 52%

Employee retention rate

SBM Bank (Mauritius) Ltd: **91%**
SBM Bank (India) Limited: **85%**
SBM Bank (Kenya) Limited: **89%**
Banque SBM Madagascar SA: **90%**
SBM NBFC: **82%**

Employee turnover rate

SBM Bank (Mauritius) Ltd: **11%**
SBM Bank (India) Limited: **29%**
SBM Bank (Kenya) Limited: **11%**
Banque SBM Madagascar SA: **11%**
SBM NBFC: **15%**

Training profile

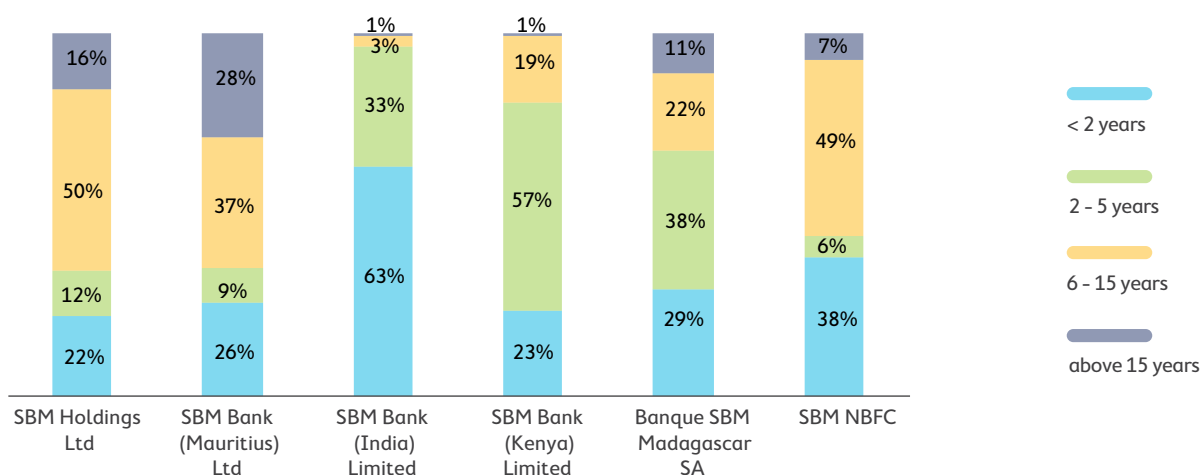
Training hours

SBM Bank (Mauritius) Ltd: **20,830**
SBM Bank (India) Limited: **26,930**
SBM Bank (Kenya) Limited: **25,790**
Banque SBM Madagascar SA: **140**
SBM NBFC: **1,072**

Training cost

SBM Bank (Mauritius) Ltd: **USD 216,570**
SBM Bank (India) Limited: **USD 147,160**
SBM Bank (Kenya) Limited: **USD 119,880**
Banque SBM Madagascar SA: **USD 14,900**
SBM NBFC: **USD 19,310**

Length of service



The context

Key trends

- Employees looking for flexible, agile and gratifying working conditions and environments
- People valuing a culture of diversity, equity, meritocracy and inclusion, with employees expecting to perform in a workplace where they feel valued, empowered and fairly treated
- Talent development and career management viewed as key to thrive in a fast-changing world, with employees looking for avenues to grow professionally and to develop new skills
- Industries and financial institutions competing for the best human resource talents

Opportunities and challenges

- Systematically reviewing and aligning employee remuneration, bonuses, healthcare coverage and retirement plans with industry trends, market dynamics and business growth imperatives
- Keeping a vigilant eye on the competitive environment in order to retain and nurture talents
- Ensuring that employee skills and expertise are constantly re-assessed and upgraded in view of the changing demands of the financial services sector and to cater for efficiency purposes
- Increased focus on internal talent sourcing by promoting from within and offering upskilling and reskilling programmes so as to nurture and retain in-house talents
- Promoting inclusive leadership and collaborative environments, whereby leaders focus on supporting and empowering their teams as well as promoting teamwork and collaboration

Taking stock of stakeholder expectations

- Career development and learning opportunities
- Appropriate remuneration and benefits
- Adherence to principles of meritocracy and fairness
- Safe, healthy and stimulating workplace
- Recognition and feedback
- Ethical leadership and Corporate Social Responsibility

The Group's engagement

Frequency of dialogue and modes of engagement

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

- Regular interactions with Management and HR Partners
- Training and development resources and facilities
- Transparency and open communication
- Surveys and interactive workshops
- Performance appraisals
- Staff welfare activities
- Cultural events

Key endeavours during the period under review

- Fostering a positive and productive workplace environment by providing the necessary tools and facilities to all employees to achieve their goals and gear up their expertise; attracting, developing and retaining the best talents on the market by means of well-defined HR policies and programmes; promoting talent management, with the SBM Academy organising or facilitating the delivery of dedicated training courses to employees as per defined focus areas, notably customer satisfaction, service excellence, team cohesion and self-leadership, strategy design and implementation, compliance and risk mitigation, and sustainability, etc.
- Fostering a high-performance culture to drive strategic objectives and business growth
- Offering fair and competitive remuneration and benefits to staff, in line with industry standards
- Adopting a robust performance appraisal system, as a basis for rewards and recognition
- Bolstering staff engagement and empowerment, alongside ensuring fair and equitable treatment to all as well as protecting the organisation
- Adopting, where possible, flexible working hours to promote employee wellbeing and safety
- Promoting key concepts such as leadership, self-development, change management and succession planning
- Upholding employee wellbeing and satisfaction, on the back of dedicated and frequent wellness programmes, health checkups, sports activities, cultural events, etc.

Creating value for societies and communities



Our philosophy

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

Strategy Report (cont'd)

Main capitals impacted



Manufactured



Intellectual



Social and relationship



Natural

Main material matters impacted



Diversity, equity and inclusion



Climate consciousness



Social inclusion

Reference metrics

Spending by SBM Foundation on CSR projects

Total amount disbursed:

MUR 20.7 Mn



NGOs funded for specific projects: **22**



13.8%

Learning through Play: Making use of sports, music and culture as a learning tool for getting out of poverty

8.9%

Women Empowerment and Childcare

13.1%

Environment

18.4%

Provision of Educational facilities to out-of-school Youth

45.8%

Provision of Educational facilities to children with special needs

The context

Key trends

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

Opportunities and challenges

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

Taking stock of stakeholder expectations

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

The Group's engagement

Frequency of dialogue and modes of engagement

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

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

Key endeavours during the period under review

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



Read more on our various sustainability initiatives in the Sustainability Report on pages 109 to 143

Creating value for Governments and regulators



Our philosophy

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

Main capitals impacted



Financial



Intellectual



Social and
relationship



Natural

Main material matters impacted



Economic performance



Regulatory
compliance



Diversity, equity
and inclusion



Climate consciousness



Social inclusion

Reference metrics

Nationwide contribution



SBM Bank (Mauritius) Ltd



Domestic loans as a share of GDP at
market prices
~ 17%



SBM Bank (India) Limited



Priority Sector Lending as a percentage
of adjusted net bank credit
~ 38%



SBM Bank (Kenya) Limited



Lending to Manufacturing sector
(Government key focus area) as a
share of total loan book
~ 20%

Lending to Trade and personal
households, each, as a share of
total loan book
~ 16%

Regulatory responsibilities

Number of reports delivered to the banking regulator

SBM Bank (Mauritius) Ltd



~ 3,820

SBM Bank (India) Limited



~ 3,000

Strategy Report (cont'd)

The context

Key trends

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

Opportunities and challenges

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

Taking stock of stakeholder expectations

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

The Group's engagement

Frequency of dialogue and modes of engagement

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

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

Key endeavours during the period under review

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



Read more on our controls and frameworks to abide by legal and regulatory stipulations in the Risk Management Report on pages 201 to 241

Creating value for suppliers and strategic partners



Our philosophy

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

Strategy Report (cont'd)

Main capitals impacted



Financial



Intellectual



Social and relationship



Manufactured



Natural

Main material matters impacted



Diversity, equity and inclusion



Climate consciousness



Social inclusion



Regulatory compliance

The context

Taking stock of stakeholder expectations

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

The Group's engagement

Frequency of dialogue and modes of engagement

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

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

Key endeavours during the period under review

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

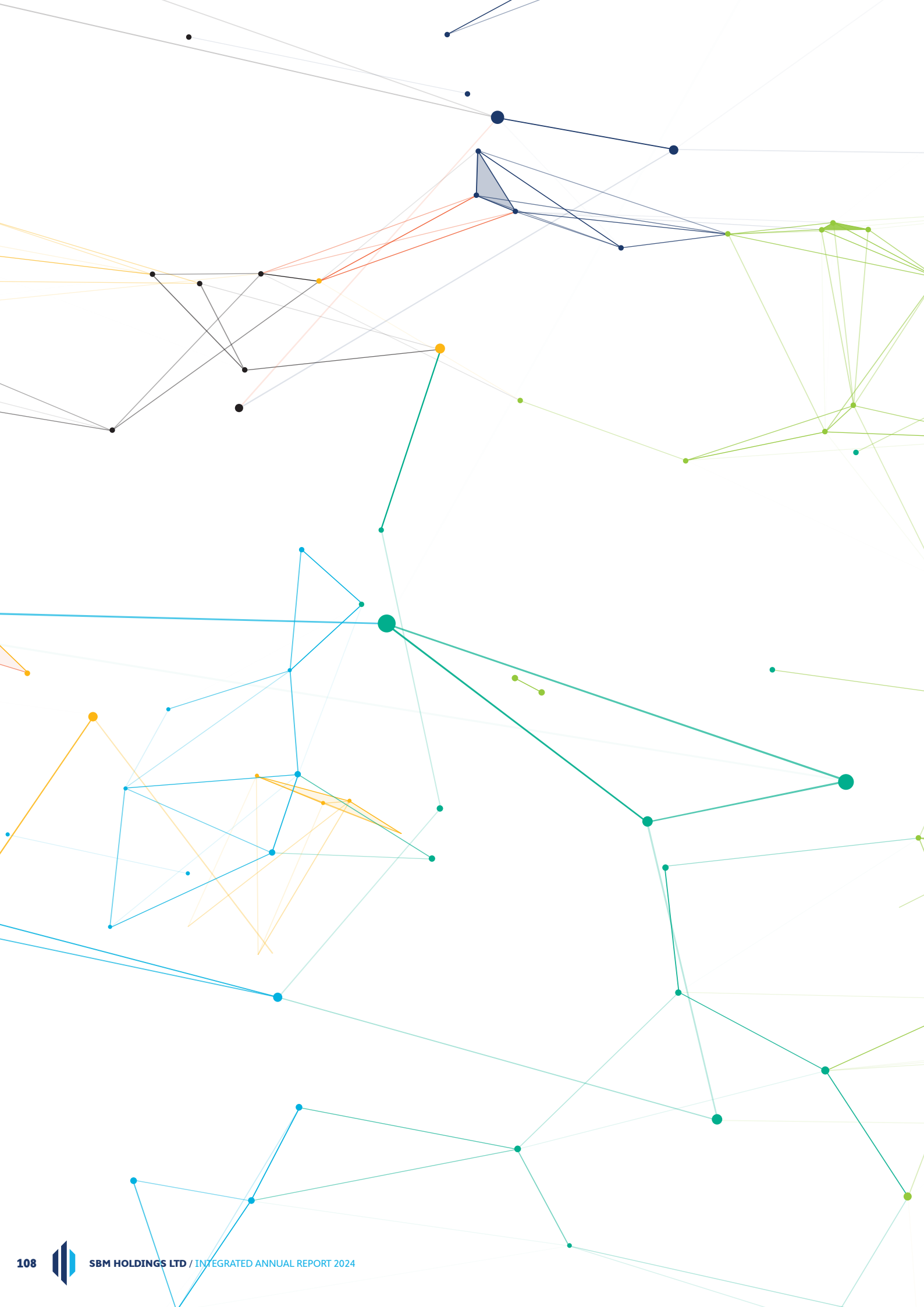






BRIDGING BOUNDARIES ENRICHING LIVES

Nurturing potential within communities
leads to sustainable growth and prosperity.





Sustainability Report

Introduction to our Sustainability Report

At SBM Group, sustainability is an integral part of our broader strategy, shaping the way we operate and create long-term value for our stakeholders. As a financial institution operating across diverse markets, we recognise the critical role we play in enabling economic resilience, advancing financial inclusion, and addressing global challenges such as climate change and social inequality. Our commitment to sustainability is embedded in our decision-making and business strategy, ensuring that growth is responsible, ethical, and aligned with the evolving needs of the communities we serve.

Over the past year, we reached a key milestone with the formal articulation of our Sustainability Agenda into a strategic framework and roadmap. This framework—endorsed by the Boards of all SBM Group entities—now acts as a shared compass, enabling a more unified, yet context-sensitive, approach to sustainability across Mauritius, Kenya, India, and Madagascar. It reinforces our ambition to build resilience, create inclusive impact, and contribute meaningfully to the development of the economies in which we operate.

In line with this ambition, we have continued to refine our ESG integration efforts, while deepening our alignment with the UN Sustainable Development Goals (SDGs). By embedding sustainability into risk management, governance, stakeholder engagement, and product innovation, we are not only mitigating risks but unlocking new avenues for sustainable finance and long-term impact.

Our actions are grounded in the realities and opportunities of each jurisdiction. In Mauritius, our efforts have promoted environmental consciousness, good health and wellbeing, and financial literacy. In India, we have continued to support education for empowerment, poverty alleviation, and environmental protection. In Kenya, our initiatives have focused on environmental stewardship, education, women empowerment, entrepreneurship, and marine life conservation. Meanwhile, in Madagascar, we have prioritised access to education, economic inclusion, and community resilience. These efforts have been further reinforced through targeted Sustainability Weeks across the Group, allowing for deeper engagement and impact around local priorities.

In the following pages, we provide a structured view of how the SBM Group is embedding sustainability across its operations. We begin by 'Framing Our Commitment', reflecting on our journey, the principles that guide us, and the importance of engaging with our stakeholders. Building on this foundation, 'Advancing Our Sustainability Agenda' outlines our long-term vision, alignment with the SDGs, and how our materiality assessment ensures we remain focused on the most pressing sustainability priorities.

With a clear strategy in place, 'Implementing Our Sustainability Agenda' explores how governance, risk management, and adherence to international standards translate ambition into accountability. Finally, 'Pillars in Practice: Sustainability Across SBM Group' showcases the tangible steps we are taking across Mauritius, Kenya, India, and Madagascar—demonstrating how our strategic pillars drive real impact in the communities we serve.

Framing our Commitment

Our sustainability journey: from origins to today

The SBM Group, as it is known today, was built on a strong foundation of financial inclusion and community empowerment. Founded in Mauritius with a core social mission, it sought to provide equitable access to banking, transcending economic and cultural barriers, particularly for those in remote rural areas. This commitment laid the groundwork for our enduring role in connecting markets and empowering communities, driving our expansion into Kenya, India, and Madagascar. Across our markets, our philosophy remains the same — serving communities while embedding sustainability into our business growth.

From the outset, we have actively pursued initiatives beyond banking, demonstrating a deep commitment to Corporate Social Responsibility (CSR) and sustainable economic development. By fostering interconnected and resilient economies, we have continuously introduced innovative financial solutions that promote inclusion, empower communities, and contribute to long-term prosperity. Through financial system integration and local market engagement, we ensure that all stakeholders can participate in and benefit from a more resilient and sustainable society.

As we advance on our sustainability journey, we remain steadfast in our commitment to responsible growth. By actively shaping the ecosystems in which we operate, we contribute to financial resilience and long-term stakeholder progress. Through alignment with ESG principles, we accelerate our impact, create long-term value, and ensure that our operations foster an interconnected, inclusive, and resilient future.

Guiding principles for sustainability

We recognise that our long-term success is intrinsically linked to the economic, social, and environmental impact of our actions. As a responsible corporate citizen, we integrate sustainability into our business model, ensuring that financial performance is aligned with stakeholder wellbeing and community progress.

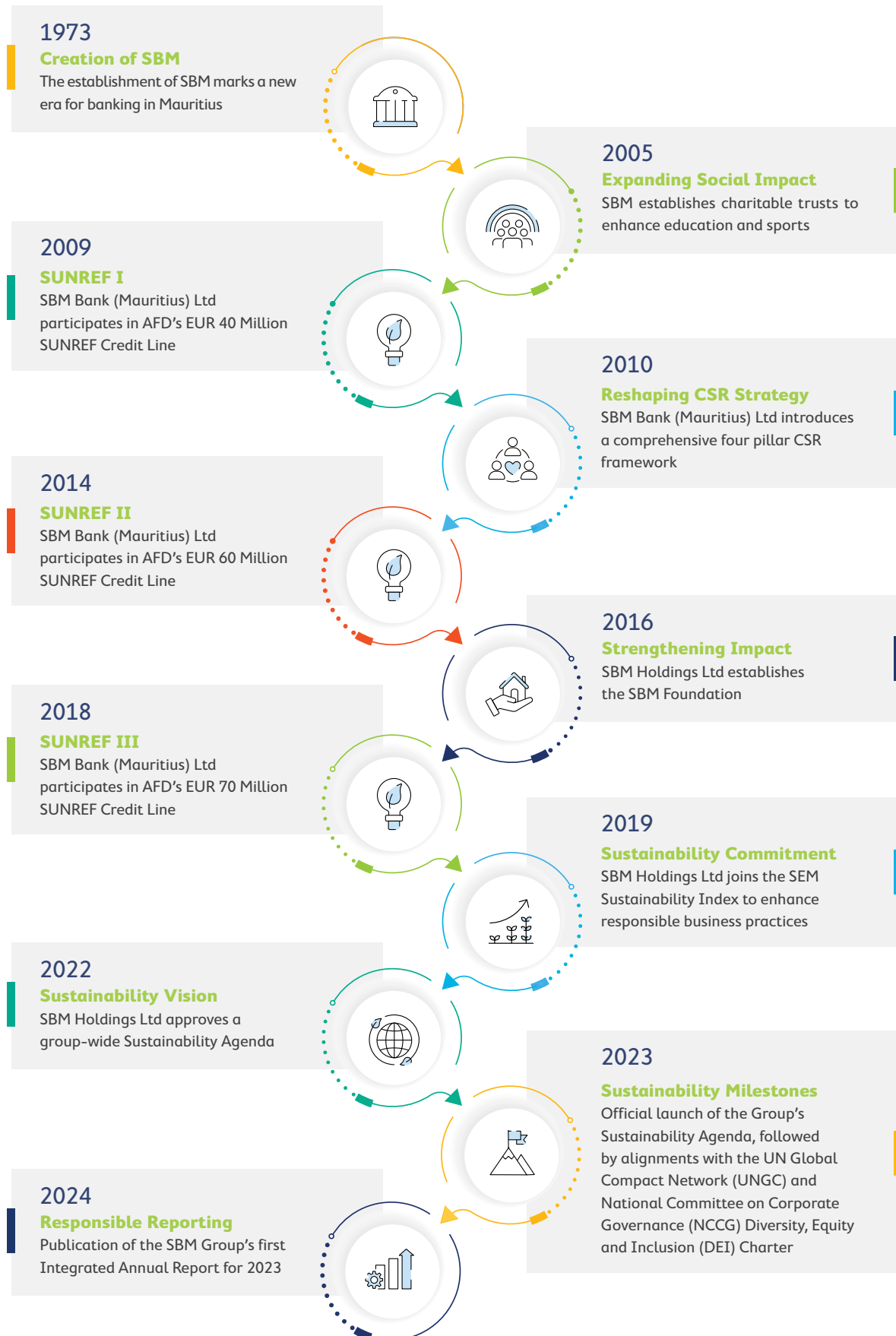
Our approach to sustainable business growth is built on strong corporate governance and ethical decision-making. We advocate for the responsible use of natural resources, integrating environmental considerations into our operations to reduce our ecological footprint. By fostering inclusive economic ecosystems, we empower businesses and individuals to thrive, reinforcing our role in shaping interconnected and resilient markets. Through proactive sustainability initiatives, we strive to balance profitability with purpose, fostering resilience in both our business and the societies we serve.

Stakeholder engagement

We believe that meaningful stakeholder engagement is fundamental to driving sustainable progress. By collaborating with partners who share our values and vision for a resilient future, we amplify our ability to create lasting economic and social impact — connecting markets and empowering communities in tangible ways.

To ensure our engagement efforts are impactful and aligned with our Sustainability Agenda, we have developed a structured approach that fosters long-term partnerships and drives meaningful progress. By leveraging cross-market collaboration and maintaining transparent dialogue, we build partnerships that bridge gaps in financial inclusion, enhance economic participation, and spur innovation. These initiatives empower communities, drive shared success, and contribute to positive environmental and social outcomes across our markets.

Sustainability Report (cont'd)



Advancing our Sustainability Agenda

Our long-term sustainability vision

Sustainability remains a core pillar of our long-term strategy, shaping how we conduct business, engage with stakeholders, and contribute to economic development. By fostering interconnected and thriving markets, while ensuring that the benefits of financial growth reach all segments of society, we continue to play a pivotal role in connecting markets and empowering communities.

In May 2023, the SBM Group formally launched its Sustainability Agenda, setting a clear direction for integrating sustainability across all aspects of our business. This agenda is structured around three pillars of engagement — Sustainable Business, Responsible Organisation, and Inclusive Communities — ensuring a coherent and consistent approach across all SBM entities.

Over the past year, we have refined our Sustainability Agenda, ensuring that it remains aligned with global frameworks, business objectives, and national priorities. By deepening sustainability integration, we enhance market resilience and create new opportunities for stakeholders to thrive.

As part of this evolution, we have:

- Reassessed our alignment with the SDGs, ensuring our contributions drive inclusive economic participation and enable communities to access shared prosperity.
- Refined our three pillars of engagement to create more focused pathways for sustainable business growth, ethical governance, and social inclusion.
- Enhanced our materiality assessment, ensuring that our ESG priorities reflect the evolving needs of both financial ecosystems and local communities.
- Developed a structured framework for sustainability integration, enhancing our ability to bridge financial markets with long-term impact-driven strategies.

These refinements reinforce our commitment to sustainable development, ensuring that our strategy remains impact-driven, business-aligned, and responsive to evolving sustainability priorities across the markets we serve.

Aligning with the SDGs

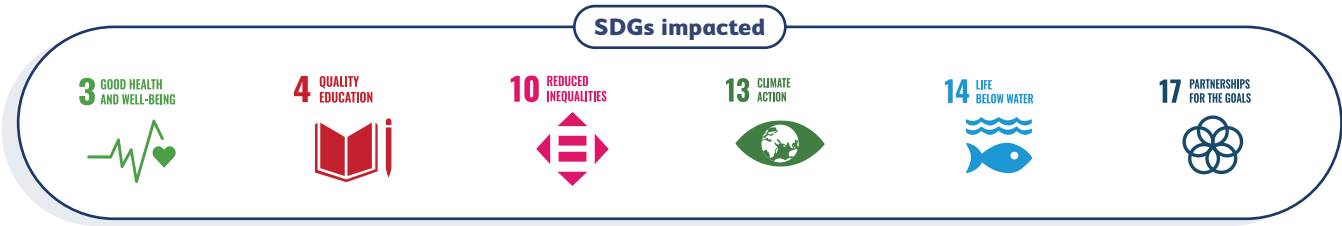
Our sustainability approach is closely aligned with the SDGs, ensuring that we play an active role in fostering resilient markets and inclusive economies. Recognising the diverse socio-economic and environmental challenges across our markets, we have applied a structured methodology to refine our focus on the SDGs most relevant to our operations and stakeholders.

A systematic review was conducted to ensure that our selected SDGs align with:

- Business Impact – Evaluating the relevance of each SDG to our financial and operational model and how it connects with broader market ecosystems.
- Stakeholder Relevance – Assessing the materiality of SDG-related issues to customers, employees, regulators, and communities, ensuring inclusive progress.
- Sustainability Pillars – Ensuring coherence with our three pillars of engagement, which collectively drive interconnected markets and community empowerment.
- National Commitments – Supporting the sustainability objectives outlined in the Nationally Determined Contributions (NDCs) of our operating jurisdictions.

While all 17 SDGs provide a valuable framework, we have identified six priority SDGs that align most closely with our business strategy, stakeholder needs and operational impact.

Sustainability Report (cont'd)



These SDGs serve as the foundation for our sustainability initiatives, providing a structured framework for action and impact measurement. By aligning our commitments with these global goals, we continue to reinforce our role as a bridge between economic growth and social development — ensuring that markets remain accessible, resilient, and inclusive.

Strengthening our sustainability pillars



As part of our strategic refinement, we have sharpened and focused the articulation of our three pillars of engagement to ensure greater clarity and alignment with business priorities and stakeholder expectations.

Our first pillar, Sustainable Business, aims at increasing the top line of SBM Group by implementing bold sustainability initiatives that contribute to financial market resilience and long-term economic empowerment.

Beyond ensuring sustainable financial growth, we are equally committed to ethical governance and responsible corporate behaviour. Our second pillar, being a Responsible Organisation, entails aligning our entire business model, operations, governance, and corporate culture to promote sustainability, financial ethics, and social responsibility, ensuring that we remain a trusted and enabling force across its markets.

While responsible governance shapes out internal operations, we also prioritise fostering inclusive communities to ensure that financial and economic progress benefits all segments of society. Our third pillar, Inclusive Communities, reflects our commitment to creating such opportunities, ensuring that economic participation is equitable, and that financial growth translates into community empowerment.

This refined approach reinforces how sustainability is embedded into our business strategy, ensuring that each pillar drives tangible, measurable outcomes that contribute to both business growth and broader societal impact.

Enhancing our materiality approach

Building on the material topics identified in 2024, we have enhanced our approach with a comprehensive materiality assessment that is strategically critical to our decision-making process. This enhanced assessment not only reaffirms our commitment to aligning sustainability priorities with our business strategy and stakeholder expectations but also drives long-term value creation by identifying emerging ESG risks and opportunities. By systematically evaluating and prioritising ESG factors, we continue to shape both the financial landscapes we operate in and the communities we empower.

Our assessment was conducted in alignment with established global standards, integrating insights from peer studies, industry reports, and regulatory frameworks. A structured methodology was adopted to identify and prioritise ESG factors based on sector-specific challenges, past stakeholder concerns, and evolving regulatory requirements relevant to the financial services industry.

Stakeholder engagement and methodology

A stakeholder-driven approach was adopted, engaging key internal stakeholders across all SBM Group entities. The engagement process included:

- Workshops, focus groups, and online surveys conducted across all geographies to ensure diverse representation of perspectives.
- Engagement with senior executives, management teams, and employees, ensuring that our sustainability approach aligns with both corporate strategy and market dynamics.
- A combination of in-person and virtual discussions, allowing for broad participation and inclusion of different market realities.

This bottom-up approach ensures that the sustainability agenda remains directly connected to the needs of both our markets and communities, reinforcing our role as a financial bridge between business and social progress.

Applying the double materiality concept

The assessment applied the double materiality principle, which considers both Financial Materiality — how sustainability factors impact the business — and Impact Materiality — how our operations affect society and the environment.

Given our presence in multiple jurisdictions, our assessment accounted for the distinct financial ecosystems we operate in, ensuring that sustainability priorities are tailored to the unique needs of each market while maintaining a shared vision for interconnected prosperity.

Following this structured evaluation, material matters were prioritised using a materiality matrix (illustrated on page 116), with key topics positioned in the top-right quadrant, reflecting both high stakeholder importance and strong business impact.

Materiality Matrix for SBM Group



Key material topics identified

The assessment identified seven key material matters, guiding our sustainability strategy:



Economic performance

Ensuring financial resilience through sustainable revenue generation, cost efficiency, and operational stability.



Regulatory compliance

Adhering to legal, cybersecurity, and data protection frameworks, ensuring business continuity and risk mitigation.



Customer experience

Enhancing service quality and financial inclusion through digital banking, product innovation, and responsible customer engagement.



Employee wellbeing

Creating a workplace environment that promotes physical, emotional, and mental wellbeing through transparent communication and employee support programs.



DEI (Diversity, equity and inclusion)

Encouraging representation and equal opportunities at all levels while contributing to social advancement through community initiatives.



Climate consciousness

Measuring, managing, and reducing our carbon footprint through responsible financing and environmental stewardship.



Social inclusion

Enhancing economic participation and resource accessibility for underrepresented communities through targeted initiatives.

These material topics form the foundation of our sustainability integration, ensuring that its strategic direction remains aligned with business priorities and stakeholder expectations.

Integrating materiality into our sustainability strategy

The findings from our materiality assessment are embedded into our sustainability roadmap, ensuring that our long-term strategic priorities, policy development, and reporting framework remain aligned with both business imperatives and stakeholder expectations. These material topics serve as a guiding framework, shaping our sustainability commitments across our three core pillars of engagement — Sustainable Business, Responsible Organisation, and Inclusive Communities.

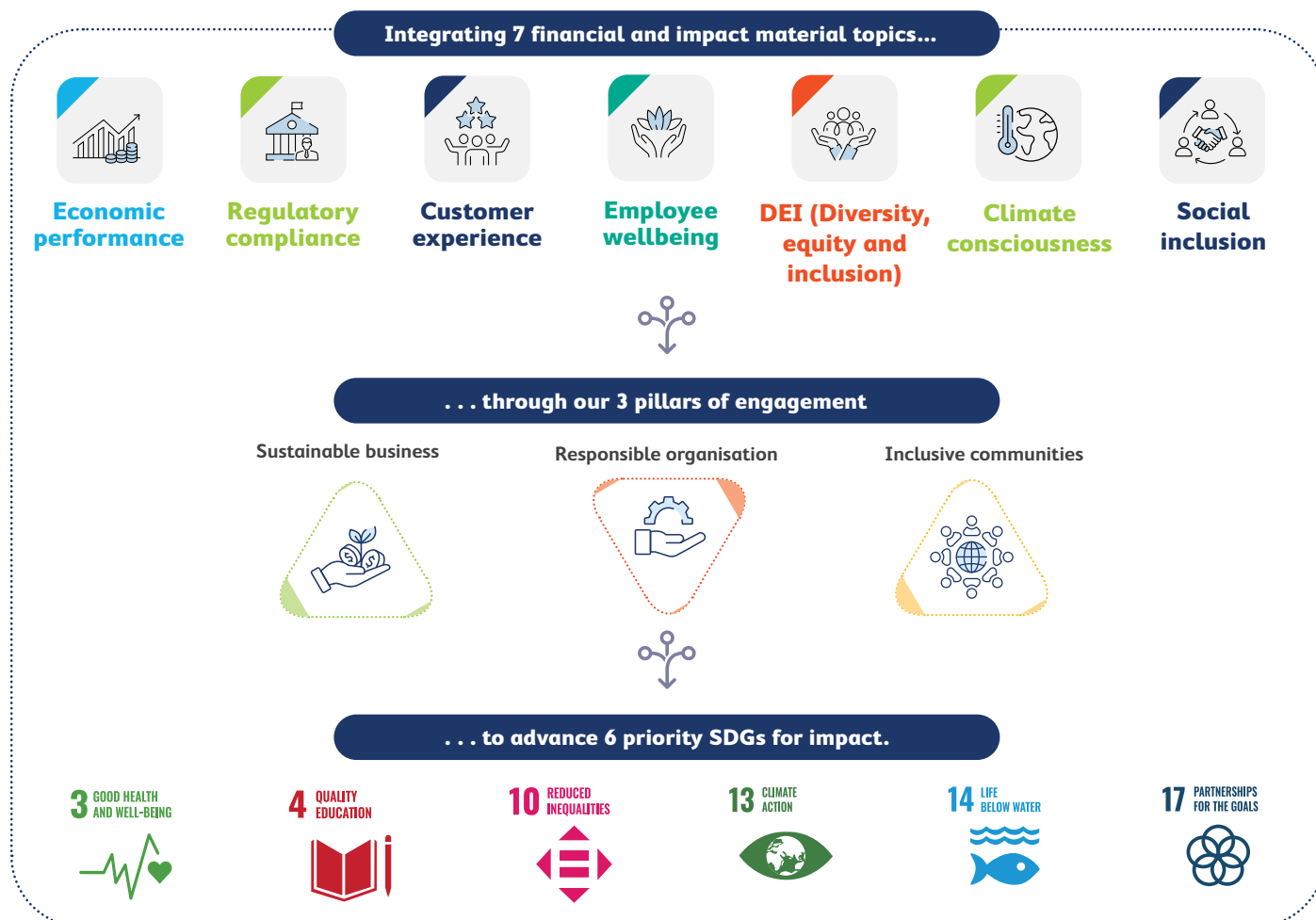
To ensure strategic clarity, we have aligned each material topic with our three pillars of engagement, as outlined in the table below. For concrete examples of this alignment in action during the reporting period, please refer to the “Pillars in Practice: Sustainability Across SBM Group” section of this report.

Material topic		Strategic link to our pillars of engagement
	Economic performance	Embedded in Sustainable Business, this informs our approach to green and inclusive finance, SME and entrepreneurship support, and climate-resilient lending.
	Regulatory compliance	A key pillar of Responsible Organisation, ensuring that corporate governance, ethical conduct, and climate risk integration remain foundational across the SBM Group.
	Customer experience	Driving innovation in Sustainable Business, this influences financial inclusion efforts, digital banking solutions, and responsible product development.
	Employee wellbeing	Integrated into Responsible Organisation, reinforcing workplace wellbeing, employee engagement, and talent development initiatives.
	DEI	Spanning both Responsible Organisation and Inclusive Communities, ensuring inclusive financial products, workplace diversity, and gender equity initiatives.
	Climate consciousness	Embedded in both Sustainable Business (green financing) and Responsible Organisation (ecosystem restoration, marine protection and operational sustainability).
	Social inclusion	Directly linked to Inclusive Communities, underpinning SBM Group's commitment to education, healthcare access, and financial inclusion for underserved communities.

By embedding these material topics into our sustainability pillars, we ensure a direct link between stakeholder priorities and strategic action, reinforcing our role as a financial enabler of inclusive, resilient, and responsible markets.

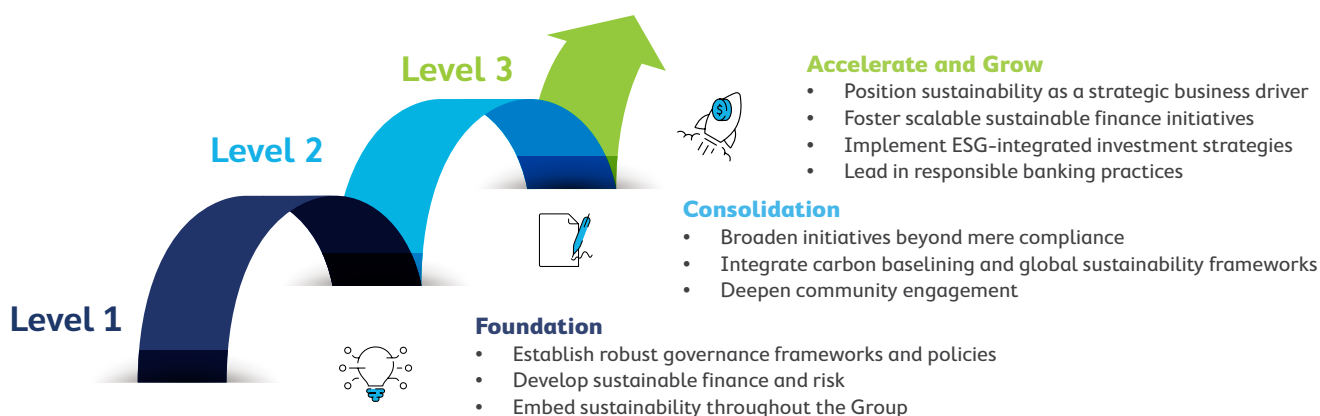
Our sustainability strategy

With these building blocks and refinements, we have established a strategic framework rooted in the principles of a purpose-led organisation. This approach integrates material matters, leverages the Group's core strengths, enhances its distinct capabilities, and effectively conveys its value to broader societal stakeholders.



To ensure a structured and phased implementation, we have designed our Sustainability Strategy as a three-level roadmap, enabling a measured, progressive, and scalable integration across all SBM entities. The three levels - foundation, consolidation, and acceleration and growth - provide a structured pathway to embedding sustainability in a way that is both practical and scalable.

Our Three Level Strategic Roadmap



Implementing our Sustainability Agenda

Sustainability governance and oversight

Effective governance is central to embedding sustainability across the SBM Group. A structured oversight framework ensures that sustainability is integrated into decision-making, risk management, and strategic execution across all entities. Governance responsibilities are structured at three key levels - board oversight, executive leadership, and operational implementation - ensuring clear accountability and alignment with our long-term Sustainability Agenda.

Board oversight

At the highest level, the SBM Holdings Ltd's Board of Directors is responsible for the governance of sustainability-related matters, ensuring that sustainability remains embedded in the Group's strategic direction.

The Corporate Governance, Conduct Review and Sustainability Committee (CGCRSC) and the Risk Management Committee (RMC) - both Board-level sub-committees - play pivotal roles in overseeing sustainability-related risks and opportunities:

The CGCRSC supports the Board in overseeing SBMH's sustainability commitments and:

- Ensures the implementation of relevant and effective sustainability strategies.
- Reinforces governance mechanisms to ensure compliance with best practices in ESG reporting and risk management.
- Reviews major sustainability initiatives/projects and recommends them for approval based on eligibility criteria and risks.

The RMC ensures that sustainability risks, including climate-related, ESG risks, are integrated within the Group's Enterprise Risk Management (ERM) framework. Its key responsibilities include:

- Identifying, assessing, and monitoring sustainability-related risks, such as climate risk, social impact risks, and regulatory compliance risks.
- Ensuring sustainability risk integration into credit risk assessments, operational risk frameworks, and stress testing models.
- Overseeing the climate risk management strategy, reinforcing SBM Holdings Ltd's role in building financial resilience while contributing to sustainable markets.
- Reviewing and endorsing risk mitigation strategies, including ESG risk controls, before escalating to the Board.

These Board-level governance structures are mirrored at the SBM operating entity level, with each subsidiary maintaining its own Board and Board sub-committees to oversee sustainability and risk management responsibilities in line with Group policies.



Read more on our governance frameworks and practices in the 'Corporate Governance Report' on pages 147 to 197

Executive leadership and strategic oversight

The Group Sustainability Forum (GSF) acts as the primary platform for strategic direction and alignment on sustainability across all SBM entities. Through cross-market collaboration, the GSF ensures that sustainability efforts are well-integrated and contribute to long-term resilience. Chaired by the Group Chief Sustainability Officer (CSO), the GSF brings together sustainability leaders from all SBM operating entities to ensure that sustainability efforts are coherent, well-integrated, and impactful.

The GSF's core objectives include:

- Providing strategic direction and alignment – Ensuring a unified approach to SBM Group's Sustainability Agenda, setting priorities, facilitating knowledge-sharing, and identifying synergies across all entities.
- Enhancing risk oversight and compliance – Collaborating with the RMC to assess and mitigate ESG risks and ensure regulatory compliance.
- Monitoring performance and escalating critical issues – Overseeing sustainability Key Performance Indicators (KPIs) across the Group, reinforcing accountability, and escalating material or recurring concerns to the appropriate governance bodies.

Operational execution and implementation

At the operational level, sustainability governance is embedded within the SBM Group's structure through a combination of centralised coordination and decentralised execution, ensuring local market responsiveness while maintaining group-wide alignment.

- The Group Sustainability Office at SBM Holdings Ltd leads the development, coordination, and management of sustainability strategies across the Group. Reporting directly to the Group CEO, the office ensures that sustainability is fully integrated into our broader corporate strategy.
- Local and international working groups serve as cross-functional teams that support and drive specific sustainability initiatives. These project-based teams operate primarily at the foundation level of SBM Group's sustainability roadmap, ensuring that key stakeholders across the value chain are engaged in project execution.
- Entity-level risk and governance committees work alongside sustainability leads to ensure effective risk identification, mitigation, and compliance with sustainability governance structures across jurisdictions.

Through this enhanced governance and risk oversight framework, the SBM Group ensures that sustainability is not only a strategic priority but also an integral part of its risk management framework, reinforcing its commitment to responsible business practices and regulatory alignment.

Adherence to international standards and principles

We are committed to aligning our sustainability governance framework with global best practices and internationally recognised principles. By upholding these standards, we strengthen our position as a trusted financial partner in the markets we serve, reinforcing both transparency and accountability.

As part of this commitment, entities of the SBM Group have signed and publicly endorsed key international sustainability principles, further embedding its long-term vision into business operations. This participation enhances sustainability reporting, governance mechanisms, and peer learning across the financial industry, ensuring that we remain at the forefront of responsible banking.

Commitment to the DEI charter

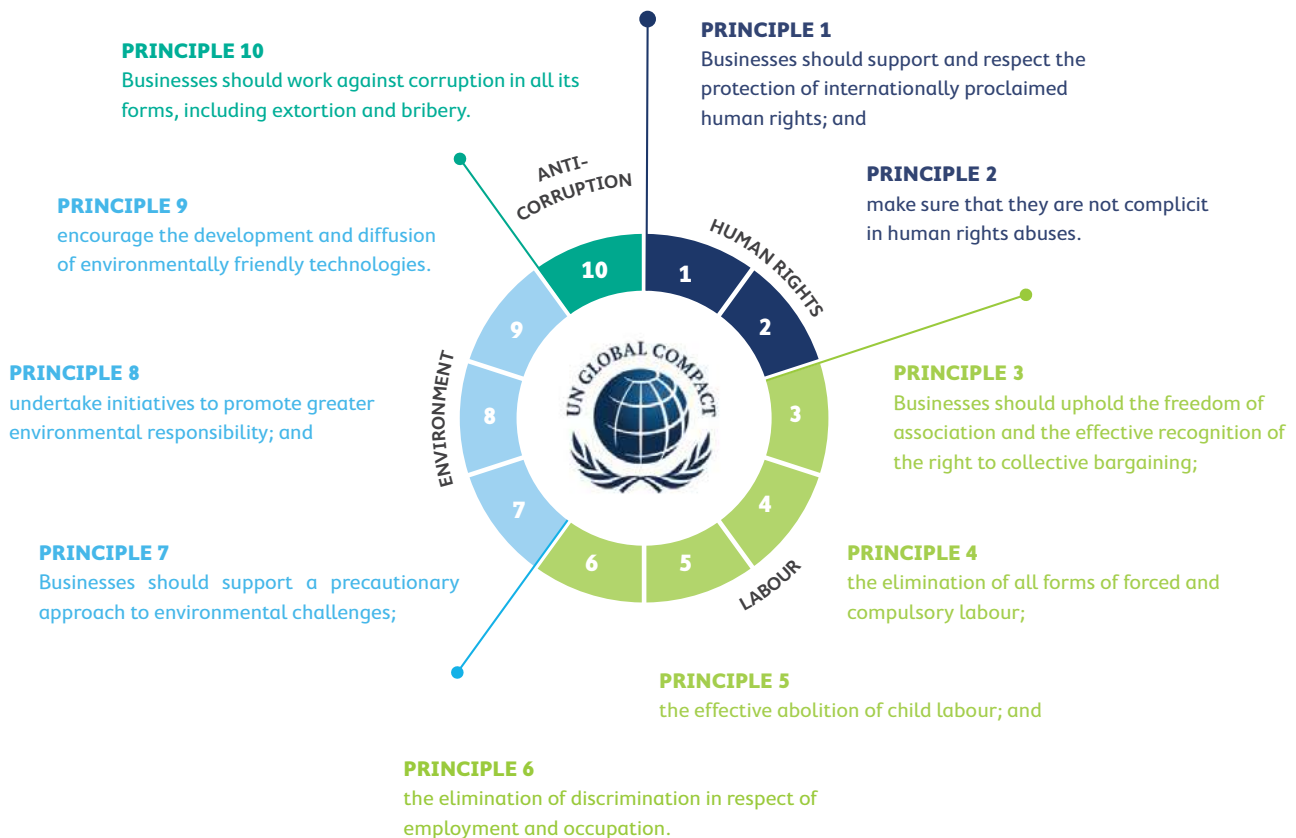
In 2023, SBM Holdings Ltd endorsed the DEI Charter, championed by the NCCG. This commitment underscores our ongoing efforts to assess and enhance diversity, equity, and inclusion across all levels of the organisation. The accompanying commitments and reporting metrics primarily apply to SBM Group's Mauritian-based entities, reinforcing a structured approach to tracking progress.

By implementing the DEI Charter, these entities not only align with evolving societal expectations but also strengthens their ability to serve a diverse customer base, foster innovation, attract top-tier talent, and ensure regulatory compliance.

Sustainability Report (cont'd)

Participation in the UNGC Network

SBM Bank (Mauritius) Ltd and SBM Bank (Kenya) Limited are official members of the UNGC, a global network of over 25,000 participants across 167 countries committed to advancing corporate sustainability. Through this participation, these SBM entities reinforce their commitment to responsible business practices, aligning their strategy and day-to-day operations with the UNGC's Ten Principles, which cover Human Rights, Labour, Environment, and Anti-Corruption.



Managing sustainability risks

As we execute our sustainability strategy, we recognise that effective risk management is fundamental to ensuring resilience and long-term value creation across our jurisdictions. Sustainability-related risks—ranging from climate risk and environmental and social (E&S) risks to transition risks—have financial, operational, and reputational implications for our business. Our approach to sustainability risk management is embedded within our broader enterprise risk management framework, ensuring that risks are identified, assessed, and mitigated across all levels of the Group.

Across our markets, we continue to strengthen risk governance, policies, and frameworks to integrate sustainability considerations into decision-making, credit risk assessment, and regulatory compliance. While each operates within its own regulatory and business environment, our efforts are guided by common principles:

- Establishing robust policies and governance structures to oversee sustainability risks.
- Enhancing data and analytics to improve risk identification and monitoring.
- Embedding sustainability considerations into credit processes and risk appetite frameworks.
- Developing capabilities and awareness across our teams to drive informed decision-making.

Building a resilient risk framework

Across the SBM Group, we have strengthened our Environmental and Social (E&S) policies, Climate Risk Appetite Frameworks, and exclusion lists to ensure that sustainability risks are consistently assessed across our business.

- Within our presence in Mauritius, risk frameworks have been enhanced to align with regulatory guidelines, integrating climate risk into credit assessments, financed emissions tracking, and sectoral risk evaluations.
- Across our operations in Kenya, sustainability risk assessment is embedded into lending decisions through structured governance frameworks and strengthened policies on climate risk.
- Through our banking footprint in India, sustainability considerations shape lending priorities, particularly in sectors such as renewable energy and agriculture, in alignment with national financial inclusion objectives.
- In Madagascar, our operations are building capacity for sustainability risk management, aligning with Group-wide sustainability principles while preparing for future regulatory developments.
- While each market is at a different stage of maturity, we continue to make progress in embedding sustainability risks into lending decisions, risk appetites, and governance structures.

Integrating risk into lending

Ensuring that climate, environmental, and social risks are systematically integrated into credit processes remains a priority. We have implemented sector risk guidelines, exclusion lists, and enhanced due diligence measures to strengthen responsible lending practices across its markets.

- In Mauritius, our banking operations have introduced a Climate Risk Heat Map, assessing sectoral exposure to transition and physical risks in high-impact industries such as energy, real estate, and transport. Additionally, an Environmental and Social (E&S) risk checklist, aligned with international frameworks, is embedded in credit appraisals to ensure systematic risk evaluation.
- Across our presence in Kenya, Environmental and Social Due Diligence (ESDD) frameworks have been integrated into lending decisions, enabling client screening, risk categorisation, and mitigation planning.
- Through our banking operations in India, sustainability-aligned lending portfolios prioritise key economic sectors, particularly clean energy and agriculture, in line with national financial inclusion objectives.
- In Madagascar, our financial operations are building capacity to integrate E&S screening mechanisms, aligning with Group-wide sustainability principles while preparing for evolving regulatory landscapes.

Across the Group, our exclusion lists align with international best practices such as the Equator Principles and International Financial Corporation (IFC) Performance Standards.

Tracking and monitoring risks

To strengthen climate risk management, we are working to improve risk monitoring, stress testing, and financed emissions tracking across our jurisdictions.

- In Mauritius, our banking operations have conducted their financed emissions assessment, leveraging the Portfolio for Carbon Accounting Financials (PCAF) methodology, specifically covering our Segment A corporate portfolio.
- Across our presence in Kenya, efforts are underway to integrate financed emissions tracking into risk management frameworks, reinforcing sustainability commitments in lending operations.
- Through our banking operations in India, sustainability-aligned risk monitoring continues to evolve, ensuring robust due diligence for high-impact industries while complying with emerging regulatory expectations.
- In Madagascar, our financial operations are exploring sustainability risk metrics, anticipating future compliance requirements and strengthening risk assessment practices.

Future focus

As regulatory landscapes and market expectations evolve, we remain committed to continuously enhancing our sustainability risk management framework.

Looking ahead, our risk management approach will continue to integrate sustainability more deeply into financial decision-making, reinforcing our role as a key enabler of interconnected, responsible markets.



Read more in the 'Risk Management Report' on pages 201 to 241

Pillars in practice: Sustainability across the SBM Group

In 2024, we continued to make significant strides in our sustainability journey, implementing impactful initiatives across Mauritius, India, Kenya, and Madagascar. Through strategic action under our three core pillars—Sustainable Business, Responsible Organisation, and Inclusive Communities—we reaffirmed our commitment to fostering resilient markets and empowering communities by creating long-term social, economic, and environmental value.

As a financial institution that actively connects people, businesses, and economies, we play a pivotal role in ensuring that capital flows efficiently to where it can create the greatest impact. Our sustainability initiatives are designed to enable businesses to grow, support individuals in achieving financial security, and strengthen the broader ecosystems in which we operate.

While we have now prioritised six key SDGs as part of our strategic alignment, our initiatives throughout the year have supported a broader range of sustainability goals. This reflects the ongoing nature of our efforts, which were well underway prior to the formalisation of our refined SDG focus, contributing to climate resilience, financial inclusion, economic empowerment, and responsible governance.



Pillar 1

**Sustainable business -
Driving inclusive growth**

This section provides an overview of key initiatives under each pillar, showcasing how we are actively fostering strong, interconnected markets while enabling communities to thrive in an ever-evolving global landscape. We also highlight the specific SDGs that are primarily impacted by each thematic area presented. This approach underscores our dedication to transparency and aligns our initiatives with global sustainability standards. We believe that a sustainable financial system is the foundation for resilient markets and thriving communities. Our approach to sustainable business is centred on financing solutions that promote economic inclusion, supporting climate adaptation and mitigation, and enabling businesses and individuals to transition towards greener, more sustainable models.

We integrate sustainability principles across our financial ecosystem, ensuring that investment and lending practices contribute to long-term economic stability, environmental responsibility, and social progress.

Through innovative financial products, strategic partnerships, and targeted advocacy, we have driven impact in three key areas:

- Expanding Green and Sustainable Finance: Enabling the transition to a low-carbon economy.
- Supporting Entrepreneurs and SMEs: Strengthening financial inclusion and sustainable economic growth.
- Advocacy for Sustainable Finance: Driving collaboration and policy engagement to support ESG-aligned financial systems.

Recognising the different levels of market maturity across our jurisdictions, we have taken a structured yet adaptive approach to sustainable finance. In Mauritius and India, we have established strategic lending mechanisms, while in Kenya and Madagascar, we continue to take an opportunistic approach, leveraging emerging opportunities as the market evolves.

Furthermore, the Group is currently developing a Sustainable Finance Framework to better tap into internal and external opportunities and serve our clients more effectively.

Expanding green and sustainable finance

We are committed to financing the transition towards a low-carbon, climate-resilient economy. Through a range of green financial instruments, we support renewable energy, sustainable infrastructure, and eco-friendly consumption.

Scaling renewable energy investments and green infrastructure

In Mauritius, SBM Bank (Mauritius) Ltd remains a key partner of Agence Française de Développement and its SUNREF III Program, which provides financing for projects aligned with climate change mitigation and adaptation. Under this program, the bank has facilitated investment in renewable energy infrastructure and sustainable real estate development, including:

- Green-certified commercial buildings, integrating energy efficiency improvements and water conservation measures.
- Solar photovoltaic installations, increasing renewable energy capacity and reducing reliance on non-renewable power sources.
- Sustainable infrastructure projects, incorporating solar-powered street lighting, wastewater recycling, and smart water management systems.
- Decentralised solar energy adoption, enabling individuals and small businesses to transition to cleaner energy solutions.

The bank has supported nearly MUR 500 million in green financing under the SUNREF III Program, facilitating the transition to cleaner energy and more efficient infrastructure in Mauritius.

On the other hand, SBM Bank (Kenya) Limited had previously financed solar energy infrastructure for large-scale facilities, supporting the development of clean, reliable power sources across East Africa. These investments have contributed to reducing fossil fuel dependency and expanding access to sustainable energy solutions in multiple markets. In the reporting period, the bank has continued its financial partnerships to support the expansion of these renewable energy initiatives, reinforcing the long-term impact of its green finance commitments and its role in advancing Africa's clean energy transition.

