SBM HOLDINGS LTD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2023

SBM Holdings Ltd

PART A

Corporate Governance Report for Financial Year 2023

SBM Holdings Ltd

A glance at our Governance Journey in 2023

Dear Shareholder,

We are pleased to present to you our Corporate Governance Report (the Report) for the year ended 31 December 2023. It sets out the Board and Committees' activities of SBM Holdings Ltd ('SBMH or the Company') during the Financial Year (FY) 2023, explains how the Board of Directors of SBMH (the Board) has discharged its responsibilities during the year and provides details of our governance framework and practices.

The Board, consisting of a dynamic group of professionals and boardroom experts, ensures that SBMH and its subsidiaries (collectively referred to as the 'Group' or 'SBM Group') are continuously managed in a responsible, efficient and sustainable manner, while maintaining the highest standards of corporate governance, professionalism, integrity and commitments at all levels, to enhance shareholder value.

As ever, the priority of the Board remains to constantly fulfill the expectations of its different stakeholders through responsible business decisions and governance. With the establishment of a strong Management Team at the Group level, the Board assures its shareholders that it will maintain its focus in 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 internal controls, risk management systems and regulatory effectiveness, being mindful of the operating environment.

On this note, we would like to thank all the Board Members, the Management Teams, the Company Secretariat Team and all the employees for their contribution, commitment and dedication towards the SBM Group throughout the year.

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

Mr Abdul Sattar Adam Ali Mamode Hajee Abdoula
Group Chairman

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

Introduction

SBM HOLDINGS LTD	• Public company listed on the Stock Exchange of Mauritius (SEM) since 03 October 2014 • Ultimate holding entity of the SBM Group and having activities in the banking, non-banking and non-financial clusters • Regulated and supervised by the Bank of Mauritius • Reporting Issuer as per the Securities Act 2005 • Public Interest entity by virtue of the First Schedule of the Financial Reporting Act 2004

Compliance with The National Code of Corporate Governance for Mauritius (2016)

SBMH operates within the best practices of good corporate governance appropriate to the Company. For the year ended 31 December 2023, 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. Reason for non-application is further provided in this Report.

Our Corporate Governance Philosophy

SBMH believes that good corporate governance emanates from the application of the best and sound management practices and compliance with the in-country laws and regulations coupled with adherence to the highest standards of transparency, trust and business ethics. 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

To demonstrate its dedication towards transparency and good governance, SBMH participated in the second edition of the Corporate Governance Scorecard assessment (the Scorecard) organised by the National Committee on Corporate Governance (NCCG) in 2023. SBMH's compliance with governance was assessed based on three main aspects being: (i) Board Effectiveness; (ii) Audit Oversight & Effectiveness; and (iii) Relations with Stakeholders, Shareholders, Sustainability & Inclusiveness. Participation to the Scorecard evaluation exercise was on a voluntary basis and the detailed ratings and results of all participants were treated with utmost confidentiality. Following an individual feedback report received from the NCCG, SBMH proudly announces that its rating has improved as compared to the results of the first edition.

In view to further improve its disclosures in terms of governance practices, the Board of SBMH is pleased to inform its shareholders of its participation in the third edition of the Scorecard.

Diversity, Equality and Inclusion Charter

As a commitment to work towards promoting a diverse, equitable, inclusive and sustainable business community and society, SBMH is a proud signatory of the NCCG's Diversity, Equity and Inclusion (DEI) charter since 2023. To this end, internal targets were established for diversity, equity and inclusion at all levels across the Mauritius based entities of the SBM Group. SBMH aims at creating a better environment for its internal as well as external stakeholders to feel valued, respected and have equal opportunities for growth and success. The DEI charter shall encourage representation and participation of different groups of people with diverse backgrounds, experiences, skills and knowledge and also, includes the diversity of the Board, as further explained in this Report. SBMH undertakes to report on its progress annually to the NCCG.