SDGs impacted

7 AFFORDABLE AND
CLEAN ENERGY



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



11 SUSTAINABLE CITIES
AND COMMUNITIES



13 CLIMATE
ACTION



Encouraging green mobility and consumer transition to low-carbon technologies

We are also enabling individuals and businesses to adopt low-emission technologies through products, deployed by SBM Bank (Mauritius) Ltd, like the SBM Eco Auto Lease, which finances electric and hybrid vehicles, and the SBM Eco Loan, which supports energy-efficient buildings and sustainable production systems.

To date, over 240 credit facilities amounting to MUR 294 million under the SBM Eco Auto Lease, supporting the transition to cleaner transport solutions. Through the SBM Eco Loan, multiple energy-efficient projects have been financed to help businesses reduce their carbon footprint and enhance climate resilience.

By increasing access to green finance, we are empowering customers to make sustainable choices that support both environmental and economic wellbeing.

SDGs impacted

7 AFFORDABLE AND
CLEAN ENERGY



13 CLIMATE
ACTION



Sustainability Report (cont'd)

Supporting entrepreneurs and SMEs for inclusive economic growth

Entrepreneurs are key drivers of economic resilience and job creation. Through targeted financial solutions and capacity-building programs, we ensure that micro, small, and medium enterprises (MSMEs) have access to affordable capital, particularly those owned by women and underrepresented groups.

Financing women entrepreneurs and fostering economic participation

The “Bright-HER Future” campaign, launched by our banking operations in Mauritius and Rodrigues, has been instrumental in enhancing financial access for women-led enterprises, enabling them to expand operations, increase productivity, and strengthen market competitiveness. By providing tailored financing solutions, the initiative has supported entrepreneurs across sectors such as textile, manufacturing, beauty and wellness, and agriculture, helping them unlock new business opportunities. Initially planned as a one-time campaign, it has now been extended until December 2025 to further its reach and impact. While the focus in 2024 has been on financing, we are actively exploring avenues for mentorship and capacity-building to equip entrepreneurs with the knowledge and skills necessary for long-term business success.

Building on this commitment to expanding business growth, we have also strengthened our efforts in Kenya to support Small and Medium Enterprise (SME) clients looking to scale. Through SBM Bank (Kenya) Limited, a new partnership with the Centre for the Promotion of Imports (CBI) under the Dutch Ministry of Foreign Affairs is improving access to finance for medium-sized businesses seeking to expand into international markets. By linking export-ready enterprises with affordable financing solutions, we are enabling them to increase their export capacity, enhance competitiveness, and drive long-term business sustainability.

SDGs impacted

5 GENDER
EQUALITY



8 DECENT WORK AND
ECONOMIC GROWTH



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



10 REDUCED
INEQUALITIES



A market-driven approach to India's priority sector lending (PSL)

Through our banking operations in India, we strategically direct funds into priority economic areas through a four-pronged approach:

- Direct branch-led originated business: we directly originate PSL loans through our branches and relationship managers, focusing on agriculture, micro-enterprises, and Micro, Small and Medium Enterprise (MSME) lending.
- On-lending through Microfinance Institutions (MFIs): we provide credit to over 20 MFIs, leveraging their deep community networks to channel financing to micro-entrepreneurs, small and marginal farmers, and women-led enterprises in rural and semi-urban areas. This ensures greater access to credit for economically vulnerable and disadvantaged sections of society.
- On-lending through Non-Banking Financial Companies (NBFCs): we provide credit to over 40 NBFCs with government mandates for financial inclusion, ensuring targeted funding for micro, small, and medium-sized businesses, as well as rural entrepreneurs. This supports credit expansion in alignment with financial inclusion objectives.
- PSL Certificates (PSLCs): we purchase and sell PSL Certificates, enabling efficient market participation in underserved PSL segments while balancing exposure in key sectors.

Through these mechanisms, we ensure that PSL lending is impact-driven, supporting rural development, MSME growth, and broader financial inclusion efforts across India.

Beyond the PSL framework, we also support small businesses through the India's Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) program. This initiative enhances sustainable financing by expanding access to credit, reducing risks associated with green investments, encouraging lending, fostering financial inclusion, and aligning with broader sustainability objectives.

SDGs impacted

1 NO
POVERTY



8 DECENT WORK AND
ECONOMIC GROWTH



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



10 REDUCED
INEQUALITIES



Advocacy for sustainable finance

Driving sustainability in finance requires strong industry collaboration, advocacy, and engagement with policymakers. We continue to play a proactive role in advancing sustainable finance discussions, fostering ESG-aligned investment frameworks, and shaping the financial sector's transition towards sustainability.

Industry engagement and thought leadership

Our active participation in key advocacy events in Mauritius underscores our commitment to driving sustainable finance and shaping industry best practices. Through strategic discussions and thought leadership, we continue to engage with stakeholders to advance ESG integration and responsible investment across the financial sector. Some examples of key engagements included:

- Advancing ESG Reporting Among SEM-Listed Companies – As part of a panel discussion, SBM Holdings Ltd contributed insights on the evolving landscape of ESG reporting, addressing challenges such as Scope 3 emissions disclosures in banking, the tangible impact of ESG actions, and how financial institutions can position ESG performance as a competitive advantage.
- Principles of Responsible Investment event in collaboration with Fisher Investments: A strategic discussion, organised by SBM NBFC, covering global ESG investment trends, the growing demand for responsible investment products, implementation approaches, and investor strategies for aligning financial goals with sustainability objectives.
- 'Cap sur la Finance Durable' – AFD led conference where SBM Holdings Ltd opened the panel discussions with its reflections on the role of SUNREF in structuring green finance and highlighting how financial institutions can scale sustainable finance.

By participating in these high-impact dialogues, we are helping shape the future of sustainable finance in Mauritius and the broader financial ecosystem, reinforcing its commitment to responsible investment and ESG aligned financial systems.

SDGs impacted

8 DECENT WORK AND
ECONOMIC GROWTH



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



17 PARTNERSHIPS
FOR THE GOALS



Sustainability Report (cont'd)



Pillar 2

Responsible organisation - Strengthening governance and embedding sustainability

Responsible business goes beyond compliance – it is about embedding sustainability into our governance structures, decision-making processes, and day-to-day operations.

This has been a year of deepening our commitments. Following our sign-up to the UNGC in Mauritius and Kenya in 2023, the period under review marked our first full year of reporting. As part of this journey, we have continued to embed UNGC principles into our business strategy, strengthening governance frameworks and aligning operations with international sustainability standards.

Our approach to responsible business is unified yet adapted to local contexts. In Mauritius and India, we have placed a strong emphasis on compliance training, sustainability governance, and risk management, ensuring that our leadership and employees are well-equipped to drive ethical decision-making. In Kenya and Madagascar, our focus has been on environmental responsibility, integrating sustainable banking products, supporting marine and land conservation efforts, and expanding reforestation initiatives.

Establishing a group wide sustainability framework

A key milestone this year has been the completion of SBM Group's strategic sustainability framework, designed to integrate sustainability across all entities in a structured and actionable way. To achieve this, we partnered with a specialist sustainability advisor to translate our Sustainability Agenda into a comprehensive framework and roadmap that aligns with our business model and strategic priorities.

With the approval of this framework by the boards of all SBM entities, we have now moved from design to execution, launching a series of initiatives under our three core pillars—Sustainable Business, Responsible Organisation, and Inclusive Communities. These initiatives mark the foundation of our long-term sustainability strategy, ensuring that our commitments are embedded into operations and drive measurable impact.

SDGs impacted

8 DECENT WORK AND
ECONOMIC GROWTH



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



17 PARTNERSHIPS
FOR THE GOALS



Embedding governance, compliance, and sustainability training

Governance structures across SBM entities have been strengthened to align with global best practices. In our Mauritius banking operations, climate risk training has been introduced at board and senior leadership levels, supporting strategic decision-making on E&S risks. In our Indian entity, anti-bribery and banking regulations training has reinforced compliance, ensuring that teams remain up to date with evolving regulatory landscapes.

At Group level, SBM Academy continues to play a critical role in coordinating training efforts across compliance, governance, risk management, sustainability, and ethics. While training needs are identified at the entity level, SBM Academy ensures efficient coordination and access to expert-led training, reinforcing a responsible corporate culture that supports long-term sustainability.

As part of our broader governance framework, CSR policy and process reviews in our Indian operations have been instrumental in strengthening risk oversight and ensuring that community partnerships are managed responsibly.

SDGs impacted

8 DECENT WORK AND
ECONOMIC GROWTH



16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS



17 PARTNERSHIPS
FOR THE GOALS



Restoring land and ecosystems through environmental responsibility

Restoring degraded land, regenerating ecosystems, and supporting biodiversity remain central to our environmental responsibility agenda. Across our markets, we have strengthened our focus on climate resilience, responsible resource consumption, and sustainable banking innovation, aligning with the 2024 World Environment Day theme of land restoration, desertification prevention, and ecosystem regeneration.

Tree planting and reforestation efforts have been a unifying theme across all SBM entities, with each market tailoring its approach to local environmental needs. In Mauritius, our partnerships with the Forestry Service and conservation organisations have ensured that reforestation efforts contribute to biodiversity restoration and long-term climate resilience. Flagship activities during the year included conservation work at Île aux Aigrettes, in collaboration with the Mauritian Wildlife Foundation, where our teams replanted vetiver and other endemic trees while learning about the preservation of local species. This was complemented by a reforestation drive at Beemanique State Land in Nouvelle France, where employees from across our Mauritian entities joined forces with the Ministry of Agro-Industry and Food Security. Further underscoring our commitment to environmental stewardship, we continued to support the Remembrance Forest project, offering a meaningful space to honour loved ones while contributing to conservation efforts.

In Kenya, tree planting has been integrated into broader land restoration and climate awareness initiatives. A key highlight during the year was the planting of indigenous trees at Ngong Road Forest in Nairobi, undertaken in partnership with the Kenya Forest Service. Whilst across our Indian and Malagasy operations, initiatives have been community-driven, engaging employees and local stakeholders in active sustainability efforts.

Beyond reforestation, we have introduced sustainability-driven operational efficiencies. The Green PIN initiative, introduced by SBM Bank (Mauritius) Ltd, has eliminated the need for physical PIN mailers, reducing paper waste for over 30,000 customers. The bank has also introduced e-waste recycling programs that has ensured that over a ton of outdated electronic devices were processed responsibly. Additionally, we have partnered with companies to facilitate the collection of plastic bottles, resulting in 223 kilograms of plastic being collected from its Mauritius offices in the past year.

In Kenya, we have taken sustainability further with the introduction of a sustainable banking card made from 100% recycled PVC, embedding environmental responsibility into our financial products. A percentage of the issuing fee from these cards is donated to sea turtle conservation efforts, reinforcing our commitment to marine biodiversity protection.

SDGs impacted



Protecting marine ecosystems and life below water

Our commitment to environmental responsibility extends beyond land-based sustainability efforts to the protection of marine ecosystems and biodiversity. In Kenya, we have actively supported marine conservation through partnerships with World Wide Fund for Nature Kenya (WWF-Kenya) and Diani Turtle Watch, reinforcing efforts to safeguard coastal environments and endangered sea turtles.

Our initiatives have included:

- Beach cleanup campaigns that have removed over 79 kilograms of plastic and non-biodegradable waste from coastal areas.
- Sea turtle nest protection efforts, ensuring higher hatchling survival rates and reducing human impact on nesting sites.
- Funding marine conservation programs, contributing to the protection of ocean biodiversity and reinforcing responsible business practices.

By integrating marine conservation into our sustainability strategy, we are ensuring that our environmental commitments extend beyond carbon emissions and terrestrial restoration, supporting global efforts to preserve and protect ocean life.

SDGs impacted



Sustainability Report (cont'd)

Driving responsible innovation and thought leadership

As financial services evolve, we are ensuring that technological advancements align with responsible governance and ethical banking practices. Innovation must be forward-thinking while maintaining a strong commitment to financial inclusion, digital ethics, and sustainability.

In Mauritius, we have taken a leading role in shaping discussions around responsible technology adoption, supporting the Mauritius Emerging Tech Exhibition to explore AI governance, fintech ethics, and the responsible use of technology in financial services. These conversations are becoming increasingly relevant as banks navigate the opportunities and risks of digital transformation, ensuring that compliance, data security, and responsible innovation are prioritised.

While Mauritius has been a focal point for these discussions, responsible innovation remains a Group-wide priority. As markets across Africa and Asia continue to embrace digital transformation, we are ensuring that governance structures remain robust, sustainability is embedded in emerging financial technologies, and fintech development aligns with global best practices.

SDGs impacted

9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS



17 PARTNERSHIPS
FOR THE GOALS





Pillar 3

Inclusive communities – A unified approach to inclusion with locally adapted solutions

Fostering inclusive communities is more than a commitment — it is an ongoing effort to ensure that every individual, regardless of background, has access to education, healthcare, financial opportunities, and community support. Our initiatives during the year have been tailored to local realities while advancing our broader vision for inclusion.

Across our markets, we continue to drive meaningful impact through targeted programmes that address specific social needs. In Mauritius, while the SBM Foundation ('the Foundation') serves as the primary vehicle for structured CSR initiatives — focusing on social inclusion, disability support, and education — our entities also lead impact-driven projects beyond the Foundation's scope. In India, a dedicated CSR Committee guides initiatives that prioritise rural financial inclusion, healthcare, and skill development. In Kenya, we are empowering communities through entrepreneurship programmes, financial literacy initiatives, and gender-inclusive financial services. Meanwhile, in Madagascar, our focus remains on expanding access to education, improving basic infrastructure, and fostering workplace wellbeing. More details about the Foundation can be found at the end of this section.

Expanding access to education and skills development

Education remains one of the most powerful enablers of inclusion, equipping individuals with the knowledge and skills to achieve long-term economic independence. In 2024, we have reinforced our commitment to expanding access to quality education, vocational training, and financial literacy across our markets, ensuring that individuals - regardless of their background - are empowered to shape their own futures.

Supporting alternative education in Mauritius

In Mauritius, where alternative education plays a crucial role in bridging gaps for those outside the formal schooling system, over MUR 6.6 million has been donated through the SBM Foundation to support Non-Governmental Organisations (NGOs) working with vulnerable communities. These contributions have directly benefited:

- ANFEN – Supporting school dropouts through informal education and social work interventions.
- Centre of Learning - Caritas Ile Maurice – Using education, arts, and music to empower children in underprivileged areas.
- Mo'Zar Espace Artistique – Providing music education to enable disadvantaged youth to develop professional careers.
- ABAIM – Using music as a tool for empowerment and social inclusion.
- Other NGOs including Rodrigues Student Needs, Movement Forces Vives (Atelier Sa Nou Vize), Noyau Social Cité La Cure and Movement Pour Le Progrès de Roche Bois.

These NGOs play a vital role in supporting school dropouts, providing vocational training, and using innovative approaches—such as music and arts—to empower disadvantaged youth and marginalised communities.

SDGs impacted

1 NO POVERTY



4 QUALITY EDUCATION



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



Sustainability Report (cont'd)

Expanding educational access in India

Beyond Mauritius, our presence in other markets continues to drive impact. In India, our commitment to educational inclusion is strengthened through a partnership with the Each One Educate One Foundation, which sponsors quality boarding school education for tribal students and children from underprivileged backgrounds in Karnataka and Telangana.

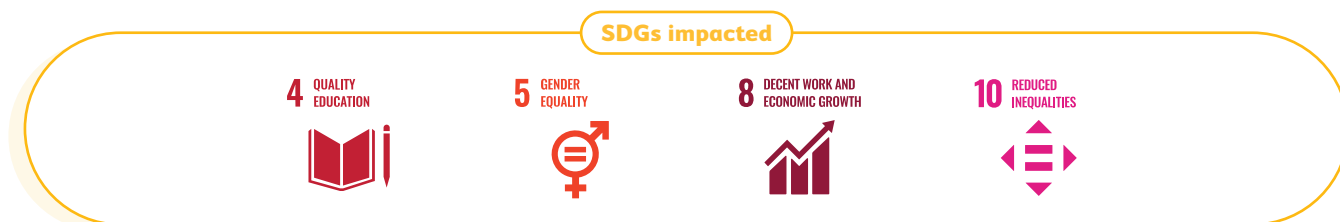
Through this partnership, we have directly sponsored 10 students, ensuring they receive structured learning and vocational training that equips them with the skills to access socio-economic opportunities. This initiative not only transforms individual lives but also contributes to the upliftment of their communities.



Enhancing financial literacy in Kenya

Meanwhile, in Kenya, our entity has placed a strong emphasis on financial literacy as a key pillar of its education initiatives, with a focus on fostering entrepreneurial success.

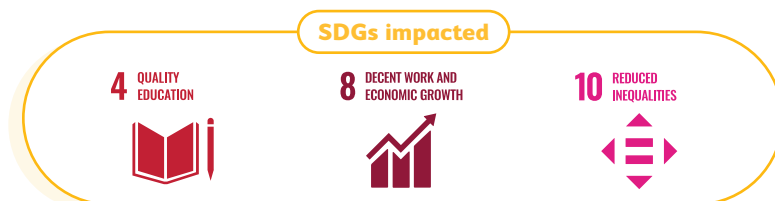
By equipping women-led businesses with financial planning and business management skills, these programmes are helping female entrepreneurs build resilience and thrive in an evolving economic landscape.



Supporting inclusive education in Madagascar

In Madagascar, our focus extends to ensuring inclusive education for students with disabilities. With support from our local entity, Sekolin'ny Marenina Madagascar (Centre des Sourds Madagascar) has been able to provide hearing-impaired students with specialised learning resources, reinforcing our commitment to making education accessible to all, regardless of physical ability.

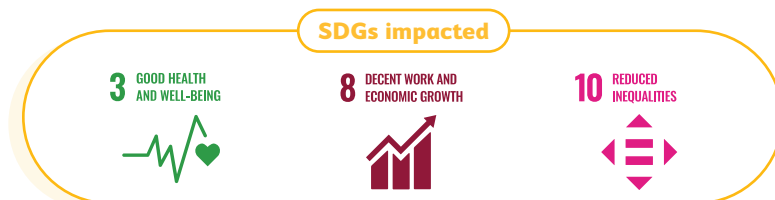
Across all these markets, our approach remains the same - investing in education as a catalyst for transformation, whether through alternative learning pathways, vocational upskilling, financial literacy, or inclusive education for marginalised groups.



Youth and sports development: a new avenue for inclusion

Beyond academics, we also expanded our commitment to youth empowerment through sports development. During the reporting period, SBM Bank (Mauritius) Ltd became an official Gold Sponsor of Club Maurice for the 2024 African Games, supporting athletic talent, national unity, and regional representation.

This sponsorship reinforces our dedication to building socially sustainable communities, providing young athletes with opportunities for international exposure, personal development, and fostering national pride.



Promoting financial inclusion and economic empowerment

Expanding access to financial services is a key pillar of our inclusion strategy. In 2024, our efforts have focused on increasing banking accessibility, strengthening financial literacy, and creating economic opportunities for underserved populations. Financial inclusion extends beyond access to banking — it enables business growth, economic participation, and global trade opportunities.

Mauritius: supporting economic participation

In Mauritius, we reinforced our commitment to economic empowerment and financial inclusion by funding MUR 1.8 million through the Foundation to NGOs supporting vulnerable groups.

- **Fondation pour l'Enfance - Terre de Paix:** This initiative provides early childhood services to 149 children in Albion while empowering families through community-based economic activities. By enabling access to quality education and support structures, the project has also helped mothers secure employment, improving household financial stability.
- **SOS Poverty:** Through its economic support services in Vallée Pitot and surrounding regions, this NGO facilitates long-term employment opportunities by equipping individuals with financial literacy, entrepreneurship skills, and business training. It also provides childcare services, allowing parents—particularly women—to engage in economic activities while ensuring early childhood development.

Alongside these initiatives, we continued supporting student financial literacy through platforms such as the Economic Fair at the University of Mauritius, where young people gain practical insights into responsible financial planning and economic decision-making.



India: strengthening rural livelihoods and food security

Agriculture remains India's largest employer, with nearly 40–45% of the workforce engaged in farming and allied activities. While the sector is critical to food security and rural livelihoods, many small-scale farmers struggle with low productivity, inconsistent income, and limited access to modern agricultural techniques.

Recognising this challenge, we committed, through our entity in India, to empowering rural communities through financial inclusion and sustainable farming practices.

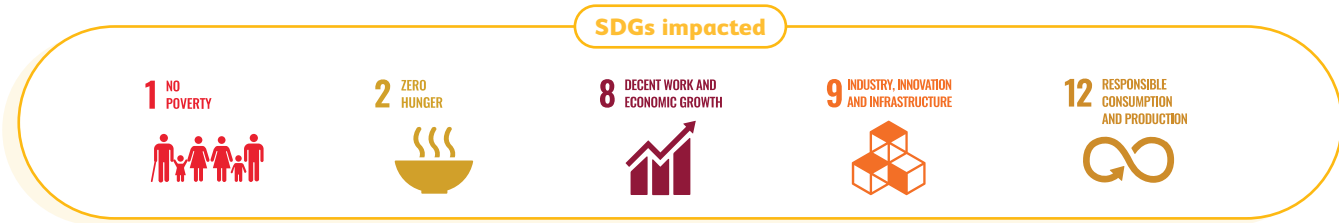
- **Priority Sector Lending:** we continue to finance agriculture, micro-enterprises, and rural financial services, ensuring smallholder farmers and rural entrepreneurs have access to credit and banking services.
- **Expanding financial services into Unbanked Rural Centres,** with four rural branches providing banking access to previously excluded communities.

To further strengthen our impact in the agricultural sector, we have partnered with organisations dedicated to improving farmer livelihoods.

- In partnership with Centurion University of Technology and Management, we have sponsored the Krushak Kalyan Yojana, an initiative designed to train and empower small and marginal farmers in Odisha. The program provides training in modern farming techniques, efficient water and resource management, and financial literacy for small and marginal farmers.
- In Maharashtra, we have partnered with Global Vikas Trust, a non-profit organisation dedicated to improving the livelihoods of small and marginal farmers, particularly in drought affected regions and rough-terrain regions. This initiative focuses on increasing sustainable cropping patterns and enhancing agricultural income streams among economically weaker sections. Through this collaboration, we:
 - Distributed 12,000 fruit and flower saplings to 12 farmers in Palghar, providing them with resources to diversify crops, improve soil health, and create long-term income opportunities.
 - Sponsored training on year-round income-generating cropping cycles, helping farmers move away from seasonal income instability toward more predictable and sustainable earnings.

Sustainability Report (cont'd)

By enhancing productivity and improving financial stability, this partnership directly supports rural households that depend on agriculture for their livelihoods. As food security remains a national priority, our role in modernising farming practices and facilitating financial independence remains crucial to India's broader economic resilience and social progress.



Kenya: strengthening financial inclusion and SME growth

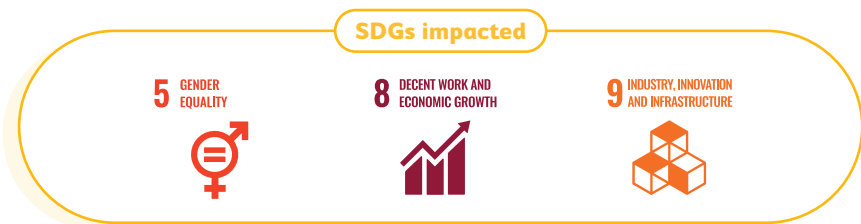
Through our operations in Kenya, we have taken a comprehensive approach to financial inclusion, focusing on gender-responsive banking, financial literacy, and SME expansion.

- Best ESG Bank in Kenya 2024: This recognition highlights our efforts in expanding financial access for women, increasing gender-responsive procurement, and strengthening SME empowerment. It also aligns with our membership in the United Nations Women's Empowerment Principles (UN WEPs), reinforcing our dedication to gender equality and inclusive economic growth across our operations.
- Women in Business Support Initiative: By providing funding and digital banking tools such as Mfukoni, Real Time Gross Settlement, Merchant Short Code, and the Jijenge Business Savings Account, we enabled 507 new women customers to be onboarded, marking a 22% increase in our female entrepreneurship customer base.
- Financial literacy for MSMEs: In 2024, we delivered business acumen training to 164 women-led businesses, equipping them with strategic, financial, and operational skills.

Beyond financial literacy, we remain committed to helping businesses scale beyond domestic markets. Through a strategic partnership with DHL Worldwide Express Kenya, we launched the 'Power Up Your Potential' initiative, aimed at supporting SMEs in navigating international trade.

- In-person training for SME clients, focusing on cross-border trade, logistics, and e-commerce.
- Market access support, with DHL assisting SMEs in marketing their products and identifying suitable export channels.

By fostering financial inclusion, economic independence, and sustainable business growth, we continue to bridge economic disparities and create pathways for upward mobility. Whether through sectoral financial access, gender-responsive banking, SME empowerment, or financial literacy, our approach ensures that individuals and businesses have the resources they need to thrive.



Enhancing healthcare, wellbeing and disability inclusion

Ensuring accessible healthcare, workplace wellbeing, and support for people with disabilities remains a key priority for us. In 2024, we have worked across our markets to improve health services, promote disability inclusion, and create a more supportive work environment for employees and communities.

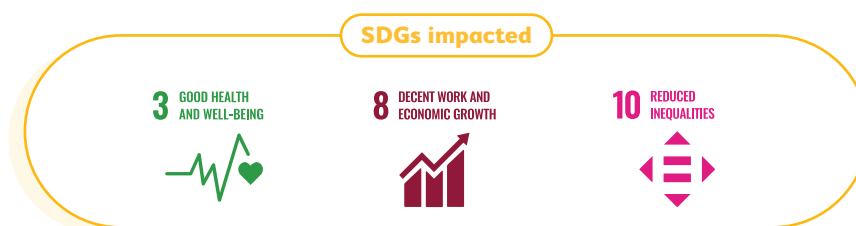
Strengthening workplace wellbeing and inclusivity

Employee wellbeing and mental health remain central to our commitment to fostering an inclusive and supportive workplace. In Mauritius, Madagascar, and India, we have expanded our Employee wellbeing and recognition program, introducing initiatives aimed at enhancing both physical and mental wellbeing:

- Comprehensive mental health support, including counselling services and wellness programmes.
- Enhanced medical benefits and upgraded workplace facilities, such as new canteens and improved transport allowances, creating a more comfortable and supportive work environment.

In Kenya, we reinforced our commitment to inclusivity through DEI training, equipping employees with basic sign language skills to enhance customer interactions and accessibility for individuals with disabilities.

In India, we further strengthened workplace wellness and employee engagement through by hosting a 5km walkathon at Sanjay Gandhi National Park, promoting active lifestyles and team engagement. We were also recognised for our workplace wellbeing excellence, receiving two industry recognitions: the Futurescope 2024 Wellbeing at Work Award and the Economic Times Human Capital Awards MENA.



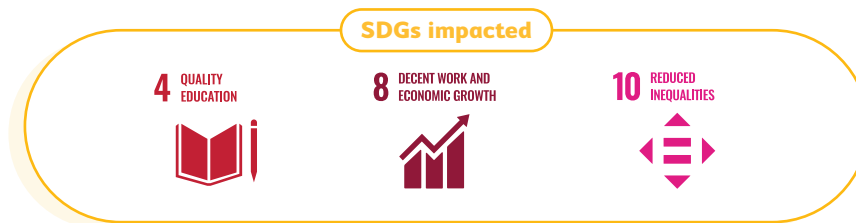
Promoting disability inclusion and specialised care

In 2024, we allocated MUR 9.5 million through the SBM Foundation to support 10 organisations that provide special needs education, therapy, and rehabilitation services. These partnerships are helping to enhance inclusion, independence, and access to specialised care for individuals with disabilities.

Some of the key organisations supported this year include:

- APEIM (Association de Parents d'Enfants Inadaptés de L'Ile Maurice) – Delivering early intervention programmes, parental training, and specialised education to help children with disabilities integrate into society.
- Autisme Maurice – The only dedicated autism centre in Mauritius, offering diagnostic services, therapy, and parental support to strengthen early intervention and long-term inclusion.
- Southern Handicapped Association and Special Educational Needs School – Providing specialised education, paramedical therapy, and life skills training, helping individuals with disabilities gain greater independence and social inclusion.
- Careco Rodrigues – Supporting vocational training and employment opportunities for people with disabilities, ensuring economic participation and self-sufficiency in Rodrigues.

Other NGOs supported included Angel Special School and Welfare Association, EDYCS Epilepsy Group - Educational Development Youth Consultancy Services, Joie de Vivre Universelle, ADSP - Association of Disability Service Providers, APRIM - Association des Parents pour la Rehabilitation des Infirmes Moteurs and CEPEH - Centre pour L'Éducation et le Progrès et des Enfants Handicapés.



Sustainability Report (cont'd)

Expanding access to healthcare and public health infrastructure

Beyond education and inclusion, we remain committed to improving healthcare access and strengthening essential public health infrastructure. In India, our partnership with Sankara Nethralaya has helped restore vision and reduce preventable blindness by funding 60 eye surgeries for low-income patients. Recognising the pressing need for maternal and child nutrition, we also collaborated with the Association for Nutrition and Development Action (ANNADA), reaching 600 beneficiaries through targeted programmes aimed at combatting malnutrition and infant health risks.

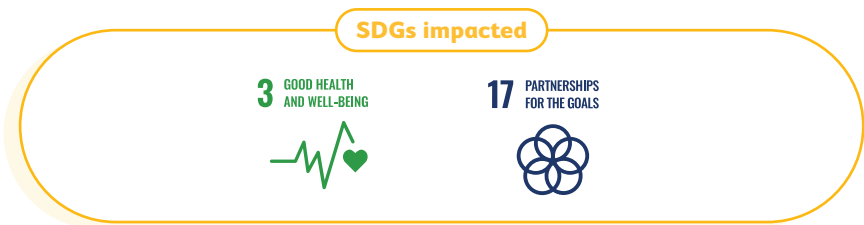
In Madagascar, access to clean water and sanitation remains a fundamental challenge for public health. To address this, we financed the construction of sanitary blocks and a well at EPP Ambohitrakoho, ensuring that students and teachers have access to safe drinking water and improved hygiene facilities. By creating a healthier learning environment, this initiative is enhancing wellbeing, disease prevention, and overall school conditions, reinforcing our commitment to sustainable community development.



Strengthening blood support networks across our markets

A stable blood supply is essential for emergency care, surgical procedures, and ongoing medical treatments. Recognising this need, we mobilised our employees across multiple markets to support blood donation initiatives, ensuring hospitals have the resources to save lives.

Through our Mauritius entities, successful blood drives added 254 pints to local reserves, reinforcing critical medical interventions. Similar efforts in India saw employees stepping forward to strengthen healthcare capacity and ensure life-saving treatments remain accessible. Meanwhile, in Kenya, our staff participation resulted in 46 pints donated, helping to address shortages in emergency and surgical care units.



Engaging with communities and strengthening volunteering

Beyond structured programmes, we actively encourage our employees to engage in volunteer-driven initiatives, reinforcing our commitment to community engagement, social welfare, and inclusivity. Across our markets, our teams have mobilised efforts to support vulnerable groups, promote environmental advocacy, and contribute to meaningful social change.

In Mauritius, our employees have played an active role in community outreach through various volunteer initiatives. During Maha Shivaratri, 90 staff members participated in food distribution efforts, ensuring that pilgrims had access to warm meals during the religious observance. In October 2024, our teams organised a recreational day for the students of Centre pour l'Education et le Progrès des Enfants Handicapés in Flacq, providing an opportunity for 45 children with special needs to engage in fun and inclusive activities. That same month, another team visited the Shelter for Women and Children in Distress in Curepipe, where they organised games for the children, engaged in meaningful conversations with residents, and delivered a session on financial literacy to help empower the women in the shelter.

The momentum continued into November 2024, with our employees collaborating on CSR activities at the Association of Disability Service Providers (ADSP) in Long Mountain, supporting initiatives aimed at enhancing care and services for individuals with disabilities. As the year ended, in December 2024, our teams visited the Shelter for Women and Children in Distress, serving lunch and organising a gift-sharing event, bringing joy and comfort to residents during the festive season.

Beyond Mauritius, our employees in our Kenyan operations have also been actively engaged in climate advocacy and sustainability initiatives. We strengthened our role in community-led climate action through participation in the Climate Change Walk in Nakuru, a large-scale event that gathered over 4,000 participants, including school children, corporate stakeholders, and environmental advocates, to raise awareness about climate sustainability.



About the SBM Foundation

Established in 2016, the SBM Foundation was created by SBM Holdings Ltd to spearhead the CSR agenda within the SBM Group. It is currently funded by profitable Mauritian entities of the Group in accordance with Section 50L of the Income Tax Act 1995. The Foundation is committed to high-impact, sustainable initiatives that empower vulnerable groups, focusing on education, employability, and environmental stewardship to alleviate poverty and foster social progress.

At its core, the Foundation is driven by five key objectives:

- (a) Alleviation of poverty
- (b) Advancement of education for vulnerable groups
- (c) Provision of scholarships for bright and needy students
- (d) Support for school dropouts and low achievers
- (e) Environmental protection and sustainability initiatives

A holistic approach to social impact

To create meaningful and long-lasting change, the Foundation adopts a multi-faceted approach that integrates direct financial support, community-driven projects, and employee engagement. Its work is centred around these three key areas, each designed to address specific social and environmental challenges while reinforcing the Group's broader sustainability commitments.

Community impact: funding for NGO-led projects

Beyond scholarships, the Foundation partners with NGOs and social enterprises to implement initiatives that promote education, empowerment, and sustainability. These projects focus on school dropouts, individuals with disabilities, and women in vulnerable situations, fostering long-term resilience and self-sufficiency. The Foundation also supports environmental initiatives, such as bio-farming projects and reforestation efforts, to promote sustainability and climate resilience.

Governance and ethical standards

To ensure the effectiveness and integrity of its initiatives, the Foundation collaborates exclusively with legally registered NGOs that operate on a non-profit basis and maintain strong financial management and governance standards. It upholds a strict exclusion policy, prohibiting funding for political entities, religious organisations, individual sponsorships, medical research, overseas travel, student exchange programmes, and charity dinners.

Education: the SBM scholarship scheme

At the heart of the Foundation's mission lies a strong commitment to education as a catalyst for empowerment. The SBM Scholarship Scheme, the Foundation's flagship CSR initiative, has become the largest scholarship provider in Mauritius, ensuring that bright students from low-income backgrounds can access higher education and vocational training.

By covering tuition fees at Higher Education Commission (HEC)-accredited institutions in Mauritius, as well as vocational training at Mauritius Institute of Training and Development (MITD) centres, the scheme equips students with the skills needed for professional careers or skilled trades. With over 2,600 scholarships awarded, including to students from Rodrigues, the programme continues to be a cornerstone of social mobility and economic opportunity.

Employee engagement: SBM staff volunteering initiatives

Recognising that true impact extends beyond financial contributions, the Foundation actively fosters employee engagement in community-driven initiatives. Through structured volunteering programmes, SBM employees contribute their time and expertise to social projects, with participation facilitated through a matching scheme and time-off incentives.

Thematic areas of the Foundation's NGO partnerships

Through strategic partnerships with NGOs and social enterprises, the Foundation implements high-impact projects designed to support education, empowerment, and environmental sustainability. These initiatives provide structured learning opportunities, economic empowerment, and environmental resilience, addressing the needs of vulnerable groups across Mauritius.

Learning through play: sports, music, and culture as education tools

The Foundation embraces creative and interactive learning by using sports, music, and cultural activities as pedagogical tools. This approach enhances engagement and knowledge retention, particularly for children who struggle with traditional learning methods. By integrating structured educational and social support systems, these initiatives help over 750 children develop critical thinking and problem-solving skills in a stimulating and supportive environment.

Special education for children with special needs

The Foundation is committed to inclusive education by funding professional therapy services, including occupational therapy, physiotherapy, and psychological support, ensuring that children with disabilities receive specialised assistance. Through 10 NGO partnerships, these initiatives benefit over 1,500 children, improving access to special education and rehabilitation services.

Environmental sustainability

The Foundation supports environmental conservation initiatives that empower communities while addressing climate change adaptation. One initiative provides bio-farming training for women in underprivileged regions, equipping them with sustainable agricultural skills that enhance food security and economic self-sufficiency. Another key project focuses on reforestation of five acres of land in collaboration with NGOs, directly contributing to carbon sequestration, biodiversity conservation, and climate resilience.

Women empowerment and childcare

A critical barrier to employment for low-income mothers is lack of access to childcare. To address this, the Foundation funds early childhood education and daycare services for over 200 infants and toddlers, enabling their mothers to pursue stable employment while ensuring children benefit from structured early learning.

Education for out-of-school youth

To reintegrate out-of-school youth, the Foundation collaborates with five NGOs, including 17 alternative schools, offering structured education and vocational training. Attendance rates have improved significantly, rising from below 35% to over 85%, with many graduates advancing to higher education or professional training.

Sustainability Report (cont'd)

Photos from 2024 Sustainability Weeks across our markets



Mauritius



Rooting for a Sustainable Future: The Mauritian entities of SBM Group join the Remembrance Forest project at Beemanique State Land, Nouvelle France, promoting reforestation and commemorating loved ones through meaningful conservation efforts



Nurturing Biodiversity: The SBM Holdings team partners with the Mauritian Wildlife Foundation at Ile aux Aigrettes, promoting conservation through repotting endemic plants and raising awareness about preserving local wildlife.



Inspiring Futures: SBM NBFC engages with Economics and Statistics students at the University of Mauritius Economics Fair 2024, sharing insights and opportunities to nurture the next generation of professionals.



Investing Responsibly: SBM Capital Markets Ltd partners with Fisher Investments to promote sustainable investing, aligning financial growth with positive societal and environmental impact.



Spreading Joy and Hope: SBM Bank (Mauritius) Ltd and SBM Foundation bring festive cheer to the Shelter for Women and Children in Distress, reinforcing our commitment to fostering inclusive communities.



Creating Lasting Impact: SBM Bank (Mauritius) Ltd and SBM Foundation bring smiles and hope to the students of CEPEH through school beautification, play area enhancements, and joyful moments of togetherness.



Kenya



Inspiring Inclusion: SBM Bank (Kenya) Limited celebrates International Women's Day with a commitment to gender equality and empowering voices for a more inclusive future.



Planting for Tomorrow: SBM Bank (Kenya) Limited unites to restore Ngong Road Forest, Nairobi, reinforcing our commitment to environmental stewardship and sustainability.



Protecting Our Oceans: SBM Bank (Kenya) Limited partners with Diani Turtle Watch to support turtle conservation, safeguarding marine ecosystems for a Smarter Tomorrow.



Cleaning Our Shores: SBM Bank (Kenya) Limited joins hands to protect the environment with a beach clean-up in Diani tackling plastic pollution for a cleaner, greener future

Sustainability Report (cont'd)



India



Empowering Minds, Shaping Futures: SBM Bank (India) Limited partners with Each One Educate One (E1E1) to provide free, quality education for underprivileged students, fostering inclusion and hope.



Sowing Seeds of Change: SBM Bank (India) Limited partners with Global Vikas Trust to support sustainable agriculture, empowering farmers and fostering a greener, resilient future.



Bridging Education and Impact: SBM Bank (India) Limited visits Centurion University, reinforcing a shared commitment to innovative learning and community empowerment.



Nurturing Health, Empowering Futures: In partnership with ANNADA, SBM Bank (India) Limited supports nutritional programmes for young mothers and children in rural Maharashtra, combating malnutrition and promoting healthy development.



Madagascar



Spreading Kindness: Banque SBM Madagascar SA donates toys, pillows, and batteries for hearing aids to Sekolin'ny Marenina Madagascar (Centre des Sourds Madagascar), supporting the hearing-impaired community.



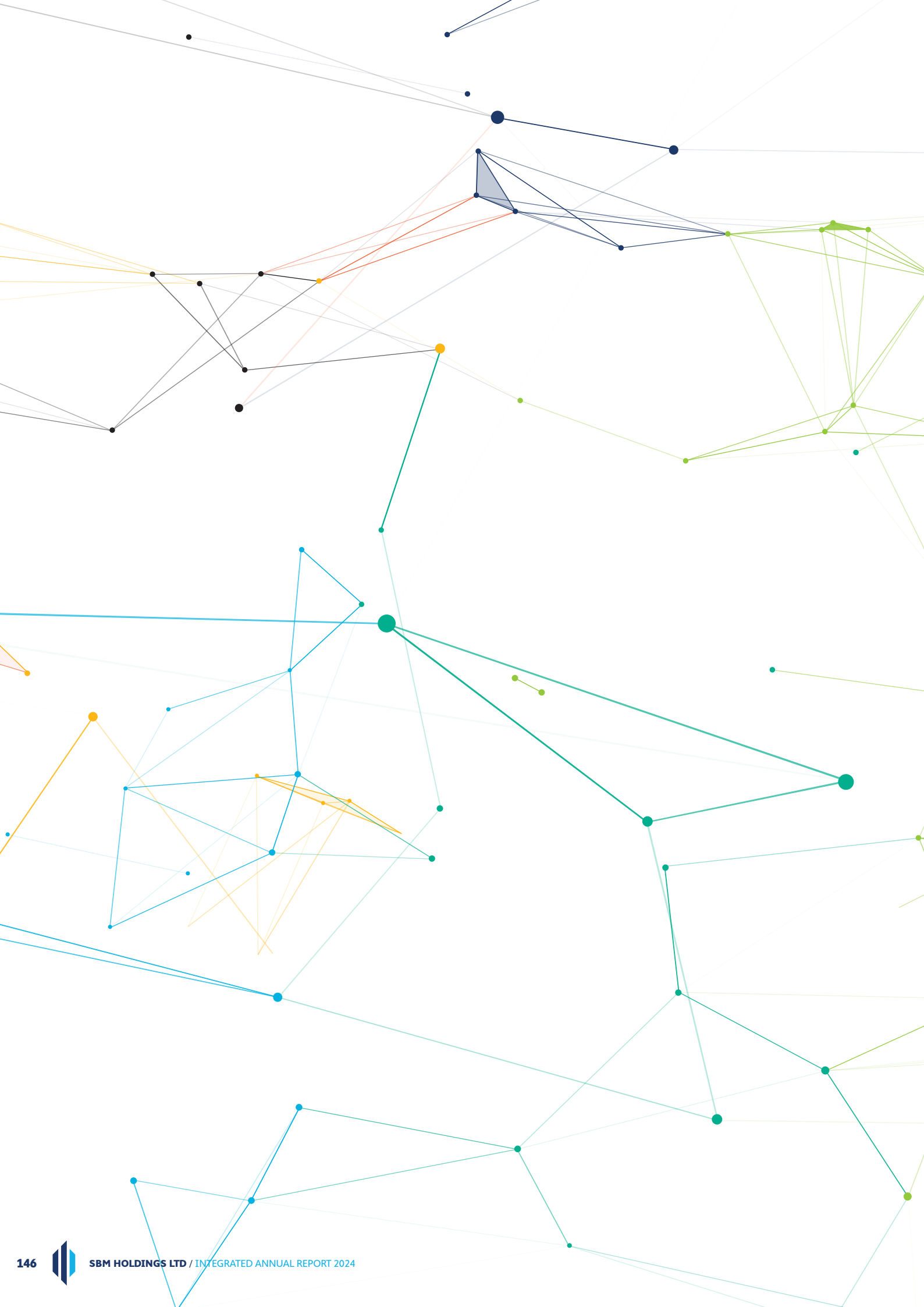
Greening the Future: Banque SBM Madagascar SA participates in tree planting efforts, reinforcing its commitment to environmental conservation and sustainability.





CULTIVATING **YOUTH AMBITIONS** MOVING TOWARDS **PROSPERITY**

Shaping the future for the generations to come.





Corporate Governance Report

Note to Shareholder

This Corporate Governance Report reflects the perspectives, inputs, deliberations and decisions of the former Board of Directors who were in office as at 20 March 2025. The contents of this report were approved by the said Board on 20 March 2025. Any subsequent deliberations in governance matters post that date are not captured in this report.

Corporate Governance Report

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 the Management Team in promoting accountability, transparency and integrity to protect the stakeholders' interests and facilitate sustainable growth.

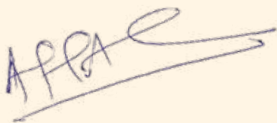
Governance, at SBMH, is more than a mere set of rules and structures and is indeed a reflection of our values that shapes how we operate, a guiding philosophy that strengthens our relationship with the various stakeholders, builds confidence in our leadership team, and integrity of our decisions, which 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.

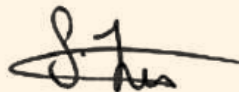
More so, effective governance is a collective effort that involves executive leadership and management. Accordingly, the Board is supported by a dedicated Management Team, established at the Group level, in the pursuit of a shared goal of achieving sustainable success in a responsible way and in adherence 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.

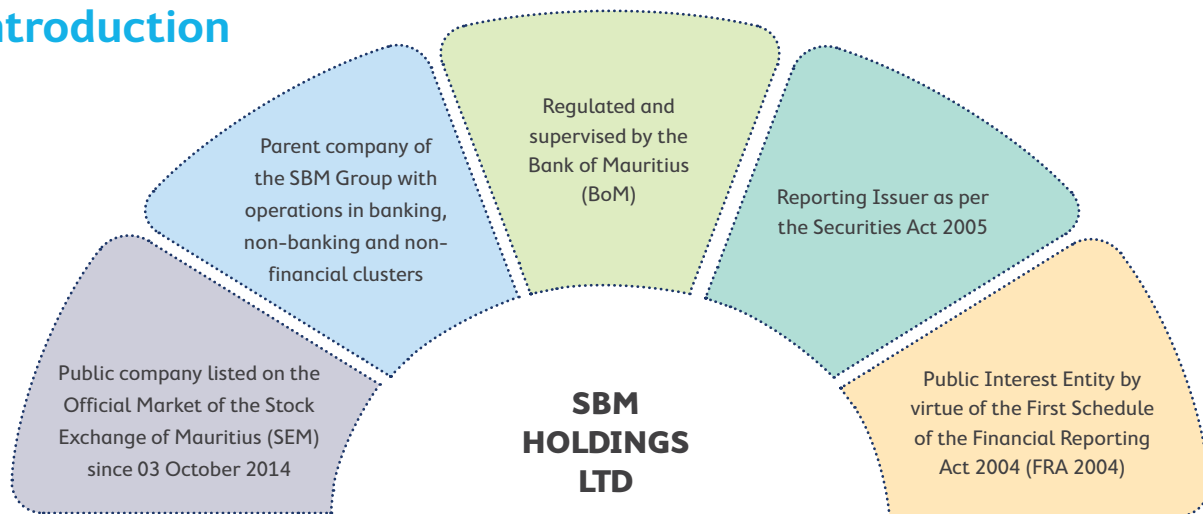


Mr Abdul Sattar Adam Ali Mamode Hajee Abdoula
Chairman



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

Introduction



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 supports the principles of transparency, discipline, independence, accountability, responsibility, fairness, social conscience, while ensuring compliance with the in-country laws and regulations where the 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, Equity 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.

Corporate Governance Report (cont'd)

The following legends have been used across the Report to identify our impacted Stakeholders, Capitals and Material matters.

Stakeholders



Shareholders, debt holders
and investor community



Customers



Employees



Societies and
communities



Governments and
regulators



Suppliers and strategic
partners

Capitals



Financial



Manufactured



Intellectual



Human



Social and
relationship



Natural

Material matters



Economic performance



Regulatory
compliance



Customer
experience



Employee
wellbeing



Diversity, equity
and inclusion

















































































Climate
consciousness



Social inclusion

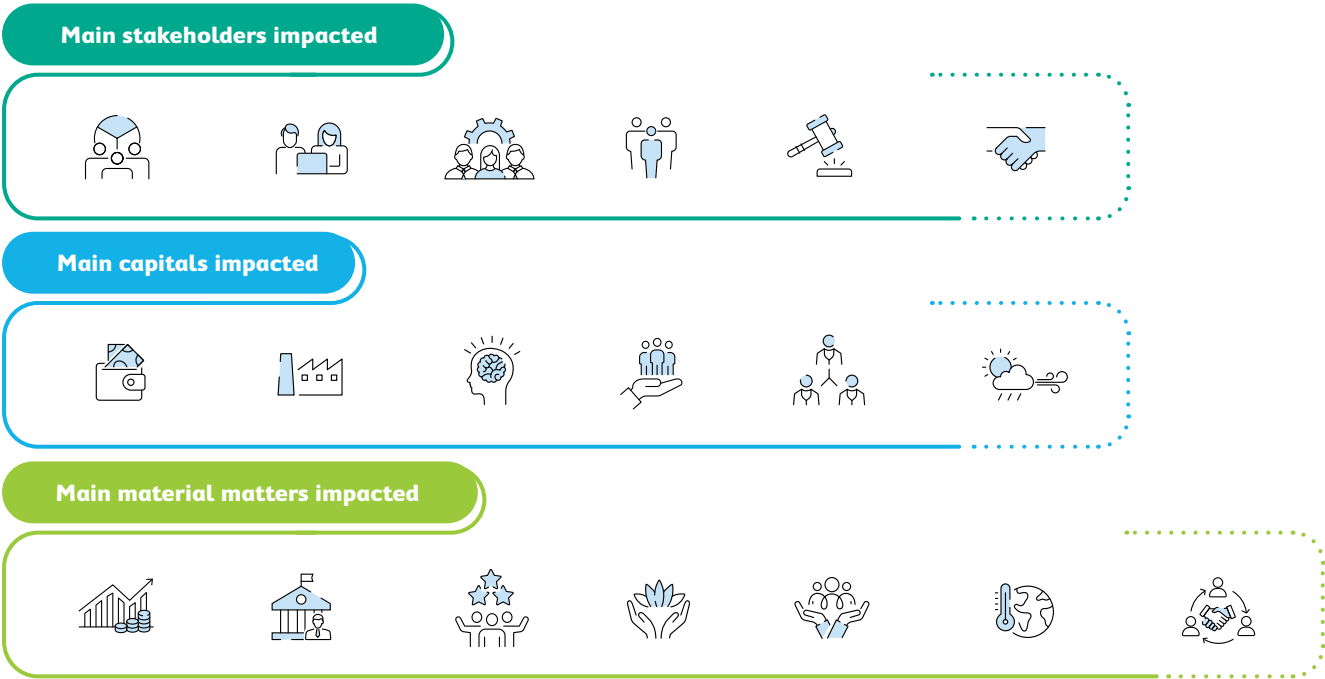
Our key focus areas for the financial year 2024

Key focus areas	Main stakeholders impacted	Main capitals impacted	Main material matters impacted
Maintain strong and sound governance across the Group			
Work diligently to attain the vision, mission and strategy of the Group			
Create long-term sustainable shareholder value while ensuring fairness to all stakeholders			
Foster effective stakeholder engagement			
Robust internal controls and sound risk management framework across the Group			
Improve financial performance & capital positioning of the Group			

Key focus areas	Main stakeholders impacted	Main capitals impacted	Main material matters impacted
Cost containment	  	 	 
Exercise adequate oversight and control over the subsidiaries	  	  	  
Promote equity, diversity and inclusion across the Group	  	   	  
Promote sustainability initiatives across the Group	     	  	   
Strengthen existing policies and procedures and ensure adherence to same	    	   	  
Promote talent management and succession planning	  	 	 
Ensure a safe working environment for the employees of the Group in view of the recent climate change	   	  	 
Compliance with the in-country laws and regulations	     	  	 

Corporate Governance Report (cont'd)

Principle One – Governance Structure



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:



Group Structure

The Group Structure can be viewed on page 34.

SBMH Governance Structure and Leadership

SHAREHOLDERS

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

CHAIRMAN

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

BOARD OF DIRECTORS

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

BOARD COMMITTEES

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



Strategy Committee

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

Read more on page 165



Risk Management Committee

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

Read more on page 166



Audit Committee

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

Read more on pages 167 and 168



Corporate Governance, Conduct Review & Sustainability Committee

Assists the Board in discharging its duties relating to governance and sustainability related matters and including maintaining effective corporate governance framework and overseeing the implementation of the Group Sustainability Agenda.

Read more on page 169



Nomination & Remuneration Committee

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

Read more on page 170



Business Review Committee

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

Read more on page 171



Projects Assessment Committee

Oversees the implementation of Group related projects and ensures that goals and objectives of those projects are achieved within the prescribed time frame and budget.

Read more on page 172

GROUP CHIEF EXECUTIVE OFFICER

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

EXECUTIVE AND MANAGEMENT OFFICE

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

Corporate Governance Report (cont'd)

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 Group Governance and Leadership 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.

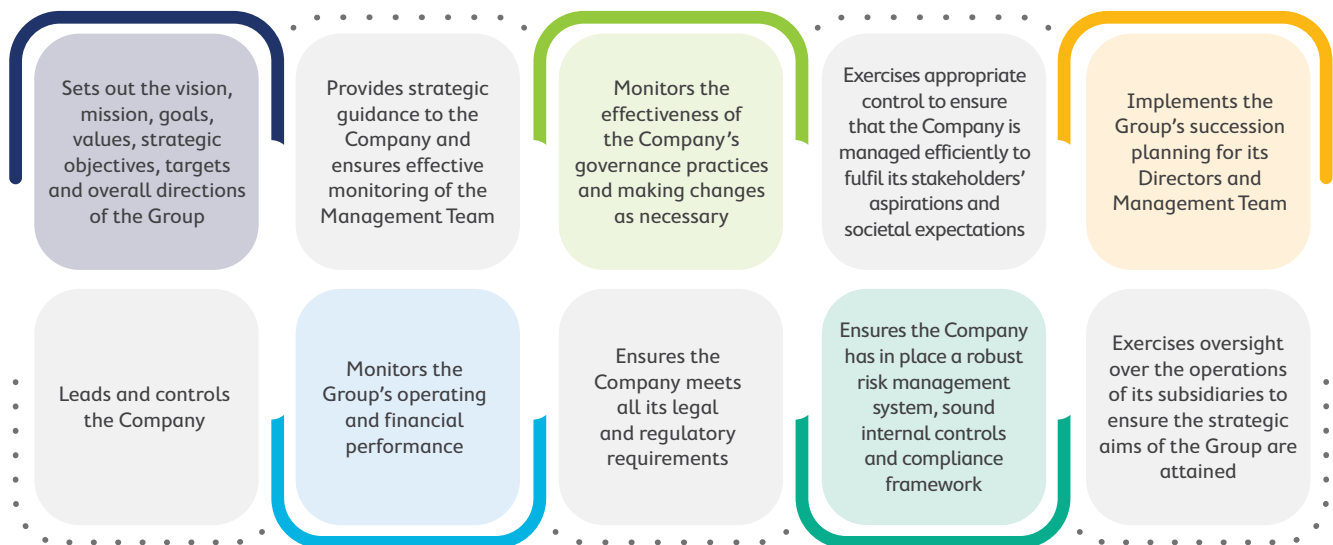


The COEBC and EOP are available on the SBM Group's website.

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:



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 practices, 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 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 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 on the following pages:

Corporate Governance Report (cont'd)

Chairman

- 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
- Ensures the Board is effective in setting and implementing the Group's direction and strategy
- 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 fiduciary 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 Group's 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 on pages 44 to 46.

Principle Two – The Structure of the Board and its Committees

Main stakeholders impacted



Main capitals impacted



Main material matters impacted



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.

Corporate Governance Report (cont'd)

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 as at 20 March 2025

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

Independent	Non-Executive	Executive
Mr Abdul Sattar Adam Ali Mamode HAJEE ABDOULA (Chairman)	Mr Jean Paul Emmanuel AROUFF	Mr Raoul Claude Nicolas GUFFLET
Ms Shakilla Bibi JHUNGEER	Mr Visvanaden SOONDRAM	
Ms Sharon RAMDENEY		
Dr Subhas THECKA		

Dr Subhas Thecka and Ms Sharon Ramdeneey 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 Ramdeneey 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, as at 20 March 2025, who do not have any relationship with the Company and with the majority shareholders. All Directors were residents 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, minimising 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.

Board diversity

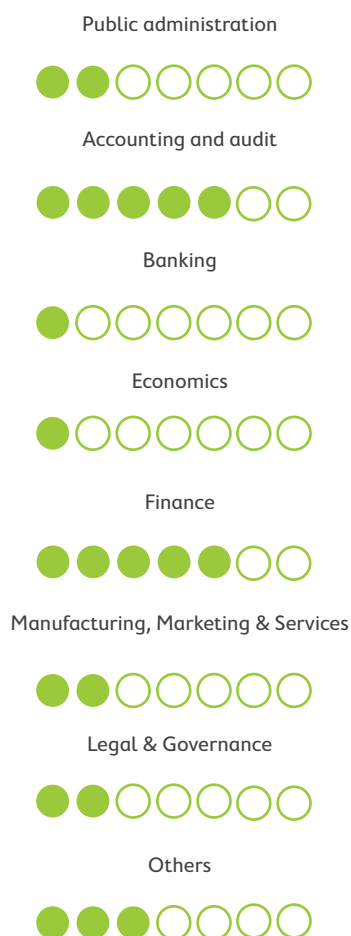
The Board believes that diversity among its Board Members is an increasingly important corporate necessity that can promote accountability and compliance at the highest level. A diverse board tends to perform better and is more equipped to navigate complex business decisions because they bring together 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% of women representatives on its Board, as required by the Act, is satisfied for FY 2024.

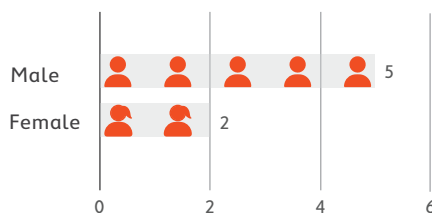
SBMH remains an equal opportunity employer whose policies and practices aim at creating an environment that promotes equal opportunities for its employees across the Board. The SBM Group acknowledges that its employees are critical part of its business and there is always a need to create an inclusive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

Board at a glance

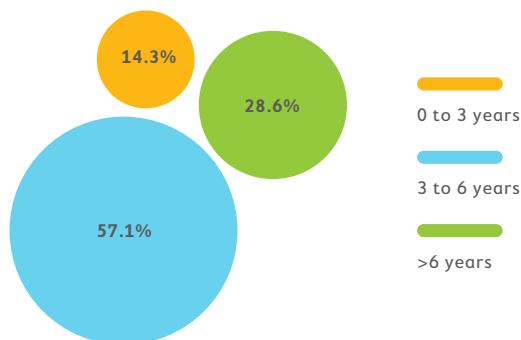
Board skills and experience



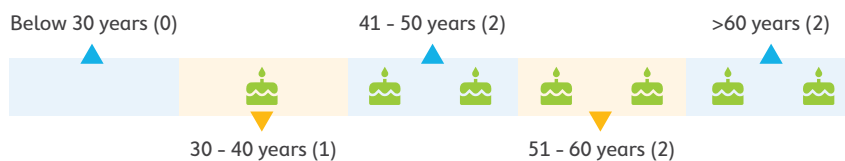
Gender



Tenure



Age group



Corporate Governance Report (cont'd)

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, 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 and 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 and procedures, statutory and regulatory requirements
- Supports the 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 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 and Directors and ensures that minutes of proceedings of all these meetings are properly recorded in accordance with paragraph 8 of the Fifth Schedule and paragraph 6 of the Eighth Schedule of the Act respectively
- 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 Chairman and Group CEO to facilitate the induction and professional development of Non-Executive Directors as required as well as supports the 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



Corporate Governance Report (cont'd)

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.

 Independent Director	 Non-Independent Director	 Executive Director
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Members	Independent	Board Member since	Meeting attendance
Chairman			
Mr Sattar Hajee Abdoula		March 2020	15
Non-Executive Directors			
Mr Jean Paul Emmanuel Arouff		March 2020	12
Ms Shakilla Bibi Jhungeer		March 2020	15
Ms Sharon Ramdenee		December 2018	13
Mr Visvanaden Soondram		March 2020	7
Dr Subhas Thecka		June 2017	15
Executive Director			
Mr Raoul Gufflet		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

Corporate Governance Report (cont'd)

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

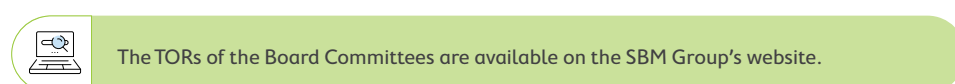
In line with good governance, the Board has the collective responsibility to promote the long-term sustainable success of the Group, ensuring due regards is paid to the interests of its stakeholders. The Board generally delegates certain roles and responsibilities to its Board Committees, which have 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:

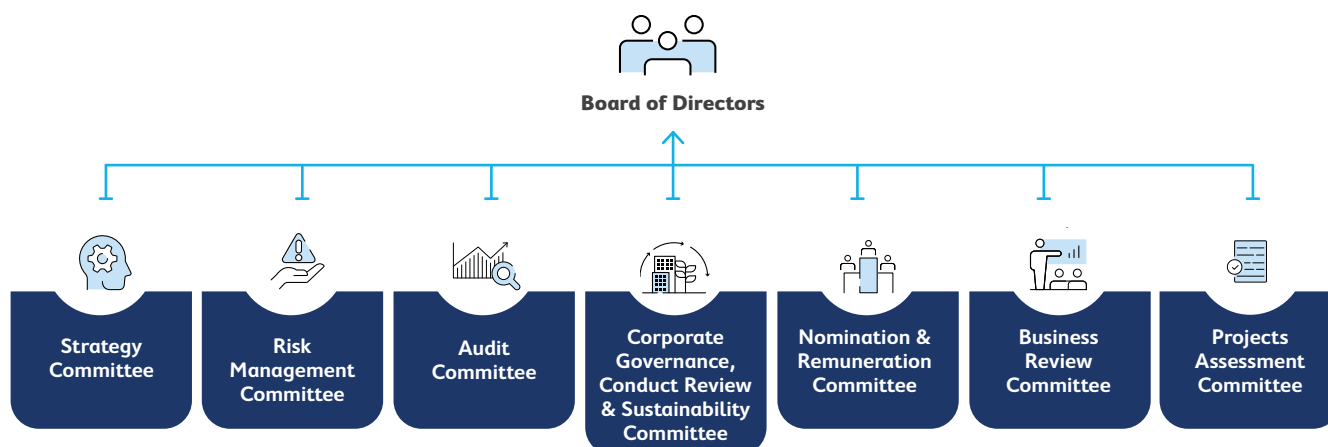
- Dr Subhas Thecka was appointed as additional member of the Business Review Committee (BRC).
- Ms Sharon Ramdenee was replaced by Dr Subhas Thecka in the CGCRS Committee.
- Ms Sharon Ramdenee was appointed as a new member of the Projects Assessment Committee (PAC) in replacement of Mr Raoul Gufflet.
- 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, qualifications 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.



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.

67%¹

Independence

3¹

Members

4

Meetings

81%

Attendance



Independent Director



Non-Independent Director



Executive Director

Members	Independent	Committee Member since	Meeting attendance
Mr Sattar Hajee Abdoula (Chairman)		March 2020	4
Mr Raoul Gufflet		March 2022	4
Ms Sharon Ramdenee		August 2020	4
Mr Visvanaden Soondram ²		March 2020	1

¹ Based on the composition of the Strategy Committee as at 20 March 2025

² Mr Visvanaden Soondram ceased to be a member effective 12 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

Corporate Governance Report (cont'd)



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.

67%¹
Independence

3¹
Members

4
Meetings

75%
Attendance



Independent Director



Non-Independent Director



Executive Director

Members	Independent	Committee Member since	Meeting attendance
Ms Sharon Ramdenee (Chairperson)		July 2019	4
Mr Raoul Gufflet ²		January 2023	3
Dr Subhas Thecka		August 2017	4
Mr Visvanaden Soondram ²		October 2024	1

¹ Based on the composition of the RMC as at 20 March 2025

² Mr Visvanaden Soondram was appointed as member of the RMC in replacement of Mr Raoul Gufflet effective 09 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 cybersecurity risk, climate change and Environmental, Social and Governance related risks and emerging risks and ensure appropriate procedures are in place to mitigate these risks in 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.

100%
Independence

3¹
Members

4
Meetings

92%
Attendance



Independent Director



Non-Independent Director



Executive Director

Members	Independent	Committee Member since	Meeting attendance
Dr Subhas Thecka (Chairman)		August 2017	4
Ms Shakilla Bibi Jhungeer		July 2021	4
Ms Sharon Ramdenee		April 2019	3

¹ Based on the composition of the Audit Committee as at 20 March 2025

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 SBMBM 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

Financial reporting	Considered, analysed, reviewed and debated on information, key judgements and significant matters raised by the Management Team, the Internal Auditors and the External Auditors, to ensure that the financial results provide a true and fair representation of the performance of the Group
	Reviewed and challenged the Management Team's judgements in relation to credit impairments and the underlying assumptions, methodologies and models applied. Also, considered the impact of macro-economic risks on the credit environment
	Monitored and assessed the integrity of the annual and interim financial statements during the year, with focus on key accounting policies, financial reporting issues, assumptions and judgements used by Management, together with the findings set out in the reports from the External Auditors
	Monitored any formal announcements relating to the Group's financial performance
	Considered the clarity and completeness of the disclosures within the financial reports
External audit	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
	Maintained the integrity of the relationship with the External Auditors
	Reviewed and monitored the relationship with the External Auditors, including their appointment, independence, objectivity, effectiveness, terms of engagement and level of fees
	Considered significant audit matters regarding the audit opinion
	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
	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

Corporate Governance Report (cont'd)

Internal audit	Monitored and reviewed the effectiveness of the internal audit functions in terms of its scope, execution of its plan, coverage, independence, skills, staffing, overall performance and position within the organisation
	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
	Ensured that the work completed by the Internal Audit Team during the year was directed towards key areas including information and data security and cross-business risks mitigation such as management of third parties
	Ensured that timely actions were taken by the Management Team to address the adverse findings, if any, from the Internal Audit Team
	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
	Ensured that there was effective communication between the External Auditors and the Internal Audit Team
Internal control systems	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
	Ensured that controls are in place with regards to cybersecurity
	Ensured integrity and accountability from everyone working for the Group

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.





67%¹
Independence

3¹
Members

4
Meetings

62.5%
Attendance

 **Independent Director**
 **Non-Independent Director**
 **Executive Director**

Members	Independent	Committee Member since	Meeting attendance
Ms Shakilla Bibi Jhungeer (Chairperson)		March 2020	4
Mr Jean Paul Emmanuel Arouff		March 2020	3
Ms Sharon Ramdenee ²		February 2022	2
Dr Subhas Thecka ²		August 2024	1

¹Based on the composition of the CGCRS Committee as at 20 March 2025

²Dr Subhas Thecka was appointed as member of the CGCRS Committee in replacement of Ms Sharon Ramdenee effective 12 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 and 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

Corporate Governance Report (cont'd)



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.



Members	Independent	Committee Member since	Meeting attendance
Mr Jean Paul Emmanuel Arouff (Chairman)		August 2020	4
Ms Shakilla Bibi Jhungeer		August 2020	4
Mr Visvanaden Soondram		January 2023	2

¹ Based on the composition of the REMCO as at 20 March 2025

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.

67%¹
Independence

3¹
Members

4
Meetings

83%
Attendance



Independent Director



Non-Independent Director



Executive Director

Members	Independent	Committee Member since	Meeting attendance
Mr Jean Paul Emmanuel Arouff (Chairman)		April 2023	4
Ms Shakilla Bibi Jhungeer		April 2023	4
Dr Subhas Thecka ²		August 2024	2

¹ Based on the composition of the BRC as at 20 March 2025

² Dr Subhas Thecka was appointed as member of the BRC effective 12 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

Corporate Governance Report (cont'd)



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.

67%¹
Independence

3¹
Members

4
Meetings

69%
Attendance

Independent Director

Non-Independent Director

Executive Director

Members	Independent	Committee Member since	Meeting attendance
Ms Shakilla Bibi Jhungeer (Chairperson)		April 2023	4
Mr Jean Paul Emmanuel Arouff		April 2023	4
Mr Raoul Gufflet ²		October 2023	3
Ms Sharon Ramdennee ²		August 2024	-

¹ Based on the composition of the PAC as at 20 March 2025

² Ms Sharon Ramdennee was appointed as member in replacement of Mr Raoul Gufflet effective 12 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-to-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.

Group Executive Committee



Group Communications Forum	Group Compliance Forum	Group Finance Forum	Group Governance Forum	Group Human Resource Forum	Group Internal Audit Forum
Group IT Audit Forum	Group Risk Management Forum	Group Strategy and Business Development Forum	Group Sustainability Forum	Group Technology and Operations Forum	

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 capitals impacted



Main material matters impacted



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:

CONSTITUTION

Section 14.1

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

Section 14.2

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

14.2.1

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

14.2.2

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

Section 14.3

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

Section 14.6

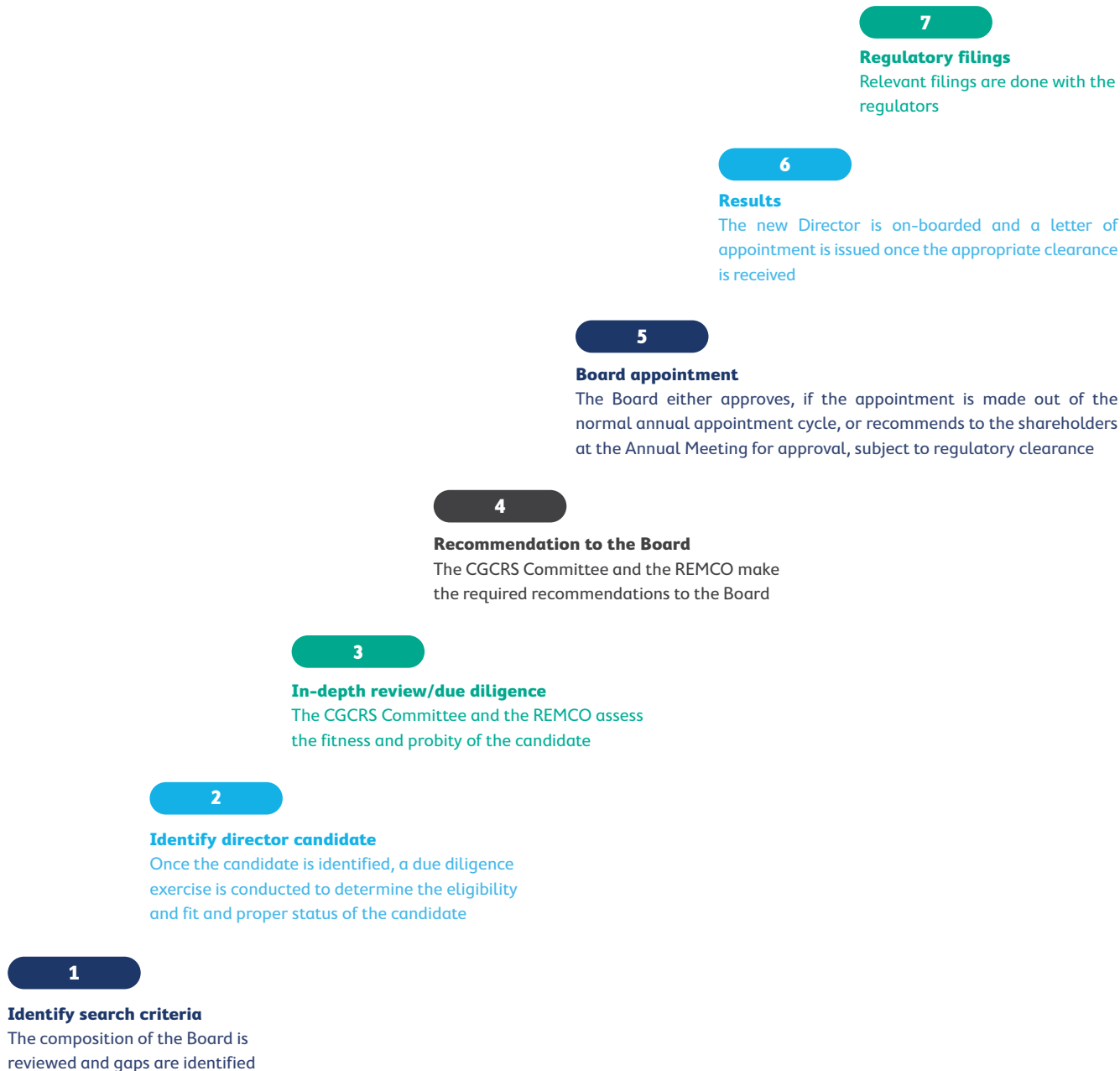
"Notwithstanding Articles 14.1 and 14.2, the Board may at any time appoint any person as Director provided the total number of Directors does not at any time exceed eleven. Any Director so appointed shall hold office only until the next Annual Meeting and shall be eligible for re-election."

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



Corporate Governance Report (cont'd)

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 boardroom 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-fledged 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 organisation 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 capitals impacted



Main material matters impacted



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.

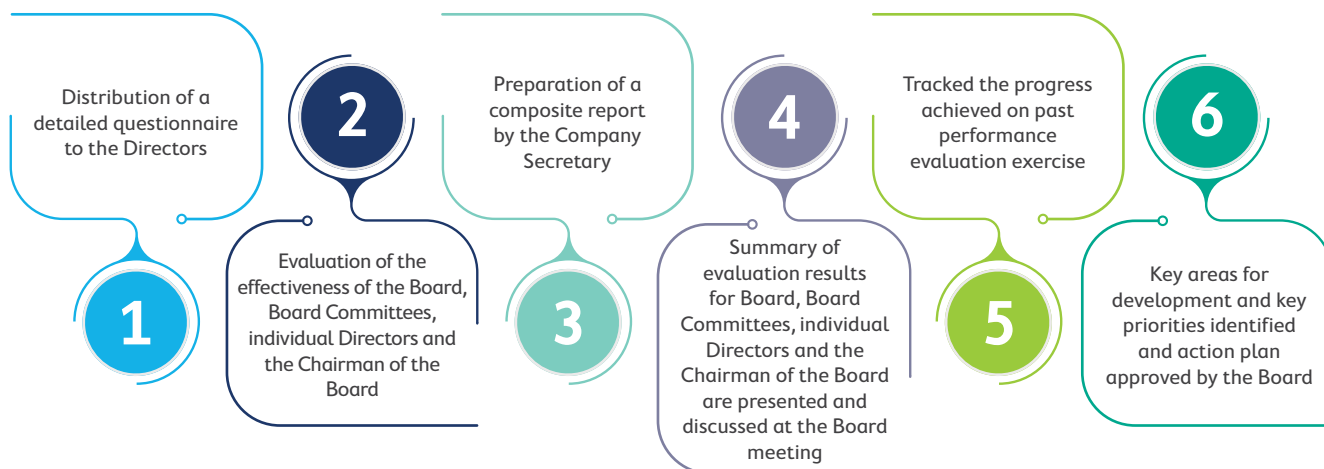
Performance evaluation

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.

Corporate Governance Report (cont'd)

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



The results of the internal performance review were presented to the Board in February 2025, which concluded that the Board and Board Committees were operating effectively and that all Directors holding office at that time continue to fulfill 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 SBM Bank (India) Limited (SBMBI) and SBM Bank (Kenya) Limited (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 as regards to the above areas.

As regards to 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 same is available for consultation by 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.

Directors' interests and dealings in SBMH shares

- **Compliance with the SEM Listing Rules**

The Directors of SBMH confirmed 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) Holdings Ltd, 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	-	-	-
Ms Sharon Ramdenee	100,000	-	-	-

No other Director of SBMH (holding office as at 20 March 2025) 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.

Corporate Governance Report (cont'd)

The table below depicts the remuneration earned by Directors (who held office as at 20 March 2025) 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
Independent Directors				
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	-
Non-Executive Directors				
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
Executive Director				
Mr Raoul Gufflet (Group CEO)	40,949	-	35,809	-

*Mr Ramprakash Maunthrooa resigned as Director effective 14 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 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: qualifications, skills, experience and achievement of KPIs, amongst others.

Information, Information Technology and Information Security Governance

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

Across its operating entities, the Group has implemented multiple security policies and deployed both technological and logical controls to enforce appropriate restrictions and safeguard data, whether housed on-premises or in cloud environments. In parallel, ongoing awareness initiatives are conducted to emphasise 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 capitals impacted



Main material matters impacted



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.

Corporate Governance Report (cont'd)

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

Principle Six – Reporting with Integrity

Main stakeholders impacted



Main capitals impacted



Main material matters impacted



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 can be accessed and read on the SBM Group's website.

In accordance with a Practice Direction issued by the ROC on 21 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 March 2025 and a "Statement of Directors' responsibilities" jointly signed off by the Chairman of the Board and Chairman 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.

Corporate Governance Report (cont'd)

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, wellbeing, 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 wellbeing 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 wellbeing. 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, 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 cybersecurity 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 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

Corporate Governance Report (cont'd)

Principle Seven – Audit

Main stakeholders impacted



Main capitals impacted



Main material matters impacted



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 Team, 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, and (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 Audit 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:

	Deloitte	Other Auditors	Deloitte	Other Auditors
	2024		2023	
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
SBM Holdings Ltd				
Statutory audit and quarterly reviews	1,202	-	1,093	-
Other services	30	-	28	-
Subsidiaries				
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:

- VAT return
- Tax advisory services in relation to entity classification under Foreign Account Tax Compliance Act and Common Reporting Standard

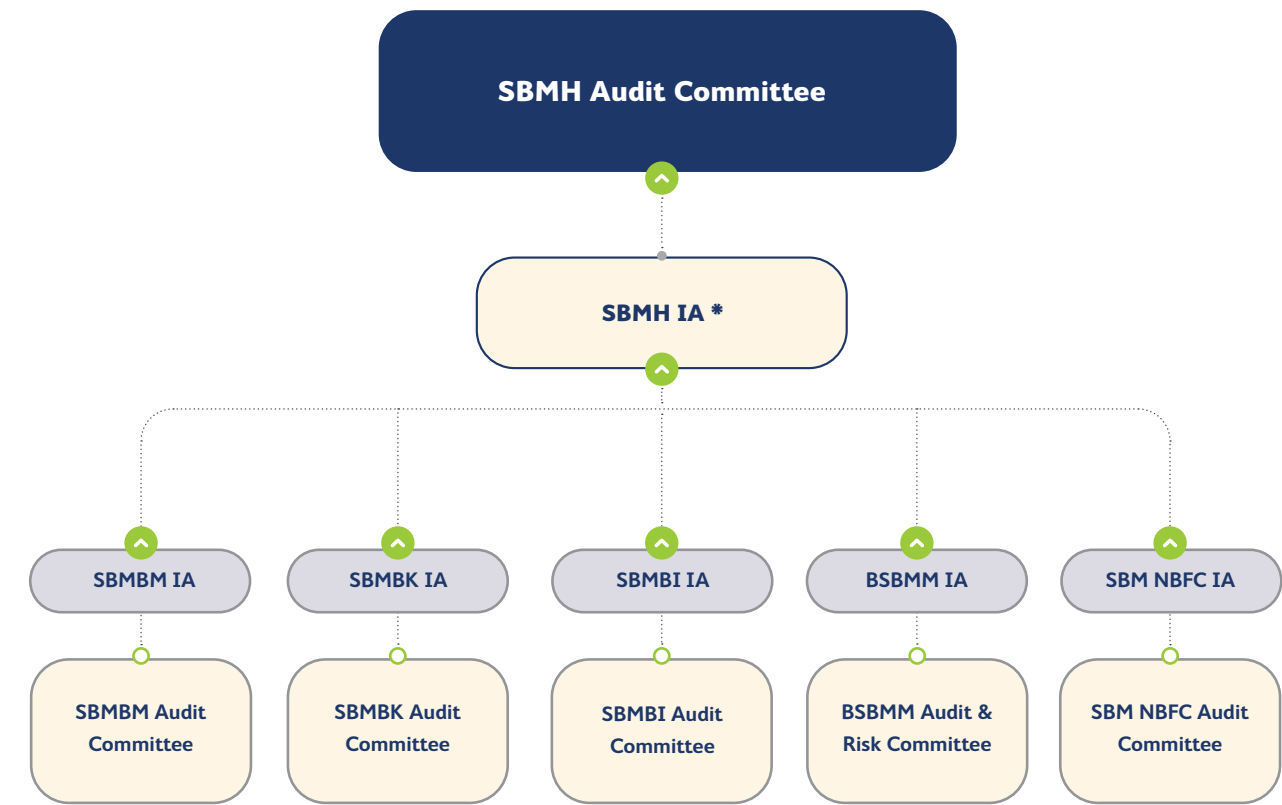
Internal audit


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.

Corporate Governance Report (cont'd)

The IA structure of the Group as of February 2025 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 on page 46.

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:

1	Ensures that the Head of Internal Audit & Investigation has direct reporting line to the Audit Committee
2	Ensures that the IA Team is appropriately resourced, and has sufficient authority and standing to carry out its tasks effectively
3	Reviews the annual audit plan of the Group and recommend same to the SBMH Board for approval
4	Receives periodic reports on the results of the IA work
5	Reviews and monitor closure of audit items
6	Meets the Head of Internal Audit & Investigation periodically without the presence of SBMH Management Team
7	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.

Corporate Governance Report (cont'd)

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 (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.



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.



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 Bank (Kenya) Limited

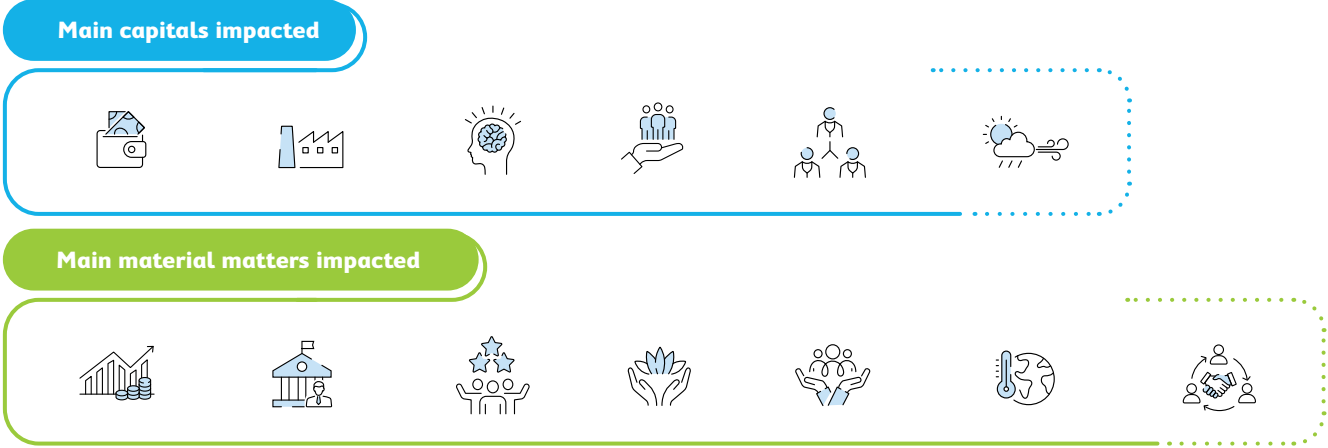
The 2024 approved audit plan was achieved and reported to the SBMBK Audit Committee in accordance with the IIA Standards.

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.

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



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.

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:

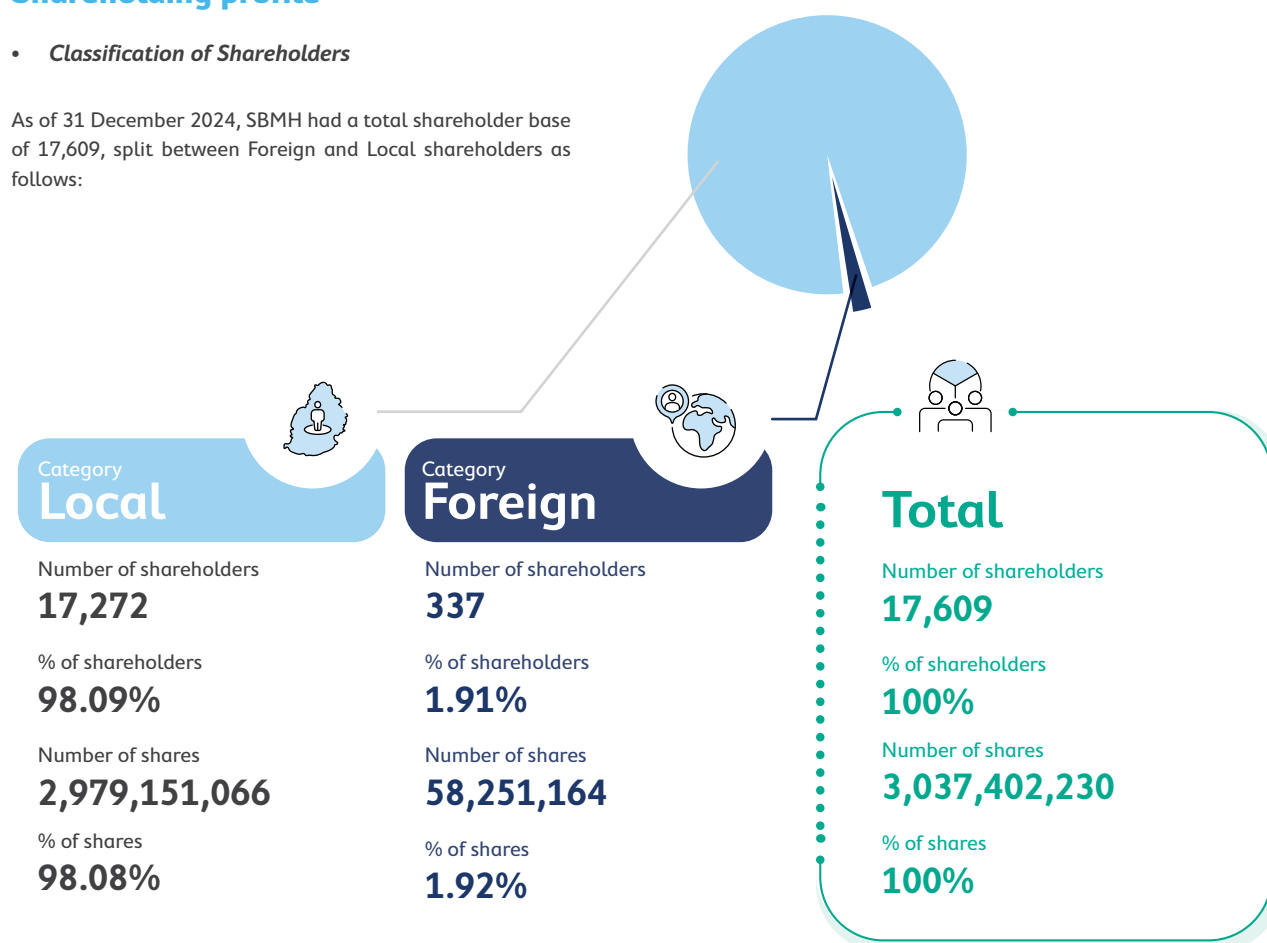


Corporate Governance Report (cont'd)

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 follows:



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**

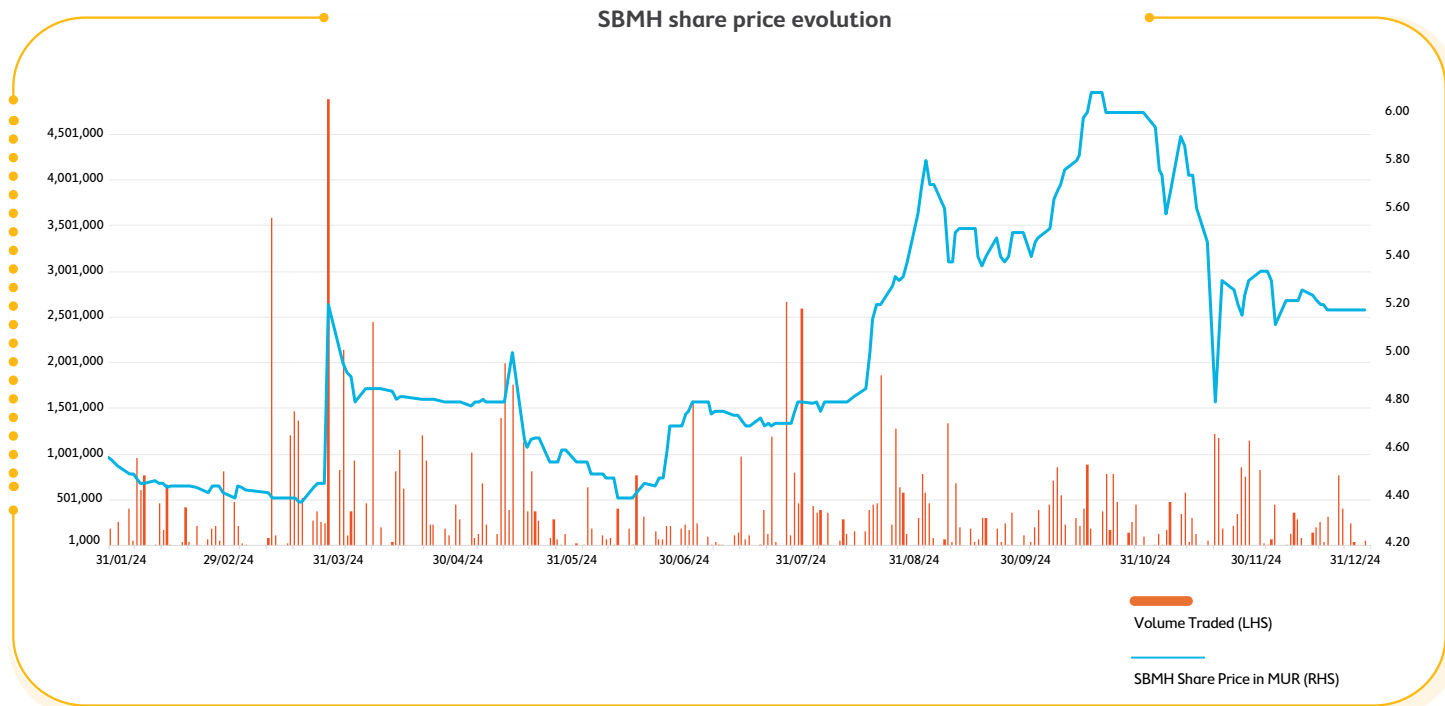
The distribution of ownership, as of 31 December 2024, stands as follows:

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
Total	17,609	100	3,037,402,230	100

- **Share price evolution**

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

SBMH share price evolution



Corporate Governance Report (cont'd)

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.

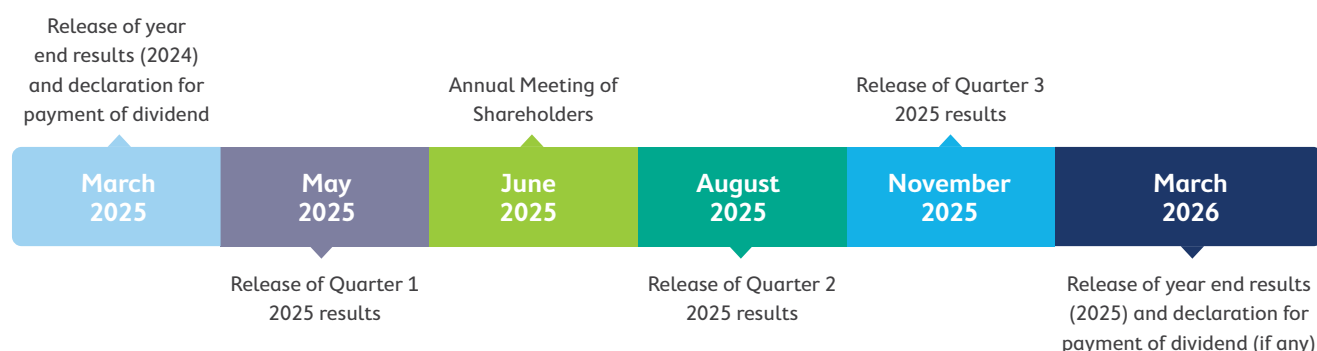
During FY 2024, the Board declared a dividend of 40 cents per share, which was paid in June 2024.

Shareholders information

All shareholders have the same voting rights.

Shareholders' diary

• Financial years 2024 and 2025



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 can be accessed and read 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.

- **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
Chairman

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

Corporate Governance Report (cont'd)

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: Director Appointment Procedures	As of 31 December 2024, the Group did not have a Succession Planning Policy <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
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

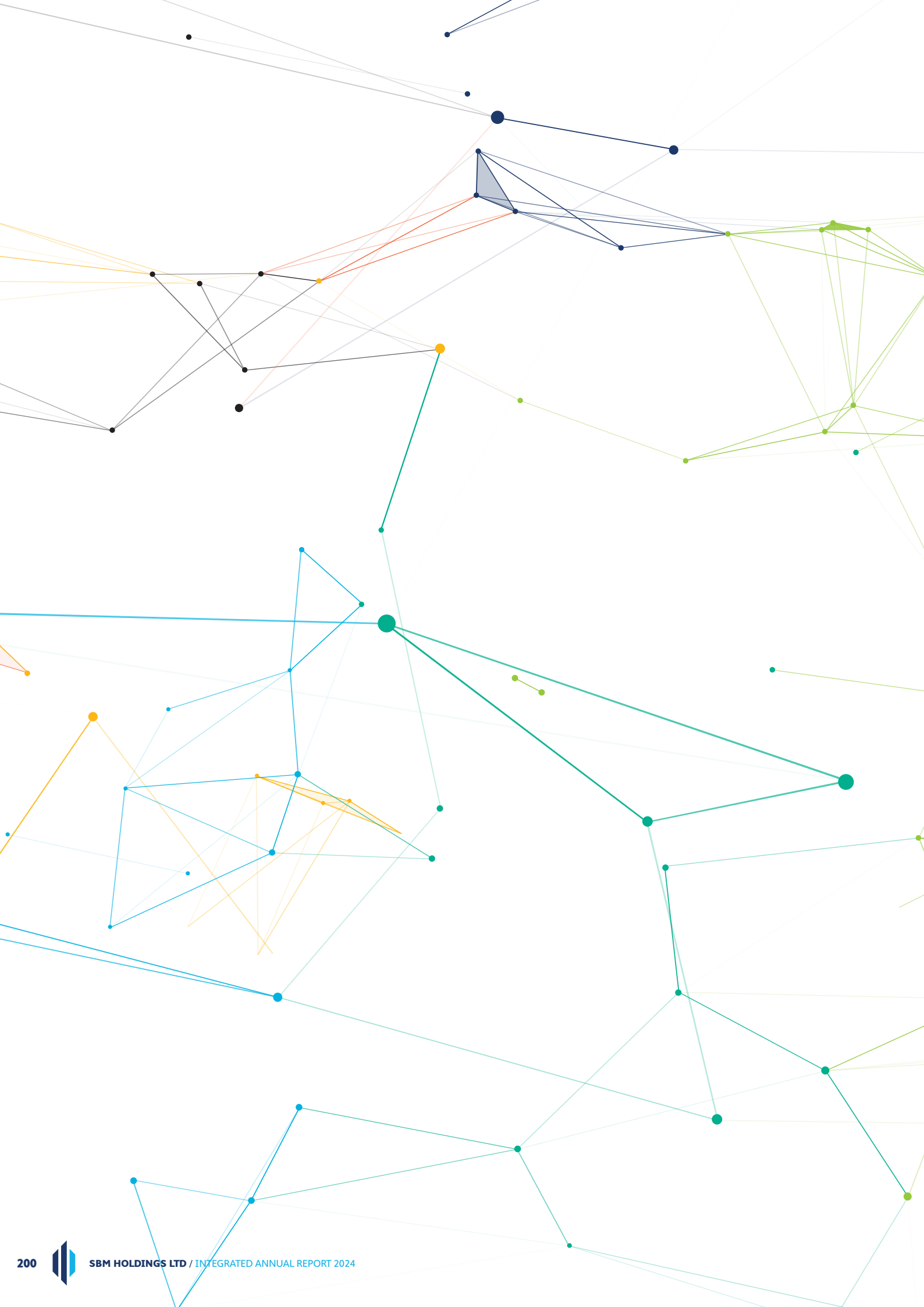
Date: 20 March 2025



A woman wearing a straw hat and a blue shirt is seated at a market stall, looking towards the left. In front of her are several jars of jam. A large yellow and green umbrella is behind her. In the background, a bat hangs from a tree branch. The scene is set in front of a building with a corrugated metal roof. The text "EMPOWERING WOMEN DRIVING SUCCESS" is overlaid on the image.

EMPOWERING WOMEN DRIVING SUCCESS

Banking where entrepreneurship meets
innovative solutions and financial freedom.





Risk Management Report

Risk Management Report

Overview

The Group's strategy is built on a commitment to meeting the evolving needs of our clients by conducting business with integrity and excellence, underpinned by robust governance and risk management frameworks.

We adopt a comprehensive, enterprise-wide risk management approach that spans all risk types and is deeply embedded in our culture and values. This approach is articulated within our Enterprise Risk Management Framework (ERMF), which outlines the key principles and methodologies we use to manage both financial and non-financial risks.

Our framework fosters a strong risk-aware culture, promotes continuous monitoring and supports informed operational and strategic decision-making. It ensures a structured and consistent approach to identifying, assessing, managing and reporting risks with clear accountabilities at all levels. We actively review and refine our risk management framework to maintain a proactive and holistic approach, ensuring alignment with the evolving business and regulatory landscape.

Risk management is a collective responsibility across the Group, with ultimate oversight resting with the Board. Our risk appetite defines the levels and types of risk the Group is willing to accept in pursuit of its strategic objectives.

The governance of our risk management process is overseen by dedicated Group entity Boards and Risk Management Committees with the requisite expertise, both at the entity level and across the Group. The Group Executive Management team sets the overall risk appetite, which is subsequently reviewed and approved by the respective Boards. Risk limits are established to ensure adherence to the defined appetite, within which business units are expected to operate. Ongoing monitoring of the risk profile is conducted by both Management and the Board. Additionally, Internal Audit provides independent assurance to the Board on the effectiveness of governance, risk management and controls over both existing and emerging risks.

The Group's risk framework, risk appetite, guiding principles, policies, procedures, controls and reporting mechanisms are continuously reviewed and updated to ensure alignment with legal and regulatory requirements, corporate governance standards and industry best practices.

Year under review

The past year presented a complex array of challenges and opportunities that required proactive risk management and strategic resilience. Against a backdrop of economic uncertainties, rising geopolitical tensions, heightened regulatory requirements, cyber and technological advancements, the Group remained steadfast in its commitment to maintaining a robust risk management framework. Through rigorous risk assessments, proactive risk management practices, enhanced governance structures and a strong risk culture, we satisfactorily navigated the volatile landscape. The Group showed effective business resilience and made use of tactical deployment of plans in place, all while unlocking opportunities and aligning our risk appetite with our strategic objectives.

The outline which follows, though not exhaustive, provides an overview of how we responded to the key risk themes, initiatives and measures undertaken over the past year to safeguard the Group's financial strength, operational stability and long-term sustainability.