Our Key Focus Areas for the Financial Year 2023

<table>
<tr><th>Key Focus Areas</th><th>Main Stakeholders Impacted</th><th>Main Capital Impacted</th><th>Main Material Matters Impacted</th></tr>
<tr><td>Maintain strong and effective governance</td><td rowspan="5">• Shareholders, debt holders, and investor community
• Customers
• Employees
• Societies and communities
• Suppliers and strategic partners
• Governments and regulators</td><td rowspan="2">• Financial capital
• Manufactured capital
• Intellectual capital
• Human capital
• Social and relationship capital
• Natural capital</td><td>• Ethics, trust and transparency</td></tr>
<tr><td>Work diligently to attain the vision, mission and strategy of the Group</td><td>• Climate consciousness
• Macroeconomic risks and financial stability</td></tr>
<tr><td>Create long-term sustainable shareholder value while ensuring fairness to all stakeholders</td><td>• Financial capital
• Intellectual capital
• Social and relationship capital</td><td>• Customer experience
• Employee wellbeing
• Diversity, equity and inclusion</td></tr>
<tr><td>Robust internal controls and sound risk management framework across the Group</td><td>• Social and relationship capital
• Human capital
• Intellectual capital</td><td>• Ethics, trust and transparency</td></tr>
<tr><td>Improve financial performance</td><td>• Financial capital
• Intellectual capital
• Human capital</td><td>• Macroeconomic risks and financial stability</td></tr>
<tr><td>Cost containment</td><td>• Employees
• Customers
• Shareholders, debt holders, and investor community</td><td>• Financial capital
• Human capital</td><td>• Climate consciousness
• Macroeconomic risks and financial stability</td></tr>
<tr><td>Exercise due oversight and control over the subsidiaries</td><td>• Shareholders, debt holders, and investor community
• Employees
• Governments and regulators</td><td>• Intellectual capital
• Human capital
• Social and relationship capital</td><td>• Macroeconomic risks and financial stability
• Ethics, trust and transparency
• Diversity, equity and inclusion</td></tr>
</table>

Promote equality, diversity and inclusion across the Group	• Employees • Governments and regulators • Societies and communities	• Financial capital • Intellectual capital • Human capital • Social and relationship capital	• Diversity, equity and inclusion • Employee wellbeing
Promote sustainability initiatives across the Group	• Shareholders, debt holders, and investor community • Customers • Employees • Societies and communities • Suppliers and strategic partners • Governments and regulators	• Natural capital • Human capital • Social and relationship capital • Natural capital	• Climate consciousness • Employee wellbeing
Strengthen existing policies and procedures	• Employees • Governments and regulators • Suppliers and strategic partners • Shareholders, debt holders, and investor community • Customers	• Manufactured capital • Intellectual capital • Human capital • Social and relationship capital	• Employee wellbeing • Ethics, trust and transparency • Diversity, equity and inclusion
Promote talent Management and succession planning	• Employees • Governments and regulators • Shareholders, debt holders, and investor community	• Intellectual capital • Human capital	• Ethics, trust and transparency • Diversity, equity and inclusion
Ensure a safe working environment for the employees of the Group in view of the recent climate change	• Employees • Customers • Societies and communities • Suppliers and strategic partners	• Financial capital • Manufactured capital • Intellectual capital	• Employee wellbeing • Climate consciousness
Compliance with the in-country laws and regulations	• Shareholders, debt holders, and investor community • Customers • Employees • Societies and communities • Suppliers and strategic partners • Governments and regulators	• Financial capital • Intellectual capital • Human capital	• Diversity, equity and inclusion • Ethics, trust and transparency

Principle One – Governance Structure

Main Stakeholders Impacted	Main Capital Impacted	Main Material Matters Impacted
• Shareholders, debt holders, and investor community • Customers • Employees • Societies and communities • Suppliers and strategic partners • Governments and regulators	• Financial capital • Manufactured capital • Intellectual capital • Human capital • Social and relationship capital • Natural capital	• Customer Experience • Macroeconomic risks and financial stability • Employee wellbeing • Ethics, trust and transparency • Diversity, equality and inclusion • Climate consciousness

Accountability Statement

SBMH is headed by an effective and committed Board which oversees its business performance and affairs, while being 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. The Board, assisted by its specialised Board Committees and Management Team, ensures that the Group operates within a clearly defined governance framework through appropriate delegation of authority and clear line of responsibilities, while enabling the Board to have adequate control and oversight over the operations of its subsidiaries, with the objective of ensuring that all legal and regulatory requirements are fulfilled.