- Continued focus on embedding the revamped Group Enterprise Risk Management Framework (ERMF) across Group entities, fostering a robust risk culture with enhanced harmonisation, especially with the refinement of policies relating to the Principal Risks of the Group

- Further strengthening of Credit Risk management with emphasis on enhanced credit, assessments and rigorous oversight, reinforcing integrity and transparency of the credit approval process. Significant strides were made in relation to the monitoring of large exposures, further refining our internal rating engine, strengthening oversight on cross-border exposures and underlining emphasis on responsible lending among others

- Refining stress testing frameworks for financial risks in line with regulatory prescriptions and expectations, allowing for a more proactive approach to managing risks

- Substantial headway was made in the processes for identifying, assessing and managing climate risks together with the establishment of a climate risk model with well-defined roadmaps and oversight mechanisms in line with regulatory expectations and global standards

- Several initiatives were undertaken to demonstrate the Group's commitment to maintaining a robust Compliance Framework such as strengthening of the monitoring and mitigations mechanisms in relation to anti-money laundering and combatting the financing of terrorism (AML/CFT), initiating a consolidated Enterprise-Wide Compliance Risk Assessment (EWRA) and the provision of targeted training and awareness campaigns

- Deliberate effort was given on proactively identifying exposures and assessing controls associated with critical systems, remediation of end-of-life and end-of-support systems and rigorous IT change management

- Enhanced various aspects of non-financial risk management practices ranging from significant strides in revamping key risk indicators, introducing early warning signals, upgrading of tools and systems, strengthening third party management process and controls, upskilling of staff and closer monitoring of emerging risks thus improving on our agility and ability to proactively manage risks












- Ongoing investments in information and cybersecurity programmes and infrastructure to enhance resilience against growing risks of cyber threats, better equipping the Group to anticipate, detect, defend against and recover from cyber incidents, thus demonstrating our commitment to protecting the Group's assets, data and reputation

















- Recalibrated our governance structures from Board to entity level management forums with stronger oversight, redefined roles and responsibilities, improved accountability and strengthening partnerships among stakeholders to mitigate risks effectively

Risk Management Report (cont'd)















Key risks areas















Risk types	Considerations	Key mitigating actions
Credit risk		
<p>Risk of financial loss resulting from a counterparty failing to fulfil its financial or contractual obligations in accordance with agreed terms or a decrease in credit quality of a counterparty resulting in a loss. Includes obligor risk, concentration risk, settlement risk and country risk</p> <p>Trend</p> 	<p>Volatile global and local economic conditions, elevated inflation, global decoupling and growing geopolitical risks, currency depreciation leading to higher debt servicing costs with heightened risk of credit defaults and provisioning implications</p> <p>Material matters impacted</p> <div>  Economic performance  Regulatory compliance </div> <p>Capitals impacted</p> <div>  Financial  Intellectual </div>	<ul style="list-style-type: none"> Ongoing review and update of credit related policies, processes, systems, risk delegated authorities and Board approved credit risk appetite Continuously assessing the implications of developments in the operating environment, notably on the foreign exchange front given limited availability of hard currency in some regional countries and on the debt repayment capacity of borrowers Monitor growth and manage any delinquency to ensure a well-diversified performing credit portfolio in line with the Group strategy and risk appetite with close scrutiny on non performing portfolios and corresponding provisioning Proactively monitor credit portfolios with focus on regulatory and prudential limits, emerging risks and adopt measures to minimise undue concentration of exposure in our portfolios Enhancing controls in relation to structuring and assessment of borrowers' creditworthiness and related IFRS 9 processes Ongoing enhancement of models to better understand the risk-reward trade-offs Continuous calibration of the credit risk underwriting models. Ongoing monitoring of our exposures, proactively conduct country and sovereign risk assessments and review of our risk appetite to ensure effective risk management Keep checks on changes in the global macroeconomic, political and regulatory environments to identify and manage risks at an early stage Evaluate a system's resilience under extreme condition through stress testing, helping identify vulnerabilities and ensure preparedness for potential risks
Market, Liquidity and Funding risk		
<p>Market Risk Risk of loss arising from potential adverse changes in market variables such as interest rates, foreign exchange rates, commodity, bond and equity prices or changes in the volatility of these risk factors</p> <p>Liquidity & Funding Risk Risk that the entity is not in a position to meet its payment obligations or it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets</p> <p>Trend</p> 	<p>Impact on various asset classes and funding in relation to monetary policy and exchange rate movements together with their implied volatilities and mismatches in the timing of cash flows</p> <p>Material matters impacted</p> <div>  Economic performance  Regulatory compliance </div> <p>Capitals impacted</p> <div>  Financial  Intellectual  Manufactured </div>	<ul style="list-style-type: none"> Ensure that our framework remains dynamic in supporting the measurement and management of these risk types to meet payment obligations under both normal and stressed conditions in line with regulatory requirements Employ prudent risk management strategies and active monitoring of Board approved metrics (which are more conservative than regulatory requirements) that capture potential risk of adverse movements in financial markets Ensure a comfortable level of liquidity is maintained on the statement of financial position, supportive of our strategy Contingency funding plans, stress testing assumptions as well as early warning indicators continue to be reviewed and adapted where required Maintain a diversified, stable and cost-effective funding base with the ability to source funding competitively when required to support business growth











Risk types	Considerations	Key mitigating actions
Capital Risk		
<p>Risk of inadequate level (quantity) or composition (quality) of capital to support normal business activities and to meet regulatory capital requirements under normal operating and stressed conditions</p> <p>Trend</p> 	<p>Multiple factors impacting our capital position such as stringent regulatory requirements, sovereign rating downgrades, earnings volatility, stressed macroeconomic context and adverse changes in exchange rates</p> <p>Material matters impacted</p> <div>   </div> <p>Economic performance Regulatory compliance</p> <p>Capitals impacted</p> <div>   </div> <p>Financial Intellectual</p>	<ul style="list-style-type: none"> Conduct regular stress testing to ensure sufficient level of capital is available to withstand potential loss from significant exposures with adequate buffer in place in respect of regulatory ratios requirements Assess capital adequacy in alignment with the risk profile and appetite framework, ensuring capital levels are commensurate with the risks undertaken, including under stress scenarios Actively monitoring the economic outlook and rating of countries below investment grade Continuous monitoring of capital forecasts and considerations of capital headwinds aiding in prompt decision making
Strategic and Business Risk		
<p>Risk arising from making inappropriate strategic choices, ineffective business strategy execution, or failure to respond in a timely manner to changes in the regulatory, macroeconomic or competitive environment</p> <p>Trend</p> 	<p>Delays or shortcomings in executing the Group's strategic initiatives or achieving anticipated business and financial performance arising from unexpected changes in the intensity or nature of competition, adverse changes in stakeholders' sentiment or unexpected changes in laws and regulations</p> <p>Material matters impacted</p> <div>   </div> <p>Economic performance Regulatory compliance</p> <div>   </div> <p>Customer experience Climate consciousness</p> <p>Capitals impacted</p> <div>   </div> <p>Financial Human</p> <div>   </div> <p>Social and relationship Natural</p> <div>   </div> <p>Manufactured Intellectual</p>	<ul style="list-style-type: none"> Proactively assess the impact of changes in the operating environment on our strategic ambitions Maintain a clear, well-defined business strategy with measurable objectives and contingency plan Ensure the focused execution of key priorities through established governance and execution platforms Strengthened our internal capabilities such as investment in new technologies and talent, improving customer experience Maintain active engagement with regulators, rating agencies and other key stakeholders to stay ahead of compliance requirements and industry best practices Diversify revenue streams to reduce dependence on specific markets, products or customer segments Add aspects of continuous reviews both at Group level and entity level

Risk Management Report (cont'd)

Risk types	Considerations	Key mitigating actions
Operational risk		
<p>Risk of inadequate or failed processes, people and systems as a result of changes in internal or external factors</p> <p>Trend</p> 	<p>Inherent in all products, activities, processes and systems and is generated in all business and support areas</p> <p>Specific risks that are complex, difficult to anticipate and quantify, evolving rapidly with significant overlaps with other risk type and could have both financial or non-financial implications</p> <p>Material matters impacted</p> <div>   </div> <p>Economic performance Regulatory compliance</p> <p>Capitals impacted</p> <div>    </div> <p>Financial Intellectual Natural</p>	<ul style="list-style-type: none"> • Mature our Operational Risk Management Framework and practices to continuously strengthen risk management across the Group together with targeted training • Adopts fit-for-purpose risk practices and well-established governance processes that enable comprehensive escalation and reporting • Proactive identification and assessment of risk and control to determine the design strength and reliability of processes • Manage operational risks within risk appetite thresholds to protect against material loss and/or damage to the Group • Maintain robust systems, adequate processes and recovery capabilities in order to contain operational disruptions • Embed a strong risk culture allowing us to consistently do the right business the right way • Strong governance oversight which reinforces clear responsibilities and accountabilities
Cybersecurity and Information risk		
<p>Risk to the Group's assets, operations and personnel arising from potential unauthorised access, use, disclosure, disruption, modification, or destruction of information assets and systems</p> <p>Trend</p> 	<p>Rapid expansion of digital adoption, growing volume of data to manage, shift in workforce dynamics and evolving landscape of cyber threats expose the Group to security risks</p> <p>Material matters impacted</p> <div>   </div> <p>Economic performance Regulatory compliance</p> <div>  </div> <p>Customer experience</p> <p>Capitals impacted</p> <div>   </div> <p>Financial Human</p> <div>   </div> <p>Manufactured Intellectual</p>	<ul style="list-style-type: none"> • Enhance cybersecurity capability including data security controls, application protection controls, identity and access management and strengthening our network perimeters • Adopt and invest in innovative tools and solutions to enhance our cyber response capabilities and processes • Strengthen our cybersecurity stance against ransomware, spear-phishing and other cyber threats • Continue resilience investments in critical processes and third-party risk management • Promote strong and resilient risk culture with the running of specialised training and awareness sessions

Risk types	Considerations	Key mitigating actions
Model Risk		
<p>Potential loss arising from decisions or risk of mis-estimation that could be principally based on the output of models, due to errors in the development, implementation or use of such models</p> <p>Trend</p> 	<p>Complexities of the current operating environment pose challenges to model performance, necessitating adjustments that increase the risk of inaccurate or misapplied model outputs which in turn may lead to financial losses, erroneous reporting, suboptimal business and strategic decisions and potential reputational damage</p> <p>Material matters impacted</p> <div>  Economic performance  Regulatory compliance </div> <p>Capitals impacted</p> <div>  Financial  Intellectual  Manufactured </div>	<ul style="list-style-type: none"> Ensure model usage is correctly identified, suitable governance process established align with global best practices and regulations and fundamental model risk training provided Model issues or deficiencies identified through the validation process are mitigated through model monitoring, model overlays, back-testing and/or redevelopment plan, which undergoes robust review, challenge and approval Improved credit scoring model implemented, improve accuracy of risk assessment and streamlining the evaluation process for greater efficiency Ensure the accuracy, completeness and consistency of input data used for modeling, regularly assessing data sources and implement controls to prevent errors and biases in model inputs Explore on innovative ways such as machine learning/generative AI to develop models
Compliance risk		
<p>Risk of legal or regulatory sanctions and other actions, financial loss, damage to reputation or impairment of integrity or any other financial or non-financial impact that may arise due to non-compliance with legal, regulatory and other compliance obligations in the jurisdictions the Group conducts its operations</p> <p>Trend</p> 	<p>Increasing pace and evolving complexity of regulatory and statutory requirements across the Group's markets impact the current business model coupled with heightened scrutiny of regulators</p> <p>Material matters impacted</p> <div>  Economic performance  Regulatory compliance </div> <p>Capitals impacted</p> <div>  Manufactured  Intellectual  Social and relationship </div>	<ul style="list-style-type: none"> Robust and effective internal control environment and adequate infrastructure ensure that the Group conducts its business in compliance within the parameters of the laws, regulations and supervisory expectations Frameworks, policies and controls in place continuously being reviewed to ensure adherence to relevant laws and regulations with Board oversight Enhance the design and operating effectiveness of the control environment to ensure the Group continues to operate in conformity with legal and regulatory requirements. Consolidated Enterprise-Wide Risk Assessment (EWRA) aiding with the identification of new and emerging risks underway Strengthen the culture of sound regulatory compliance across the Group through tailored training programmes and awareness campaigns Initiate the implementation of technological solutions to enhance operational efficiencies and streamline processes (e.g. transaction monitoring, alerts management, automation of reports) Integration of an Operational Compliance team to capitalise on synergy within the function ranging from reporting, managing financial institutions relations to training & awareness

Risk Management Report (cont'd)

Risk types	Considerations	Key mitigating actions
Reputational risk		
<p>Risk of potential or actual damage of the Group's conduct or business practices as a result of any event, behaviour, action or inaction that may adversely impact its profitability or sustainability</p> <p>Trend</p> 	<p>Decline in trust regarding the Group's integrity and competence may reduce its attractiveness to stakeholders, potentially resulting in reputational damage, negative publicity, revenue loss, regulatory or legislative actions, erosion of existing and prospective client relationships morale and difficulties in accessing capital and in recruiting talent</p> <p>Material matter impacted</p>  <p>Economic performance</p> <p>Capitals impacted</p>  <p>Intellectual</p>  <p>Social and relationship</p>	<ul style="list-style-type: none"> Ensuring that business activities are satisfactorily assessed and managed with the appropriate level of management and governance oversight Inclusion of a sustainable and effective communication process and adequate media coverage/social platform scrutiny to proactively mitigate any potential risks. Engage proactively with regulatory authorities and industry bodies to uphold the Group's credibility and standing Daily monitoring of local, regional and international media, supported by a structured escalation process to address potential reputational risks promptly Implement a well embedded complaint management process with effective analysis and prompt resolution Sound due diligence process in place at various stages of the client lifecycle
Climate risk		
<p>Potential for financial loss and non-financial detriments arising from climate change and society's response to it</p> <p>Trend</p> 	<p>Due to the climate emergency, the data availability and methodology, the environmental aspects are a focus of attention in the banking industry</p> <p>Material matters impacted</p>  <p>Climate consciousness</p>  <p>Regulatory compliance</p> <p>Capitals impacted</p>  <p>Manufactured</p>  <p>Intellectual</p>  <p>Social and relationship</p>	<ul style="list-style-type: none"> Developing methodologies to identify, measure and manage physical and transition risks across operations, suppliers, clients and markets Integrating climate risk considerations into strategy, risk management processes and risk appetite Conduct a high-level materiality assessment, developing a climate risk heatmap to capture sectoral and geographical exposure Enhanced transaction screening and due diligence processes ensure climate-related risks are considered in lending and investment decisions Dispense training and awareness sessions to staff across the Group on climate change and climate related risks

Managing our risks

Our risk management approach provides a structured and effective framework for identifying, assessing and managing risks, ensuring clear accountability and strong oversight. Risk management is enterprise wide, applied to all entity levels and is critical to the successful execution of our strategic objectives.

Our Enterprise Risk Management process entails the identification of risks across our business operations, coupled with a comprehensive analysis of the key factors shaping our operating environment. The Enterprise Risk Management Framework (ERMF) establishes the overarching principles for risk management by defining frameworks, policies, standards, objectives and key responsibilities across the various levels of the Group.

Specifically, the ERMF:

- Identifies the principal financial and non-financial risks faced by the Group
- Establishes clear requirements for ownership, transparency, accountability and independence in risk management
- Defines the risk management process, outlining the activities, tools, techniques and operating model necessary for the effective management of material risks
- Implements a clear line of defense model ensuring appropriate segregation of duties and robust risk oversight



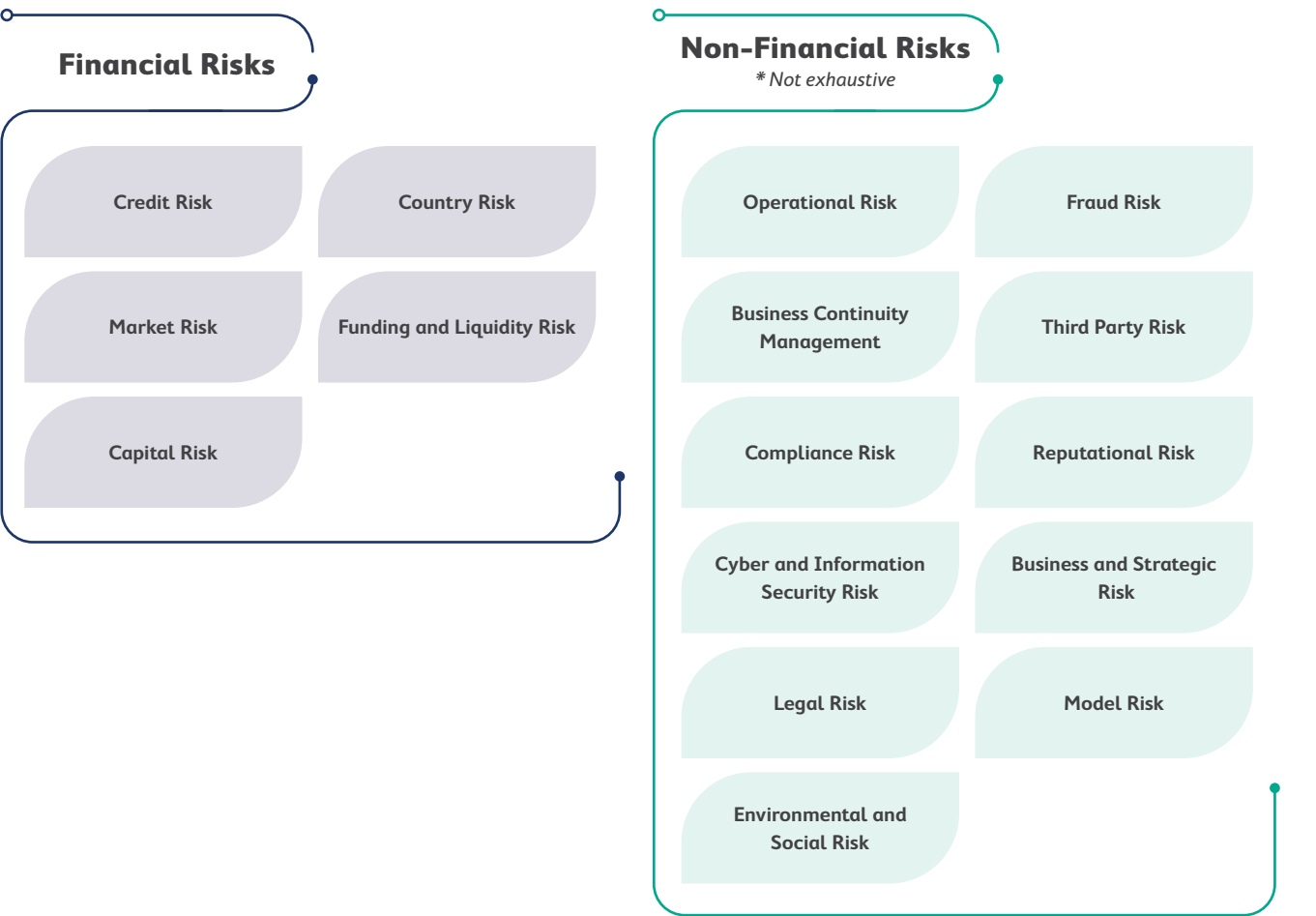
The ERMF is continuously reassessed and refined to ensure its effectiveness in addressing the challenges of our dynamic operating environment, while maintaining alignment with evolving regulatory requirements and industry best practices.

Risk Management Report (cont'd)

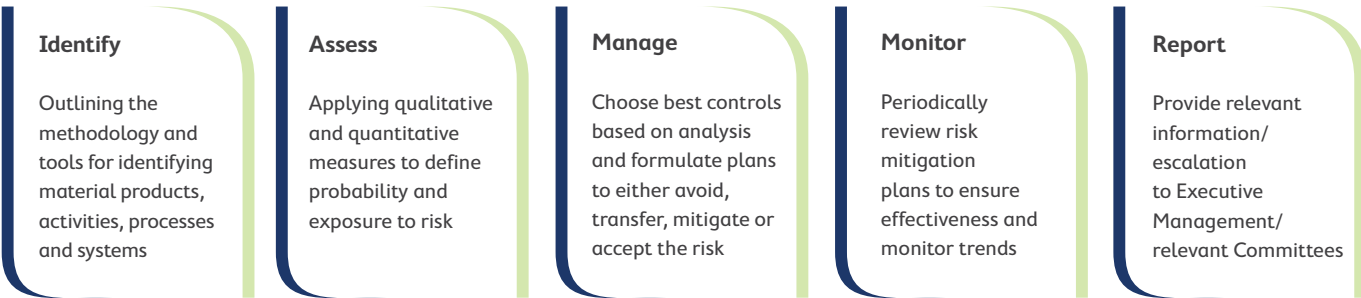
Risk universe

Our risk universe encompasses the core risks inherent to our business. These risks are mainly categorised as financial and non-financial risks with ongoing identification of top and emerging risks that require heightened management attention due to their potential material impact on our strategic objectives.

To ensure continued relevance, we proactively monitor and assess the external environment for evolving risk dynamics. The risk universe is managed through a comprehensive risk lifecycle, spanning identification, assessment, mitigation and reporting. Our approach includes robust risk quantification under both normal and stressed conditions, extending to recovery and resolution planning to safeguard the Group’s resilience and sustainability.



The risk universe is managed through the risk lifecycle process encompassing identification, assessment, mitigation and reporting.



Risk appetite

Risk exposures are actively managed through a range of strategic techniques and continuously monitored against a defined risk appetite aligned with our business objectives. We ensure the efficient allocation of capital to drive sustainable growth and maximise shareholder value while maintaining full compliance with regulatory capital requirements.

Our long-term sustainable growth and profitability are underpinned by a strong alignment between our risk appetite and strategic objectives, ensuring an optimal balance between risk and return.

Risk appetite defines the level and nature of risk the Group is willing to assume in pursuit of our financial and strategic goals. It reflects our ability to absorb potential losses while continuing to meet our obligations under both normal and stressed conditions.

Our risk appetite is articulated through qualitative risk principles and preferences, outlining the types of risks the Group actively pursues, accepts, or avoids. Additionally, the maximum level of risk the Group is willing to assume in achieving its business objectives is quantified using key metrics across credit, market, liquidity and non financial risks, all of which are specified in related documents, policies and instructions.

The Board reviews and approves the Group's risk appetite and capacity on an annual basis, or more frequently in response to significant changes in the risk environment. This ensures alignment with the Group's strategic objectives, business landscape, regulatory requirements and stakeholder expectations.



Stress testing

In an evolving and uncertain macroeconomic environment, stress testing analysis serve as essential tools to detect vulnerabilities in the statement of financial position and strengthening risk management practices. Given the market volatility across the Group's operating regions, these methodologies are systematically employed to assess the Group's resilience and vulnerability to adverse conditions. Insights derived from these assessments enable management to optimise capital and liquidity (e.g. through our Internal Capital Adequacy Assessment Process execution), practice proactive risk mitigation, refine decision-making and enhance the Group's ability to navigate an increasingly dynamic economic landscape.

Strategic recommendations, informed by stress testing outcomes, are presented to the Board to ensure the Group's strategy remains aligned with its established risk appetite and long-term sustainability objectives.

Risk Management Report (cont'd)

Risk governance

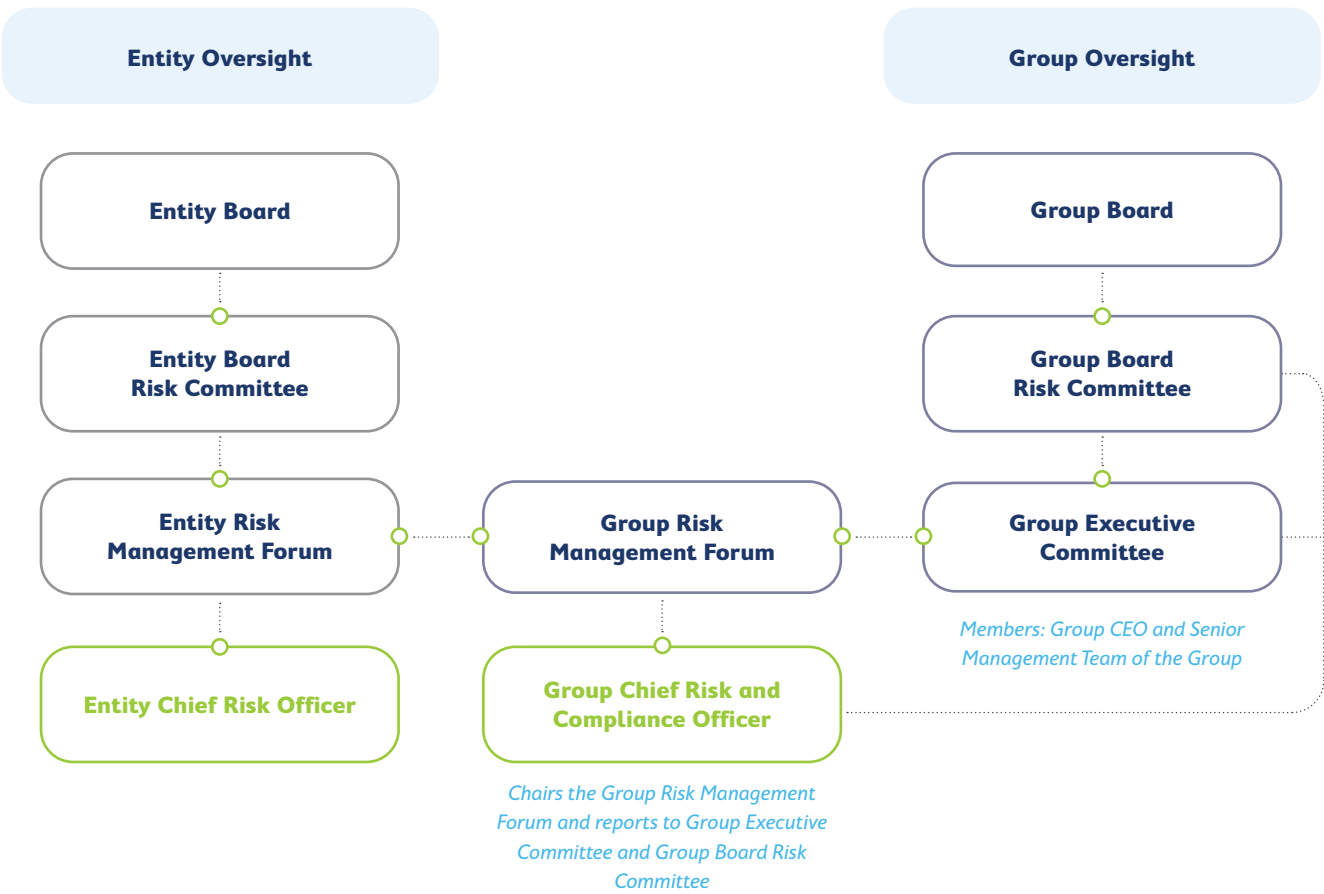
Our risk management system is overseen by well-structured governance committees operating under clearly defined mandates and supported by fit-for-purpose governance documents. These committees are established at both the Board and management levels with their mandates and delegated authorities subject to regular review to ensure continued relevance and effectiveness. Committee members possess the necessary skills and expertise to provide robust oversight and effectively manage risk across the Group.

To ensure the effective identification, measurement and monitoring of key risks across its entities, the Group has established a robust governance framework supported by clearly defined responsibilities, reporting structures and oversight mechanisms. The Group's ERMF aids in providing strategic guidance to each entity, ensuring a consistent and integrated approach to risk management.

The structured allocation of responsibilities across the Group ensures that decisions are made at appropriate levels, aligning with internal stakeholder mandates and the Group's strategic objectives. The Group continues to enhance the harmonisation of risk management methodologies and practices across all the entities.

While the Group ensures a unified risk management approach, each entity retains ownership of the risks inherent to its operations, managing its risk and compliance functions within its own governance framework. This structure aligns with Group-level principles while considering entity-specific characteristics and prevailing market conditions.

The risk management governance structure of the Group is illustrated below:

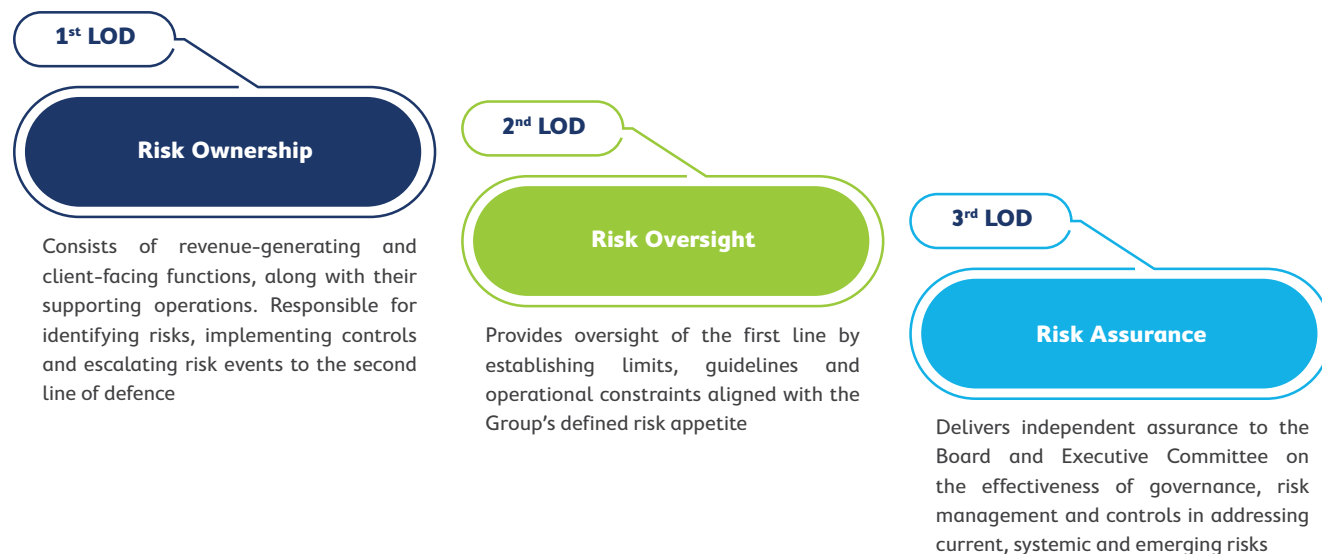


The Board, at both the entity and Group levels, holds the ultimate responsibility for risk management, serving as the highest decision-making authority on matters of strategic, financial, regulatory, risk management and reputational significance. Dedicated sub-Board committees are established to oversee specific risk-related responsibilities, operating under clearly defined terms of reference. Each entity's Board remains accountable for ensuring that risks within its jurisdiction are effectively identified, assessed and mitigated, with escalations to the main Board as necessary.

Across the Group, each entity maintains an independent risk management function led by a Chief Risk Officer (CRO) or, in the case of the non-banking cluster, a designated Head of Risk. These risk leaders report to their respective Management Forums on a monthly basis and to their Board Risk Management Committees on a quarterly basis. The CROs are responsible for implementing a comprehensive risk management framework that encompasses the identification, measurement, monitoring, mitigation and reporting of both financial and non-financial risks. Additionally, they are tasked with fostering a strong risk culture where responsibilities and accountabilities are clearly defined and embedded across all levels of the organisation. At the Group level, the Group Risk Management Forum operates as a key functional body under the Group Executive Committee with periodic meetings chaired by the Group Chief Risk and Compliance Officer (GCRCO). This forum facilitates regular discussions and updates from entity-level CROs, ensuring a cohesive approach to risk management. Matters of critical importance are escalated by the GCRCO to the Group Executive Committee for further deliberation and where warranted, to the Group Board Risk Management Committee. The GCRCO plays a pivotal role in driving the execution of the Group's risk and compliance strategy, advocating for a robust risk culture and ensuring comprehensive oversight of all risk domains. Additionally, the GCRCO provides independent quarterly reports to the Group Board Risk Management Committee, offering critical insights, challenges and recommendations to strengthen the Group's risk governance framework.

Three lines of defence

The Group adopts a Three Lines of Defence (LOD) model which fosters transparency, accountability and consistency through the proactive identification and assessment of actual and potential risks across all entities. This model fosters a prudent and disciplined approach to risk management across the Group. It ensures the clear identification and segregation of risks while facilitating the effective coordination of risk and control activities. All staff across the Group are responsible for understanding and managing risks within the scope of their respective roles and responsibilities.



Risk culture

We leverage from the Three Lines of Defence model to cultivate and sustain a strong risk culture, emphasising key drivers that enhance risk awareness and reinforce our commitment to conducting business with integrity and accountability.

Risk culture reflects our collective awareness, attitudes and behaviours towards risk management across the Group. It underpins our commitment to conducting business with integrity, ensuring that risks are consistently identified, escalated and managed in alignment with our strategic objectives. As the risk landscape continues to evolve, we remain focused on enhancing our risk management practices to navigate challenges effectively. While adverse outcomes may occasionally arise, a strong risk culture enables us to respond swiftly, transparently and proactively.

The Group's risk culture establishes clear guiding principles for expected behaviors in risk management, applicable to all employees regardless of their role, function or location. Every staff member is expected to adopt a comprehensive view of risks associated with their actions, understand potential implications and manage them effectively within the Group's defined risk appetite. This commitment is continuously reinforced through mandatory training programmes and risk awareness initiatives designed to enhance understanding and accountability across all entities of the Group. We promote and reward responsible risk-taking that results in sustainable growth. Each business unit is responsible for monitoring behaviour that is contrary to our ethos and taking disciplinary action in line with our conduct risk management standards.

Risk Management Report (cont'd)

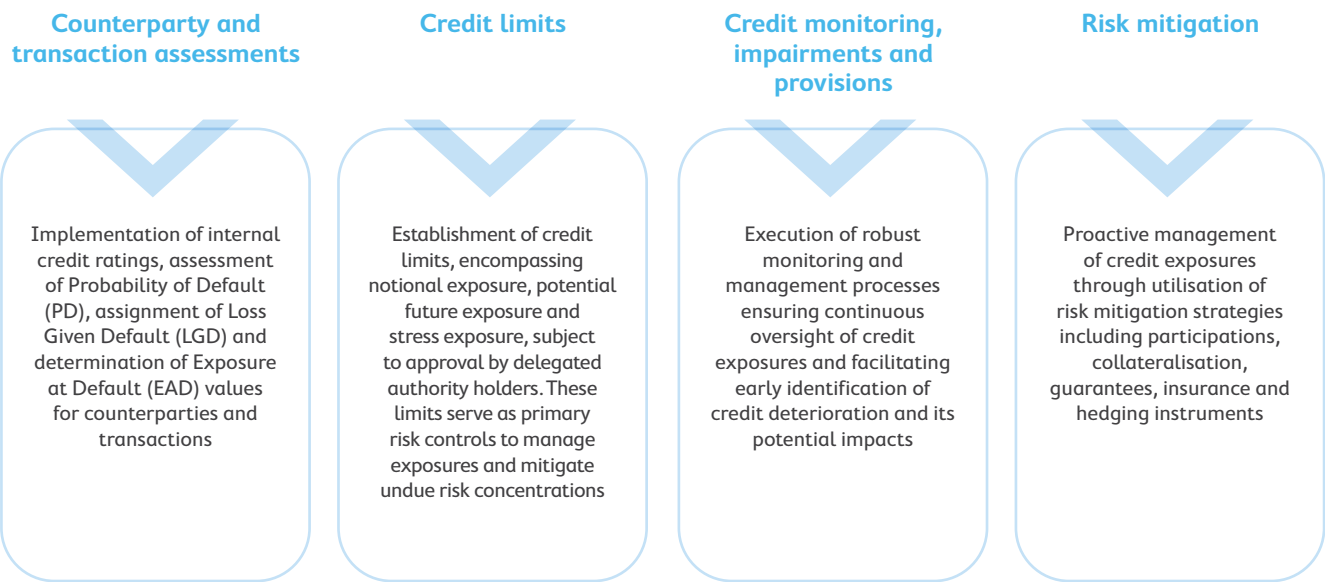
Credit risk

Credit risk refers to the potential for financial loss arising from a counterparty's failure to meet its financial or contractual obligations as per agreed terms or from a deterioration in the counterparty's credit quality, leading to a loss. It encompasses mainly obligor risk, concentration risk and country risk and represents the most significant source of risk exposure for our banking segment.

The primary sources of credit risk within the Group stem from loans and advances, contingent liabilities, commitments, debt securities, derivative transactions with customers, financial institutions and sovereign entities.

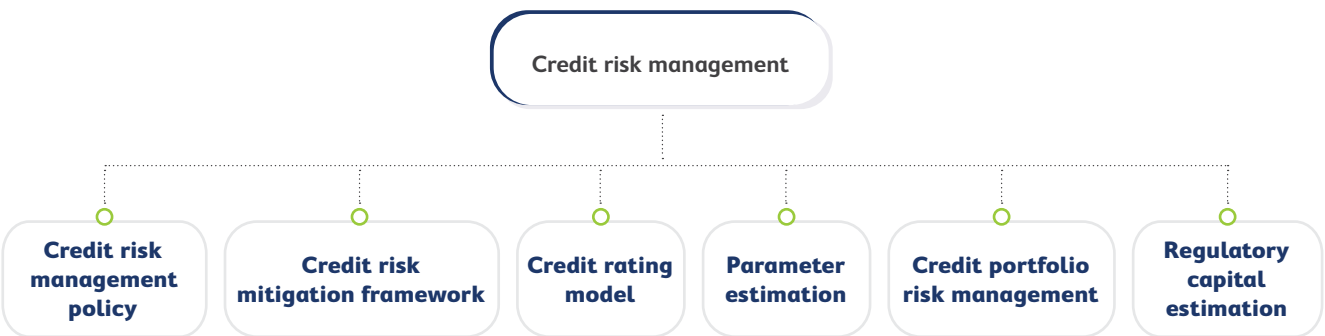
The identification, measurement and management of credit risk are embedded within the Board-approved credit risk appetite and governance. The Group Credit Risk Management Policy establishes the guiding principles for credit risk management across Group entities and defines the roles and responsibilities for effective oversight and control of credit risk exposures.

The credit risk framework incorporates the following core elements:



The Credit Risk Management function operates as the Second Line of Defence, providing independent oversight and critical challenge to key risk decisions made by business units and support functions involved in revenue generation. It ensures that credit exposures and credit decisions are effectively managed in alignment with the established framework, policies and approved risk appetite.

An overview of the key parameters that govern the management of credit risk across the Group is provided below.



The credit underwriting team conducts a thorough evaluation and assessment of counterparties and clients to whom the Group extends credit. The assessment encompasses a comprehensive evaluation of the client's credit quality, including their willingness, ability and capacity to repay. For counterparties, the primary lending consideration is based on their creditworthiness and operating cash flows, whereas for individual borrowers, it is determined by their personal income or overall financial standing.

For the majority of counterparties and clients, the team leverages from rating tools sourced from external providers to assign internal credit ratings, which are designed to reflect the Probability of Default (PD) across relevant client segments.

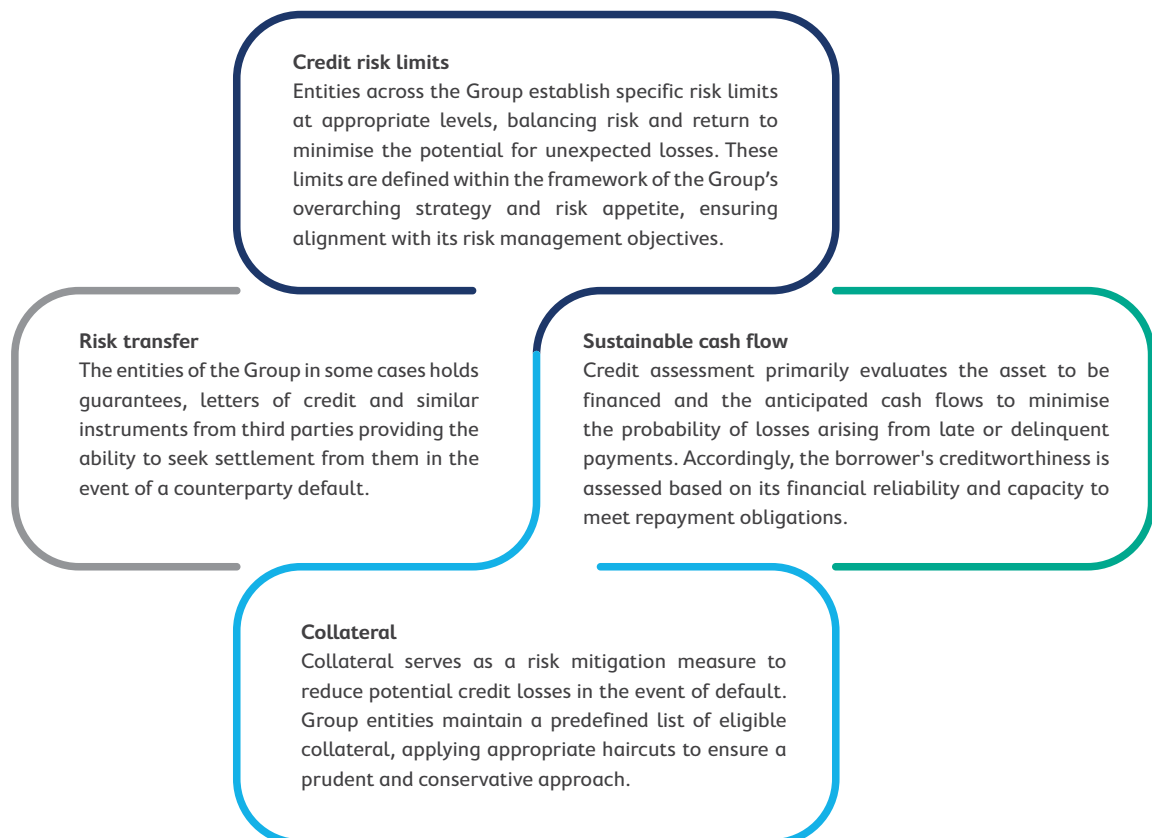
For Corporates and SMEs, credit ratings are derived from a comprehensive assessment that extends beyond financial ratios to encompass qualitative factors such as management quality, country risk, industry risk within the exposure's jurisdiction and any government support received by the counterparty. Recognising the critical role of robust risk assessment parameters in enabling well-informed and prudent decision-making, the Group ensures that its credit rating models undergo regular review and continuous enhancement to maintain accuracy and relevance.

Across the Group, distinct and segregated credit assessment and measurement processes are adopted, demonstrating independence and integrity in credit decision-making. This ensures that decisions are not influenced by undue bias or external pressures. There is a robust chain of credit approval authority that spans across the respective operational entity, providing extra layers of controls in the process. This tiered approval system maintains checks and balances, promoting transparency and accountability in the Group's credit management processes.

The Group employs a range of techniques to mitigate credit risk exposure effectively reducing both expected and actual losses in the management of its credit portfolios. These risk mitigation strategies help address credit concentrations at the individual customer level, within borrower groups and across interconnected counterparties.

At the entity level, the credit policy defines the principles governing the end-to-end credit process encompassing credit initiation, assessment, documentation and ongoing monitoring. The Group also establishes clear standards to ensure the eligibility, enforceability and effectiveness of credit risk mitigation arrangements. The use and approach to credit risk mitigation varies from product types, customer segments and overarching business strategies to ensure effective risk management.

Mitigation techniques used are:



Risk Management Report (cont'd)

During 2024, whilst gradual improvements were witnessed in some areas, the risk landscape remained volatile on account of geopolitical and macroeconomic conditions, heightened regulatory demands, environmental and social considerations, cybersecurity and technological disruptions. Amidst this backdrop and escalating geopolitical tensions, economic momentum sustained in Mauritius with robust tourism, inflation down to 2.6% in April 2025, we remain cautious of external factors and their resulting impacts.

Our approach strengthens the Group's resilience and responsiveness to market dynamics while assessing the environmental and social impacts of our activities on a wide range of stakeholders.

The Group maintains a prudent and proactive approach to credit risk management and risk appetite while executing its strategic objectives. It remains committed to supporting client growth and actively engaging with customers to navigate cost-of-living challenges, the impact of rising interest rates and broader economic uncertainties.

Sub-Saharan Africa is on a path to gradual recovery; however, significant challenges persist, including social tensions. In response, the Group has recalibrated its risk appetite for cross-border lending. Robust risk policies and frameworks have been reviewed to facilitate a prudent and strategic increase in exposure in selected markets.

The Group maintains a well-diversified portfolio of exposures across various countries and borrower types. Country concentration is closely monitored and the Group continues to assess the international macroeconomic environment, taking additional risk mitigation measures as warranted.

Country risk

The Group's operations are subject to economic, political, financial and regulatory uncertainties in the countries where it has exposures.

Country risk refers to the potential for financial loss arising from political or economic conditions that may impair the ability of counterparties, including sovereign entities, to meet their financial obligations to the Group.

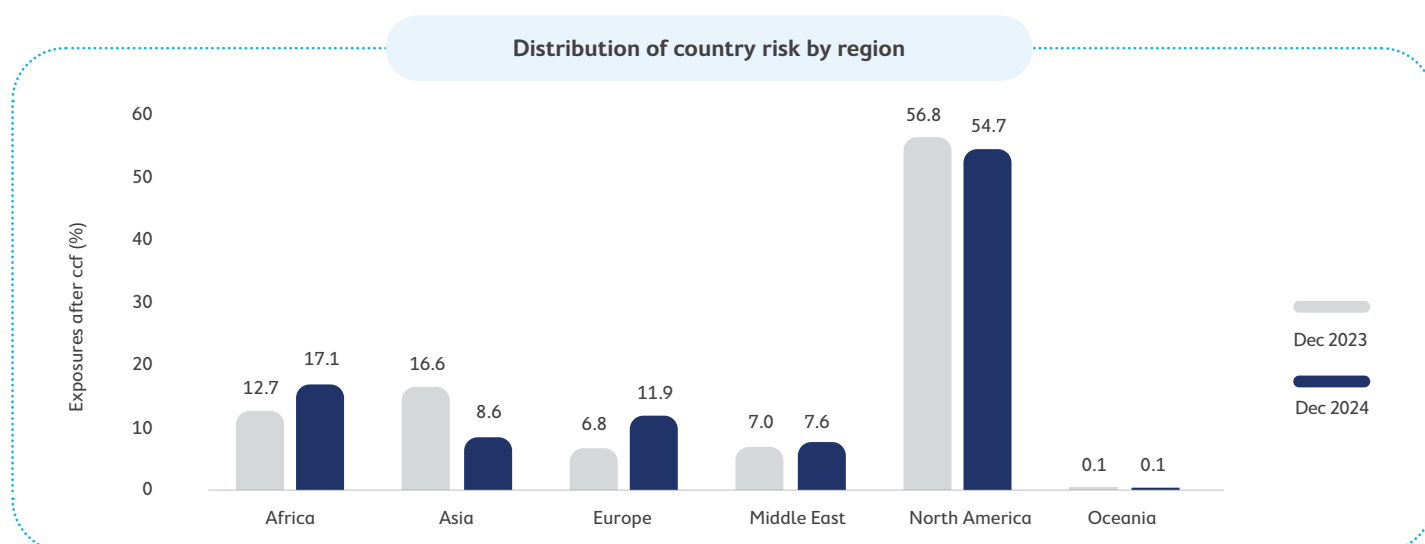
To mitigate this particular risk, the entities of the Group employ a comprehensive framework with adequate control processes that include limits setting for countries categorised as presence and non-presence countries, rating bands and strategically targeted markets, ensuring adherence to regulatory guidelines and monitoring of the countries' macroeconomic developments and political landscape.

The Group continuously evaluates its country risk exposure, ensuring alignment with its risk appetite, strategic objectives and the Group's Credit Risk Management Policy.

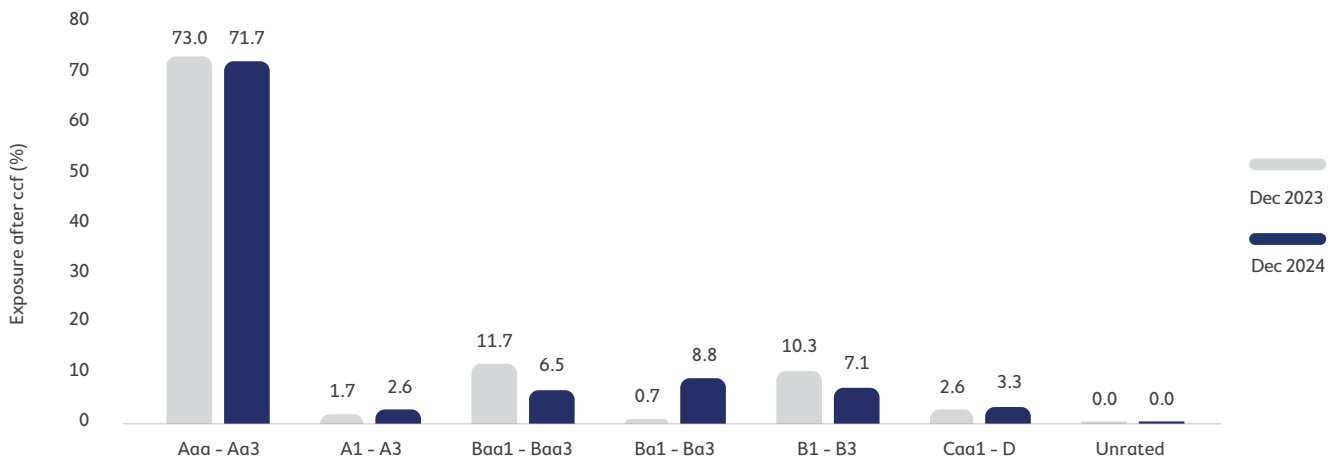
Additionally, it proactively monitors key country risk factors, including macroeconomic shifts, sovereign creditworthiness and unforeseen developments such as social unrest, political instability, foreign exchange controls and the nationalisation of assets, to safeguard its interests and maintain financial resilience.

As at 31 December 2024, the Group's credit equivalent exposure to cross-border lending accounted for 258.7% of the Group's Tier 1 Capital.

The following charts illustrate the distribution of the Group's exposure, excluding Mauritius, after applying the Credit Conversion Factor (CCF), broken down by region and rating range as of 31 December 2024.



Distribution of country risk by rating



Sovereign risk

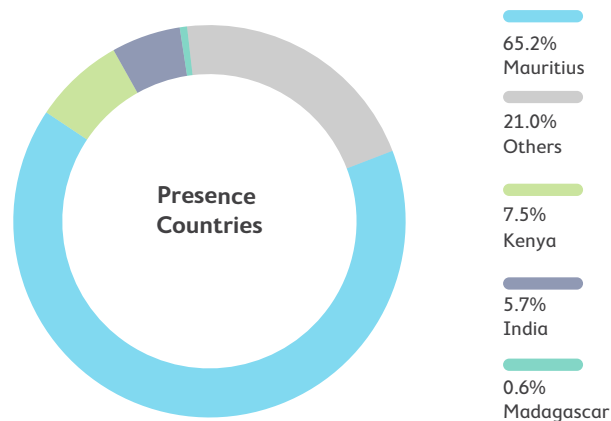
Sovereign risk refers to the potential for a government to become unwilling or unable to meet its credit obligations. The Group holds significant exposure to sovereign High-Quality Liquid Assets (HQLAs) for liquidity management purposes, which carry a zero-risk weight for capital allocation under Basel II requirements and the Bank of Mauritius (BoM) guidelines.

We actively track and manage sovereign risk transactions based on available data, including reports from rating agencies. Each country with cross-border and sovereign exposure is closely monitored, with a focus on events that could impact the nation's political or institutional stability. This analysis informs the assignment of credit ratings to the relevant government or central bank and guides the establishment of transaction limits related to sovereign risk.

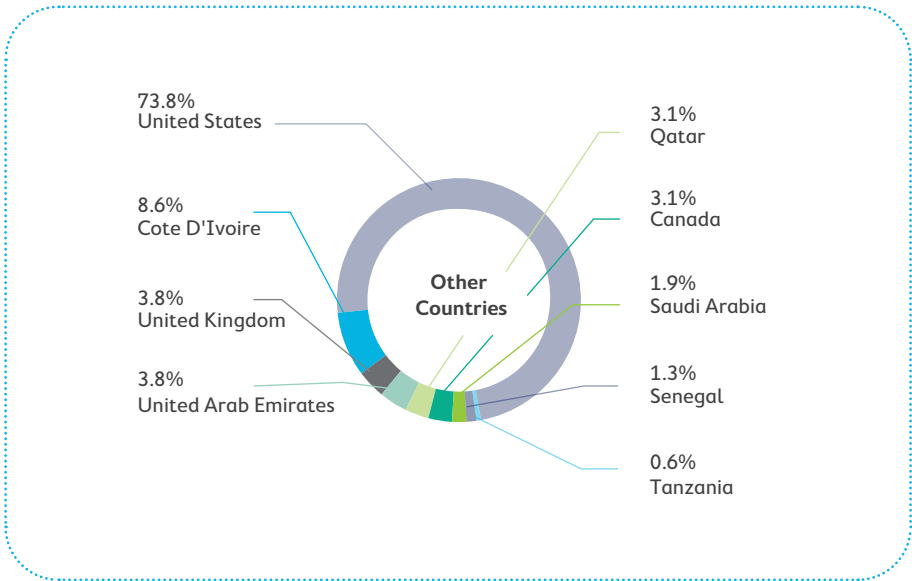
As at 31 December 2024, total exposures (including investments) in Government of Mauritius securities aggregated USD 2,497.5 million representing 387.3% of the Group's Tier 1 Capital.

Total sovereign exposures accounted for 593.8% of Group's Tier 1 Capital, of which sovereign exposures in SBM presence countries accounted for 469.3% of Group's Tier 1 Capital.

Distribution of sovereign exposure of the Group



Risk Management Report (cont'd)



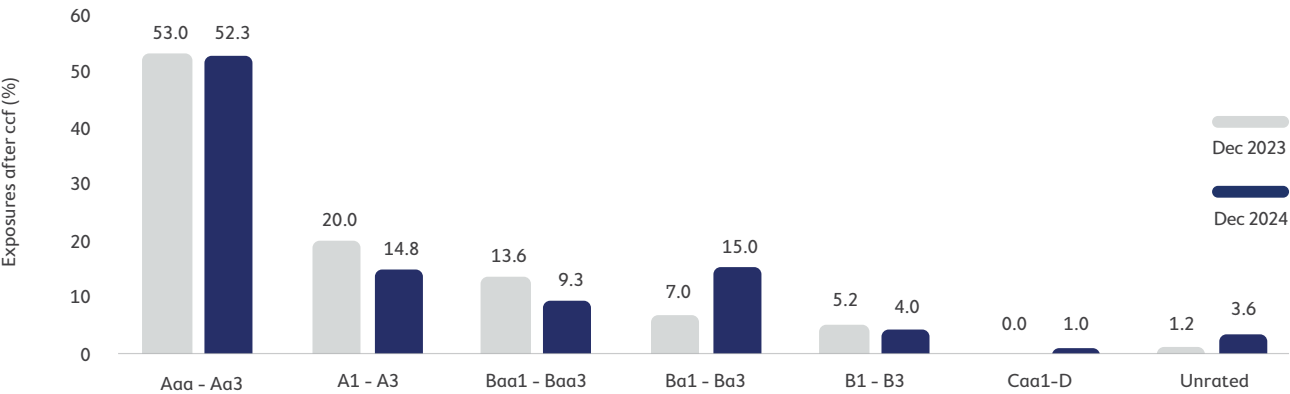
Bank risk

The Group is exposed to bank risk, which pertains to the potential default of a bank on its obligations. This risk arises from various exposures, including money market transactions, treasury products, trade finance deals and standby letters of credit issued by its banking entities.

To effectively manage this risk, entities across the Group adopt a Bank Risk Framework that assigns limits to each individual bank based on its risk profile. These limits are further constrained by the respective entity’s country limit and the regulatory cap on single counterparty exposure.

As at 31 December 2024, bank counterparty credit equivalent exposure accounted for 100.9% of the Group's Tier 1 Capital.

Distribution of bank risk by rating



Counterparty credit concentration risk

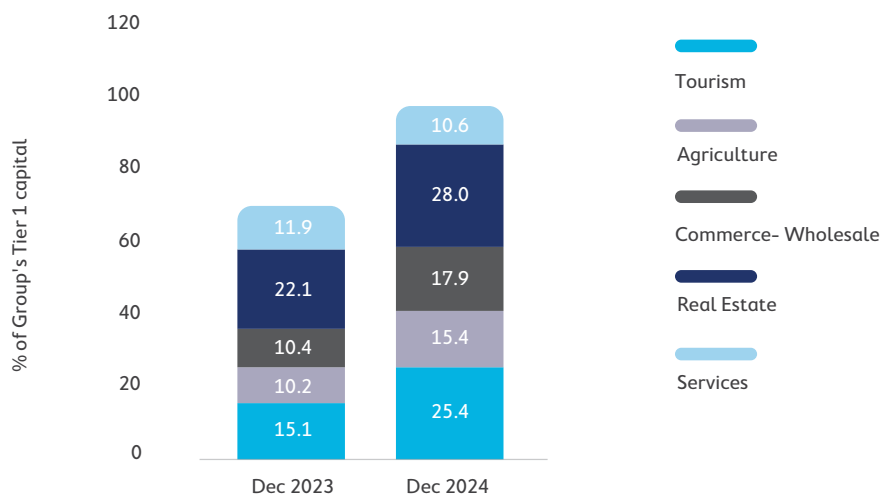
Counterparty credit concentration risk refers to the potential for loss to the Group due to an excessive concentration of exposure to a single counterparty, a group of connected counterparties or multiple exposures within the portfolio that are highly correlated.

The entities of the Group have established prudential limits, within their respective regulatory frameworks, to manage and restrict concentration risks related to individual or connected counterparties, as well as large exposures.

Across the Group, material concentrations, along with any breaches or potential breaches, are closely monitored by the respective entities' Risk Management Committees and reported to the Group Board Risk Management Committee for further oversight.

As at 31 December 2024, the credit concentration exposures were well within the local regulator's regulatory limits.

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



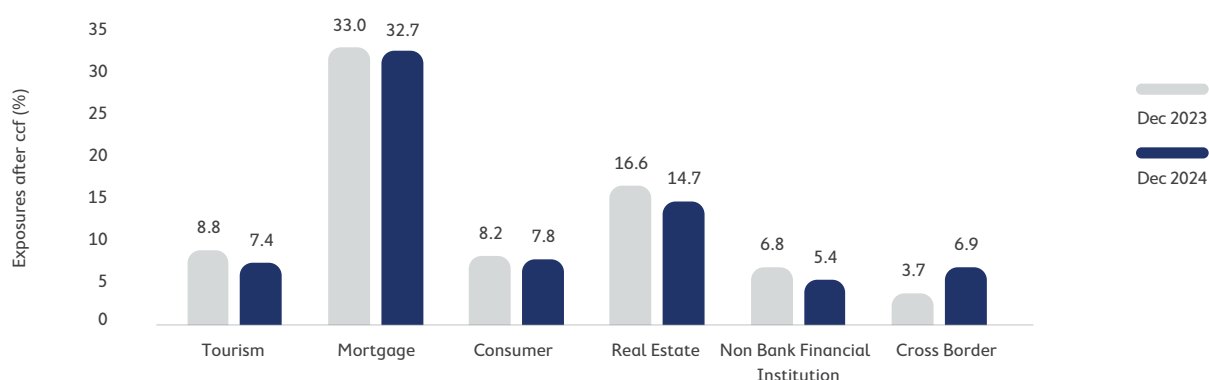
The chart above represents credit facilities extended by the Group to any closely-related customers for amounts aggregating more than 10% of Tier 1 capital, classified by industry sectors.

Portfolio concentration risk arises from an excessive accumulation of exposure within a specific portfolio, which could lead to losses for the Group if that portfolio encounters difficulties. The Group strives to maintain a diversified credit portfolio that is adaptable to changing economic conditions. It establishes limits by segment, portfolio and sub-portfolio, in alignment with its strategic objectives and risk appetite.

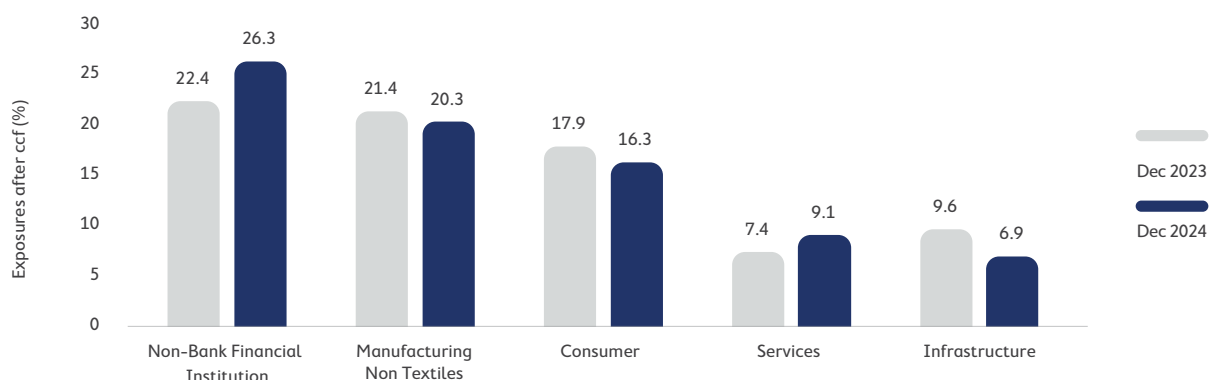
At both Group and entity level, breaches and potential breaches in relation to significant concentration are closely monitored by the respective governance committees and reported to the relevant Board Risk Committees for further oversight.

Risk Management Report (cont'd)

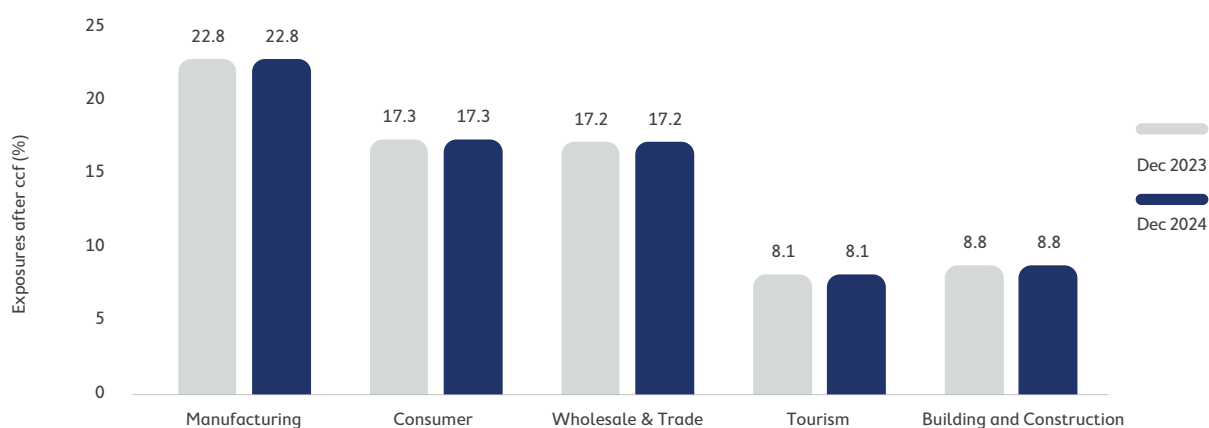
SBMBM's top portfolio by exposures



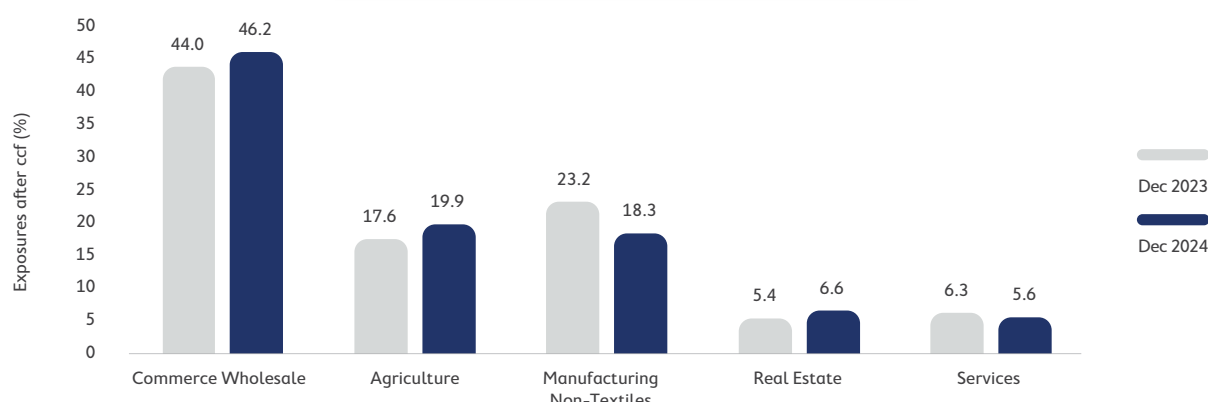
SBMBI's top portfolio by exposures



SBMBK's top portfolio by exposures



BSBMM's top portfolio by exposures



Expected credit loss

At the Group level, recognition of expected credit losses (ECL) on all financial debt instruments held at amortised cost, financial assets measured at Fair Value through Other Comprehensive Income (FVTOCI), undrawn loan commitments and financial guarantees is determined in accordance with IFRS 9.

The Group calculates ECL based on a three-stage approach, providing an unbiased, probability-weighted prediction that evaluates a range of potential outcomes, factoring in the time value of money, past events, current conditions and forecasts of future economic conditions.

Stage 1 Performing

Reflects financial instruments that are not already credit-impaired after initial recognition

Stage 2 Underperforming

Contains all financial instruments, that are not defaulted, but have experienced a significant increase in credit risk since initial recognition but still without objective evidence of impairment

Stage 3 Default

Consists of financial instruments of clients which are defaulted but not yet reached write-off. The Group defines these financial assets as impaired, non-performing and defaulted

The ECL calculation is based on three primary parameters: Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

The Group revalidates these IFRS 9 parameters on an annual basis to ensure that updated macroeconomic variables are incorporated into the respective models, reflecting the current economic outlook.

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

In addition to the updated parameters, entities might apply management overlays on a prudent basis, where appropriate, to address conditions not fully reflected in their data sets. Adjustments are made to modelled outcomes to incorporate reasonable and supportable information not previously accounted for. As new information becomes available, judgments may evolve, leading to potential adjustments in ECL. Entities conduct impairment assessments under various scenarios as part of stress testing their client base, ensuring adequate provisioning and the establishment of contingency plans to address any crisis situations.

To strengthen oversight, the Group's banking entities hold a Watchlist Review Forum on a quarterly basis which reviews customer exposures flagged as 'watch-listed' based on a detailed set of criteria, enabling enhanced control over these exposures. These accounts are classified under Stage 2 where a lifetime ECL is calculated in accordance with IFRS 9 principles.

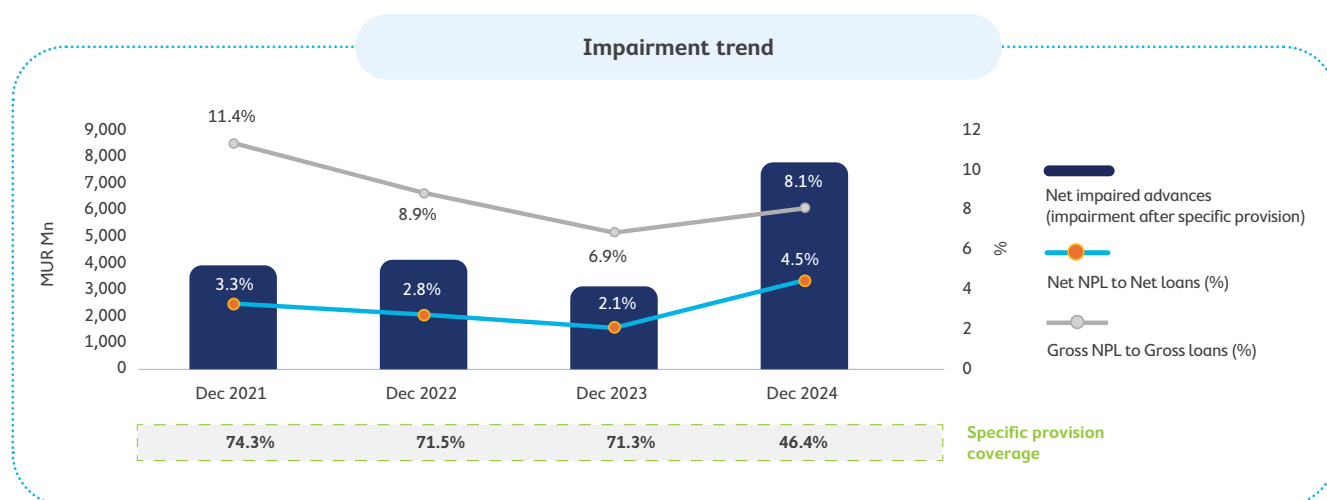
Risk Management Report (cont'd)

Credit impairment

The Group adheres to the principles of IFRS 9, ensuring proper classification of assets under Stage 3 (Non-Performing assets) in accordance with IFRS 9 criteria, while maintaining adequate provisions for lifetime Stage 3 ECL.

Impairment results are integrated into management decision-making processes, including, but not limited to, business planning, risk appetite determination and portfolio management.

The non-performing advances ratio rose to 8.1% in December 2024, up from 6.9% in December 2023, mainly due to new impaired clients in Mauritius Operations, following the implementation of revised Guideline on Classification, Provisioning and Write-off of Credit Exposures. The Group remains committed to the ongoing recovery efforts for defaulted clients.



Estimating the amount and timing of future recoveries requires substantial judgment and takes into account factors such as anticipated economic conditions and the value of collateral, which may not have a readily accessible market. The total impairment provision for the Group is inherently uncertain, as it is sensitive to fluctuations in economic and credit conditions across the regions in which the Group operates.

Reschedulement

Rescheduled advances refer to changes in the original terms and conditions of credit facilities as agreed between the client and the entity. These rescheduling arrangements are designed to assist clients facing temporary cash flow constraints, providing concessions due to changes in their operating circumstances and accompanying them in their recovery efforts in a collaborative manner.

As at 31 December 2024, total rescheduled facilities stood at 4.2% of the total funded advances as compared to 6.9% as at 31 December 2023.

Related party transaction risk

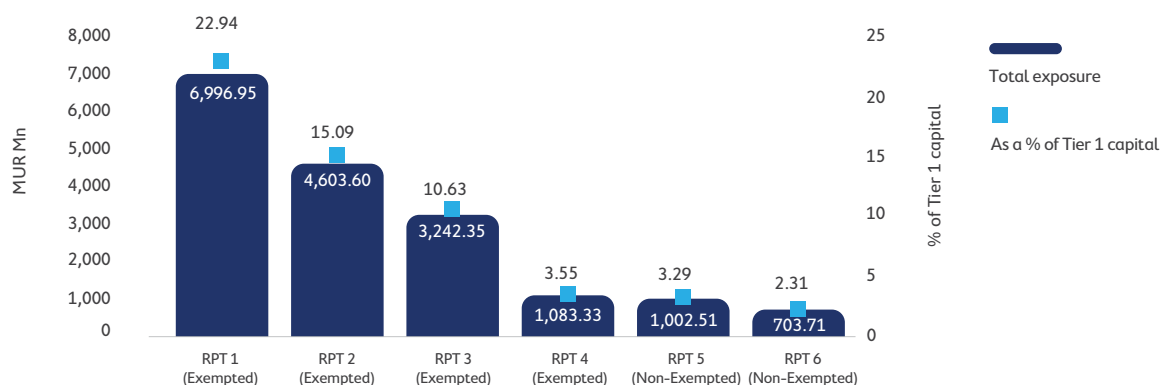
Related party exposures follow the guidance and requirements per the Bank of Mauritius Guideline on Related Party Transactions (RPT). Parties are considered related if one party has the ability to directly or indirectly control the other party or exercise significant influence over the other party in making financial or operational decisions, or if both parties are under the control of a third entity.

Across the Group, governance for all related party disclosures is strictly adhered to, with reporting conducted at the Board Committee level.

During the year, the Group Related Party Policy together with its procedures were revisited and updated to ensure completeness, accuracy and harmonisation of the reporting across the Group and its entities in line with regulatory requirements.

As at 31 December 2024, the aggregate non-exempted exposures to related parties represented 5.6% of the Group's Tier 1 Capital, which is well within the regulatory limit of 60% for category 1 and within the regulatory limit of 150% for categories 1 and 2 as per the BoM definition on related party transactions.

Top 6 related party exposures



Market risk

Market risk refers to the potential for financial loss arising from adverse movements in market variables, including interest rates, foreign exchange rates, equity prices, credit spreads, volatility and other price risks. The Group is exposed to non-traded market risk through its banking activities and traded market risk through its trading operations.

The management of market risk within the Group is governed by a comprehensive, Board-approved Market Risk Management Policy and a clearly defined Risk Appetite Statement. Each entity within the Group operates within the framework of its respective market risk policies, supported by robust processes and controls. These include a series of Assets and Liabilities Committee (ALCO) approved limits and risk mitigation measures designed to manage market, funding and liquidity risks effectively.

To ensure alignment with the Group's risk appetite, risk limits are regularly reviewed and adapted in response to:

- Shifts in business strategy and risk appetite,
- Changes in market and economic conditions,
- Evolving regulatory requirements and
- Portfolio composition dynamics.

The Group maintains a proactive approach to market risk management by setting appropriate risk limits, risk triggers and early warning indicators, ensuring that exposures remain within acceptable thresholds. These triggers are actively monitored to prevent breaches and support informed decision-making.

The Group has an established governance structure for market risk that involves the Board, its Board Risk Management Committee and ALCO, which has primary responsibility for the oversight of market risk in the Group.

The Group's market risk exposures are primarily categorised into the key areas on interest rate risk, foreign exchange risk and price risk which are discussed in further details below.

By maintaining a structured and disciplined approach to market risk management, the Group ensures resilience, stability and sustainable growth in an evolving financial landscape.

Risk Management Report (cont'd)

Interest rate risk

Interest rate risk arises from fluctuations in market interest rates, which may adversely affect the Group's Net Interest Income (NII) and overall financial performance. This risk primarily stems from repricing and maturity mismatches between assets, liabilities and off-balance-sheet exposures.

To mitigate this risk, the Group employs comprehensive interest rate risk management strategies, leveraging measurement techniques such as Gap Analysis, Duration Analysis and Earnings-at-Risk (EaR) Assessments.

Additionally, the Group conducts regular stress testing and scenario analysis to assess its resilience under various interest rate environments. These proactive risk management measures ensure the stability of earnings, capital strength and adherence to the entities of the Group risk appetite.

The overarching objective of the Group's interest rate risk management framework is to maintain a stable and sustainable net interest income, effectively balancing risk and return while safeguarding long-term financial stability.

The impact on NII of a parallel change in interest rates is as follows:

	Impact of 200 bps parallel rate change on NII	
	Dec 2024	Dec 2023
SBM Bank (Mauritius) Ltd	0.55%	0.25%
SBM Bank (India) Limited	0.21%	2.64%
SBM Bank (Kenya) Limited	26.69%	1.30%
Banque SBM Madagascar SA	5.55%	12.86%

Foreign exchange risk

Foreign exchange risk arises from fluctuations in currency exchange rates, which may impact the Group's financial position and performance when foreign currency exposures are translated into the reporting currency.

The Group effectively manages structural foreign exchange exposures in alignment with its risk appetite, operating within a robust framework of prudential limits across its entities. Transactional foreign exchange risk arises primarily from day-to-day operations, where gains, losses, or fair value adjustments in foreign currencies affect profit and loss statements or other comprehensive income reserves.

To mitigate these risks, the Group adheres to strict internal limits and regulatory requirements, ensuring prudent risk-taking through the monitoring of intraday and overnight open position limits, Stop-loss mechanisms to curb and counterparty risk management through collateral arrangements and netting agreements, particularly for spot and over-the-counter (OTC) derivative contracts.

Through its comprehensive risk management approach, the Group ensures effective monitoring, control and mitigation of foreign exchange risks, safeguarding its financial stability and resilience against market volatility.

Price risk

The Group proactively manages fluctuations in the market value of both trading and non-trading positions to mitigate adverse impacts on portfolio valuations. This is achieved through a robust framework incorporating stop-loss limits, open position limits by product type, collateral management and daily netting agreements with major counterparties.

The Group maintains exposure to both local and international quoted securities, ensuring a well-diversified investment portfolio primarily comprising of investment-grade securities, including local government bonds and other High-Quality Liquid Assets (HQLA) denominated in USD. Notably, the Group has no direct exposure to commodity price risk.

Derivative instruments are also utilised in the normal course of business to meet client requirements, hedge against market price variations and support trading activities. These instruments, which derive value from underlying assets, indices or interest rates, include forwards, swaps, options and structured products. The associated risks are carefully managed through product-specific open position limits, stop-loss thresholds and exposure caps, aligned with the Group's risk appetite. Furthermore, daily mark-to-market valuations and netting agreements with major counterparties serve to mitigate counterparty credit risk, reinforcing the Group's prudent approach to risk management.

Value at Risk

The Group employs Value at Risk (VaR) as the primary metric for quantifying potential losses arising from market fluctuations on foreign exchange risk. This standardised methodology provides a robust framework for managing and controlling market risk, estimating portfolio sensitivity and the maximum expected loss within a defined confidence level over a specified time horizon.

The Group utilises a parametric VaR approach, which assumes that historical market returns serve as a reasonable indicator of future movements. VaR is computed using a one-day holding period and a 99% one-tailed confidence interval, implying that actual losses are expected to exceed the estimated VaR approximately once every 100 trading days, or two to three times per year. This metric is fully embedded within the Group's market risk management framework and is consistently applied across all trading positions.

To ensure the reliability of the VaR model, backtesting is conducted by comparing daily VaR estimates against actual profit and loss (P&L) outcomes at the close of each business day. While VaR is a valuable risk management tool, the Group remains cognisant of its inherent limitations, including its reliance on a specific confidence level, its static nature and the assumption that past market trends accurately reflect future fluctuations. Accordingly, VaR is complemented by stress testing, scenario analysis and additional risk control measures to enhance the Group's resilience to market volatility.

Liquidity risk

Liquidity risk refers to the potential inability of the Group to meet its financial obligations as they fall due, either due to insufficient financial resources or the need to liquidate assets at unfavorable prices or obtain funding at excessive costs. Such circumstances could lead to unexpected losses and impact the Group's ability to manage cash flows, fund asset growth and replace funding sources, while ensuring compliance with statutory and regulatory requirements.

To mitigate this risk, the Group follows a comprehensive Liquidity Risk Management Framework, which outlines the policies, procedures and methodologies required to maintain a strong liquidity position under both normal and stressed conditions. This framework, which is approved by the Board upon recommendation from the ALCO, incorporates the Risk Appetite Statement and defined liquidity limits to ensure effective management of the Group's funding requirements.

A decentralised liquidity management model is in place, whereby each subsidiary independently manages its liquidity position in alignment with its specific financial environment. To monitor and mitigate liquidity risk, the Group employs key regulatory and internal metrics, including the Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and Traditional Gap Analysis. A prudent approach is adopted, setting internal liquidity gap limits and maintaining a more conservative LCR target than regulatory requirements. These measures are determined by the respective ALCOs and approved by the Board of each entity.

To ensure resilience, regular liquidity stress testing is conducted, covering both general market conditions and adverse stress scenarios, such as increased liability run-offs, asset rollover risks and potential depletion of liquid asset buffers. Additionally, ad hoc stress tests are performed as part of the Internal Liquidity Adequacy Assessment Process (ILAAP) and recovery planning exercises.

Based on stress test results, which consider both general portfolio assumptions and client-specific scenarios, the Group's liquidity position remains robust and well-aligned with its risk appetite, supported by a stable deposit base and an adequate stock of HQLAs.

The Liquidity Coverage Ratio (LCR) serves as a key metric in assessing the short-term resilience of the Group's liquidity position. It ensures that the Group maintains sufficient High-Quality Liquid Assets (HQLAs) to withstand moderate to severe liquidity stress scenarios over a 30-day horizon.

As an integral component of the Group's liquidity risk management framework, the LCR is closely aligned with internal stress testing methodologies, reinforcing the Group's ability to effectively manage short-term liquidity pressures. By maintaining an LCR consistently above the minimum regulatory requirements, the Group upholds a robust liquidity buffer, ensuring the ability to navigate potential market disruptions and meet its financial obligations with confidence.

Furthermore, the insights derived from stress testing exercises are instrumental in shaping the Group's risk appetite, enhancing liquidity planning and supporting strategic decision-making to sustain financial stability across all operating entities.

Risk Management Report (cont'd)

Based on Basel III norms, LCR stood at 192.69% on a consolidated basis for FY 2024 (2023: 182.25%) against the regulatory threshold at 100%. The stock of HQLA amounts to MUR 177 billion on a consolidated basis for all the banking entities. The Group's portfolio of HQLA is mostly comprised of the jurisdiction's sovereign securities, USD A-rated sovereign securities and USD Multilateral Development Banks (MDBs) bonds.

Funding risk

The Group employs a comprehensive suite of internal tools to proactively monitor and manage long-term funding risk, ensuring financial stability and resilience. To mitigate concentration risk, Group entities operate within conservative deposit concentration limits, thereby preventing excessive reliance on any single funding source and promoting a well-diversified funding base.

A key pillar of the Group's liquidity strategy is the maintenance of a high proportion of core deposits, recognised for their stability and stickiness. These deposits serve as a reliable and sustainable funding source, reinforcing the Group's ability to withstand liquidity stress events and maintain a robust funding profile across varying market conditions.

Furthermore, the Group continuously evaluates its funding mix, aligning it with its risk appetite, business growth strategies and evolving market dynamics. Through prudent balance sheet management and adherence to regulatory and internal risk parameters, the Group remains well positioned to support its long-term funding needs while preserving financial strength and flexibility.

The Net Stable Funding Ratio (NSFR) serves as a key regulatory metric for assessing the Group's long-term funding resilience, ensuring a stable and sustainable funding structure in relation to its asset composition and off-balance sheet exposures.

Across the Group's entities, the ratio has been maintained above the prudential requirement, underscoring its prudent liquidity risk management and commitment to financial stability. This is achieved through a well-balanced funding strategy, diversification of funding sources and proactive alignment with regulatory expectations and internal risk appetite.

Operational risk

In alignment with the Basel framework, the Group defines operational risk as the potential for loss arising from inadequate or failed internal processes, people, systems, or external events. This encompasses legal risk but excludes strategic and reputational risks.

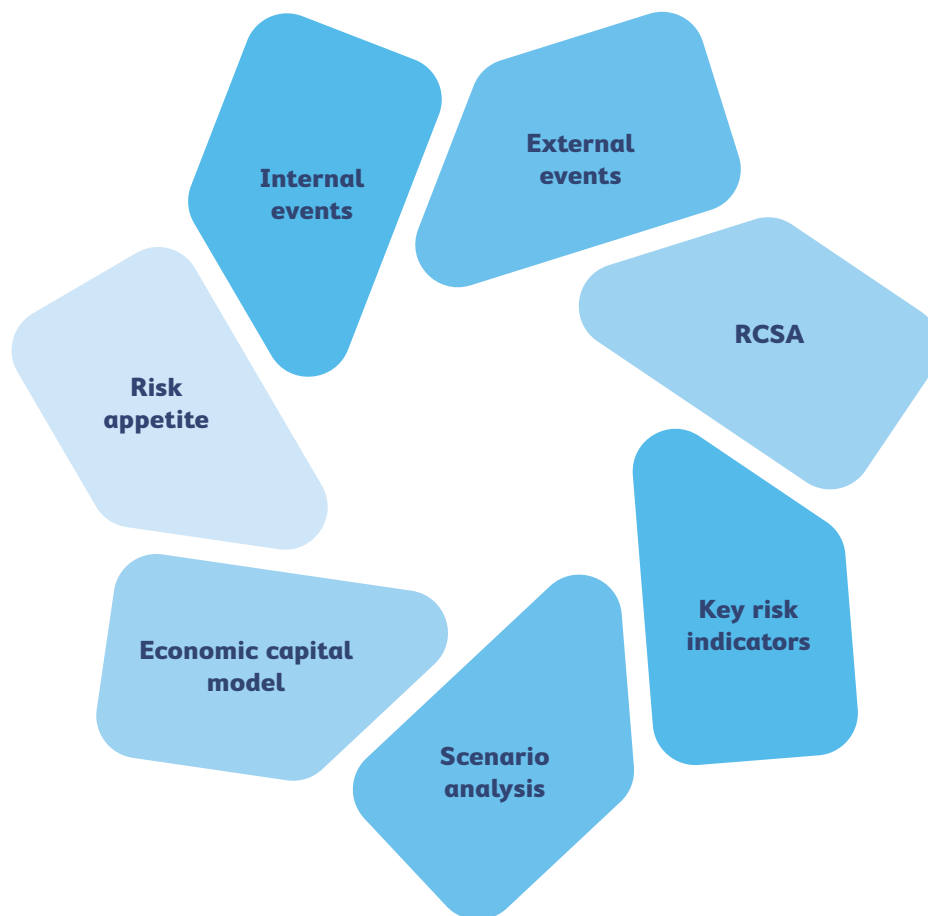
Operational risk is inherent in the Group's business activities and may materialise due to shortcomings in managing operations, systems, processes, transactions or assets. Such risks include human error, delays in implementing change, unavailability of technology services or loss of customer data. Additionally, operational risk may stem from system failures, cyber threats, theft of Group assets, information security breaches or the impact of natural and man-made disasters. Furthermore, the risk extends to legal and regulatory non-compliance, where failure to anticipate changes in laws or regulations may lead to financial and operational repercussions.

To ensure robust risk management, all employees share the responsibility for identifying, assessing and mitigating operational risks associated with their respective functions. The Operational Risk Management Policy outlines governance structures, responsibilities and key controls required to manage operational risk effectively across respective entities of the Group. This is implemented through a Three Lines of Defence Model which ensures a structured approach to risk management ; the business line (including support and operations) being the first line, Operational Risk Management function acting as the second line with Internal Audit providing independent assurance as the third line. Collaboration between these three lines of defence is fundamental to maintaining a strong risk culture, fostering accountability and ensuring operational resilience across the Group.

Our operational risk model integrates the core that underpin the Group's risk governance and control framework, ensuring alignment with its risk appetite and strategic objectives. The main components of the model include the Group's approach to setting and adhering to risk appetite, the risk and control taxonomies, risk management processes and tools such as incident database, risk control self-assessment (RCSA), review of internal processes, key risk indicators (KRIs) and the operational risk capital models among others. To further strengthen risk mitigation efforts, the Group employs additional instruments, such as assessment of new products, services and transformation initiatives to preemptively address potential operational risks, business continuity plans to enhance resilience against disruptions and ensure operational continuity and leveraging from insights and recommendations from internal and external auditors and supervisory authorities to continuously refine risk controls and governance mechanisms.

Through this structured approach, the Group reinforces its commitment to proactive risk management, operational resilience and regulatory compliance, ensuring a robust and adaptive operational risk framework across all entities.

The main operational risk components used across the Group comprise of the following:



The Group remains committed to a proactive and resilient operational risk management framework, ensuring that emerging risk themes—both internal and external — are systematically identified, assessed and addressed. Significant risk trends are regularly reviewed within governance forums, where strategic and tactical control enhancements are evaluated to reinforce internal controls and safeguard business continuity.

Over the past year, notable enhancements continued to be undertaken to further strengthen operational risk management and reduce operational losses. These initiatives included, but not limited to, refinement of the operational risk framework, promotion of strong risk culture through targeted training and awareness, enhancement of key risk indicators, identification of areas for automated workflow solutions, strengthening of third party risk management, reinforcing in-depth root cause analysis and lessons learned exercises and promoting cross-functional collaboration and communication among others.

Fraud risk

The Group upholds a zero-tolerance approach to fraud and is committed to safeguarding its customers, assets and reputation through robust fraud risk management practices.

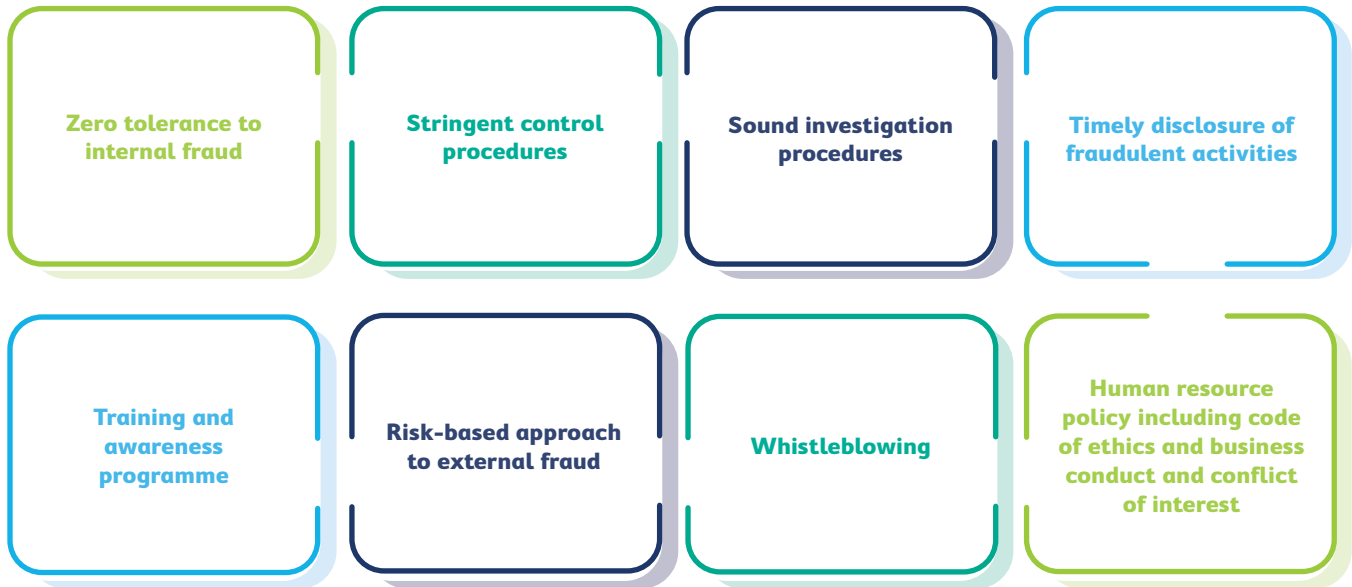
Fraud risk arises from intentional acts of deception, including but not limited to internal and external fraud, cyber fraud, identity theft, payment fraud, forgery, misappropriation of assets and misrepresentation, which may result in financial loss, regulatory breaches or reputational damage.

Aligned with global best practices and regulatory requirements, the Group continuously strengthens its fraud risk governance, ensuring early detection, effective prevention, reporting and swift response to fraudulent activities.

Risk Management Report (cont'd)

The Group maintains a robust and dynamic fraud risk management framework anchored on four key pillars: Prevention, Detection, Mitigation and Response. These pillars ensure proactive risk management and operational resilience and operates within the following key guiding principles:

Key guiding principles



Potential fraud incidents are accorded the highest level of scrutiny and are independently investigated in accordance with the Group's established governance framework. The Group ensures that all material findings are escalated to the relevant Management, Risk and Audit Committees for thorough review. Where necessary, appropriate corrective actions are taken against offenders and internal controls are reinforced to mitigate future risks.

The Group remains steadfast in its commitment to upholding the highest standards of integrity, trust and ethical banking practices while continuously investing in its fraud risk management capabilities to adapt to emerging threats and evolving regulatory landscapes. The Group embeds honesty and integrity in all its operations which are reinforced by continuous training and awareness campaigns.

Business continuity management

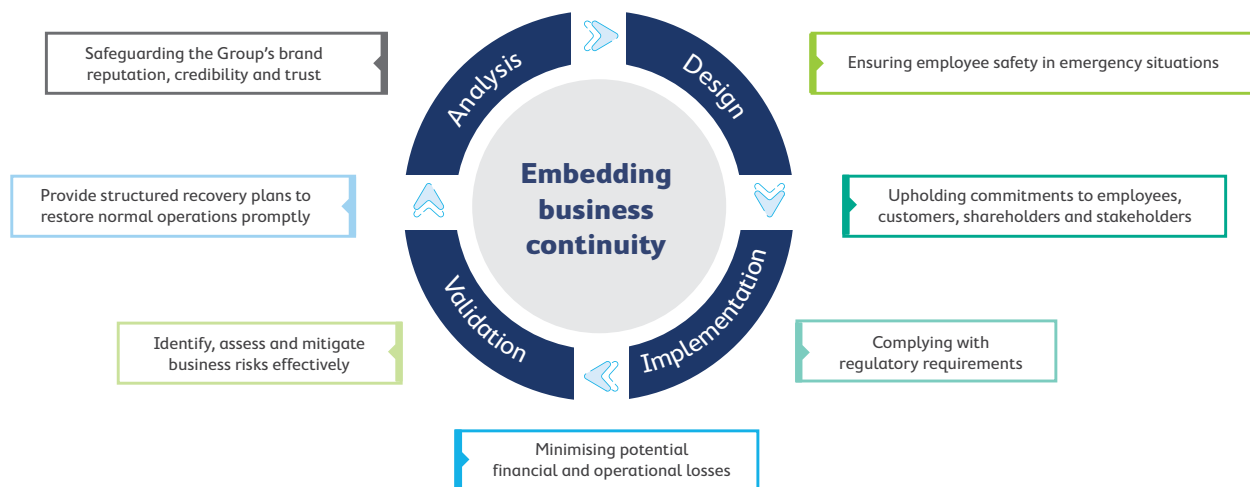
The Group operates in an increasingly dynamic and competitive market with stakeholders expecting seamless and uninterrupted business processes. Recognising the critical importance of resilience and recovery capabilities, the Group maintains a proactive approach to Business Continuity Management (BCM) to mitigate potential disruptions that could lead to customer detriment, financial losses and reputational impact. Business continuity risk management is a holistic approach resulting in proactive measures that enable the Group to identify potential threats and their impacts on business operations, effectively develop plans and strategies to respond to them and continue the delivery of its products and services supported by functions at acceptable predefined levels following a disruption.

A comprehensive BCM framework has been adopted to ensure that the Group can effectively identify potential threats, assess their impact on operations and implement robust response mechanisms. This framework aligns with the Group's strategic objectives and evolving business environment, including considerations for outsourced activities, ensuring resilience and continuity in key business functions.

The framework is further supported by a BCM programme which is embedded across all entities. It provides a structured approach to managing disruptions through well-defined action plans tailored to different risk scenarios, comprehensive training and awareness sessions for employees, regular testing and simulation exercises, including Disaster Recovery drills and continuous enhancement of contingency plans to maintain operational readiness.

By maintaining a strong control environment in line with best industry standards, the Group reinforces its operational resilience, enabling it to provide uninterrupted services to customers and contribute to broader systemic stability.

Its key objectives are:



Through these measures, the Group remains steadfast in its commitment to resilience, agility and uninterrupted service delivery, ensuring it is well positioned to navigate challenges and sustain long-term growth.

Cyber security and IT risk

In an increasingly digital and interconnected world, cybersecurity risk remains a critical concern for financial institutions. This risk encompasses the potential loss of confidentiality, integrity or availability of data, information systems and digital assets, which could result in financial losses, operational disruptions, reputational damage and regulatory sanctions.

The evolving cyber threat landscape is marked by increasingly sophisticated and coordinated attacks, driven by international conflicts and cybercriminal syndicates to name a few. Financial institutions remain prime targets for data breaches, financial fraud and operational disruptions, particularly as the adoption of digital financial services accelerates. In response, the Group has intensified its cybersecurity initiatives, reinforcing its ability to mitigate emerging threats, delivering training and awareness sessions and ensure operational resilience.

Despite the complex and ever-changing environment, the Group remains agile, continuously adapting its business and technology strategies to meet evolving customer needs and regulatory expectations. Cybersecurity is embedded as a core pillar of the Group's digital transformation journey, ensuring that our digital expansion aligns with robust security measures.

To safeguard its customers, the Group operates within a comprehensive cybersecurity governance framework, underpinned by a Board-approved policy framework with stringent security controls. This ensures a secure and resilient IT environment that supports the Group's long-term business objectives. The entities of the Group undertake regular cybersecurity assessments and have also deployed various tools and systems to proactively detect, manage and minimise exposures to cybersecurity risks.

Our overarching goal is to establish the Group as a cyber-resilient organisation, capable of preventing, detecting and responding swiftly to cyber threats. Through continuous investment in cybersecurity capabilities, employee awareness programmes and advanced threat monitoring, the Group remains committed to enhancing its defences, protecting stakeholders and reinforcing trust in its digital ecosystem.

Third party risk

The Group relies on third-party suppliers for the provision of critical services, including technology development, system infrastructure and areas of operational support. While these partnerships are essential to driving efficiency and innovation, the Group remains fully accountable for any risks that may arise from outsourcing arrangements and supplier dependencies.

Third-party risk encompasses potential threats to employee and customer data, financial information and operational stability due to vulnerabilities within the supply chain and external service providers. Given the increasing reliance on third-party relationships, robust risk management practices are essential to ensuring that outsourcing arrangements align with the Group's risk appetite, regulatory expectations and strategic ambitions.

Throughout the year, the entities of the Group have continued to reinforce their operating model and internal controls, integrating evolving regulatory requirements to enhance their third-party risk assessment and oversight framework. A risk-based approach has been adopted across the different entities within the Group, focusing on suppliers that present a heightened risk profile to the organisation's operations and client services. Additionally, the Group has enhanced its methodologies and monitoring tools to strengthen oversight, improve the internal control environment and further mitigate outsourcing risks.

Risk Management Report (cont'd)

The Outsourcing Policy is designed to ensure effective governance and risk mitigation, covering key aspects such as:

- Comprehensive due diligence criteria for selecting vendors
- Robust contractual and service agreements with clearly defined expectations
- Periodic assessments of vendor effectiveness, conduct and service delivery
- Commitment to confidentiality and data protection, ensuring service providers adhere to the highest standards of integrity and compliance

By maintaining rigorous oversight and governance mechanisms, the Group ensures that third-party relationships are well-managed, resilient and aligned with its commitment to operational excellence, regulatory compliance and customer trust.

Climate risk

The emergence of climate risk has presented banks with a new frontier of challenges, with implications for both financial stability and long-term profitability. As a result, climate and environmental risks have become integral considerations across all facets of risk management. These risks are viewed as transversal, meaning they have the potential to influence existing risk categories, such as credit, market, liquidity, operational, reputational and strategic risks. The key drivers of these risks include the physical impacts of climate change and the transition to a low-carbon economy.

Physical risk

Physical risks are the potential financial impacts arising from the direct effects of climate change on assets, operations and infrastructure. These are event-driven risks related to extreme weather events, such as floods, cyclones, heatwaves, rising sea levels or wildfires which can cause immediate and significant damage to infrastructure, supply chains and assets, leading to potential financial losses. They are further categorised into acute and chronic risks.

Transition risk

Whilst Physical risks are tied to the direct and observable effects of climate change, Transition risks are associated with the societal and economic changes required to mitigate climate change. They primarily refer to the financial risks associated with the shift towards a low-carbon economy which emerges from the process of reducing greenhouse gas emissions and transitioning to more sustainable practices. They are typically driven by policy changes, technological development and market sentiment that could affect industries, assets and financial performance.

Both types of risks can significantly impact businesses but they operate in different timeframes and affect different aspects of financial stability.

To address these emerging challenges, the Group has taken several steps to integrate climate and environmental factors into its Enterprise-Wide Risk Management framework. This includes aligning with regulatory requirements, such as the Guidelines on Climate-related and Environmental Financial Risk Management and adopting proactive measures to ensure compliance and transparency.

Our efforts include engaging specialist service providers to assist with climate-related risks, revising our climate risk policies, updating our risk appetite and deploying screening checklists for risk assessment and upskilling our staff. We have also enhanced monitoring and oversight mechanisms and improved our disclosure practices. Furthermore, we actively engage with stakeholders — regulators, industry peers and customers—to understand their expectations and address their concerns.

These actions are a part of our ongoing commitment to embedding sustainability into our business strategy and to remaining aligned with the evolving regulatory landscape.



Read more in the 'Sustainability Report' on pages 109 to 143

Compliance risk

The Compliance division functions as an independent second-line-of-defence control function, safeguarding the integrity of our business operations and ensuring the protection of our customers. It plays a crucial role in fostering a strong compliance culture across the entire Group. All activities, both internal and external to the Group, fall within the scope of Compliance oversight.

This department is responsible for establishing and maintaining effective internal controls, while also providing essential support, guidance and monitoring of financial crime risk, regulatory risks and conduct risks to which the Group is exposed.

Compliance teams are key drivers of the Group's strategic compliance objectives, embedding sustainable practices across all entities. They focus on upholding a comprehensive compliance risk framework through advisory roles and the execution of a risk-based programme. This programme is designed to detect, mitigate and prevent potential risks, while ensuring adherence to relevant laws, regulations and internal policies and standards.

Compliance risk is the risk of an activity not being conducted in conformity with applicable laws, rules, regulations, prescribed practices, internal policies and ethical standards expected by regulators, customers, investors and employees among other stakeholders. It covers the main risks described below.

Regulatory risk

the risk that the respective entity of the Group fails to comply with applicable laws, regulations, guidelines, codes, rules and standards of good market practice thereby exposing the Group to administrative penalties, legal sanction, financial loss or reputational damage

Financial crime risk

the risk of any criminal conduct such as bribery corruption, tax fraud, cybercrime, identity theft, money laundering and terrorist financing perpetrated through the Group entities

Conduct risk

the risk of detriment to customers, market integrity, effective competition from inappropriate supply of financial services including instances of willful or negligent misconduct

The Compliance function is led by the respective Head of Compliance in each of the jurisdictions the Group operates in. It is structured to support the Board and Management as an independent function and proactively prevent, detect and manage breaches of applicable laws, regulations and internal policies through key initiatives, including:

- Providing expert advice on compliance risk
- Identifying, measuring and assessing compliance risks
- Conducting monitoring and testing activities
- Delivering targeted training and awareness programmes
- Ensuring comprehensive compliance reporting

A solution-oriented approach fosters seamless collaboration between Compliance and business units, facilitating the timely identification and management of compliance risks.

The Group remains committed to operating in full compliance with the legal and regulatory requirements in all jurisdictions where it conducts business. Our control framework, including monitoring mechanisms and internal processes, is designed to uphold the highest standards of conduct, prevent market abuse, mitigate insider dealing risks and address potential compliance breaches. These frameworks are periodically reviewed and subject to regulatory scrutiny to ensure ongoing alignment with best practices.

Among the key risks identified across the Group, Money Laundering (ML), Terrorist Financing (TF) and Proliferation Financing (PF) remain a primary focus. To mitigate these risks, the Group has implemented robust controls, supported by regular ML/TF/PF health checks to assess their effectiveness. The overarching objective is to safeguard our products and services from being misused for financial crime, reinforcing our commitment to integrity and responsible banking.

Risk Management Report (cont'd)

Compliance principles

The Group upholds a zero-tolerance policy for deliberate or intentional breaches of legislative and regulatory requirements, as well as for willful misconduct, unethical behavior or any actions that facilitate financial crime. While operational errors and judgmental mistakes may occur in the course of business activities, the Group maintains a minimal tolerance for any losses incurred by customers.

Regulatory, financial crime and conduct risk management is a shared responsibility across all employees with accountability embedded at every level of the organisation. The oversight of compliance with legal and regulatory obligations is entrusted to the Board Risk Committees and Board Audit Committees, ensuring a robust governance framework. Within each entity, the Audit Committee assumes responsibility for monitoring compliance risk. Additionally, the Heads of Compliance of the Group's entities maintain an administrative reporting line to their respective Chief Executives, reinforcing their independence in executing their mandate.

Independence is a core principle of the Compliance function, ensuring its ability to operate with objectivity and integrity across the Group. The Group remains committed to implementing robust measures and controls that safeguard the Compliance function's autonomy in executing its responsibilities and making decisions free from undue influence.

Compliance officers are granted unrestricted access to all relevant information and personnel within the organisation, enabling them to effectively fulfill their compliance obligations and maintain the highest standards of regulatory oversight.

As part of its ongoing commitment to regulatory excellence, the Group continues to strengthen its compliance agenda, with a particular focus on Anti-Money Laundering (AML), Combatting the Financing of Terrorism (CFT) and sanctions. These efforts are reinforced through dedicated training programmes for employees, periodic policy revisions and the introduction of enhanced policies and standards. Furthermore, the Group remains proactive in aligning with evolving regulatory requirements, adopting new and revised guidelines issued by regulators, particularly in the areas of AML and CFT, thereby ensuring a strong and sustainable compliance culture.

Compliance culture

The Group's compliance culture is deeply embedded within its organisational values, reinforcing trust among customers and stakeholders while mitigating regulatory, legal and reputational risks. A commitment to ethical conduct and integrity at all levels remains central to the Group's vision of responsible and sustainable banking.

This compliance-first mindset is integrated into daily operations, setting clear expectations for individual behavior across the organisation. As regulatory landscapes continue to evolve both domestically and globally, the Group remains proactive in strengthening its compliance framework. Heightened regulatory scrutiny underscores the need for robust policies and procedures that enable the Group to effectively anticipate, respond to and mitigate emerging risks — all within the defined risk appetite.

To uphold a culture of continuous vigilance, the Group ensures the availability of adequate resources and technology to reinforce compliance-driven behaviours. This commitment is reinforced through strong leadership from the Board and Senior Management, who set the right tone through consistent and effective communication.

A variety of initiatives have been implemented to instill and sustain the Group's compliance culture, including mandatory training programmes, engagement sessions with business functions, strengthening working relationships with regulatory and supervisory bodies and being an active participant in the various projects across the Group entities. These initiatives serve to strengthen awareness of compliance responsibilities at all levels, fostering a culture of accountability and ethical decision-making across the Group.

Data protection

The Group is committed to upholding the highest standards of data protection, ensuring that individuals retain control over their personal data while maintaining strict compliance with applicable regulations. Data is collected and processed solely for legitimate and specific purposes and all reasonable measures are taken to rectify or erase any inaccurate, incomplete or inappropriate information. Personal data is retained only for as long as necessary to fulfill its intended purpose, in line with regulatory and business requirements.

The Group implements comprehensive security measures to safeguard the confidentiality, integrity, availability and resilience of its data processing systems and services. These measures are continuously reviewed and enhanced to mitigate risks and strengthen overall data governance.

The European Union's General Data Protection Regulation (GDPR) has established a harmonised privacy framework across EU member states, reinforcing individual rights, mandating transparent compliance practices and imposing stringent penalties for non-compliance. Given its extra-territorial reach, the GDPR may also apply to entities outside the EU when offering goods or services to EU-based customers.

Across all jurisdictions where the Group operates, a robust data protection compliance programme is in place, ensuring full adherence to local and international data privacy laws. Through continuous monitoring and stringent governance, the Group remains steadfast in managing data protection risks while fostering trust, transparency and regulatory excellence.

Reputational risk

Reputational risk is defined as the potential for negative financial or operational impact arising from damage to the Group's public perception, trust and confidence among key stakeholders, including employees, customers, shareholders, investors and the broader community. This risk may originate from various sources, including business activities, operational decisions, market dynamics and external socio-economic or political factors. Additionally, media coverage – regardless of its accuracy – can significantly influence the Group's reputation.

To mitigate reputational risk, the Group employs a proactive and preventive risk management approach, integrating early-warning mechanisms, structured response protocols and continuous risk monitoring. The methodology encompasses stakeholder perception analysis, enabling the identification of shifts in sentiment that could impact the Group's standing.

Reputational risks are subject to ongoing assessment and oversight, with regular reporting to the Board Risk Management Committee to facilitate prompt and strategic responses, ensuring the preservation of trust, credibility and long-term stakeholder confidence.

Risk Management Report (cont'd)

Focus areas

As part of our ongoing risk management process, the Group remains vigilant in assessing emerging risks that could impact our resilience, business operations and strategic objectives. With an increasingly dynamic interconnected risk landscape ranging from regulatory shifts to technological disruptions and geopolitical uncertainties, our focus remains on early detection, adaptive risk management and coordinated response strategies to safeguard the Group's stability and strategic growth. The Group will closely monitor developments in the following key areas.

Geopolitical tensions and market volatility

The evolving geopolitical landscape, particularly in the Americas, Middle East and Ukraine, continues to impact market stability, interest rates and inflationary pressures. Rising protectionism, geopolitical tensions and weakened multilateral cooperation will create a more uncertain operating environment for financial institutions, requiring enhanced risk controls and proactive mitigation strategies. The Group faces both direct and indirect exposure to these risks—through investments, infrastructure, employees and clients — potentially affecting financial performance as well as reputational, compliance and operational aspects.

To navigate these challenges, the Group remains committed to rigorous risk management, including stress testing, scenario analysis and diversification. Maintaining agility and staying responsive to economic shifts will be essential to safeguarding financial stability and resilience in an increasingly complex environment. The Group continues to ensure that its policies and procedures remain robust and that our risk profile is maintained within the limits set as per our risk appetite.

Cybersecurity threats

Financial institutions worldwide are grappling with AI-driven fraud, data breaches and ransomware attacks that threaten operational continuity. As the Group expands its digital services and outsourced operations, inherent cyber risks increase, exposing corporate assets to potential threats. While interconnectedness enhance efficiency, they also create vulnerabilities for malicious actors to exploit, particularly through cloud infrastructure and third-party services. Regulators are also focusing on ensuring that banks can effectively withstand and recover from these cyber threats, underscoring the need for comprehensive disaster recovery strategies alongside robust cybersecurity measures.

Cybersecurity is a shared priority across the jurisdictions we operate within. Since the launch of our Group digital transformation journey, we have enhanced our IT infrastructure by upgrading outdated equipment, improving our defences and implementing advanced tools and systems across relevant entities. Cybersecurity is strengthened through deploying control tools, continuous risk reassessment in software programmes, upskilling our people to develop in-house expertise and capabilities and rigorous testing before system deployment. Furthermore, we ensure alignment of our cybersecurity frameworks and controls with local regulatory requirements and international best practices. The Group remains committed to its investments in business and technical controls to proactively manage these increasing threats and to continue remain a cyber resilient organisation.

Regulatory changes

The evolving regulatory landscape, driven by factors such as changing geopolitical dynamics, technological advancements and consumer protection, is becoming increasingly complex and presents significant risks for banks. Beyond prudential, financial markets, climate and data regulations, there is growing focus on AI governance, particularly regarding its ethical application in decision-making. Diverging international regulations present jurisdictional risks such as data sovereignty and ESG regulations with variations in adoption pace, conflicting rules and localisation requirements around staff, data, capital and revenues.

The Group takes a proactive approach by continuously monitoring regulatory developments, strengthening internal controls and leveraging technology-driven compliance tools. We actively engage with regulators, contribute to industry consultations and foster a strong compliance culture across our operations. Additionally, our entities track country-specific requirements and collaborate with policymakers and central banks, helping shape regulatory frameworks through thought leadership and strategic engagement.

ESG considerations

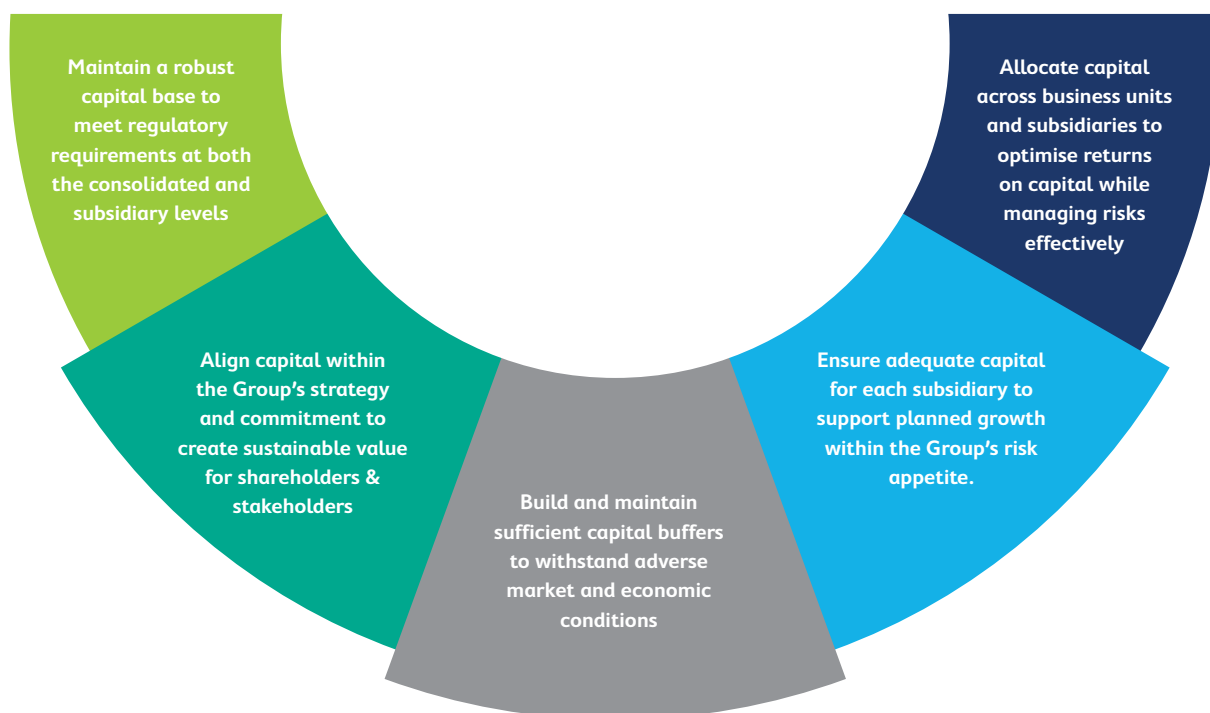
Climate risk, regulatory shifts and stakeholder expectations are reshaping the way banks operate, requiring a balance between financial performance and long-term sustainability. Heightened regulatory expectations, evolving stakeholder priorities and the growing impact of climate-related risks are driving the need for stronger ESG integration across financial institutions. Given these developments, the Group is committed to embedding climate risk and sustainability considerations into our decision-making processes, ensuring alignment to its strategy, long-term resilience and value creation.



Read more in the 'Sustainability Report' on pages 109 to 143

Capital management

SBM Group's capital management strategy is designed to ensure robust financial health, adherence to Basel requirements, regulatory compliance, industry best practices and sustainable growth. A healthy capital position underpins the Group's ability to meet the expectations of key stakeholders, including regulators, shareholders, rating agencies, analysts and Group's risk appetite, while supporting strategic business objectives. The Group's capital management function is designed to:



SBM Holdings Ltd, as the ultimate holding company, is the principal source of capital for the Group's operating subsidiaries. The allocation of capital is guided by:

Strategic priorities and planned growth initiatives.

Regulatory requirements in each jurisdiction of operation.

The risk appetite and operational needs of individual subsidiaries.

This structured approach ensures efficient resource deployment, enabling the Group to respond dynamically to market opportunities while safeguarding financial stability.

Risk Management Report (cont'd)

Regulatory capital requirements

SBM Group operates under the regulatory capital framework prescribed by the Bank of Mauritius (BoM), which aligns with international standards set by the Basel Committee on Banking Supervision (BCBS).

SBM Group has adopted the following risk measurement approaches:

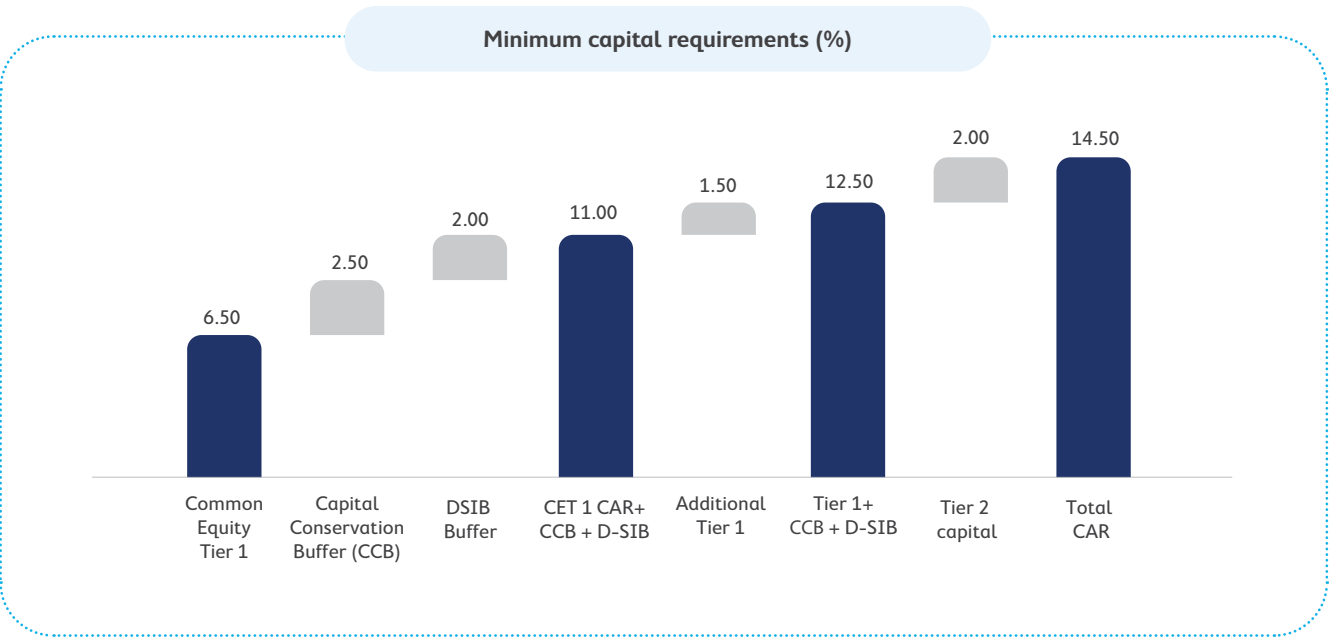
- Credit Risk: Measured using the Standardised Approach, as outlined in the BoM Guideline on Standardised Approach to Credit Risk.
- Market Risk: Assessed using the Standardised Approach, in line with the Guideline on Measurement of Market Risk.
- Operational Risk: Evaluated using the Alternative Standardised Approach

The determination of its capital base is worked out in accordance with the Guideline on Scope of Application of Basel III and Eligible Capital issued by BOM in 2014 and banks shall hold and maintain at all times, a minimum ratio of total regulatory capital to risk weighted assets (CAR) at or above the agreed minimum of 10%.

In addition, the banking entities need to abide to additional capital requirement in the form of capital conservation buffer (CCB) of 2.5%, which is designed to ensure that banks build up capital buffers outside periods of stress which can be drawn down as losses are incurred. SBM Group should as well, maintain CCB of 2.5% in form of Common Equity Tier 1 ("CET 1") capital.

Being a Mauritius' Domestic Systemically Important Bank (D-SIB), SBM Group needs to maintain an additional 2.0% CET1 buffer. The D-SIB is applied on a discretionary basis by the regulator and is reviewed annually based on five criteria which include size, exposure to large groups, interconnectedness, complexity and substitutability.

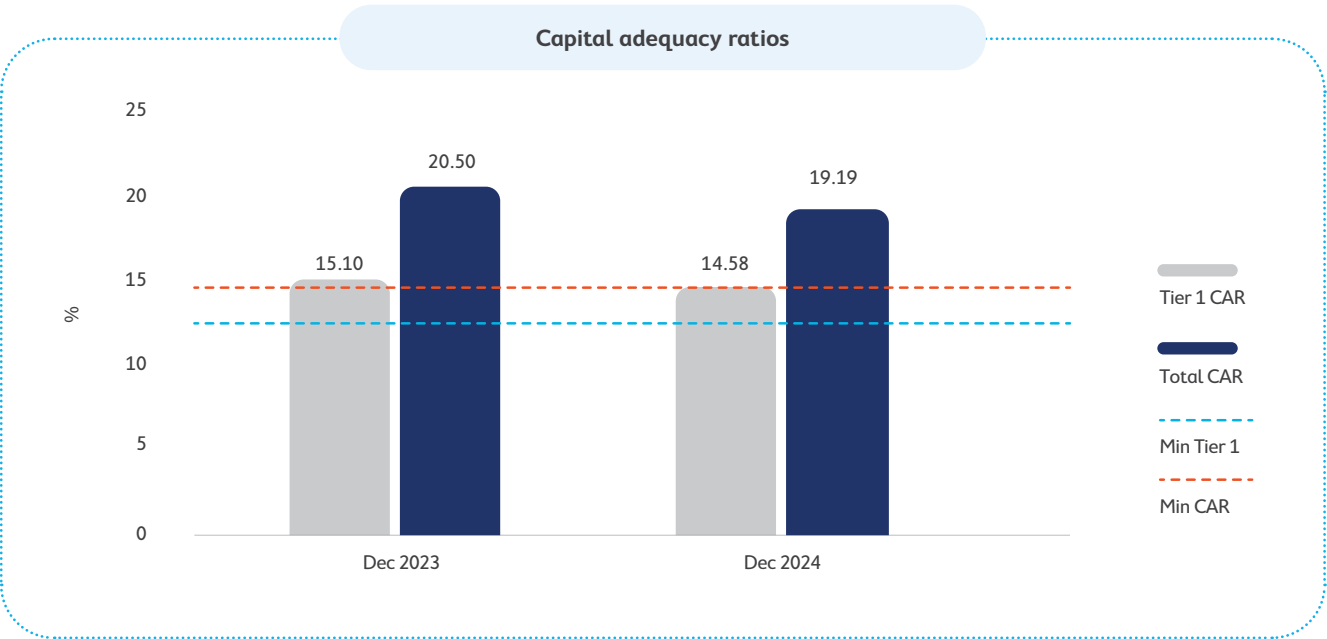
The table below illustrates regulatory capital requirements applicable to SBM Group:



The Group's disciplined capital management framework enables it to achieve financial stability, support strategic growth, meeting regulatory requirements, operating within Board-approved risk appetite and deliver sustainable value to its stakeholders. By maintaining a strong capital base and adhering to regulatory requirements, the Group remains well-positioned to respond to evolving market conditions while pursuing long-term strategic objectives.

Capital position

As of 31 December 2024, our capital position remained robust and comfortably exceeded the regulatory minimum requirements. The capital ratios and the evolution of Risk-Weighted Assets (RWA) are as follows:



Risk Management Report (cont'd)

Table below shows the Group's capital base and risk-weighted assets for the past two years:

	SBM Group	
	Dec 2024	Dec 2023
Capital base	Figures in MUR Mn	
Share capital	32,500	32,500
Retained earnings	11,543	9,511
Accumulated other comprehensive income and other disclosed reserves	-5,608	-6,877
Common Equity Tier 1 capital (CET 1) before regulatory adjustments	38,434	35,135
Regulatory adjustments	7,931	8,118
Treasury (own) shares	4,875	4,875
Goodwill and intangible assets	1,536	1,852
Deferred tax assets	1,520	1,391
Common Equity Tier 1 capital (CET 1)	30,504	27,016
Additional Tier 1 (AT 1)	0	0
Tier 1 capital (T1 = CET1 + AT1)	30,504	27,016
Capital instruments	6,431	7,308
Other reserves (45% of surplus arising from revaluation of land & buildings)	851	568
Portfolio provision or ECL (restricted to 1.25% of credit RWA)	2,348	1,802
Tier 2 capital	9,630	9,678
Total capital base	40,134	36,694

	SBM Group	
	Dec 2024	Dec 2023
Risk Weighted Assets (RWAs)	Figures in MUR Mn	
Credit risk	187,862	159,580
On-balance sheet assets	170,167	145,634
Off-balance sheet exposures	17,695	13,946
Market risk	1,250	1,016
Off-balance sheet exposures		
Aggregate net open foreign exchange position	943	785
Capital charge for trading book position exceeding 5% or more of its total assets	307	231
Operational risk	20,064	18,373
Total RWAs	209,175	178,968
Capital adequacy ratios	Ratios in %	
CET1 capital ratio	14.58	15.10
Tier 1 capital ratio	14.58	15.10
Total capital ratio	19.19	20.50

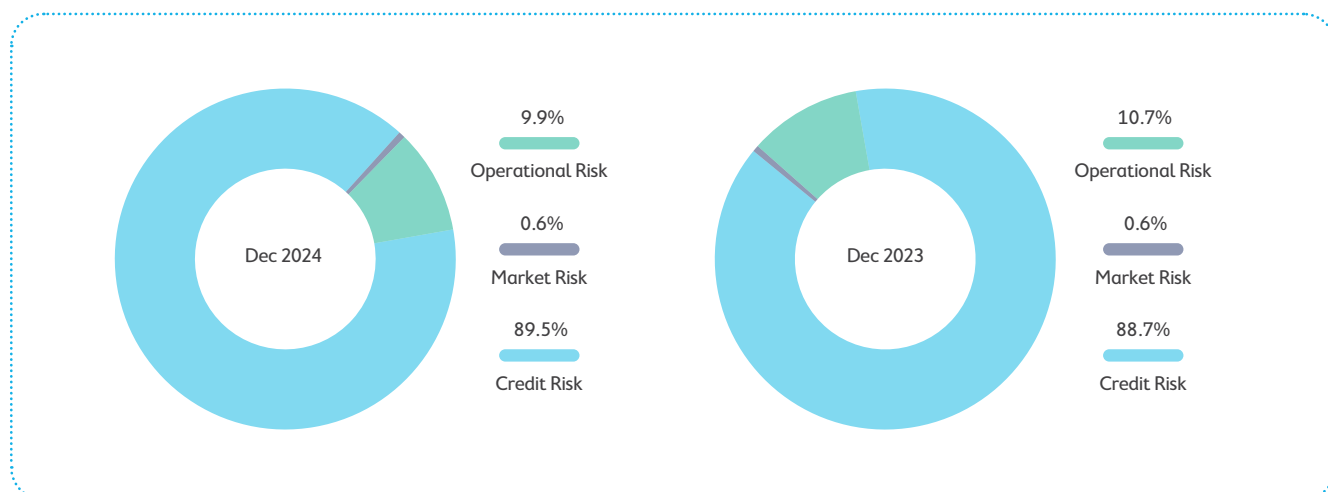
Banking cluster - RWAs and CAR

The Banking Group's total RWAs as of 31 December 2024 stood at MUR197 billion, an increase of 18% compared to the prior year, driven primarily by growth in business volumes across different subsidiaries.

	Dec 2024	Dec 2023
	Figures in MUR Mn	
Total capital base	35,363	30,689
Risk Weighted Assets (RWAs)		
Credit risk	176,832	148,223
Market risk	1,250	1,016
Operational risk	19,535	17,851
Total RWAs	197,617	167,089
Capital adequacy ratios	Ratios in %	
CET1 capital ratio	15.67	16.18
Tier 1 capital ratio	15.67	16.18
Total capital ratio	17.89	18.37

Banking Group's RWAs analysed by type of risk

Credit risk remains the main type of risk to which the banking subsidiaries are exposed to in view of the nature of their operations and activities:



Risk Management Report (cont'd)

Credit Risk

The tables below provide breakdown of the risk weighted assets for the consolidated banking cluster after credit risk mitigation (CRM) for both on-balance sheet and off-balance sheet assets for the past two years:

RWAs - On-Balance sheet assets	Dec 2024			Dec 2023
Figures in MUR Mn	Amount	Weight %	RWAs	RWAs
Cash Items	3,608	0-20	2	2
Claims on Sovereigns	125,078	0-150	5,275	3,311
Claims on Central Banks	70,250	0-150	0	0
Claims on Multilateral Development Banks	17,960	0-150	1,210	539
Claims on Banks	12,170	20-150	8,588	6,760
Claims on Non-Central Government Public Sector Entities	12,271	20-150	8,774	7,352
Claims on Other Securities Firms	0	100	0	0
Claims on Corporates	79,569	20-150	68,596	57,369
Claims included in the Regulatory Retail Portfolio	25,432	75	19,074	16,057
Claims secured by Residential Property	41,765	35-125	16,241	14,431
Claims secured by Commercial Real Estate	8,983	100-125	9,662	11,745
Past due claims	6,837	50-150	7,612	3,076
Other Assets	14,103	100	14,103	13,634
Total On-Balance sheet RWAs	418,025		159,137	134,276

RWAs - Non market related Off-Balance sheet assets	Dec 2024					Dec 2023
Figures in MUR Mn	Nominal Amount after CRM	Credit Conversion Factor (%)	Credit Equivalent Amount	Weight %	RWAs	RWAs
Direct Credit Substitutes	3,929	100	3,929	0-100	3,899	3,197
Transaction-Related Contingent items	15,216	50	7,608	0-100	7,653	5,655
Trade-Related Contingent items	6,432	20-100	1,882	0-100	1,812	1,208
Other Commitments	23,378	0-50	2,493	0-100	2,144	2,183
Total Off-Balance sheet RWAs	48,955		15,912		15,508	12,243

Market related risk capital

The table below provides figures for the RWAs in respect of market related off-balance sheet assets for the banking cluster.

	Dec 2024							Dec 2023
RWAs - Market related Off-Balance sheet RWAs	Nominal Amount	CCF	Potential future exposure	Current exposure	Credit equivalent amount	Weight	RWAs	RWAs
	MUR Mn	%	MUR Mn	MUR Mn	MUR Mn	%	MUR Mn	MUR Mn
Interest rate contracts	13,145	0 - 1.5	61	12	73	20-100	71	7
Foreign exchange contracts	52,458	1 - 7.5	902	1,078	1,981	20-100	1,915	1,509
Equity contracts	1,501	6 - 8	120	170	290	20-100	144	128
Other commodity contracts	0	10 - 12	0	0	0	20-100	0	0
Credit derivative contracts	0	20	0	0	0	50	0	0
Other market-related contracts	603	12	69	10	79	50	57	59
Total Market RWAs	67,707		1,153	1,270	2,423		2,188	1,703

Aggregate net open foreign exchange position

The Banking Group is subject to foreign exchange (FX) risk from an on-balance sheet perspective, i.e. as a result of imbalances witnessed between the foreign currency composition of its assets and liabilities. The risk to which SBM is exposed can also be viewed from an off-balance sheet angle through its outstanding positions, mainly in respect of foreign exchange forwards.

The table below provides the comparative figures for the aggregate net open foreign exchange position for the banking cluster for the past two years:

Figures in MUR Mn	Dec 2024	Dec 2023
Aggregate net open foreign exchange position	943	785

Operational risk capital

SBM has adopted the Alternative Standardised Approach for calculating its operational risk capital as per the BOM Guideline on Operational Risk. Capital charge for operational risk for the Banking Group witnessed a growth of 9% from December 2023 to December 2024, in line with growth in business volumes.

Figures in MUR Mn	Dec 2024	Dec 2023
RWAs for operational risk	19,535	17,851

Capital Adequacy Ratios of the banking subsidiaries

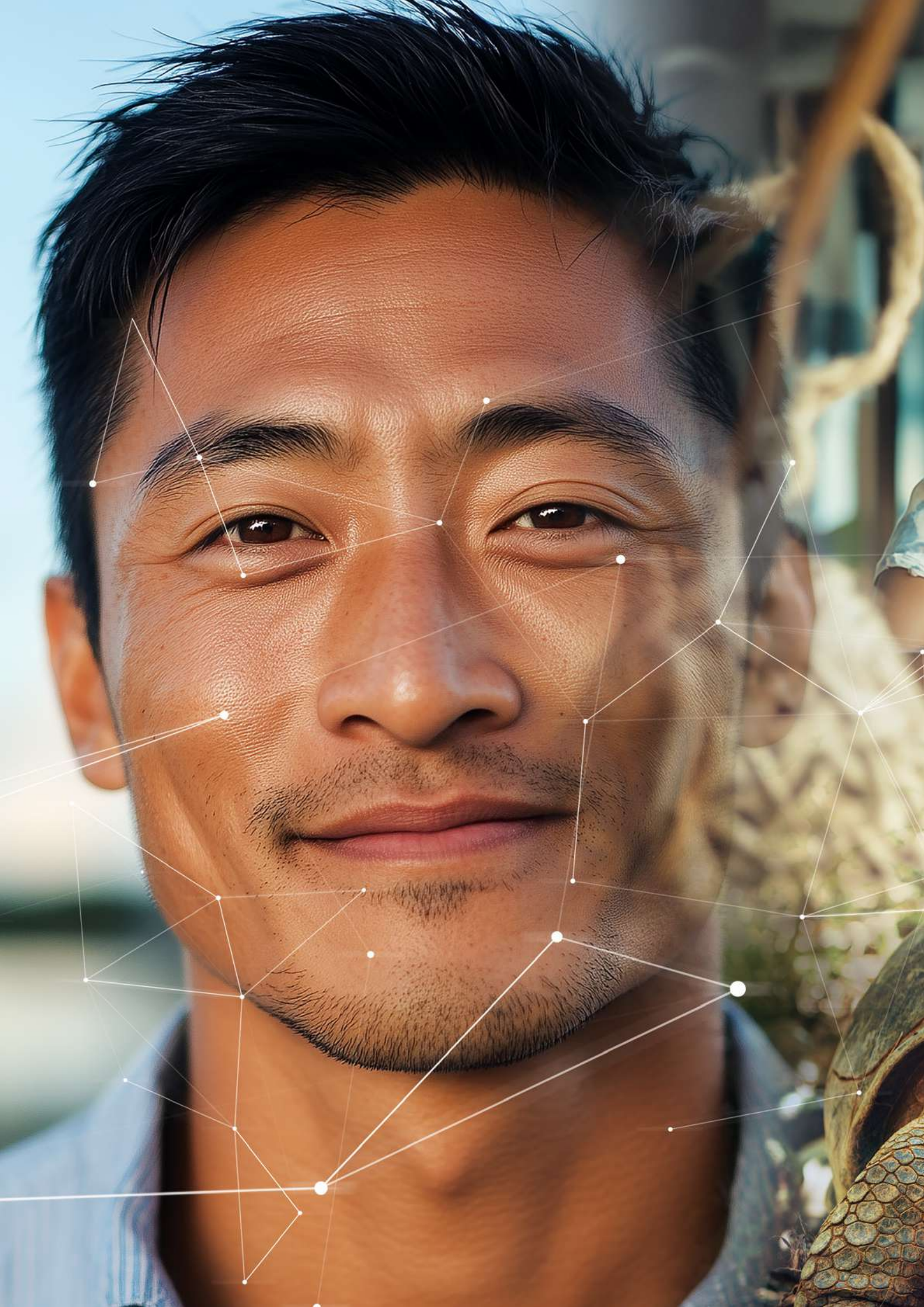
The Group's banking subsidiaries are subject to capital adequacy requirements of the jurisdiction in which they operate.

Requirement as per Host Regulator	SBMBM	SBMBI	SBMBK	BSBMM
Minimum Tier 1 CAR (%)	12.50	9.50	10.50	6.00
Minimum total CAR (%)	14.50	11.50	14.50	8.00

The table below shows the CAR ratios of the subsidiaries as per their host regulator as of 31 December 2024:

Position as at 31 December 2024	SBMBM	SBMBI	SBMBK	BSBMM
Actual CAR (%)	18.67	15.65	15.96	26.72

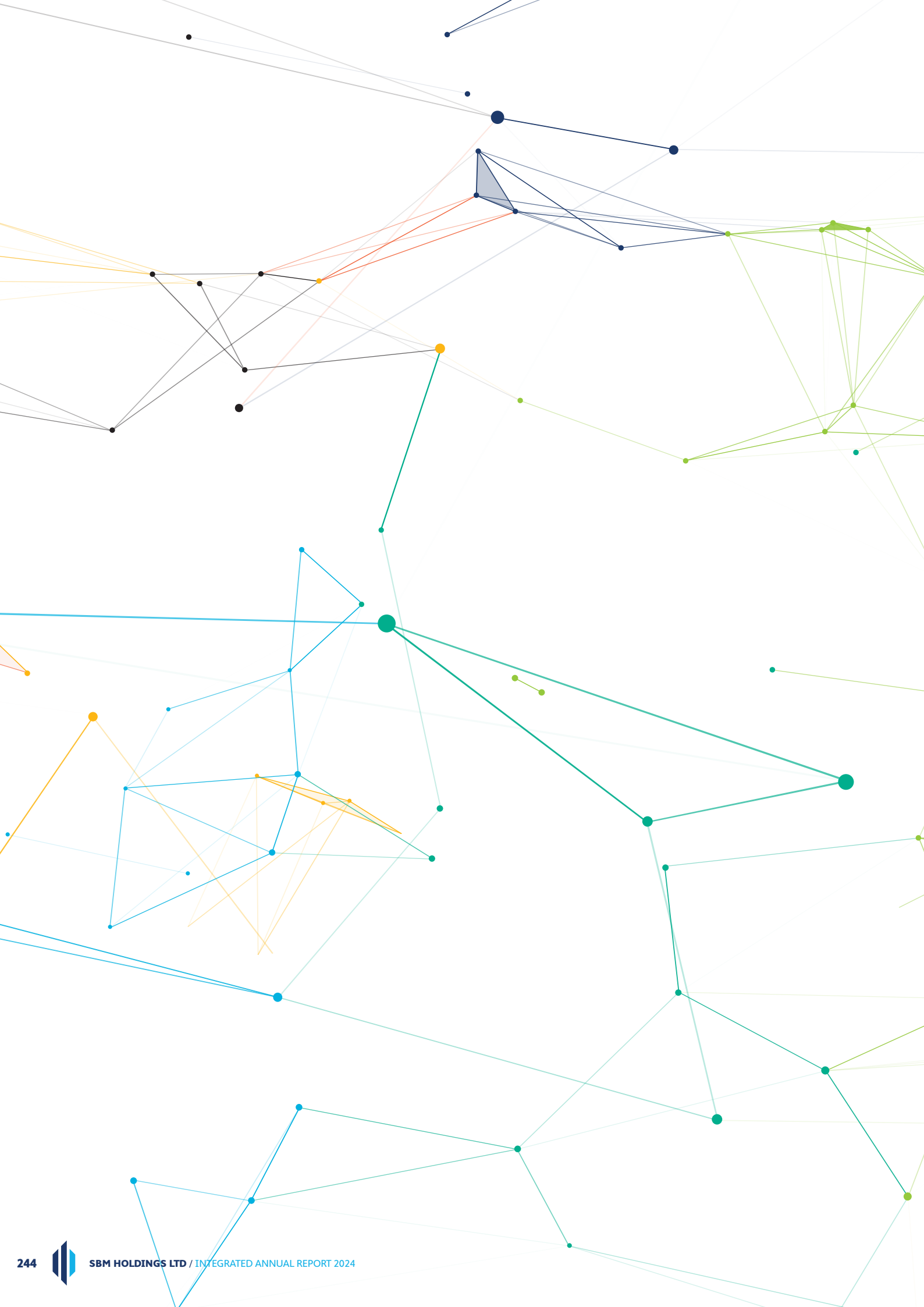
As of 31 December 2024, all subsidiaries maintained CAR ratios above local regulatory requirements, ensuring compliance across jurisdictions.



A composite image featuring a woman in the upper half and two tortoises in the lower half. The woman, with grey hair and a focused expression, is weaving a rectangular basket from a coarse, light-brown material. She wears a blue and white patterned top. The background behind her is a blurred indoor setting with a blue wall. The lower half of the image shows two large tortoises in a natural, outdoor environment with dry leaves and greenery. One tortoise is on the left, facing right, and the other is on the right, facing left. A large, woven basket is visible in the background behind the tortoises. A network of thin white lines with small dots at the intersections is overlaid across the entire image, connecting various points of interest.

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Financial Review

Financial Review

Analysis of financial performance

SBM Group's financial performance for the year 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.

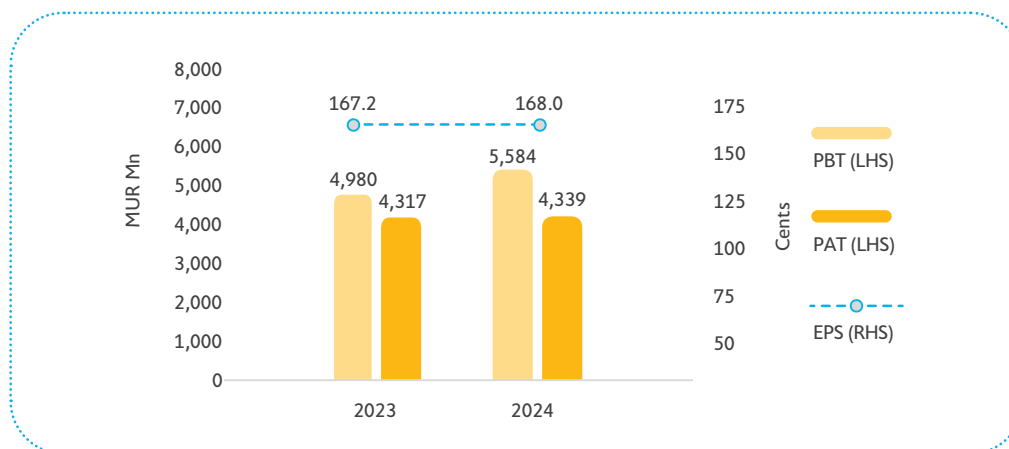
Financial highlights (MUR million), except for share price information

	2023	2024
For the year		
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 ^a (%)	1.2	1.1
Return on average shareholders' equity ^a (%)	14.7	12.7
At year end		
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

^a - Averages are calculated using year-end balances



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:

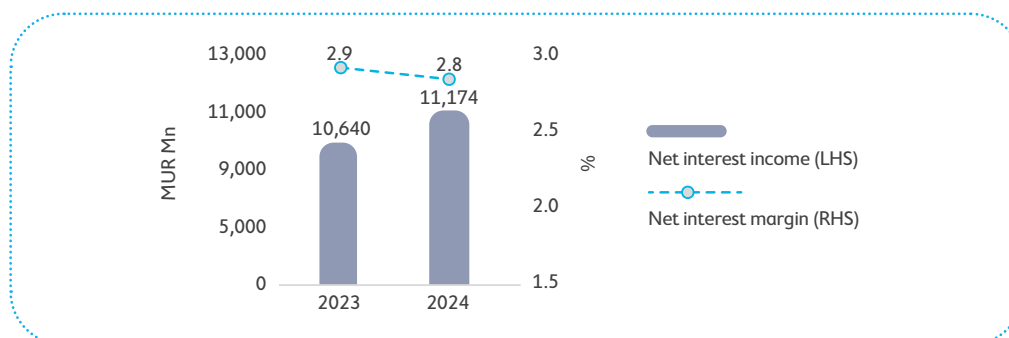
- Higher net interest income, which increased by 5.0%, attributed to growth in business volumes
- Improved non-interest income, primarily underpinned by trading-related activities
- Lower impairment charges, with a drop in the level specific provisions, reflecting the positive impact of our strengthened 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 average assets (RoA) remained stable at 1.1%, while Return on average shareholders' 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.

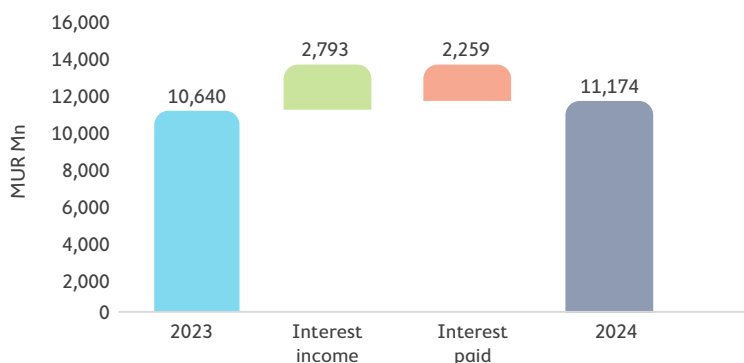
The marginal decline of 0.1% in net interest margins (NIMs) is attributed to a competitive interest rate environment, changes in funding costs and an increased focus on lower-yielding, but higher-quality, credit assets.

Financial Review (cont'd)

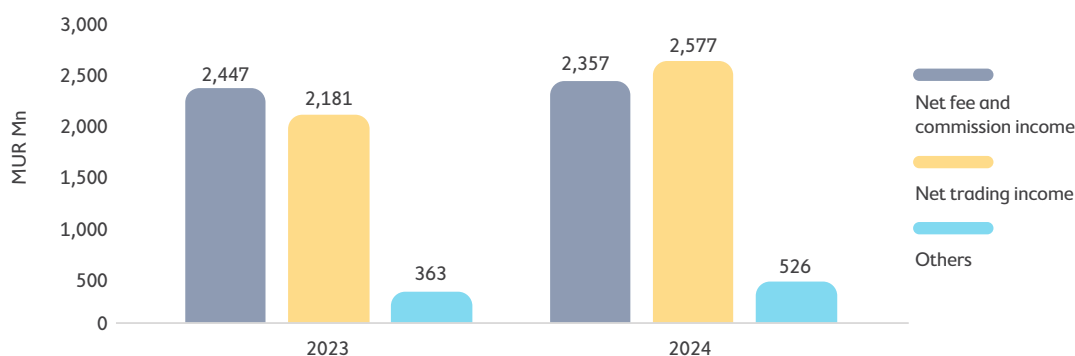
Net interest income (cont'd)

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

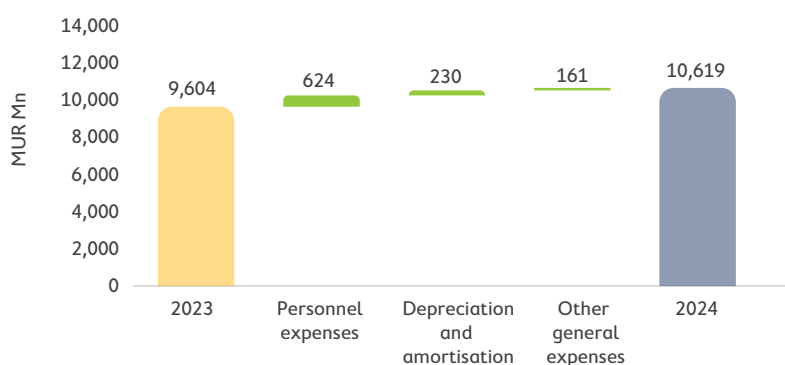


Non-interest income increased by 9.4% to MUR 5,460.4 million, up from MUR 4,991.0 million in 2023, driven by a 18.2% rise in net trading income, supported by higher fixed-income trading activities.

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 costs, 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.

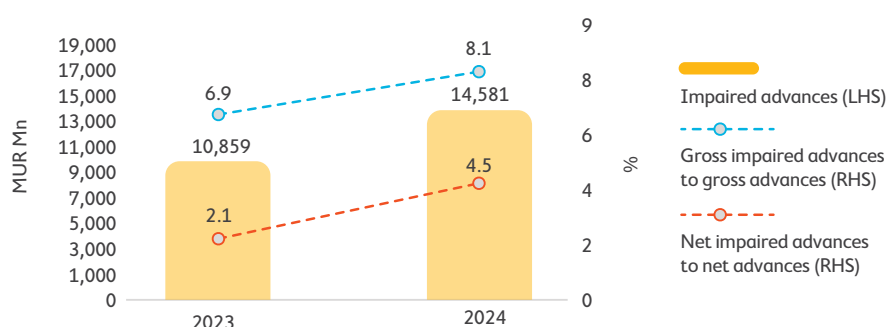
Credit loss expense on financial assets

	2023	2024
	MUR million	MUR million
SBMBM	919	116
SBMBI	(10)	247
BSBMM	16	21
SBMBK	100	30
Others	22	17
Total	1,047	431

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.

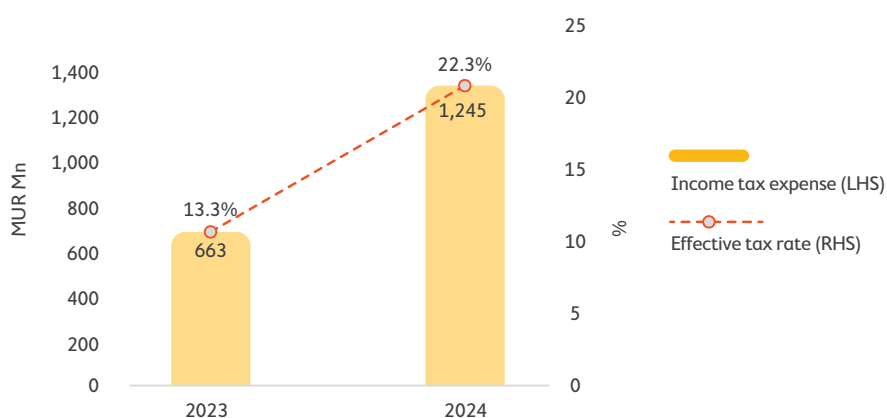
The largest recovery has been realised by SBM Bank (Mauritius) Ltd, amounting to MUR 224.1 million, followed by SBM Bank (Kenya) Limited, amounting to MUR 104.3 million in FY 2024.

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



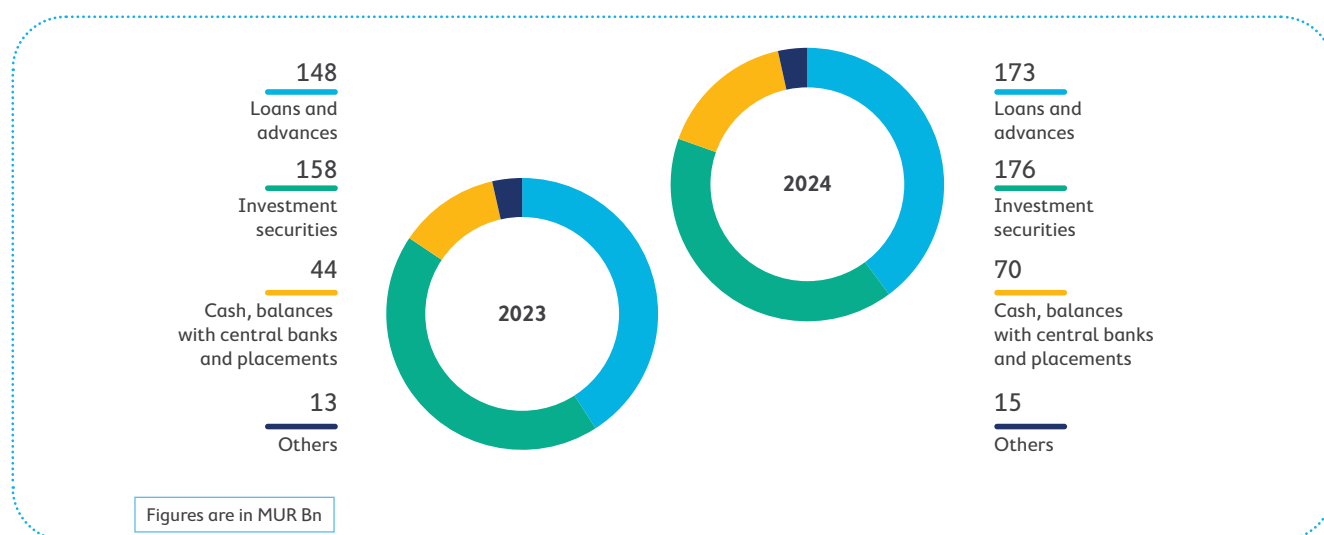
In 2024, a change in the tax rate and deferred tax coupled with higher chargeable income being taxed at 15% compared to 2023 has led to an increase in the expense of by SBM Bank (Mauritius) Ltd. In addition, the Group has been levied with a new Corporate Climate Responsibility (CCR) Levy, which is set 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 Review (cont'd)

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)
Total	157,802	180,676

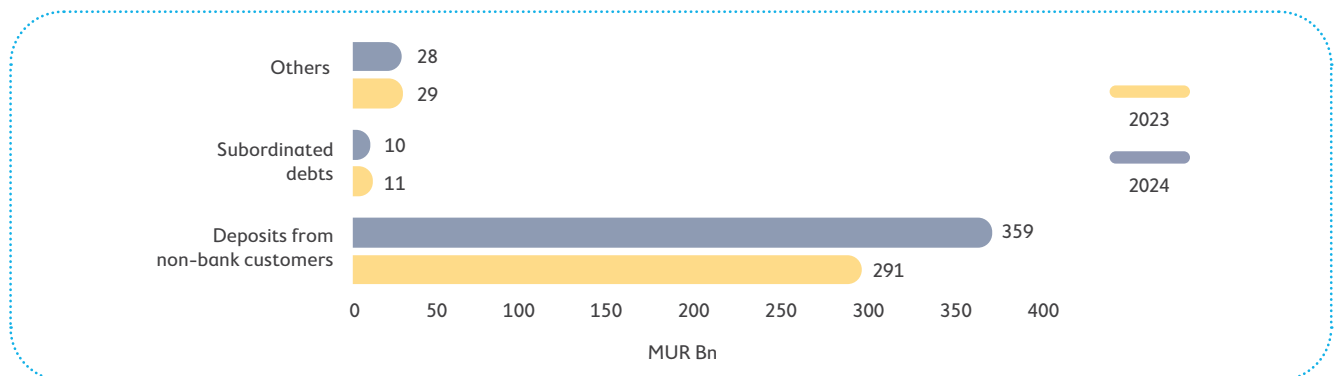
Investment securities

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
Total	157,533	176,104

Total liabilities

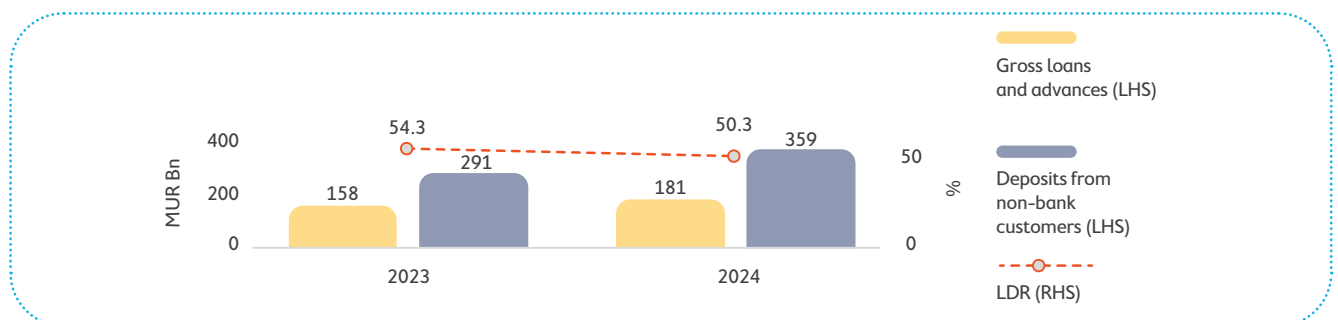


Deposits from non-bank customers

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.

Financial Review (cont'd)

Subordinated debts

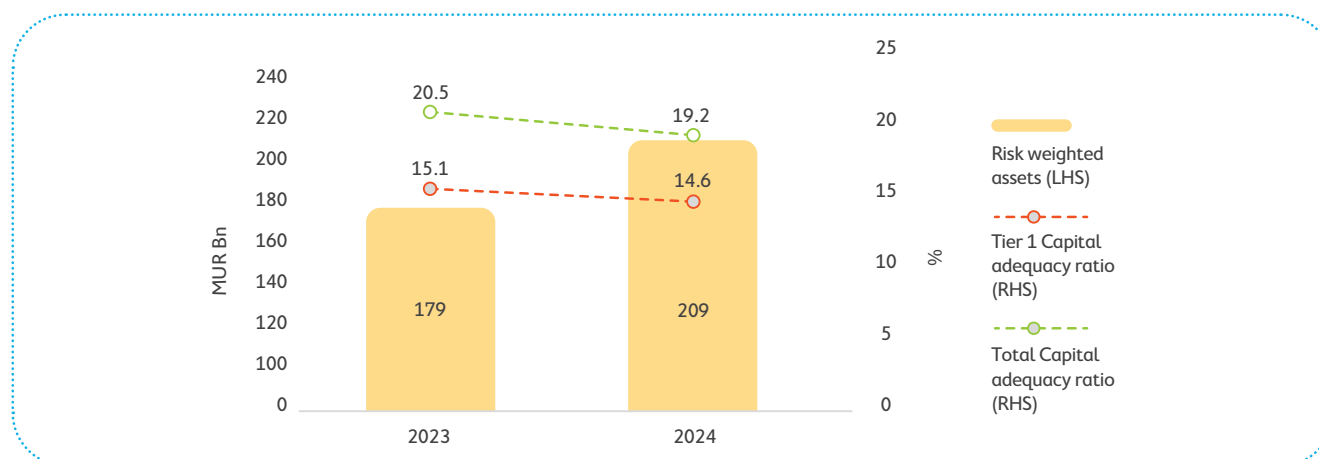
The Company has repaid the Class A1 series bond in March 2024, amounting to MUR 1.5 billion.

		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	-	-	2,008
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

Shareholders' 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

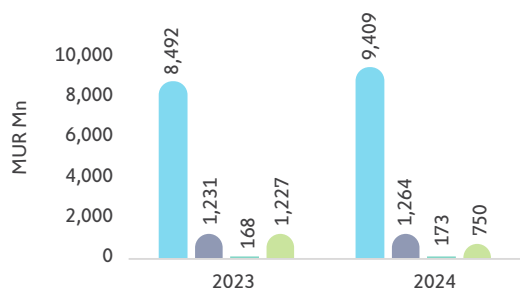
SBMBM

SBMBI

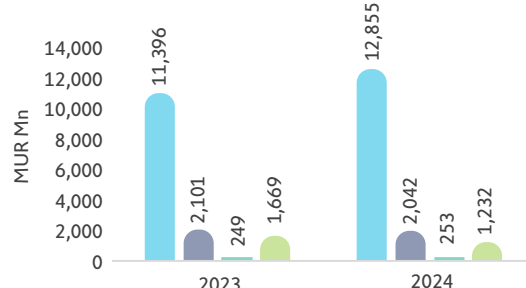
BSBMM

SBMBK

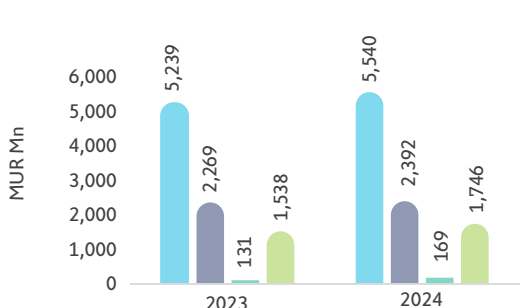
Net interest income



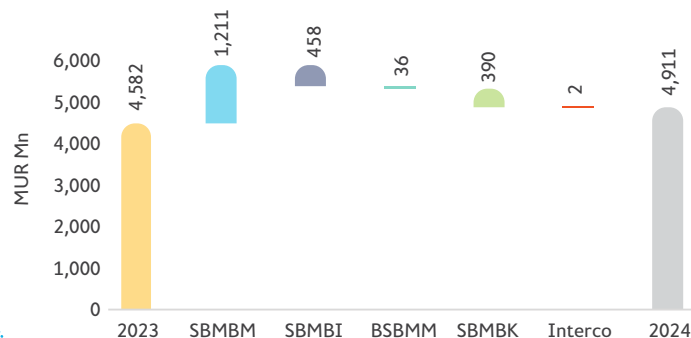
Operating income



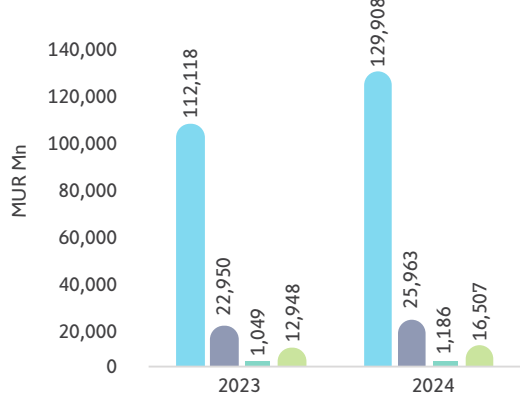
Non-interest expense



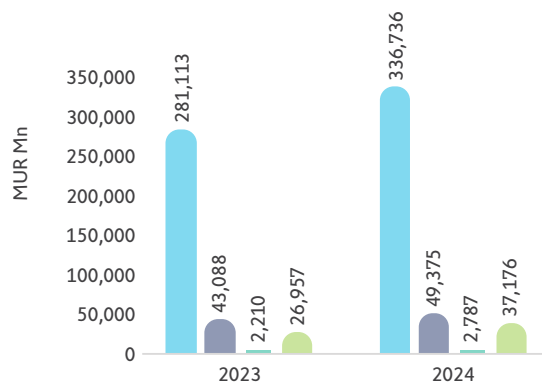
Movement in banking group profitability



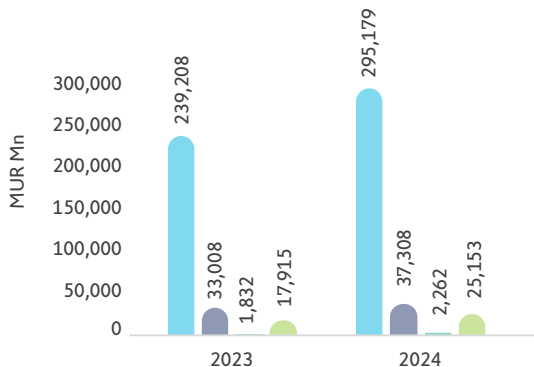
Net Loans & advances from non-bank customers



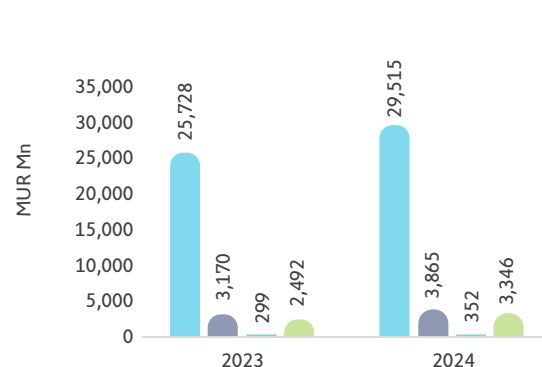
Total assets



Deposits from non-bank customers



Total equity



Financial Review (cont'd)

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 recognised 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 Liberalised 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 first 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 Liquidity surplus 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 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 SA (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 securities.

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.

Financial Review (cont'd)

SBM Group Five years' summary

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

SBM GROUP	December	December	December	December	December
	2024	2023	2022	2021	2020
Share information (based on nominal of 10 cent each)					
Earnings per share (Cents)	168.0	167.2	140.8	67.3	39.2
Dividend per share (Cents)	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	-	-
Market capitalisation (MUR Mn)	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 Mn)	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
Other key data					
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

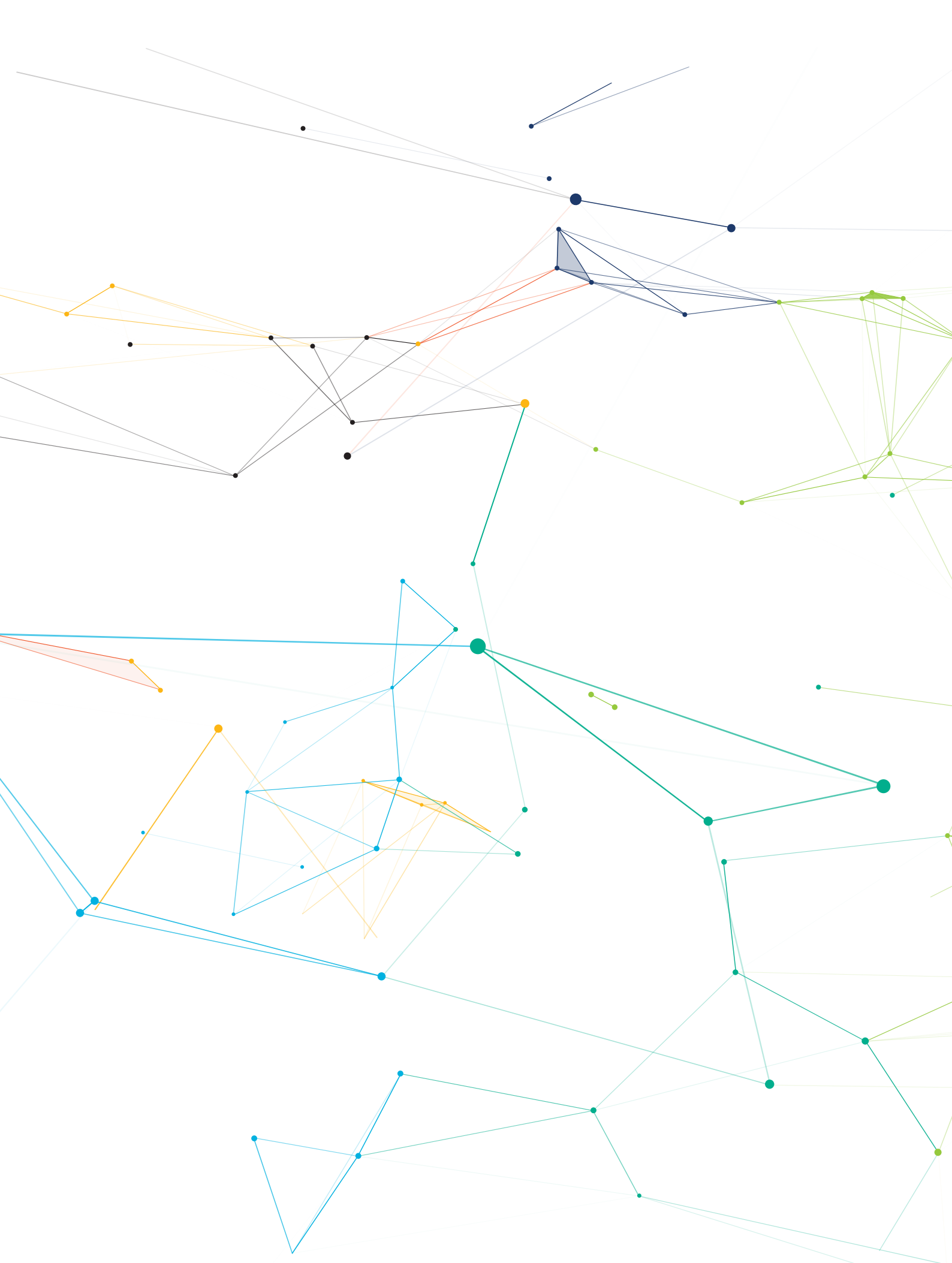
^a Averages are calculated using year-end balances.



SOWING **AMBITION** REAPING **SUCCESS**

We help individuals and businesses grow
from seedling to harvest.







Statement of Directors' Responsibilities

Independent Auditor's Report

Financial Statements

Statement of Directors' Responsibilities

FOR THE YEAR ENDED 31 DECEMBER 2024

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 268 to 380, 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 other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of 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.

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

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit losses – Financial assets which are not credit impaired	
<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"> • 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. • Determining the criteria for significant increase in credit risk ('SICR') and identifying SICR– These criteria are highly judgemental and can impact the ECL materially where facilities have maturity of greater than 12 months. • Macro-Economic Forecasts – IFRS 9 requires to measure ECLs on a forward-looking basis using the most appropriate macro-economic forecasts. The macroeconomic forecasts are estimates of future economic conditions. • Economic scenarios – the 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. • 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. <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>	<p>Our audit procedures included amongst others:</p> <ul style="list-style-type: none"> • Testing the design and operating effectiveness of the key controls over the key inputs, and significant judgements, estimates and assumptions used in the models; • Using specialist team in performing certain procedures in relation to model validation including review of economic scenarios as well as ECL recomputation; • Verifying the historical data used in determination of PD in the models; • Assessing the appropriateness of macro-economic forecasts used; • Assessing the appropriateness of probability of default, loss given default and exposure at default assumptions; • Reviewing the criteria for staging of credit exposures and ensure these are in line with the requirements of IFRS 9 including any backstops used in the methodology; • Assessing the reasonableness of the qualitative adjustments applied by management for events not captured by the ECL models; and • Assessing whether the disclosures are in accordance with the requirements of IFRS 9.

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

Key audit matter (Cont'd)	How our audit addressed the key audit matter (Cont'd)
Provision for expected credit losses - Credit impaired assets	
<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"> • whether impairment events have occurred; • valuation of collateral and future cash flows; and • management judgements and assumptions used <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"> • Obtaining audit evidence in respect of key controls over the processes for identification of impairment events, impaired assets and impairment assessment; • Inspecting the minutes of 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; • Challenging the methodologies applied by using our industry knowledge and experience; • Obtaining audit evidence of management judgements and assumptions, especially focusing on the consistency of the approach; • Performing a risk-based test of loans and advances to customers to ensure timely identification of credit impaired assets; • Performing tests of details on accuracy of the provision for credit losses, including validation of collateral valuation and future cash flows; and • Assessing whether the disclosures are in accordance with the requirements of IFRS 9.

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' responsibilities, 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.

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.

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

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.

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.



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

Report on other legal and regulatory requirements(cont'd)

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 Ah Hee, FCA
Licensed by FRC

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Notes	The Group		The Company	
		2024	2023	2024	2023
		MUR'000	MUR'000	MUR'000	MUR'000
ASSETS					
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
Total assets		433,642,385	362,253,315	38,673,973	39,083,112
LIABILITIES					
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
Total liabilities		397,005,784	330,570,482	8,917,486	10,054,625
SHAREHOLDERS' EQUITY					
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)
Total equity attributable to owners of the Company		36,636,601	31,682,833	29,756,487	29,028,487
Total equity and liabilities		433,642,385	362,253,315	38,673,973	39,083,112

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

Abdul Sattar Adam Ali Mamode HAJEE ABDOULA
Chairman

Dr. Subhas THECKA
Chairman, Audit Committee

The notes on pages 274 to 380 form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2024

	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)	-	-
Net interest income/(expense)	25	11,174,063	10,639,801	(451,882)	(502,228)
Fee and commission income		2,481,656	2,584,671	-	-
Fee and commission expense		(124,710)	(137,358)	-	-
Net fee and commission income	26	2,356,946	2,447,313	-	-
Other income					
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
Non-interest income		5,460,355	4,991,046	2,836,286	2,081,923
Total operating income		16,634,418	15,630,847	2,384,404	1,579,695
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 subsidiaries	9(b)	-	-	(29,320)	(13,816)
Non-interest expense		(10,619,028)	(9,603,884)	(614,808)	(273,000)
Profit before credit loss expense		6,015,390	6,026,963	1,769,596	1,306,695
Credit loss movement on financial assets and memorandum items	32	(431,289)	(1,047,247)	(739)	(185)
Profit before income tax		5,584,101	4,979,716	1,768,857	1,306,510
Tax (expense)/credit	17(b)	(1,245,431)	(662,779)	(1,897)	1,221
Profit for the year attributable to owners of the Company		4,338,670	4,316,937	1,766,960	1,307,731
Earnings per share:					
Basic and Diluted (cents)	33	168.0	167.2		

The notes on pages 274 to 380 form an integral part of these financial statements.

STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	The Group		The Company	
		2024	2023	2024	2023
		MUR'000	MUR'000	MUR'000	MUR'000
Profit for the year attributable to owners of the Company		4,338,670	4,316,937	1,766,960	1,307,731
Other comprehensive income:					
<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		27,131	77,347	-	-
		484,600	(145,448)	(4,801)	(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)
		1,163,215	858,063	(1,442)	2,407
Total other comprehensive income/(loss) attributable to owners of the Company		1,647,815	712,615	(6,243)	(2,849)
Total comprehensive income for the year attributable to owners of the Company		5,986,485	5,029,552	1,760,717	1,304,882

The notes on pages 274 to 380 form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Stated capital	Treasury shares	Statutory reserve	Retained earnings	Property revaluation reserve	Other reserves*	Total equity
The Group		MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
At 01 January 2023		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)
At 31 December 2023		<u>32,500,204</u>	<u>(4,875,031)</u>	<u>763,991</u>	<u>9,511,081</u>	<u>182,309</u>	<u>(6,399,721)</u>	<u>31,682,833</u>
At 01 January 2024		32,500,204	(4,875,031)	763,991	9,511,081	182,309	(6,399,721)	31,682,833
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)
At 31 December 2024		<u>32,500,204</u>	<u>(4,875,031)</u>	<u>780,224</u>	<u>11,543,044</u>	<u>810,499</u>	<u>(4,122,339)</u>	<u>36,636,601</u>

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

The notes on pages 274 to 380 form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Stated capital	Treasury shares	Retained earnings	Fair value reserve	Total equity
The Company		MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
At 01 January 2023		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)
At 31 December 2023		32,500,204	(4,875,031)	2,148,355	(745,041)	29,028,487
At 01 January 2024		32,500,204	(4,875,031)	2,148,355	(745,041)	29,028,487
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)
At 31 December 2024		32,500,204	(4,875,031)	2,877,797	(746,483)	29,756,487

The notes on pages 274 to 380 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	The Group		The Company	
		2024	2023	2024	2023
		MUR'000	MUR'000	MUR'000	MUR'000
Net cash generated from/(used in) operating activities	34	24,727,177	(2,673,491)	(58,039)	(537,676)
Investing activities					
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)
Net cash (used in)/generated from investing activities		(802,526)	(1,227,496)	1,555,692	1,788,011
Financing activities					
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)	-	-
Net cash flow used in financing activities		(5,707,913)	(2,252,101)	(2,532,717)	(516,358)
Net change in cash and cash equivalents		18,216,738	(6,153,088)	(1,035,064)	733,977
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
Cash and cash equivalents at end of year		42,777,884	23,827,701	(119,429)	710,733
Reconciliation of cash and cash equivalents					
Cash at bank	5	42,777,884	23,827,701	2,517	710,733
Bank overdraft		-	-	(121,946)	-
		42,777,884	23,827,701	(119,429)	710,733

The notes on pages 274 to 380 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Accounting policies

(a) Statement of compliance

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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 unrealised 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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;
- 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Accounting policies (cont'd)

(g) Financial instruments (cont'd)

Financial assets (cont'd)

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Accounting policies (cont'd)

(g) Financial instruments (cont'd)

Financial guarantees

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

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

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

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

Impairment of financial assets

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

- loans and advances to 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Accounting policies (cont'd)

(g) Financial instruments (cont'd)

Credit impaired financial assets

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

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Accounting policies (cont'd)

(g) Financial instruments (cont'd)

Significant increase in credit risk (SICR)

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

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

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

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

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

The Group allocates 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Accounting policies (cont'd)

(g) Financial instruments (cont'd)

Modification and derecognition of financial assets

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

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

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

In the case where the financial asset is derecognised, 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 forbearance 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 forbearance 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Accounting policies (cont'd)

(g) Financial instruments (cont'd)

Modification and derecognition of financial assets (cont'd)

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.

Write-off

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

Presentation of allowance for ECL in the statements of financial position

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

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

Financial liabilities and equity

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Accounting policies (cont'd)

(g) Financial instruments (cont'd)

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 instruments.

Financial liabilities measured at amortised cost

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

Financial liabilities measured at FVTPL

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Accounting policies (cont'd)

(g) Financial instruments (cont'd)

Derecognition and modification of financial liabilities (cont'd)

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 as set out above.

In accordance with its hedging strategy, the Group matches the principal of the hedging instruments to the principal of the hedged items, including prepayment expectations. The Group uses pay fixed/receive floating interest rate swaps to hedge its fixed rate debt instruments and pay floating/receive fixed interest rate swaps to hedge its fixed rate liabilities. The Group applies only a micro fair value hedging strategy as set out under the relevant subheadings below.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Accounting policies (cont'd)

(g) Financial instruments (cont'd)

Hedge accounting (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Accounting policies (cont'd)

(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)).

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Accounting policies (cont'd)

(l) Recognition of income and expenses (cont'd)

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

5. Cash and cash equivalents

Cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months' maturity from the date of acquisition.

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash and balances with banks and central banks excluding mandatory balances with central banks, loans to and placements with banks having an original maturity of up to 3 months.

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

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

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

¹ Unrestricted balances with central banks represent amounts above the minimum cash reserve requirement.

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

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

6. Loans to and placements with banks

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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.

Internal rating grade

Performing

Standard grade

Sub-standard grade

Total

2024		
Stage 1 Individual	Stage 2 Individual	Total
MUR'000	MUR'000	MUR'000
3,617,112	-	3,617,112
2,809,493	1,243,794	4,053,287
6,426,605	1,243,794	7,670,399

Internal rating grade

Performing

Standard grade

Sub-standard grade

Total

2023		
Stage 1 Individual	Stage 2 Individual	Total
MUR'000	MUR'000	MUR'000
1,770,997	-	1,770,997
1,027,535	72,933	1,100,468
2,798,532	72,933	2,871,465

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

Gross carrying amount as at 01 January

Financial assets originated or purchased

Financial assets derecognised or repaid

Foreign exchange adjustments

Gross carrying amount as at 31 December

2024		
Stage 1 Individual	Stage 2 Individual	Total
MUR'000	MUR'000	MUR'000
2,798,533	72,932	2,871,465
6,426,605	1,229,077	7,655,682
(2,987,200)	(58,546)	(3,045,746)
188,667	331	188,998
6,426,605	1,243,794	7,670,399

Gross carrying amount as at 01 January

Financial assets originated or purchased

Financial assets derecognised or repaid

Transfers to Stage 2

Foreign exchange adjustments

Gross carrying amount as at 31 December

2023		
Stage 1 Individual	Stage 2 Individual	Total
MUR'000	MUR'000	MUR'000
1,226,864	-	1,226,864
2,798,532	-	2,798,532
(1,112,028)	(57,903)	(1,169,931)
(125,023)	125,023	-
10,188	5,812	16,000
2,798,533	72,932	2,871,465

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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)

ECL allowance as at 01 January

Net remeasurement of loss allowance

Assets repaid (excluding write offs)

ECL allowance as at 31 December

2024		
Stage 1 Individual	Stage 2 Individual	Total
MUR'000	MUR'000	MUR'000
8,942	9,458	18,400
73,814	223	74,037
(8,941)	(8,386)	(17,327)
73,815	1,295	75,110

ECL allowance as at 01 January

Net remeasurement of loss allowance

Assets repaid (excluding write offs)

Transfers to Stage 2

ECL allowance as at 31 December

2023		
Stage 1 Individual	Stage 2 Individual	Total
MUR'000	MUR'000	MUR'000
5,449	-	5,449
8,942	8,351	17,293
(4,342)	-	(4,342)
(1,107)	1,107	-
8,942	9,458	18,400

7. Derivative financial instruments

Assets

Derivative assets

Liabilities

Derivative liabilities

The Group	
2024	2023
MUR'000	MUR'000
1,464,946	679,073
1,429,727	782,595

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

7. Derivative financial instruments (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
31 December 2023			
Derivatives held for trading			
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)
Derivatives held for risk management purposes			
Interest rate swap contracts	279,740	16,382	(30,214)
	54,080,193	679,073	(782,595)

* 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	
	2024	2023
	MUR'000	MUR'000
Credit cards	537,441	516,931
Governments	3,971	4,985
Retail customers	63,518,237	56,330,058
• 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 (note 8 (c))	(7,988,998)	(9,542,744)
Net loans and advances	172,687,378	148,259,418

(a) Remaining term to maturity

	The Group	
	2024	2023
	MUR'000	MUR'000
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
	180,676,376	157,802,162

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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 140.7 million).

The amount of net investment in finance leases included in loans and advances to non-bank customers and the associated allowance for credit losses are as follows:-

	Up to 1 year	After 1 year and up to 5 years	After 5 years	Total
	MUR'000	MUR'000	MUR'000	MUR'000
31 December 2024				
Gross investment in finance leases	710,365	1,931,287	313,051	2,954,703
Less: Unearned finance income	(154,107)	(271,381)	(13,948)	(439,436)
Present value of minimum lease payments	556,258	1,659,906	299,103	2,515,267
Credit loss expense				(89,283)
Net investment in finance lease				2,425,984
31 December 2023				
Gross investment in finance leases	576,654	1,476,987	246,177	2,299,818
Less: Unearned finance income	(126,855)	(216,560)	(9,134)	(352,549)
Present value of minimum lease payments	449,799	1,260,427	237,043	1,947,269
Credit loss expense				(101,342)
Net investment in finance lease				1,845,927

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

The Group			
Stage 1	Stage 2	Stage 3	Total
Individual	Individual		
MUR'000	MUR'000	MUR'000	MUR'000
70,797,153	1,160,549	-	71,957,702
54,591,532	6,913,321	-	61,504,853
24,447,304	5,181,211	-	29,628,515
-	3,004,146	-	3,004,146
-	-	14,581,160	14,581,160
149,835,989	16,259,227	14,581,160	180,676,376

31 December 2023

Internal rating grade

Performing

High grade
Standard grade
Sub-standard grade
Past due but not impaired

Non-performing

Individually impaired

Total

The Group			
Stage 1	Stage 2	Stage 3	Total
Individual	Individual		
MUR'000	MUR'000	MUR'000	MUR'000
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
120,409,855	26,533,300	10,859,007	157,802,162

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

Gross carrying amount

As at 01 January

Financial assets originated or purchased
Assets derecognised or repaid (excluding write offs)
Transfers to Stage 1
Transfers to Stage 2
Transfers to Stage 3

Changes to contractual cash flows due to modifications not resulting in derecognition

Amounts written off

Foreign exchange adjustments

Translation adjustments

As at 31 December

The Group			
Stage 1 Individual MUR'000	Stage 2 Individual MUR'000	Stage 3 MUR'000	Total MUR'000
120,409,855	26,533,300	10,859,007	157,802,162
50,615,998	5,137,149	263,569	56,016,716
(27,153,873)	(8,753,349)	(42,653)	(35,949,875)
7,910,505	(7,899,026)	(11,479)	-
(5,230,876)	5,407,343	(176,467)	-
(421,732)	(4,372,634)	4,794,366	-
584,855	(171,352)	193,328	606,831
-	-	(2,554,367)	(2,554,367)
(484,187)	(64,530)	72,870	(475,847)
3,605,444	442,326	1,182,986	5,230,756
149,835,989	16,259,227	14,581,160	180,676,376

31 December 2023

Gross carrying amount

As at 01 January

Financial assets originated or purchased
Assets derecognised or repaid (excluding write offs)
Transfers to Stage 1
Transfers to Stage 2
Transfers to Stage 3

Changes to contractual cash flows due to modifications not resulting in derecognition

Amounts written off

Foreign exchange adjustments

Translation adjustments

As at 31 December

The Group			
Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
85,352,759	63,569,720	14,528,251	163,450,730
31,690,168	5,814,618	297,687	37,802,473
(18,669,924)	(18,620,211)	(441,643)	(37,731,778)
28,699,328	(28,663,311)	(36,017)	-
(5,525,849)	5,931,740	(405,891)	-
(234,184)	(1,833,866)	2,068,050	-
884,302	343,305	260,807	1,488,414
-	-	(4,541,636)	(4,541,636)
387,814	239,403	84,192	711,409
(2,174,559)	(248,098)	(954,793)	(3,377,450)
120,409,855	26,533,300	10,859,007	157,802,162

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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 01 January

Allowance on new financial assets	344,806	116,015	4,024	464,845
Remeasurement of loss allowance	(185,081)	20,389	1,374,467	1,209,775
Assets derecognised or repaid (excluding write offs)	(129,122)	(438,460)	(553,806)	(1,121,388)
Transfers to Stage 1	312,916	(312,897)	(19)	-
Transfers to Stage 2	(66,381)	78,920	(12,539)	-
Transfers to Stage 3	(182,598)	(291,390)	473,988	-
Changes to models and inputs used for ECL calculations	53,458	50,359	38,247	142,064
Amounts written off	-	-	(2,554,367)	(2,554,367)
Foreign exchange adjustments	-	-	(83,030)	(83,030)
Recoveries	-	-	(104,275)	(104,275)
Translation adjustments	13,006	3,093	476,531	492,630

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	1,374,467	1,209,775
(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)
-	-	(83,030)	(83,030)
-	-	(104,275)	(104,275)
13,006	3,093	476,531	492,630
828,556	397,197	6,763,245	7,988,998

31 December 2023

ECL allowance

As at 01 January

Movement for the year	93,444	201,601	144,152	439,197
Remeasurement of loss allowance	(580,570)	(129,736)	2,681,609	1,971,303
Assets derecognised or repaid (excluding write offs)	(64,096)	(634,022)	(914,829)	(1,612,947)
Transfers to Stage 1	829,810	(829,687)	(123)	-
Transfers to Stage 2	(51,153)	69,338	(18,185)	-
Transfers to Stage 3	(80,686)	(123,783)	204,469	-
Changes to models and inputs used for ECL calculations	38,618	52,440	357,985	449,043
Amounts written off	-	-	(4,541,636)	(4,541,636)
Write back on impaired loans repaid	-	-	(174,003)	(174,003)
Translation adjustments	(24,470)	10,174	(430,104)	(444,400)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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
of which EPZ	1,267,487	6,086	6,086	4,831	10,917
Tourism	11,553,392	3,391,806	522,374	75,832	598,206
Transport	1,495,449	750,296	359,899	11,968	371,867
Construction	21,274,862	2,969,061	1,093,796	147,389	1,241,185
Financial and business services	13,812,337	607,977	351,679	133,869	485,548
Traders	11,841,955	1,867,872	858,074	72,072	930,146
Personal	67,428,271	2,060,389	1,429,863	490,685	1,920,548
Professional	3,947,711	189,848	138,450	40,075	178,525
Global Business Licence holders	3,164,963	1,198,300	1,095,675	29,675	1,125,350
Others	26,677,546	478,553	408,820	129,194	538,014
	180,676,376	14,581,160	6,763,245	1,225,753	7,988,998

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
of which EPZ	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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

9. (a) Investments securities

The Group		31 December 2024								
Remaining term to maturity		Up to 3 months	3-6 months	6-9 months	9-12 months	1-2 years	2-5 years	Over 5 years	No specific maturity	Total
		MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
(i)	Investment securities measured at FVTPL									
	Trading investment:									
	Government bonds and treasury notes	-	13,171	-	2,808	1,486,168	5,726,392	3,456,510	-	10,685,049
	Treasury bills	353,404	3,113,332	488,385	2,696,218	-	-	-	-	6,651,339
	Corporate bonds	14,033	-	71,793	-	245,812	177,299	305,330	-	814,267
	Other investments:									
	Investment in mutual funds	-	-	-	-	-	-	-	973,169	973,169
	Equity investments	-	-	-	-	-	-	-	2,359,295	2,359,295
	367,437	3,126,503	560,178	2,699,026	1,731,980	5,903,691	3,761,840	3,332,464	21,483,119	
(ii)	Debt securities measured at FVTOCI									
	Government bonds	244,567	55,011	-	255,934	2,884,449	6,692,130	8,526,511	-	18,658,602
	Treasury bills/notes	3,812,160	54,041	1,150,050	1,041,463	-	-	-	-	6,057,714
	Bank of Mauritius bills/bonds	745,438	-	-	-	-	-	-	-	745,438
	Bank bonds	1,059,475	2,409,260	1,870,653	229,227	5,852,688	6,012,796	357,934	-	17,792,033
	Corporate bonds	2,603,086	4,176,132	1,017,815	-	4,585,261	9,970,617	2,164,382	-	24,517,293
		8,464,726	6,694,444	4,038,518	1,526,624	13,322,398	22,675,543	11,048,827	-	67,771,080
(iii)	Debt securities measured at amortised cost									
	Government bonds	673,053	4,151,054	1,072,706	2,601,018	7,224,566	14,800,802	30,994,331	-	61,517,530
	Treasury bills	228,119	159,467	85,271	81,619	31,955	-	-	-	586,431
	Bank of Mauritius bills/bonds	-	4,563,546	403,069	148,896	-	-	4,989,090	-	10,104,601
	Bank bonds	47,813	-	-	-	94,556	164,211	93,358	-	399,938
	Corporate bonds	6,946	82,189	83,046	756,317	723,172	3,805,419	3,859,768	-	9,316,857
		955,931	8,956,256	1,644,092	3,587,850	8,074,249	18,770,432	39,936,547	-	81,925,357
(iv)	Equity securities designated at FVTOCI									
	Equity investments	-	-	-	-	-	-	-	5,001,053	5,001,053
	Total investment securities	9,788,094	18,777,203	6,242,788	7,813,500	23,128,627	47,349,666	54,747,214	8,333,517	176,180,609
Less: allowance for credit losses										(76,218)
										176,104,391

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

9. (a) Investments securities (cont'd)

The Group	2023								
	Up to 3 months	3-6 months	6-9 months	9-12 months	1-2 years	2-5 years	Over 5 years	No specific maturity	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
(i) Investment securities measured at FVTPL									
Trading investment:									
Government bonds and treasury notes	-	-	-	-	741	2,243,592	1,052,534	-	3,296,867
Treasury bills	20,379	6,646,424	-	303,210	-	-	-	-	6,970,013
Bank of Mauritius bills/notes	-	-	-	-	168,468	-	-	-	168,468
Corporate bonds	1,688	23,408	-	195,061	119,838	-	38,205	-	378,200
Other investments:									
Investment in mutual funds	-	-	-	-	-	-	-	1,202,519	1,202,519
Equity investments	-	-	-	-	-	-	-	1,669,600	1,669,600
	22,067	6,669,832	-	498,271	289,047	2,243,592	1,090,739	2,872,119	13,685,667
(ii) Debt securities measured at FVTOCI									
Government bonds	-	1,339,871	-	816,248	4,110,358	8,372,136	10,715,937	-	25,354,550
Treasury bills/notes	1,100,461	2,521,533	1,197,414	-	-	-	-	-	4,819,408
Bank of Mauritius bills/bonds	112,683	-	-	-	291,698	-	-	-	404,381
Bank bonds	2,632,057	1,870,751	529,605	713,495	4,925,933	6,621,618	-	-	17,293,459
Corporate bonds	319,738	531,782	461,324	1,682,154	1,110,911	4,570,055	1,130,084	-	9,806,048
	4,164,939	6,263,937	2,188,343	3,211,897	10,438,900	19,563,809	11,846,021	-	57,677,846
(iii) Debt securities measured at amortised cost									
Government bonds	1,276,469	2,486,759	1,909,279	551,377	8,385,051	18,025,416	30,762,126	-	63,396,477
Treasury bills	203,761	135,595	82,851	-	19,991	23,984	-	-	466,182
Bank of Mauritius bills/bonds	-	-	991,498	-	5,115,462	-	5,054,449	-	11,161,409
Bank bonds	-	416,279	-	-	45,238	242,269	87,084	-	790,870
Corporate bonds	-	-	472,771	-	-	3,102,739	1,105,349	-	4,680,859
	1,480,230	3,038,633	3,456,399	551,377	13,565,742	21,394,408	37,009,008	-	80,495,797
(iv) Equity securities designated at FVTOCI									
Equity investments	-	-	-	-	-	-	-	5,771,917	5,771,917
Total investment securities	5,667,236	15,972,402	5,644,742	4,261,545	24,293,689	43,201,809	49,945,768	8,644,036	157,631,227
Less: allowance for credit losses									(98,512)
									<u>157,532,715</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

9. (a) Investments securities (cont'd)

The Company		2024						
Remaining term to maturity		Up to 3 months	3-6 months	6-12 months	2-5 years	Over 5 years	No specific maturity	Total
		MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
(i) Investment securities measured at FVTPL								
Equity investments		-	-	-	-	-	2,359,296	2,359,296
		-	-	-	-	-	2,359,296	2,359,296
(ii) Equity securities designated at FVTOCI								
Equity investments		-	-	-	-	-	4,303,044	4,303,044
Total investment securities		-	-	-	-	-	6,662,340	6,662,340
		2023						
		Up to 3 months	3-6 months	6-12 months	2-5 years	Over 5 years	No specific maturity	Total
		MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
(i) Investment securities measured at FVTPL								
Equity investments		-	-	-	-	-	1,669,600	1,669,600
		-	-	-	-	-	1,669,600	1,669,600
(ii) Debt securities measured at FVTOCI								
Corporate bonds		49,447	70,869	347,221	-	-	-	467,537
		49,447	70,869	347,221	-	-	-	467,537
(iii) Debt securities measured at amortised cost								
Government bonds and treasury notes		-	-	-	306,667	-	-	306,667
Bank of Mauritius bills/notes		-	-	-	-	68,522	-	68,522
		-	-	-	306,667	68,522	-	375,189
(iv) Equity securities designated at FVTOCI								
Equity investments		-	-	-	-	-	4,303,044	4,303,044
Total investment securities		49,447	70,869	347,221	306,667	68,522	5,972,644	6,815,370
Less: allowance for credit losses								(433)
								6,814,937

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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
Gross carrying amount as at 01 January	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)
Gross carrying amount as at 31 December	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
ECL allowance as at 01 January	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)
At 31 December	75,913	305	76,218	54,022	44,490	98,512

*Other movements include interest and exchange differences.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

9. (a) Investments securities (cont'd)

Debt securities at FVTOCI

The Group

High Grade
Standard Grade
Sub Standard Grade
Carrying amount

2024		
Stage 1	Stage 2	Total
MUR '000	MUR '000	MUR '000
48,439,742	-	48,439,742
17,251,915	866,768	18,118,683
1,045,179	167,476	1,212,655
66,736,836	1,034,244	67,771,080

High Grade
Standard Grade
Sub Standard Grade
Carrying amount

2023		
Stage 1	Stage 2	Total
MUR '000	MUR '000	MUR '000
41,211,968	229,475	41,441,443
13,877,283	460,650	14,337,933
860,818	1,037,652	1,898,470
55,950,069	1,727,777	57,677,846

The Group

Carrying amount

As at 01 January

Transfer to stage 1
Transfer to stage 2
New financial assets originated
Financial assets that have been repaid/derecognised
Fair value and other movements
Translation adjustments
Carrying amount at 31 December

2024		
Stage 1	Stage 2	Total
MUR '000	MUR '000	MUR '000
55,950,069	1,727,777	57,677,846
1,366,914	(1,366,914)	-
(578,400)	578,400	-
64,202,097	300,000	64,502,097
(57,643,750)	(225,000)	(57,868,750)
2,623,710	19,981	2,643,691
816,196	-	816,196
66,736,836	1,034,244	67,771,080

Carrying amount

As at 01 January

Transfer to stage 1
Transfer to stage 2
New financial assets originated
Financial assets that have been repaid/derecognised
Fair value and other movements
Translation adjustments
Carrying amount at 31 December

2023		
Stage 1	Stage 2	Total
MUR '000	MUR '000	MUR '000
54,627,670	1,693,054	56,320,724
1,083,944	(1,083,944)	-
(184,884)	184,884	-
208,617,176	-	208,617,176
(206,089,259)	-	(206,089,259)
(1,128,688)	933,783	(194,905)
(975,890)	-	(975,890)
55,950,069	1,727,777	57,677,846

The Group

ECL allowance on debt securities at FVTOCI

As at 01 January

Net remeasurement of loss allowance
Assets derecognised or repaid (excluding write offs)
Transfer to stage 1
Transfers to stage 2
As at 31 December

2024		
Stage 1	Stage 2	Total
MUR '000	MUR '000	MUR '000
48,539	112,610	161,149
(70,646)	(11,112)	(81,758)
(47,273)	(58)	(47,331)
87,733	(87,733)	-
(507)	507	-
17,846	14,214	32,060

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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 01 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)
As at 31 December	48,539	112,610	161,149

The Group

Equity instruments designated at FVTOCI

	2024	2023
	MUR'000	MUR'000
Carrying amount as at 01 January	5,771,917	5,714,321
Additions	-	4,815
Disposal	(798,193)	(24,922)
Fair value movement	27,131	77,347
Translation adjustment	197	356
Carrying amount as at 31 December	5,001,052	5,771,917

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
Gross carrying amount as at 01 January	375,189	375,742
Financial assets that have been disposed/matured	(370,045)	-
Other movements	(5,144)	(553)
Gross carrying amount as at 31 December	-	375,189

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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)

	2024	2023
	Stage 1	Stage 1
	MUR'000	MUR'000
ECL allowance as at 01 January	433	45
Remeasurement of credit losses	-	185
Assets derecognised or repaid (excluding write offs)	(433)	-
New assets originated or purchased	-	203
ECL allowance as at 31 December	-	433
Debt investment securities at FVTOCI	2024	2023
	Stage 1	Stage 1
	MUR'000	MUR'000
Carrying amount as at 01 January	467,537	65,044
New financial assets originated	-	2,269,830
Financial assets that have been disposed/matured	(467,537)	(1,859,977)
Other movements	-	(7,360)
Carrying amount as at 31 December	-	467,537

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

	2024	2023
	MUR'000	MUR'000
At 01 January	4,303,044	4,303,044
Fair value movement	-	-
At 31 December	4,303,044	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 control ceases.

Investment in subsidiaries are carried at cost in the Company's separate financial statements which is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquirer. Acquisition-related costs are generally recognised 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

9. (b) Investment in subsidiaries (cont'd)

The Company

Investment in subsidiaries

Equity shares

Capital contribution

Total investment in subsidiaries

2024	2023
MUR'000	MUR'000
175	175
31,923,133	31,437,919
31,923,308	31,438,094

Management has evaluated the investment in subsidiaries for impairment and recorded the necessary provisions as required.

Investment reconciliation is as follows:

Opening balance

Transfer to investment securities

Redemption of capital contribution during the year

Capital contribution granted during the year

Impairment losses

Closing balance

2024	2023
MUR'000	MUR'000
31,438,094	31,300,001
(726,054)	-
(125,886)	-
1,366,474	151,909
(29,320)	(13,816)
31,923,308	31,438,094

Details of subsidiaries are as follows:

Direct holding

	Country of incorporation and operation	Business activity	Carrying amount		Effective % holding	
			2024	2023	2024	2023
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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	<i>Banking Segmental Subsidiaries</i>				
1.1	Special Purpose Vehicle for Bank Investments Holding Company				
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	Special Purpose Vehicles for single Bank Investment Holding Subsidiaries				
1.2.1	SBM Africa Holdings Ltd	Mauritius	Investment in SBM Bank (Kenya) Limited	100	100
1.3	Bank Operating Subsidiaries				
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	<i>Non-Bank Financial Segment Subsidiaries</i>				
2.1	Special Purpose Vehicle for Non-Bank Investments Holding Company				
2.1.1	SBM (NBFC) Holdings Ltd	Mauritius	Non-Banking Financial Investments Holding Company	100	100
2.2	Non-Bank Operating Subsidiaries				
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	<i>Non-Financial Segment</i>				
3.1	SBM (NFC) Holdings Ltd	Mauritius	Investment securities	100	100
4.0	<i>Investment Holding</i>				
4.1	SBM Africa Equity Fund	Mauritius	Closed ended fund	100	100

SBM Holdings Ltd is the ultimate holding company of all the subsidiaries.

The investment in subsidiaries is classified as non current assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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
Cost or valuation					
At 01 January 2023	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)
At 31 December 2023	1,169,963	1,552,851	3,185,683	28,247	5,936,744
At 01 January 2024	1,169,963	1,552,851	3,185,683	28,247	5,936,744
Additions	30,756	284,375	439,462	16,846	771,439
Disposals	-	-	(134,420)	(16,260)	(150,680)
Revaluation adjustment	154,196	255,910	-	-	410,106
Translation adjustment	33,013	-	143,770	4,582	181,365
At 31 December 2024	1,387,928	2,093,136	3,634,495	33,415	7,148,974

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

10. (a) Property and equipment (cont'd)

The Group	Freehold land and buildings	Buildings on leasehold land	Other tangible fixed assets	Motor vehicles	Total
	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000
Accumulated depreciation					
At 01 January 2023	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)
At 31 December 2023	141,261	242,607	2,094,474	27,707	2,506,049
At 01 January 2024	141,261	242,607	2,094,474	27,707	2,506,049
Charge for the year	34,795	80,651	291,150	1,821	408,417
Disposals	-	-	(124,049)	(16,260)	(140,309)
Revaluation adjustment	(70,343)	(299,148)	-	-	(369,491)
Translation adjustment	19,750	-	111,553	4,615	135,918
At 31 December 2024	125,463	24,110	2,373,128	17,883	2,540,584
Carrying value					
At 31 December 2024	1,262,465	2,069,026	1,261,367	15,532	4,608,390
Progress payments on tangible fixed assets					662,506
					5,270,896
At 31 December 2023	1,028,702	1,310,244	1,091,209	540	3,430,695
Progress payments on tangible fixed assets					709,517
					4,140,212
The Company				Other tangible fixed assets	Total
				MUR '000	MUR '000
Cost or valuation					
At 01 January 2023				1,526	1,526
Additions				739	739
At 31 December 2023				2,265	2,265
Additions				-	-
At 31 December 2024				2,265	2,265
Accumulated depreciation					
At 01 January 2023				438	438
Charge for the year				372	372
At 31 December 2023				810	810
Charge for the year				439	439
At 31 December 2024				1,249	1,249
Carrying value					
At 31 December 2024					
Progress payments on tangible fixed assets				1,016	1,016
					3,857
					4,873
At 31 December 2023					
Progress payments on tangible fixed assets				1,455	1,455
					3,857
					5,312

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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:

		The Group	
		2024	2023
		MUR '000	MUR '000
Freehold land	Level 2	609,333	485,001
Freehold buildings	Level 3	653,131	543,702
Buildings on leasehold land	Level 3	2,069,028	1,310,244
		3,331,492	2,338,947

The carrying amounts of land and buildings, that would have been included in the financial statements had the assets been carried at cost are as follows:

		The Group	
		2024	2023
		MUR '000	MUR '000
Freehold land and buildings		841,627	589,696
Building on leasehold land		378,499	399,503
		1,220,126	989,199

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

10. (b) Right of use assets and lease liabilities (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 Statement of profit and loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The lease contracts do not have lease and non-lease components and hence the Group has not used this practical expedient.

(i) Right of use assets

Right of use assets are classified as non-current assets.

The Group	Land and buildings	Other tangible fixed assets	Total
<u>Cost or valuation</u>	MUR'000	MUR'000	MUR'000
At 01 January 2023	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)
At 31 December 2023	1,144,134	203,276	1,347,410
At 01 January 2024	1,144,134	203,276	1,347,410
Translation adjustment	154,588	-	154,588
Additions	318,799	7,998	326,797
Termination/expiry	(259,565)	(17,151)	(276,716)
Remeasurement of existing lease	(23,953)	-	(23,953)
At 31 December 2024	1,334,003	194,123	1,528,126
<u>Accumulated depreciation</u>			
At 01 January 2023	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
At 31 December 2023	584,710	38,155	622,865
At 01 January 2024	584,710	38,155	622,865
Translation adjustment	82,247	-	82,247
Termination/expiry	(175,524)	(12,118)	(187,642)
Charge for the year	225,896	3,182	229,078
At 31 December 2024	717,329	29,219	746,548
<u>Carrying value</u>			
At 31 December 2024	616,674	164,904	781,578
At 31 December 2023	559,424	165,121	724,545

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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 Statement of profit and loss:

	2024	2023
	MUR'000	MUR'000
Depreciation expense on right of use assets	229,078	238,631
Interest expense on lease liability (note 25)	74,523	70,827
Expense relating to leases of low-value assets (included in other operating expenses)	4,111	3,424
(Loss)/gain on contract termination of right of use asset	(1,088)	5,306
Total amount recognised in Statement of profit and loss	306,624	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) Liabilities

	2024	2023
	MUR'000	MUR'000
At 01 January	801,229	888,617
Additions	326,797	166,522
Interest expense	74,523	70,827
Termination	(109,522)	(29,353)
Total cash outflows	(293,092)	(234,973)
Exchange difference	83,591	(60,411)
Remeasurement of existing lease	(26,845)	-
At 31 December	856,681	801,229

Maturity analysis of lease liability are as follows:

	2024	2023
	MUR'000	MUR'000
Up to 1 year	105,837	129,451
1 to 5 years	538,387	614,879
5 to 25 years	317,577	164,485
	961,801	908,815
Less unearned interest	(105,120)	(107,586)
	856,681	801,229
Further analysed into:		
Non current	517,371	508,957
Current	339,310	292,272
	856,681	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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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
	MUR'000	MUR'000	MUR'000	MUR'000
Cost or valuation				
At 01 January 2023	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)	-	-
At 31 December 2023	5,595,454	355,491	284,915	6,235,860
At 01 January 2024	5,595,454	355,491	284,915	6,235,860
Translation adjustment	101,987	2,130	-	104,117
Additions	137,359	269,568	-	406,927
Transfer to expenses	-	(58,199)	-	(58,199)
Transfer	304,710	(304,710)	-	-
At 31 December 2024	6,139,510	264,280	284,915	6,688,705
Accumulated amortisation				
At 01 January 2023	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)
At 31 December 2023	4,099,322	-	284,915	4,384,237
At 01 January 2024	4,099,322	-	284,915	4,384,237
Translation adjustment	76,029	-	-	76,029
Charge for the year	692,546	-	-	692,546
At 31 December 2024	4,867,897	-	284,915	5,152,812
Carrying value				
At 31 December 2024	1,271,613	264,280	-	1,535,893
At 31 December 2023	1,496,132	355,491	-	1,851,623

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

11. Intangible assets (cont'd)

The Company

Cost or valuation

At 01 January 2023/31 December 2023

Additions

At 31 December 2024

Accumulated depreciation

At 01 January 2023

Charge for the year

At 31 December 2023

Charge for the year

At 31 December 2024

Carrying value

At 31 December 2024

At 31 December 2023

Software	Total
MUR'000	MUR'000
1,371	1,371
-	-
1,371	1,371
1,036	1,036
269	269
1,305	1,305
66	66
1,371	1,371
-	-
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

	The Group		The Company	
	2024	2023	2024	2023
	MUR'000	MUR'000	MUR'000	MUR'000
Accounts receivable - banking ¹	2,009,569	1,685,913	-	-
Accounts receivable - non-banking	1,270,781	1,270,781	81,212	113,507
Balances due in clearing	10,562	11,475	-	-
Tax deducted at source	390,336	344,240	-	-
Tax assets (note 17a)	27,587	32,732	-	-
Prepayment	462,774	399,096	462	463
Other receivables	367,526	454,333	-	-
	4,539,135	4,198,570	81,674	113,970
Less: allowance for credit losses	(144,385)	(123,115)	(739)	-
	4,394,750	4,075,455	80,935	113,970

¹ The accounts receivable are mainly transition accounts that will be cleared the following day and the impairment loss thereon is insignificant.

Other assets are classified as current assets.

An analysis of changes in the corresponding ECL pertaining to accounts receivable is as follows:

	The Group		
	2024		
	MUR'000	MUR'000	MUR'000
	Stage 1	Stage 3	Total
ECL allowance as at 01 January	81,130	41,985	123,115
Financial assets originated or purchased	-	131,310	131,310
Assets derecognised or repaid (excluding write offs)	(13,035)	(41,985)	(55,020)
Translation adjustment	-	(55,020)	(55,020)
ECL allowance as at 31 December	68,095	76,290	144,385

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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 Statements of 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 Statements 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	29,531	11,524
	758,138	450,863	29,411	13,058

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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.

	The Group		The Company	
	2024	2023	2024	2023
	MUR'000	MUR'000	MUR'000	MUR'000
Reconciliation of present value of defined benefit liability				
Present value of funded defined benefit obligation	2,561,171	2,095,217	17,057	16,289
Fair value of planned assets	(2,163,080)	(1,851,954)	(17,177)	(14,755)
Net liability arising from defined benefit obligation	398,091	243,263	(120)	1,534
Balance at start of the year	243,263	357,882	1,534	1,831
Amount recognised in statements of profit or loss	76,483	73,943	628	593
Amount recognised in other comprehensive income	139,448	177,993	(1,851)	1,936
Less employer contributions	(65,984)	(366,555)	(431)	(2,826)
Transfer from other liabilities	4,881	-	-	-
Balance at end of the year	398,091	243,263	(120)	1,534

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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
Components of amount recognised in Statements of profit or loss				
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 Statements of other comprehensive income				
Return on planned assets 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
Total	139,448	177,993	(1,851)	1,936
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	-
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

13. Pension liabilities (cont'd)

(a) Defined benefit plans (cont'd)

	The Group		The Company	
	2024	2023	2024	2023
	%	%	%	%
Allocation of assets at end of year				
Equity - Overseas quoted	47	42	47	42
Equity - Local quoted	18	19	18	19
Debt - Overseas quoted	1	-	1	-
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
Total	100	100	100	100

	The Group		The Company	
	2024	2023	2024	2023
Allocation of assets at end of year				
Reporting entity's own transferable financial instruments	2%	2%	2%	2%
Principal assumptions used at end of year				
Discount rate	5.5%	5.5%	5.3%	5.5%
Rate of salary increases	6.2%	6.2%	5.7%	6.2%
Rate of pension increases	2.0%	2.0%	2.0%	2.0%
Average retirement age (ARA)	65	65	65	65
Average life expectancy for:				
- Male at ARA	15.9 years	15.9 years	15.9 years	15.9 years
- Female at ARA	20.0 years	20.0 years	20.0 years	20.0 years

IAS 19 requires that the discount rate be set based on the yields of high quality corporate bonds with an appropriate term. Since no deep market in such bonds is available, IAS 19 requires that the yield on government bonds of appropriate term can be applied. The discount rate takes account of the nominal yield to redemption of government bonds traded on the secondary market as at 31 December 2024.

	The Group		The Company	
	2024	2023	2024	2023
	MUR'000	MUR'000	MUR'000	MUR'000
Sensitivity analysis on defined benefit obligation at end of year				
Increase due to 1% decrease in discount rate	372,869	314,282	1,075	2,443
Decrease due to 1% increase in discount rate	300,593	251,263	792	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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

13. Pension liabilities (cont'd)

(b) Residual retirement gratuities

The liability relates to residual retirement gratuities payable under the Workers' Rights Act 2019 and is unfunded.

The 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.

The amount included in the statement of financial position arising from the Group's obligation in respect of its residual retirement gratuities is as follows:

	The Group		The Company	
	2024	2023	2024	2023
	MUR'000	MUR'000	MUR'000	MUR'000
Reconciliation of net defined benefit liability				
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)	11,949	682
Amount recognised in other comprehensive income	122,782	26,473	6,652	3,320
Less benefits paid	(13,086)	(7,386)	(594)	(743)
Balance at end of the year	360,047	207,600	29,531	11,524
Reconciliation of present value of defined benefit obligation				
Balance at start of the year	207,600	211,211	11,524	8,265
Current service cost	37,815	23,780	4,452	2,986
Past service cost	(5,964)	(60,398)	6,698	(2,834)
Interest expense	10,900	13,920	799	530
Liability experience loss	34,571	123	1,153	1,304
Liability gain due to change in demographic assumptions	95,840	(14,968)	4,750	(495)
Liability loss due to change in financial assumptions	(7,629)	41,318	749	2,511
Benefits paid	(13,086)	(7,386)	(594)	(743)
Balance at end of the year	360,047	207,600	29,531	11,524

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

13. Pension liabilities (cont'd)

(b) Residual retirement gratuities (cont'd)

	The Group		The Company	
	2024 MUR'000	2023 MUR'000	2024 MUR'000	2023 MUR'000
Components of amount recognised in statements of profit or loss				
Current service cost	37,815	23,780	4,452	2,986
Past service cost	(5,964)	(60,398)	6,698	(2,834)
Net interest cost	10,900	13,920	799	530
Total expense	42,751	(22,698)	11,949	682
Components of amount recognised in statement of other comprehensive income				
Liability experience loss	34,571	123	1,153	1,304
Liability experience gain due to change in demographic assumptions	95,840	(14,968)	4,750	(495)
Liability loss due to change in financial assumptions	(7,629)	41,318	749	2,511
Total	122,782	26,473	6,652	3,320
Principal assumptions used at end of year				
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				
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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

14. Deposits from banks

Demand deposits

15. Deposits from non-bank customers

(i) Retail customers

Current accounts

Savings accounts

Time deposits with remaining term to maturity:

- 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

Total time deposits

Total deposits from retail customers

(ii) Corporate customers

Current accounts

Savings accounts

Time deposits with remaining term to maturity:

- 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

Total time deposits

Total deposits from corporate customers

(iii) Government

Current accounts

Savings accounts

Time deposits with remaining term to maturity:

- 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

Total time deposits

Total deposits from the Government

Total deposits from non-bank customers

The Group	
2024	2023
MUR'000	MUR'000
3,963,451	2,662,028

The Group	
2024	2023
MUR'000	MUR'000
31,675,788	28,752,329
94,881,043	81,056,748
12,707,339	10,316,826
5,594,638	3,817,812
7,798,884	7,204,291
13,587,979	10,447,123
99,743	191,591
39,788,583	31,977,643
166,345,414	141,786,720
72,206,031	70,713,901
5,230,260	5,025,449
71,732,370	34,119,452
13,058,473	8,683,869
7,967,819	7,991,804
2,695,908	2,681,211
68,868	81,120
95,523,438	53,557,456
172,959,729	129,296,806
8,495,361	7,247,519
4,491,106	3,476,670
3,219,710	5,997,633
3,218,316	1,932,240
72,387	350,250
694,005	551,967
-	-
7,204,418	8,832,090
20,190,885	19,556,279
359,496,028	290,639,805

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

16. Other borrowed funds

Borrowings from central banks
 Other financial institutions
 Borrowings from banks

- In Mauritius
- Outside Mauritius

The Group	
2024	2023
MUR'000	MUR'000
9,393,322	5,593,882
1,109,181	3,590,464
21,054	4,036,479
-	184,836
10,523,557	13,405,661

Remaining term to maturity

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

The Group	
2024	2023
MUR'000	MUR'000
8,335,677	9,815,562
236,312	241,518
950,978	517,872
580,545	2,359,610
420,045	471,099
10,523,557	13,405,661

Borrowings from banks
 - In Mauritius

The Company	
2024	2023
MUR'000	MUR'000
121,946	-
121,946	-

Remaining term to maturity

Over 6 months and up to 12 months

The Company	
2024	2023
MUR'000	MUR'000
121,946	-
121,946	-

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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 2024. For the year 2023, 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%).

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

17. Taxation (cont'd)

(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
Statement of financial position				
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/(credit)

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)	4,031	(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	35,841	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)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

17. Taxation (cont'd)

(c) Tax reconciliation

	The Group		The Company	
	2024	2023	2024	2023
	MUR'000	MUR'000	MUR'000	MUR'000
Profit before income tax from continuing operations	5,584,098	4,979,715	1,768,856	1,306,510
Tax on accounting profit at applicable tax rates	949,297	846,551	300,706	222,106
(Over)/under provision in previous periods	(379)	71,682	-	(1,385)
Non allowable expenses	265,784	836,827	169,969	115,163
Exempt income	(296,884)	(706,358)	(472,863)	(336,253)
Corporate Social Responsibility contribution	(684)	110,367	-	-
Bank levy	186,416	186,416	-	-
Deferred tax assets not recognised	(6,513)	67,383	2,188	-
Tax refund in relation to prior years	-	(2,664)	-	(2,664)
Translation difference	(11,852)	-	-	-
Additional tax for year 2022	-	230,000	-	-
Tax loss utilised	(7)	(1,016)	-	(1,016)
Tax rate differential	158,356	(987,458)	-	-
Withholding tax	1,897	11,049	1,897	2,828
Total tax expense/(credit)	1,245,431	662,779	1,897	(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, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

17. Taxation (cont'd)

(d) Deferred tax (assets)/liabilities (cont'd)

Accounting policy (cont'd)

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%).

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

At 01 January

Translation adjustments

Charge/(credit) to profit or loss:

- Movement for the year (note 17d)

Charge/(credit) to other comprehensive income:

- Remeasurement of retirement benefit obligations
- Revaluation of property

At 31 December

The Group	
2024	2023
MUR'000	MUR'000
(1,390,569)	(1,265,176)
(193,007)	159,114
4,031	(333,651)
(34,392)	(21,338)
94,290	70,482
(1,519,647)	(1,390,569)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

17. Taxation (cont'd)

(d) Deferred tax (assets)/liabilities (cont'd)

Reconciliation of deferred tax (assets)/liabilities

The Group

2024

Deferred tax assets

Allowances for credit impairment

Pension liability

Other provisions

Deferred tax liabilities

Accelerated capital allowances

Revaluation of property

Unrealised exchange gains

Net deferred tax assets

01 January 2024	Charge/(credit) to profit or loss	Charge (credit) to OCI	Translation adjustment	31 December 2024
MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
(955,336)	202,580	-	7,941	(744,815)
(58,861)	(2,434)	(34,392)	-	(95,687)
(661,987)	(305,601)	-	(188,135)	(1,155,723)
(1,676,184)	(105,455)	(34,392)	(180,194)	(1,996,225)
137,423	(9,736)	-	(13,087)	114,600
145,063	(9,112)	94,290	-	230,241
3,129	128,334	-	274	131,737
285,615	109,486	94,290	(12,813)	476,578
(1,390,569)	4,031	59,898	(193,007)	(1,519,647)

The Group

2023

Deferred tax assets

Allowances for credit impairment

Pension liability

Other provisions

Deferred tax liabilities

Accelerated capital allowances

Revaluation of property

Unrealised exchange gains

Net deferred tax assets

01 January 2023	Charge/(credit) to profit or loss	Charge (credit) to OCI	Translation adjustment	31 December 2023
MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
(504,272)	(432,823)	-	(18,241)	(955,336)
(37,523)	-	(21,338)	-	(58,861)
(825,535)	(2,144)	-	165,692	(661,987)
(1,367,330)	(434,967)	(21,338)	147,451	(1,676,184)
28,135	97,324	-	11,964	137,423
74,581	-	70,482	-	145,063
(562)	3,992	-	(301)	3,129
102,154	101,316	70,482	11,663	285,615
(1,265,176)	(333,651)	49,144	159,114	(1,390,569)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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)	335,414	232,964	-	-
Other payables	96,794	49,312	-	-
	8,981,235	10,039,834	117,594	89,296

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 & 2033 (Note (d))</i>	1,329,613	1,279,902	-	-
	9,978,148	11,232,173	8,648,535	9,952,271
Analysed as :				
Non-current	6,398,923	9,705,361	5,069,310	8,425,459
Current	3,579,225	1,526,812	3,579,225	1,526,812
	9,978,148	11,232,173	8,648,535	9,952,271

(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).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

19. Subordinated debts (cont'd)

- (b) The public offer for the issue of subordinated senior unsecured multicurrency fixed interest rate bonds for Class A2 and B2 Series Bonds of MUR 2 billion and USD 50 million respectively opened on 29 May 2018. Class A2 Series Bonds were oversubscribed and a maximum amount of MUR 3.06 billion, of MUR 10,000 bonds with half yearly fixed coupon payment of 5.75% per annum maturing in 2028, was retained including the optional amount. Similarly an amount of USD 75.66 million, of USD 1,000 bonds with half yearly payment of fixed coupon rate of 4.75% per annum maturing in 2025, were retained including the optional amount. The public offer was issued by the SBM Holdings Ltd (SBMH) and the bonds are eligible as Tier II Capital.

These bonds are quoted on the Official Market of the Stock Exchange of Mauritius (SEM) pre and post restructure.

- (c) Private placement of Subordinated Tier II bonds amounting to MUR 2 billion at a price of MUR 10,000 per bond maturing in 2031, issued in two series: Series A3 and Series B3, at the rate of 4.2% and 4.0% (Repo rate + 2.15%).
- (d) In FY 2022, SBM Bank (India) Limited 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

	Non-cash changes				
	At 01 January	Financing cash flows (i)	New Leases	Exchange differences	Other changes (ii)
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
2024					
Other borrowed funds	13,405,661	(2,882,104)	-	-	-
Subordinated debts	11,232,173	(1,500,000)	-	293,054	(47,079)
Lease liabilities	801,227	(293,092)	326,797	83,591	(61,842)
	25,439,061	(4,675,196)	326,797	376,645	(108,921)
2023					
Other borrowed funds	15,489,470	(2,083,809)	-	-	-
Subordinated debts	10,616,492	(38,384)	-	32,641	621,424
Lease liabilities	888,617	(225,056)	166,522	(60,413)	31,557
	26,994,579	(2,347,249)	166,522	(27,772)	652,981

The Company

	Non-cash changes			
	At 01 January	Financing cash flows (i)	Exchange differences	Other changes (ii)
	MUR'000	MUR'000	MUR'000	MUR'000
2024				
Subordinated debts	9,952,271	(1,500,000)	244,770	(48,506)
2023				
Subordinated debts	9,916,536	(529,395)	30,136	534,994

- (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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

20. Stated capital and treasury shares

	The Group		The Company	
	Number	MUR'000	Number	MUR'000
<u>Authorised, issued and paid up share capital</u>				
At 31 December 2024	3,037,402,230	32,500,204	3,037,402,230	32,500,204
At 31 December 2023	3,037,402,230	32,500,204	3,037,402,230	32,500,204
	The Group		The Company	
	Number	MUR'000	Number	MUR'000
Treasury shares held				
At 31 December 2024	455,610,330	4,875,031	455,610,330	4,875,031
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.

	The Group		The Company	
	2024	2023	2024	2023
	MUR'000	MUR'000	MUR'000	MUR'000
<i>Dividend declared and paid in current year:</i>				
2024: 40 cents; 2023: 20 cents	1,032,717	516,358	1,032,717	516,358
	1,032,717	516,358	1,032,717	516,358
Less dividend declared and paid during the year	(1,032,717)	(516,358)	(1,032,717)	(516,358)
Dividend payable	-	-	-	-

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

	The Group	
	2024	2023
	MUR'000	MUR'000
(a) <u>Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers</u>		
Acceptances on account of customers	3,108,889	1,917,187
Guarantees on account of customers	23,159,784	19,189,094
Letters of credit and other obligations on account of customers	2,902,407	2,210,680
	29,171,080	23,316,961
(b) <u>Commitments</u>		
Undrawn credit facilities	29,054,246	34,692,390
(c) <u>Other</u>		
Inward bills held for collection	1,860,578	1,880,874
Outward bills sent for collection	7,814,130	3,701,237
	9,674,708	5,582,111
Total	67,900,034	63,591,462
Credit loss allowance (note 18)	(335,414)	(232,964)
Total carrying value	67,564,620	63,358,498

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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.

The Group

Internal rating grade

Performing

High grade
Standard grade
Sub-standard grade
Past due but not impaired

Non-performing

Individually impaired

Total

2024			
Stage 1 Individual	Stage 2 Individual	Stage 3	Total
MUR'000	MUR'000	MUR'000	MUR'000
24,995,149	998,974	-	25,994,123
25,157,680	2,881,060	-	28,038,740
12,615,540	610,305	-	13,225,845
-	-	-	-
-	-	641,326	641,326
62,768,369	4,490,339	641,326	67,900,034

Internal rating grade

Performing

High grade
Standard grade
Sub-standard grade
Past due but not impaired

Non-performing

Individually impaired

Total

2023			
Stage 1 Individual	Stage 2 Individual	Stage 3	Total
MUR'000	MUR'000	MUR'000	MUR'000
27,283,027	428,391	5,737	27,717,155
26,237,684	1,369,787	-	27,607,471
5,488,057	2,651,315	-	8,139,372
-	-	-	-
-	-	127,464	127,464
59,008,768	4,449,493	133,201	63,591,462

Details of the Group's internal grading system are set out in note 38(b)(i).

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

The Group

Gross carrying amount as at 01 January

New exposures
Exposures derecognised or matured/lapsed
Transfers to Stage 1
Transfers to Stage 2
Translation adjustments
Gross carrying amount as at 31 December

2024			
Stage 1 Individual	Stage 2 Individual	Stage 3	Total
MUR'000	MUR'000	MUR'000	MUR'000
59,008,768	4,449,493	133,201	63,591,462
20,219,067	2,260,471	42,273	22,521,811
(18,275,492)	(2,059,839)	(201,111)	(20,536,442)
353,132	(353,132)	-	-
(699,111)	699,111	-	-
2,317,482	5,505	216	2,323,203
62,923,846	5,001,609	(25,421)	67,900,034

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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	Stage 2	Stage 3	Total
	Individual	Individual		
	MUR'000	MUR'000	MUR'000	MUR'000
Gross carrying amount as at 01 January	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
Gross carrying amount as at 31 December	59,008,768	4,449,493	133,201	63,591,462

The Group

	2024			
	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
	MUR'000	MUR'000	MUR'000	MUR'000
ECL allowance as at 01 January	87,967	12,651	132,346	232,964
New exposures	88,511	2,930	106,871	198,312
Exposured derecognised or repaid	(32,830)	(4,757)	(59,724)	(97,311)
Transfers to Stage 1	3,028	(3,028)	-	-
Transfers to Stage 2	(1,455)	1,455	-	-
Transfers to Stage 3	(301)	(1,401)	1,702	-
Translation adjustments	1,334	115	-	1,449
At 31 December	146,254	7,965	181,195	335,414

	2023			
	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
	MUR'000	MUR'000	MUR'000	MUR'000
ECL allowance as at 01 January	112,542	18,304	170,324	301,170
New exposures	47,817	5,433	38,442	91,692
Exposured 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)
At 31 December	87,967	12,651	132,346	232,964

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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) Limited (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 7.5 million 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 judgement 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 judgement, 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 recognised 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:

	The Group	
	2024	2023
	MUR'000	MUR'000
Treasury bills/Government bonds	8,475,353	8,765,047
Other investment securities	195,275	1,333,248
	8,670,628	10,098,295
Analysed as:		
• In Mauritius	-	2,329,691
• Overseas	8,670,628	7,768,604
	8,670,628	10,098,295

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

24. Capital commitments

Approved and contracted for
Approved and not contracted for

The Group	
2024	2023
MUR'000	MUR'000
1,147,888	1,314,401
721,582	766,249

25. Net interest income/(expense)

Interest income using the effective interest method

Cash and cash equivalents
Loans to and placements with banks
Loans and advances to non-bank customers
Investment securities at amortised cost
Investment securities at FVTOCI

Interest income on financial instruments at fair value

Investment securities at FVTPL
Derivatives held for risk management

Total interest income

Interest expense using the effective interest method

Deposits from non-bank customers
Other borrowed funds
Subordinated debts
Interest expense on lease liabilities (note 10 (b))

Other interest expense

Interest paid on trading liabilities
Derivatives held for risk management

Total interest expense

Net interest income/(expense)

The Group		The Company	
2024	2023	2024	2023
MUR'000	MUR'000	MUR'000	MUR'000
1,049,298	442,526	-	-
363,725	198,373	-	-
14,345,281	13,168,176	-	-
3,875,081	3,662,891	3,560	12,727
3,076,485	2,749,342	8,810	20,038
22,709,870	20,221,308	12,370	32,765
406,904	129,795	-	-
226,098	198,611	-	-
633,002	328,406	-	-
23,342,872	20,549,714	12,370	32,765
(9,539,541)	(7,464,200)	(150)	-
(1,320,633)	(1,056,943)	-	-
(587,697)	(653,312)	(464,102)	(534,993)
(74,523)	(70,827)	-	-
(11,522,394)	(9,245,282)	(464,252)	(534,993)
(454,915)	-	-	-
(191,500)	(664,631)	-	-
(12,168,809)	(9,909,913)	(464,252)	(534,993)
11,174,063	10,639,801	(451,882)	(502,228)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

26. Net fee and commission income

	The Group	
	2024	2023
	MUR'000	MUR'000
Fee and commission income		
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
Total fee and commission income	2,481,656	2,584,671
Fee and commission expense		
Interbank transaction fees	(66,632)	(63,009)
Brokerage	(3,783)	(1,374)
Other fees	(54,295)	(72,975)
Total fee and commission expense	(124,710)	(137,358)
Net fee and commission income	2,356,946	2,447,313

* 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

26. Net fee and commission income (cont'd)

(a) Revenue from contracts with customers (cont'd)

Significant accounting estimates and judgements (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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

26. Net fee and commission income (cont'd)

(a) Revenue from contracts with customers (cont'd)

Significant accounting estimates and judgements (cont'd)

Determine the transaction price (cont'd)

SBM Capital Markets Ltd (cont'd)

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

26. Net fee and commission income (cont'd)

(a) Revenue from contracts with customers (cont'd)

Significant accounting estimates and judgements (cont'd)

Allocate the transaction price to the performance obligations (cont'd)

SBM Fund Services Ltd (cont'd)

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

26. Net fee and commission income (cont'd)

(a) Revenue from contracts with customers (cont'd)

Significant accounting estimates and judgements (cont'd)

Satisfaction of performance obligation (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

The Group	
2024	2023
MUR'000	MUR'000
57,809	54,956
1,732	1,518
855	606
60,396	57,080
5,697	4,901
176,161	161,847
122	1,430
23,798	15,186
205,778	183,364

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

26. Net fee and commission income (cont'd)

(a) Revenue from contracts with customers (cont'd)

Disaggregated revenue information (cont'd)

SBM Capital Markets Ltd

Entry and exit fees

Management fees

Retrocession fees

Advisory fees

SBM Fund Services Ltd

Registry fees from Funds

Registry fees from other clients

Trustee fees

Debenture holder representative fees

Administrative fees

Registry fees from ultimate holding company

SBM Factors Ltd

Factoring fees

SBM E-Business Ltd

Card income

Network fee

SBM Insurance Agency Ltd

Life commission

General commission

DTA commission

Others

Total revenue from contracts with customers

Geographical markets

Mauritius

Europe

US

Asia Pacific

Total revenue from contracts with customers

Timing of revenue recognition

Services transferred at a point in time

Services transferred over time

Total revenue from contracts with customers

The Group	
2024	2023
MUR'000	MUR'000
898	1,588
34,124	25,801
7,725	7,147
3,714	7,558
7,781	7,220
11,334	9,757
921	914
180	195
8,654	8,638
1,705	1,830
7,458	5,815
2,816	5,222
4,558	9,872
10,669	11,403
18,039	11,625
34,953	32,030
155,529	146,615
421,703	387,059
221,743	210,025
2,739	11,494
196,661	165,526
560	14
421,703	387,059
382,678	350,598
39,025	36,461
421,703	387,059

27. Net trading income

Profit arising from dealing in foreign currencies

Profit on disposal of debt securities

Other interest rate instruments

The Group	
2024	2023
MUR'000	MUR'000
1,615,313	1,584,075
827,498	613,627
134,649	(17,039)
2,577,460	2,180,663

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

28. (a) Net (losses)/gains from financial assets measured at FVTPL

	The Group		The Company	
	2024	2023	2024	2023
	MUR'000	MUR'000	MUR'000	MUR'000
Financial assets measured at fair value through profit or loss	(18,169)	50,740	1,369	35,342
Derivatives held for risk management purposes	15,332	(10,487)	-	-
	(2,837)	40,253	1,369	35,342

(b) Net losses on derecognition of financial assets measured at amortised cost

	The Group		The Company	
	2024	2023	2024	2023
	MUR'000	MUR'000	MUR'000	MUR'000
Financial assets measured at amortised cost	(32,383)	(21,394)	(20,940)	-

The Group disposed some of its investments held at amortised cost during the year following credit downgrade of these investments. The nominal value of investment disposed amounts to MUR 307.5 million and realised a loss of MUR 11.8 million for the year ended 31 December 2024.

(c) Net gains/(losses) on derecognition of financial assets measured at FVTOCI

	The Group		The Company	
	2024	2023	2024	2023
	MUR'000	MUR'000	MUR'000	MUR'000
Debt securities measured at FVTOCI	108,567	44,962	(10,250)	-

The Group disposed some of these assets due to the risks associated.

29. Other operating income

	The Group		The Company	
	2024	2023	2024	2023
	MUR'000	MUR'000	MUR'000	MUR'000
Gain on disposal of property and equipment	12,888	4,255	-	-
Dividend income from financial assets measured at FVTOCI	305,568	267,767	249,280	167,504
Dividend income from investment in subsidiaries	-	-	2,547,000	1,774,984
Management support income	-	-	69,827	104,093
Sundry income	134,146	27,227	-	-
	452,602	299,249	2,866,107	2,046,581

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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 Standards 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
	4,899,768	4,275,825	231,909	182,456

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
	4,389,219	4,228,071	353,074	76,087

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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
Total credit loss expense	283,184	(932,612)	1,258,448	609,020
Bad debts recovered				(177,731)
				431,289

The Company	2024			
	Stage 1	Stage 2	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Other receivables	739	-	-	739

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)
Total credit loss expense	266,641	(1,257,645)	2,459,084	1,468,080
Write off				38,385
Bad debts recovered				(459,218)
				1,047,247

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 MUR'000	2023 MUR'000	2024 MUR'000	2023 MUR'000
Cash flows from operating activities				
Profit for the year	4,338,670	4,316,937	1,766,960	1,307,731
Adjustments to determine net cash flows:				
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
Impairment of equity investment	-	-	29,320	13,816
Pension expense	30 119,234	51,245	12,839	1,276
Net impairment loss on financial assets	32 431,289	1,468,080	739	185
Net (gains)/losses on derecognition of financial assets measured at FVTOCI	(108,567)	-	10,250	-
Net (gains)/losses on termination of right of use	(20,447)	2,212	-	-
Net gains on disposal of property and equipment	29 (12,888)	(4,255)	-	-
Net losses on financial assets at amortised cost	28(b) 32,383	21,394	20,940	-
Investment securities at fair FVTPL	28(a) 2,837	(40,253)	(1,369)	(35,342)
Interest income	-	-	(12,370)	(32,765)
Interest expense	-	-	464,252	534,993
Tax expense	17(b) 1,245,431	662,779	1,897	(1,221)
Dividend income	29 (305,568)	(267,767)	(2,796,280)	(1,942,488)
Operating profit/(loss) before working capital changes	7,052,415	7,310,360	(502,317)	(153,174)
Change in operating assets and liabilities				
(Increase)/decrease in derivative financial instruments (assets)	(785,873)	526,095	-	-
Increase in loans to and placements with banks	(4,798,884)	(1,644,643)	-	-
(Increase)/decrease in loans and advances to non bank customers	(24,754,470)	488,530	-	-
(Increase)/decrease in gilt-edged investment securities	(17,930,125)	(4,235,325)	842,422	58,127
Increase in mandatory balances with central banks	(2,590,795)	(1,195,501)	-	-
(Increase)/decrease in other assets	(395,585)	256,497	32,296	(51,437)
Increase/(decrease) in derivative financial instruments (liabilities)	647,132	(122,722)	-	-
Increase/(decrease) in deposits from banks	1,301,423	(1,140,880)	-	-
Increase/(decrease) in deposits from non-bank customers	68,856,223	(2,710,629)	-	-
(Decrease)/increase in other liabilities	(1,024,895)	1,107,828	28,299	63,648
Net change in pension liabilities	13(a)&13(b) (79,070)	(373,941)	(1,025)	(3,569)
Interest received	-	-	17,076	36,403
Interest paid	-	-	(472,893)	(487,510)
Income tax paid	17(a) (770,319)	(939,160)	(1,897)	(164)
Net cash generated from/(used in) operating activities	24,727,177	(2,673,491)	(58,039)	(537,676)

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35. Related party disclosures

Accounting policy

For the purposes of these financial statements, parties are considered to be related to the Group if they have the ability, directly or indirectly, to control the Group or exercise significant influence over the Group in making financial and operating decisions, or vice versa, or if they and the Group are subject to common control. Related parties may be individuals or other entities.

The Group

Statement of financial position

(a) Credit facilities

(i) Loans

Balance at beginning of year	
Loans to directors / entities who ceased to be related parties during the year	
Existing loans of new related parties	
Exchange difference	
Other net movements	
Balance at end of year	

(ii) Off-balance sheet obligations

Balance at end of year

(b) Deposits at end of year

Statement of profit or loss

(c) Interest income

(d) Interest expense

(e) Other income

Key management personnel including directors

2024	2023
MUR'000	MUR'000
395,862	274,357
(53,378)	(31,816)
30,718	78,598
13,908	(19)
13,958	74,742
401,068	395,862
1,050	323,260
412,549	277,010
15,109	13,925
10,228	6,287
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

(a) Cash and cash equivalents at year end	
(b) Payables	
(c) Dividend income	
(d) Management support income	
(e) Management support cost	
(f) Receivables	
(h) Interest expense	

2024	2023
MUR'000	MUR'000
2,514	710,733
16,793	279
2,547,000	1,774,984
69,827	104,093
12,837	5,462
96,538	113,597
150	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

35. Related party disclosures (cont'd)

Related party transactions in relation to SBM Pension Funds are as follows:

	The Group	
	2024	2023
	MUR'000	MUR'000
Deposits at end of year	94,388	446,502

Credit facilities to key management personnel and executive directors are as per their contract of employment. All other transactions with key management personnel and directors, whether credit facilities, deposits or purchase of goods and services, are at market terms and conditions and will be settled in cash.

All credit facilities with entities considered as related parties disclosed above are at market terms and conditions and will be settled in cash. Credit facilities are secured except for credit card advances and some personal loans which are granted under an unsecured loan scheme in the normal course of business.

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.

	The Group	
	2024	2023
	MUR'000	MUR'000
Tier 1 Capital	30,503,827	27,016,479
Eligible capital	40,134,166	36,694,250
Risk weighted assets	209,175,339	178,946,163
Capital adequacy ratio (%)	19.2	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).

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37. Other reserves

	Fair value reserve	Translation reserve	Prudential provisions reserve	Earnings reserve	Restructuring reserve	Total
The Group	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
At 01 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
At 31 December 2023	(1,531,707)	(310,065)	822,391	2,935,807	(8,316,147)	(6,399,721)
At 01 January 2024	(1,531,707)	(310,065)	822,391	2,935,807	(8,316,147)	(6,399,721)
Other comprehensive income for the year	416,711	773,635	-	-	-	1,190,346
Transfer from retained earnings	-	-	1,087,036	-	-	1,087,036
At 31 December 2024	(1,114,996)	463,570	1,909,427	2,935,807	(8,316,147)	(4,122,339)

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 unrealised 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.

NOTES TO THE FINANCIAL STATEMENTS

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38. Risk management (cont'd)

(a) (i) Classification of financial assets and financial liabilities

The following table shows the measurement categories under IFRS 9 for financial assets and financial liabilities:

The Group

	Classification and measurement category	2024	2023
Financial assets		MUR'000	MUR'000
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 * ¹	Amortised cost	3,357,381	2,967,576
Total financial assets		423,497,002	353,038,487
Financial liabilities			
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 * ²	Amortised cost	8,364,650	9,387,530
Subordinated debts	Amortised cost	9,978,148	11,232,173
Total financial liabilities		394,612,242	328,911,021
The Company			
Financial assets			
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 * ³	Amortised cost	80,163	113,597
Total financial assets		6,745,020	7,639,267
Financial liabilities			
Other borrowed funds	Amortised cost	121,946	-
Other liabilities * ⁴	Amortised cost	117,243	86,111
Subordinated debts	Amortised cost	8,648,535	9,952,271
Total financial liabilities		8,887,724	10,038,382

*¹ 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).

*² An amount of MUR 617 million pertaining to taxes has been excluded from other liabilities under the above section. (2023: MUR 652 million).

*³ 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).

*⁴ 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).

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FOR THE YEAR ENDED 31 DECEMBER 2024

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.

	2024		2023	
	Carrying value	Fair value	Carrying value	Fair value
	MUR'000	MUR'000	MUR'000	MUR'000
The Group				
Financial assets				
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
	423,497,002	419,382,625	353,038,487	348,924,109
Financial liabilities				
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
	394,612,242	394,498,309	328,911,021	328,797,088

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FOR THE YEAR ENDED 31 DECEMBER 2024

38. Risk management (cont'd)

(a) (ii) Fair values (cont'd)

	2024		2023	
	Carrying value	Fair value	Carrying value	Fair value
	MUR'000	MUR'000	MUR'000	MUR'000
The Company				
Financial assets				
Cash and cash equivalents	2,517	2,517	710,733	710,733
Investment securities	6,662,340	6,662,340	6,814,937	6,997,766
Other assets	80,163	80,163	113,597	113,597
	6,745,020	6,745,020	7,639,267	7,822,096
Financial liabilities				
Other borrowed funds	121,946	121,946	-	-
Other liabilities	117,243	117,243	86,111	86,111
Subordinated debts	8,648,535	8,648,535	9,952,271	9,952,271
	8,887,724	8,887,724	10,038,382	10,038,382

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

38. Risk management (cont'd)

(a) (iii) Fair value measurement hierarchy

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

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

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

	The Group				The Company			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Total
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
2024								
Derivative financial assets	-	1,464,946	-	1,464,946	-	-	-	-
Investment securities measured at FVTPL								
Debt securities	18,382,045	-	741,779	19,123,824	-	-	-	-
Equity securities	-	2,359,295	-	2,359,295	-	2,359,296	-	2,359,296
Investments measured at FVTOCI								
Debt securities	62,791,594	2,678,428	2,301,058	67,771,080	-	-	-	-
Equity securities	70,330	-	4,930,723	5,001,053	-	-	4,303,044	4,303,044
Total assets	81,243,969	6,502,669	7,973,560	95,720,198	-	2,359,296	4,303,044	6,662,340
Derivative financial liabilities	-	1,429,727	-	1,429,727	-	-	-	-
Total liabilities	-	1,429,727	-	1,429,727	-	-	-	-
2023								
Derivative financial assets	-	679,073	-	679,073	-	-	-	-
Investment securities measured at FVTPL								
Debt securities	11,618,018	-	398,049	12,016,067	-	-	-	-
Equity securities	-	1,669,600	-	1,669,600	-	1,669,600	-	1,669,600
Investments measured at FVTOCI								
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
Total assets	63,829,067	5,831,252	8,154,184	77,814,503	467,537	1,669,600	4,303,044	6,440,181
Derivative financial liabilities	-	782,595	-	782,595	-	-	-	-
Total liabilities	-	782,595	-	782,595	-	-	-	-

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FOR THE YEAR ENDED 31 DECEMBER 2024

38. Risk management (cont'd)

(a) (iii) Fair value measurement hierarchy (cont'd)

Fair value through other comprehensive income

Valuation technique	Significant unobservable inputs	Range of input
Discounted projected cash flow	Weighted Average Cost of Capital (WACC)	9.28%
	Favourable changes	Unfavourable changes
0.25% change in WACC (MUR'000)	397,439,098	(397,439,098)

Reconciliation of level 3 assets:

	The Group		The Company	
	2024	2023	2024	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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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	
	2024	2023	2024	2023
	MUR'000	MUR'000	MUR'000	MUR'000
<u>Fund-based exposures:</u>				
Cash and cash equivalents	38,217,004	19,277,393	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	180,676,376	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
	427,076,448	358,147,835	6,745,020	7,639,700
<u>Non-fund based exposures:</u>				
Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers	38,845,786	28,899,072	-	-
Credit commitments	29,054,248	34,692,390	-	-
	67,900,034	63,591,462	-	-

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:

	2024	2023
	MUR'000	MUR'000
The Group		
Grades:		
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
	204,178,115	186,946,243

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.

	2024		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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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 analysis 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	S&P Global Ratings	Moody's Investors Service	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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

38. Risk management (cont'd)

(b) Credit risk (cont'd)

(ii) Credit risk assessment (cont'd)

2. Incorporation of forward-looking information (cont'd)

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:

- 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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 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 in 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

38. Risk management (cont'd)

(b) Credit risk (cont'd)

(ii) Credit risk assessment (cont'd)

4. Measurement of ECL (cont'd)

EAD (cont'd)

Credit cards and other revolving facilities: The Group's product offering includes a variety of corporate and retail overdraft and credit cards facilities, in which the Group has the right to cancel and/or reduce the facilities with one day's notice. The Group does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Group's expectations of the customer behaviour, its likelihood of default and the Group's future risk mitigation procedures, which could include reducing or cancelling the facilities. In the case of credit cards, the most significant judgment 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 '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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

38. Risk management (cont'd)

(b) Credit risk (cont'd)

(ii) Credit risk assessment (cont'd)

4. Measurement of ECL (cont'd)

Collateral valuation (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

38. Risk management (cont'd)

(b) Credit risk (cont'd)

(iii) Collateral and other credit enhancements

The use of credit risk mitigants is an integral part of the credit risk management process and is documented in the 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	2024	2023	Principal Type of collateral held
The Group	MUR'000	MUR'000	
Fund-based exposures:			
Cash and cash equivalents	38,217,004	19,277,393	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	180,676,376	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
Non-fund based exposures:			
Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers	38,845,786	28,899,072	Fixed/Floating charge on assets
Credit commitments	29,054,248	34,692,390	Unsecured

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:

	The Group			
	2024		2023	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
	MUR'000	MUR'000	MUR'000	MUR'000
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	1,344,907	65,857	1,780,649	103,736
Total	166,095,216	1,225,753	146,943,155	1,838,720

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

38. Risk management (cont'd)

(b) Credit risk (cont'd))

(v) Impaired financial assets

Loans and advances are assessed for impairment when objective evidence, such as default or delinquency in interest or principal payments, significant financial difficulty of the counterparty or evidence that the borrower will enter bankruptcy or financial re-organisation, indicate that the account may be impaired.

The carrying amount of impaired financial assets and specific allowance held are shown below:

	The Group	
	2024	2023
	MUR'000	MUR'000
Loans and advances (note 8d)	14,581,160	10,859,007
Specific allowance held in respect of impaired advances (note 8d)	6,763,245	7,704,024
Fair value of collaterals of impaired advances	8,062,826	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:

	The Group	
	2024	2023
	MUR'000	MUR'000
Portfolio		
Agriculture	4,706,844	2,755,624
Traders	5,469,270	2,823,048
Real estate	8,535,478	5,983,820
Financial Institutions	28,026,998	19,168,381
Services	3,244,846	3,223,968
Tourism	7,741,570	4,066,777
	57,725,006	38,021,618

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

38. Risk management (cont'd)

(c) Liquidity risk (cont'd)

	Up to 1 month	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Non-Maturity Bucket *	Total
The Group	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
2024								
<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
Total financial assets	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
Total financial liabilities	100,183,470	28,535,822	31,437,094	26,517,056	18,609,282	179,749,434	9,580,084	394,612,242
Liquidity Gap	(13,930,198)	(13,274,450)	(4,078,711)	(474,887)	70,587,612	(20,149,441)	10,204,835	28,884,760

* 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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
2023								
<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
Total financial assets	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
Total financial liabilities	62,544,537	26,484,533	21,670,825	19,865,876	21,623,919	160,453,453	16,267,878	328,911,021
Liquidity Gap	(17,147,264)	(8,482,456)	1,784,049	(398,397)	56,233,277	(8,708,731)	846,988	24,127,466

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

38. Risk management (cont'd)

(c) Liquidity risk (cont'd)

	Up to 1 month	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Non-Maturity *	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
The Company								
2024								
<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
Total financial assets	2,517	-	-	-	-	-	6,742,503	6,745,020
<u>Financial liabilities</u>								
Subordinated debts	-	-	3,579,225	-	-	5,069,310	-	8,648,535
Other borrowed funds	-	-	114,394	-	-	-	7,552	121,946
Other liabilities	-	-	-	-	-	-	117,243	117,243
Total financial liabilities	-	-	3,693,619	-	-	5,069,310	124,795	8,887,724
Liquidity Gap	2,517	-	(3,693,619)	-	-	(5,069,310)	6,617,708	(2,142,704)
2023								
<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
Total financial assets	710,733	49,967	72,122	345,437	-	374,767	6,086,241	7,639,267
<u>Financial liabilities</u>								
Subordinated debts	-	-	1,526,812	-	3,351,948	5,073,511	-	9,952,271
Other liabilities	-	-	-	-	-	-	86,111	86,111
Total financial liabilities	-	-	1,526,812	-	3,351,948	5,073,511	86,111	10,038,382
Liquidity Gap	710,733	49,967	(1,454,690)	345,437	(3,351,948)	(4,698,744)	6,000,130	(2,399,115)

* 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

38. Risk management (cont'd)

(c) Liquidity risk (cont'd)

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
2024	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
<u>Financial liabilities</u>							
Deposits	218,950,039	77,667,346	16,224,037	16,158,030	27,201,513	7,258,514	363,459,479
Derivative financial instruments	-	167,656	301,980	380,508	67,285	512,298	1,429,727
Other borrowed funds	7,434,724	666,792	376,430	1,075,342	483,588	486,681	10,523,557
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
Total financial liabilities	226,459,564	78,551,048	20,530,293	17,613,880	27,791,386	23,666,071	394,612,242
2023							
<u>Financial liabilities</u>							
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
Total financial liabilities	199,203,510	48,588,804	13,291,789	15,042,031	29,704,142	23,080,745	328,911,021
The Company	On Demand	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Total
2024	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
<u>Financial liabilities</u>							
Subordinated debts	-	-	3,579,225	-	-	5,069,310	8,648,535
Other borrowed funds	-	-	114,394	-	-	7,552	121,946
Other liabilities	-	-	-	-	-	117,243	117,243
Total financial liabilities	-	-	3,693,619	-	-	5,194,105	8,887,724
2023							
<u>Financial liabilities</u>							
Subordinated debts	-	-	1,526,812	-	3,351,948	5,073,511	9,952,271
Other liabilities	86,111	-	-	-	-	-	86,111
Total Financial Liabilities	86,111	-	1,526,812	-	3,351,948	5,073,511	10,038,382

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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
2024	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Financial assets								
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	-	-	-	-	(42,039)	7,595,289
Derivative financial instruments	186,624	348,544	255,914	92,328	73,569	-	507,967	1,464,946
Loans and advances to non-bank customers	138,552,213	6,508,310	7,570,912	5,715,884	9,436,928	7,420,191	(2,517,060)	172,687,378
Investment securities	14,398,480	24,043,600	13,299,283	23,036,078	42,171,246	50,585,266	8,570,438	176,104,391
Other assets	786	-	-	3,755	995	-	3,351,845	3,357,381
Total assets	193,426,716	32,842,440	21,126,109	28,848,045	51,682,738	58,005,457	37,565,497	423,497,002
Financial liabilities								
Deposits from banks	1,578,043	178,239	371,615	357,275	19,905	-	1,458,374	3,963,451
Deposits from non-bank customers	208,167,343	20,979,386	14,703,336	9,115,368	8,093,995	196,262	98,240,338	359,496,028
Other borrowed funds	8,151,396	259,687	1,098,710	322,392	161,196	-	530,176	10,523,557
Derivative financial instruments	181,510	332,584	380,367	60,086	10,176	-	465,004	1,429,727
Lease liabilities	-	-	-	-	-	-	856,681	856,681
Subordinated debts	49,254	48,620	3,579,225	-	-	6,301,049	-	9,978,148
Other liabilities	74,801	-	-	-	39,000	-	8,250,849	8,364,650
Total liabilities	218,202,347	21,798,516	20,133,253	9,855,121	8,324,272	6,497,311	109,801,422	394,612,242
On balance sheet interest rate sensitivity gap	(24,775,631)	11,043,924	992,856	18,992,924	43,358,466	51,508,146	(72,235,925)	28,884,760
Off balance sheet interest rate sensitivity gap	359,016	(987,150)	85	454	1,015,972	(336,475)	-	51,902
	(24,416,615)	10,056,774	992,941	18,993,378	44,374,438	51,171,671	(72,235,925)	28,936,662

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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
2023	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Financial assets								
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
Total assets	147,455,040	23,985,018	15,973,651	29,086,107	46,640,818	54,445,417	35,452,436	353,038,487
Financial liabilities								
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
Total liabilities	166,044,927	13,459,496	15,558,657	10,971,227	12,406,365	6,380,586	104,089,763	328,911,021
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)
	(18,308,614)	9,506,144	412,309	18,114,880	35,234,453	47,718,658	(68,637,327)	24,040,503

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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
2024	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Financial assets								
Cash and cash equivalents	-	-	-	-	-	-	2,517	2,517
Investment securities	-	-	-	-	-	-	6,662,340	6,662,340
Other assets	-	-	-	-	-	-	80,163	80,163
Total assets	-	-	-	-	-	-	6,745,020	6,745,020
Financial liabilities								
Other borrowed funds	-	-	114,394	-	-	-	7,552	121,946
Subordinated debts	-	-	3,579,225	-	-	5,069,310	-	8,648,535
Other liabilities	-	-	-	-	-	-	117,243	117,243
Total liabilities	-	-	3,693,619	-	-	5,069,310	124,795	8,887,724
On balance sheet interest rate sensitivity gap	-	-	(3,693,619)	-	-	(5,069,310)	6,620,225	(2,142,704)
Off balance sheet interest rate sensitivity gap	-	-	-	-	-	-	-	-
	-	-	(3,693,619)	-	-	(5,069,310)	6,620,225	(2,142,704)
2023								
Financial assets								
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
Total assets	-	49,967	72,122	345,437	-	374,767	6,796,974	7,639,267
Financial liabilities								
Subordinated debts	-	-	1,526,812	-	3,351,948	5,073,511	-	9,952,271
Other liabilities	-	-	-	-	-	-	86,111	86,111
Total liabilities	-	-	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)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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.

	2024	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:

	2024	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)

(ii) Fair value hedges

	2024				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	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	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:

	2024			2023		
	Notional Amount	Carrying Amount		Notional Amount	Carrying Amount	
		Assets	Liabilities		Assets	Liabilities
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Micro fair value hedges						
Interest rate swaps	254,645	10,716	-	279,741	15,977	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

38. Risk management (cont'd)

(d) Market risk (cont'd)

(ii) Fair value hedges (cont'd)

The below table sets out the outcome of the Group's hedging strategy, set out in Notes 8 and 9, in particular, to changes in the fair value of the hedged items and hedging instruments in the current year and the comparative year, used as the basis for recognising ineffectiveness:

Hedged items	Hedging instruments	2024			2023		
		Gain / (loss) attributable to the hedged risk		Hedge ineffectiveness	Gain / (loss) attributable to the hedged risk		Hedge ineffectiveness
		Hedged items	Hedging instruments		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:

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
At 31 December 2024	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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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
2024	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Financial assets								
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
Financial liabilities								
Deposits from banks	550,211	822,256	12,717	147,972	2,419,606	4,175	6,514	3,963,451
Deposits from non-bank customers	162,599,796	127,196,905	3,021,510	14,053,935	29,378,039	17,909,312	5,336,531	359,496,028
Other borrowed funds	427,982	358,457	-	637,190	2,179,516	6,920,412	-	10,523,557
Derivative financial instruments	193,278	240,750	-	-	993,405	-	2,294	1,429,727
Subordinated debts	5,069,310	3,579,225	-	-	1,329,613	-	-	9,978,148
Lease liabilities	227,207	-	-	-	273,958	295,734	59,782	856,681
Other liabilities	3,946,422	4,206,885	(325,883)	238,906	910,657	511,023	(1,123,360)	8,364,650
Total monetary financial liabilities	173,014,206	136,404,478	2,708,344	15,078,003	37,484,794	25,640,656	4,281,761	394,612,242
On balance sheet position	26,695,793	(9,347,890)	(1,396,179)	4,677,840	10,546,916	(1,274,509)	(1,017,211)	28,884,760
Off balance sheet position	-	-	-	-	-	-	-	-
Net currency position	26,695,793	(9,347,890)	(1,396,179)	4,677,840	10,546,916	(1,274,509)	(1,017,211)	28,884,760

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

38. Risk management (cont'd)

(d) Market risk (cont'd)

(iii) Currency risk (cont'd)

The Group	MUR	USD	GBP	EURO	INR	KES	OTHER	TOTAL
2023	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Financial assets								
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
Total monetary financial assets	185,942,103	84,752,358	1,714,350	16,588,333	42,175,527	19,106,124	2,759,692	353,038,487
Financial liabilities								
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
Total monetary financial liabilities	160,457,029	94,289,663	3,198,400	15,239,621	33,855,353	17,269,314	4,601,641	328,911,021
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	-	-	-	-	-	-	-	-
Net currency 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

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 2.5 million (2023 : MUR 198.4 million) and subordinated debts (financial liabilities) amounting to MUR 3,579.2 million (2023: MUR 5,760.8 million).

Currency risk sensitivity

The following table demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, and the impact on the Group's profit and equity.

	Impact on Group's profit after tax and equity					
	USD	GBP	EURO	INR	KES	OTHER
2024	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
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
2023						
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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:

	2024	2023
	MUR'000	MUR'000
Minimum for the year		
SBM Bank (Mauritius) Ltd	2,875,000	1,390,000
SBM Bank (India) Limited	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) Limited	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) Limited	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 statements of other 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	
	2024	2023	2024	2023
	MUR'000	MUR'000	MUR'000	MUR'000
Statements of other comprehensive income	250,053	288,596	215,152	215,152
	250,053	288,596	215,152	215,152

(e) Accounting policies

Details of the accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability and equity instruments are disclosed in note 3 to the financial statements (accounting policies).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

39. Segment information

The Group

Accounting policy

Segmental reporting is based on the internal reports regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess their performance. The operating segments are the banking, the non-bank financial institution, the non-financial institutions and the other institutions segments. Only the banking segment is a reportable segment.

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker i.e the Group Chief Executive Officer in order to allocate resources to the segments and to assess their performance.

The Group has only one reportable operating segment based on its business activities, which is the Banking segment. Its revenues mainly arise from advances to customers and banks, investment in gilt-edged securities and equity instruments, bank placements, services provided on deposit products, provision of card and other electronic channel services, trade finance facilities, trading activities and foreign currency operations.

The accounting policies of the operating segment are the same as those described in the notes to these financial statements.

(a) Information about the reportable segment profit, assets and liabilities

Information about the reportable segment and the reconciliation of the reportable segment information to Group total is shown below:

	Banking	Non-bank financial institutions	Non financial institutions	Other institutions	Intersegment adjustments	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
2024						
Interest income from external customers	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
Revenue from external customers	28,157,404	464,085	2,040	304,413	(5)	28,927,937
Interest income from internal customers	49,506	-	-	-	(49,506)	-
Non interest income from internal customers	2,497,000	242,096	-	2,550,000	(5,289,096)	-
Revenue from other segments of the entity	2,546,506	242,096	-	2,550,000	(5,338,602)	-
Total gross revenue	30,703,910	706,181	2,040	2,854,413	(5,338,607)	28,927,937
Interest and fee and commission expense to external customers	(11,820,955)	(57,818)	-	(464,252)	49,506	(12,293,519)
	(11,820,955)	(57,818)	-	(464,252)	49,506	(12,293,519)
Operating income	18,882,955	648,363	2,040	2,390,161	(5,289,101)	16,634,418
Depreciation and amortisation	(1,313,073)	(16,349)	-	(619)	-	(1,330,041)
Other non-interest expenses	(8,536,799)	(300,201)	(1,828)	(594,249)	144,090	(9,288,987)
Net impairment loss on financial assets	(415,058)	(53,194)	-	(739)	37,702	(431,289)
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)	433,642,385
Segment liabilities	388,996,599	1,153,960	147	8,921,664	(2,066,586)	397,005,784
Additions to tangible and intangible assets	1,170,406	6,789	-	1,171	-	1,178,366

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

39. Segment information (cont'd)

The Group (cont'd)

(a) Information about the reportable segment profit, assets and liabilities (cont'd)

	Banking	Non-bank financial institutions	Non financial institutions	Other institutions	Intersegment adjustments	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
2023						
Interest income from external customers	20,432,486	84,463	-	32,765	-	20,549,714
Non-interest income from external customers	4,417,956	366,206	1,625	342,621	(5)	5,128,403
Revenue from external customers	24,850,442	450,669	1,625	375,386	(5)	25,678,117
Interest income from internal customers	59,346	-	-	-	(59,346)	-
Non interest income from internal customers	1,624,984	311,639	-	1,750,000	(3,686,623)	-
Revenue from other segments of the entity	1,684,330	311,639	-	1,750,000	(3,745,969)	-
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 to external customers	(9,509,092)	(62,754)	-	(534,997)	-	(10,106,843)
Interest expense to internal customers	-	-	-	5	59,568	59,573
	(9,509,092)	(62,754)	-	(534,992)	59,568	(10,047,270)
Operating income	17,025,680	699,554	1,625	1,590,394	(3,686,406)	15,630,847
Depreciation and amortisation	(1,082,573)	(16,546)	(148)	(721)	-	(1,099,988)
Other non-interest expenses	(8,102,391)	(308,859)	(2,173)	(264,965)	174,492	(8,503,896)
Net impairment loss on financial assets	(1,032,793)	(14,269)	-	(185)	-	(1,047,247)
Operating profit	6,807,923	359,880	(696)	1,324,523	(3,511,914)	4,979,716
Profit/ (loss) before income tax	6,807,923	359,880	(696)	1,324,523	(3,511,914)	4,979,716
Tax expense	(628,168)	(35,832)	-	1,221	-	(662,779)
Profit for the year	6,179,755	324,048	(696)	1,325,744	(3,511,914)	4,316,937
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 assets	934,781	58,442	-	739	-	993,962

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

39. Segment information (cont'd)

The Group (cont'd)

(b) Information about the reportable segment revenue from products and services

	Banking	
	2024	2023
	MUR'000	MUR'000
Revenue from external customers arising from the following products and services:		
Loans and advances to non-bank customers	632,872	762,669
Loans to and placements with banks	1,049,298	442,526
Net trading income	1,689,844	1,660,378
Card income	439,060	357,688
Trade finance services	3,144,490	2,692,927
Deposit and other products /services	280,262	434,346
	7,235,826	6,350,534

(c) Information about revenue of the reportable segment by geographical areas

	Banking		
	Mauritius	Other countries	Total
	MUR'000	MUR'000	MUR'000
2024			
Revenue from external customers	11,872,303	11,376,163	23,248,466
Tangible and intangible assets	4,424,919	787,769	5,212,688
2023			
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 13th 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.



Additional Information

Directors of SBM Holdings Ltd and its subsidiaries

Holding entity	Bank holding entity
SBM Holdings Ltd	SBM (Bank) Holdings Ltd
Mr Rohit Ramnawaz (Chairman) Ms Ferial Jabeen Aumeerally Mr Pramod Kumar Bissessur Mr Deobruthsingh Jaypaul Mr Raoul Claude Nicolas Gufflet (Group CEO) Mr Aakash Krishan Kalachand Mrs Mathilde Sophie Laurence Lagesse Ms Sharon Ramdennee Mrs Danisha Sornum Mr Anil Kumar Ujoodha	Ms Ferial Jabeen Aumeerally Mr Raoul Claude Nicolas Gufflet Mr Deobruthsingh Jaypaul
Bank operating entities	
SBM Bank (Mauritius) Ltd*	SBM Bank (India) Limited
Mr Ranapartab Tacouri, G.C.S.K. (Chairman) Mr Jean Paul Emmanuel Arouff Mr Raoul Claude Nicolas Gufflet Mrs Imalambaal Kichenin Mr Premchand Mungar (CEO) (Suspended) Mr Rajcoomar Rampertab Mr Muhammad Azeem Salehmohamed Ms Oumila Sibartie Mr Lawrence Eric Wong Tak Wan	Mr Anantha Subrahmanya Dhananjaya Mr Abizer Diwanji Mr Raoul Claude Nicolas Gufflet Mr Amit Jagdhari Mr Umesh Jain Ms Pallavi Kanchan Mr Sanjeev Lall Mrs Mariam Rajabally Mr Rohit Ramnawaz Mr Ashish Vijayakar (MD & CEO)
SBM Bank (Kenya) Limited	Banque SBM Madagascar SA
Ms Shakilla Bibi Jhungeer ² (Chairperson) Mr Sattar Hajee Abdoula ^{1,3} Mr Raoul Claude Nicolas Gufflet Dr James Boyd McFie Ms Sharon Ramdennee ⁴ Mr Sharad Sadashiv Rao Mr Bhartesh Ajitkumar Premchand Shah (CEO)	Mr Sattar Hajee Abdoula ¹ (Chairman) Mr Leckram Dawonauth Mr Raoul Claude Nicolas Gufflet Mr Maurice Jean Marc Ulcoq
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	SBM Africa Holdings Ltd
Mr Jaswant Rao Balloo Mr Sivakrisna Goinden Mr Raoul Claude Nicolas Gufflet	Mr Sivakrisna Goinden ⁵ Mr Raoul Claude Nicolas Gufflet ⁵
Non-bank holding entity	
SBM (NBFC) Holdings Ltd	
Mr Rohit Ramnawaz (Chairman) Mr Pierre d'Unienville Mr Raoul Claude Nicolas Gufflet Mr Thierry Hugnin Ms Shakilla Bibi Jhungeer Mrs Mariam Rajabally Mr Roshan Ramoly Mr Shailendrasingh Sreekeessoon (CEO)	

*The Board of Directors of SBM Bank (Mauritius) Ltd is being reconstituted, which will be subject to regulatory approvals.

Non-bank operating entities		
SBM Capital Markets Ltd	SBM Mauritius Asset Managers Ltd	SBM Fund Services Ltd
Mr Raoul Claude Nicolas Gufflet Mrs Mariam Rajabally Mr Roshan Ramoly Mr Dharmeshsingh Mohadewo Mr Shailendrasingh Sreekeessoon Mr Eric Venpin	Mr Pierre d'Unienville (Chairman) Mr Assad Abdullatif Mr Vaughan Heberden Mr Jayvash Nundoo Mr Roshan Ramoly Mr Shailendrasingh Sreekeessoon Mr Eric Venpin	Mr Assad Abdullatif (Chairman) Mr Ansley Ittea Mr Sammade Jhummun Mr Shailendrasingh Sreekeessoon
SBM Insurance Agency Ltd	SBM Factors Ltd	SBM eBusiness Ltd
Mr Roshan Ramoly (Chairman) Mr Vaughan Heberden Ms Shakilla Bibi Jhungeer Mr Salim Peer Mr Andre Chung Shui Mr Shailendrasingh Sreekeessoon	Mr Raoul Claude Nicolas Gufflet Mr Vaughan Heberden Ms Shakilla Bibi Jhungeer Mr Shailendrasingh Sreekeessoon	Mr Shaan Kundomal Ms Johanna Van Rensburg Mr Shailendrasingh Sreekeessoon
SBM Leasing Co. Ltd (in process of winding up)		
Mr Shailendrasingh Sreekeessoon		
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 Amal Autar Mr Shaan Kundomal Mr Jayvash Nundoo Mr Shailendrasingh Sreekeessoon	Mr Assad Abdullatif (Chairman) Mr Amal Autar Mr Shaan Kundomal Mr Shailendrasingh Sreekeessoon	Mr Shailendrasingh Sreekeessoon (Chairman) Mr Jayvash Nundoo
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 Jayvash Nundoo	Mr Ganeshanlall Cheeneebash Mr Shailendrasingh Sreekeessoon	
Non-financial entity	Others	
SBM (NFC) Holdings Ltd	SBM 3S Ltd	
Mr Jean Paul Emmanuel Arouff Mr Sivakrisna Goinden Mr Raoul Claude Nicolas Gufflet Ms Sharon Ramdenee	Mr Rohit Ramnawaz Mr Sivakrisna Goinden Mr Raoul Claude Nicolas Gufflet Mr Ranapartab Tacouri	

¹ Mr Sattar Hajee Abdoula served notice of his resignation on 12 November 2024, as Director/Chairman of SBMH and the Boards of subsidiaries where he currently sits. He resigned from SBMH with effect from 11 April 2025, while his resignation as director of the subsidiaries where he currently sits, shall be effective as soon as his replacement is appointed.

² Ms Shakilla Jhungeer was appointed as Chairperson of SBM Bank (Kenya) Limited as from 02 January 2025. She has resigned as Director/Chairperson which shall be effective as soon as her replacement is appointed.

³ Mr Sattar Hajee Abdoula was Chairman of SBM Bank (Kenya) Limited up to 31 December 2024.

⁴ Ms Sharon Ramdenee has resigned as Director of SBM Bank (Kenya) Limited which shall take effect as soon as her replacement is appointed.

⁵ Messrs Sivakrisna Goinden and Raoul Gufflet were appointed as Director of SBM Africa Holdings Ltd, effective as from 18 November 2024.

Registered office addresses of SBM Holdings Ltd and its subsidiaries

Holding entity	Bank holding entity
SBM Holdings Ltd	SBM (Bank) Holdings Ltd
<p>SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 1111/1000 Fax: (230) 202 1234 Website: www.sbmgroup.mu Email: sbm@sbmgroup.mu</p>	<p>SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 1111/1000 Fax: (230) 202 1234 Website: www.sbmgroup.mu Email: sbm@sbmgroup.mu</p>
Bank operating entities	
SBM Bank (Mauritius) Ltd	SBM Bank (India) Limited
<p>SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 1111 Fax: (230) 202 1234 Swift: STCBMUMU Website: www.smbank.com Email: sbm@sbmgroup.mu</p>	<p>101, Raheja Centre, 1st Floor, Free Press Journal Marg, Nariman Point, Mumbai - 400021, Maharashtra, India Tel: (91) (22) 4302 8888 Toll Free Help Line: 1800 2099 335 / 1800 1033 817 Swift: STCBINBX Website: www.smbank.co.in Email: customercare@smbank.co.in</p>
SBM Bank (Kenya) Limited	Banque SBM Madagascar SA
<p>Riverside Mews Building, Riverside Drive, Nairobi, Kenya P.O. Box 34886 - 00100 Tel: (254) 709 800 000/ (254) 730 175 000 Swift: SBMCKENA Website: www.smbank.co.ke Email: atyourservice@smbank.co.ke</p>	<p>1, Rue Andrianary Ratianarivo Antsahavola, 101 Antananarivo, Madagascar Tel: (261) 20 22 666 07 Fax: (261) 20 22 666 08 Swift: BSBMMGMG Website: www.sbmgroup.mu Email: HOTLINEMADA@sbmgroup.mu</p>
Non-bank holding entity	
SBM (NBFC) Holdings Ltd	
<p>SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 260 6033 Fax: (230) 210 3369 Website: www.sbmgroup.mu Email: nbfcfrontoffice@sbmgroup.mu</p>	

Non-bank operating entities		
SBM Capital Markets Ltd	SBM Mauritius Asset Managers Ltd	SBM Fund Services Ltd
<p>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 Email (Investment): sbm.corporatefinance@ sbmgroup.mu Email (Trading): scmltraders@sbmgroup.mu</p>	<p>SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 3515/ 4638/ 1260/ 4640/ 4642 Website: www.sbmgroup.mu Email: sbm.assetm@sbmgroup.mu</p>	<p>SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 1447/ 1488/ 1445/ 1505/ 1441 Website: www.sbmgroup.mu Email: sbmfundservices@sbmgroup.mu</p>
SBM Insurance Agency Ltd	SBM Factors Ltd	SBM eBusiness Ltd
<p>SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 260 6033 Website: www.sbmgroup.mu Email: insurance@sbmgroup.mu</p>	<p>SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 4899 Website: www.sbmgroup.mu Email: sbmfactors@sbmgroup.mu</p>	<p>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</p>
Non-financial entity		Others
SBM (NFC) Holdings Ltd		SBM 3S Ltd
<p>SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 1111 Fax: (230) 211 8838 Website: www.sbmgroup.mu Email: finance@sbmgroup.mu</p>		<p>SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 1111 Website: www.sbmgroup.mu Email: finance@sbmgroup.mu</p>

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	2023
	MUR' 000	MUR' 000
SBM Holdings Ltd		
Statutory audit and quarterly reviews	1,202	1,093
Other services	30	28
SBM (Bank) Holdings Ltd		
Statutory audit and quarterly reviews	791	719
Other services	12	12
SBM Bank (Mauritius) Ltd		
Statutory audit and quarterly reviews - Deloitte	20,033	17,480
Other services - Deloitte	437	840
SBM Bank (India) Limited		
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	-
Banque SBM Madagascar SA		
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 eBusiness 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 Mauritius Asset Managers Ltd		
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

Notes





Registered Office
SBM Holdings Ltd
SBM Tower
1, Queen Elizabeth II Avenue,
Port Louis, Republic of Mauritius
T : (230) 202 1111
F : (230) 202 1234
E : sbm@sbmgroup.mu

Find us on 