Our Corporate Governance Structure

Strong and effective corporate governance fosters a culture of integrity, leading to positive performance and sustainable business. It sets the tone as to how an organisation operates, creates transparent rules and controls, guides leadership and also ensures that the appropriate decision-making processes are in place so that the interests of all stakeholders are balanced.

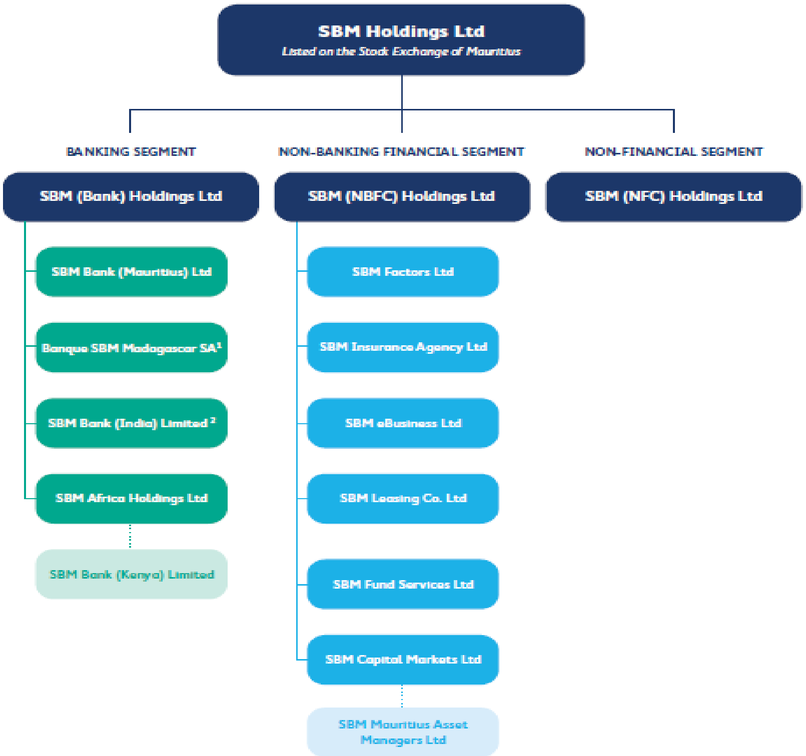
We believe that setting the tone at the top is a prerequisite for a strong governance culture. This approach, as adopted by our Board, acknowledges that good corporate governance delivers signals to the market that the organisation is well managed and that the interests of all the stakeholders are safeguarded. The Board plays a vital role in the development of corporate governance policies and remains committed to defining, following and practicing the highest level of corporate governance across the Group. Despite a dynamic business environment, the Board has always ensured that the affairs of the Group are managed in a fair and transparent manner while maximising the interest of the stakeholders legally, ethically and sustainably.

The main governance practices at SBMH are depicted as follows:

- Management, Board and Board Committees
- Values and ethics
- Policies, procedures and regulatory frameworks
- Monitoring and internal controls
- Risk and performance management
- Transparency and accountability

Group Structure

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

SBMH Governance Structure and Leadership

Shareholders

Chairman

As the highest-ranking official on the Board, the Chairman is responsible for the leadership and control of the Board and ensures that it plays a full and constructive part in the development and determination of the Group's strategy and policies.

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 to ascertain that the interests of all its stakeholders are safeguarded, while maintaining a balanced approach to risk within a framework of effective controls.

Biographies	Strategic orientations	Stakeholder model and engagement	Board activity in the year
Read more in section Additional Information	*To be provided separately in section "Delivering Sustainable Value to our Stakeholders"*	*To be provided separately in section "Delivering Sustainable Value to our Stakeholders"*	*Read more on pages 17-18*

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 our website at: https://www.sbmgroup.mu/documents/sbm-group-terms-reference-board-committees

Strategy Committee	Risk Management Committee	Audit Committee	Corporate Governance, Conduct Review & Sustainability Committee	Nomination & Remuneration Committee	Business Review Committee	Projects Assessment Committee
Read more on pages 19 to 20	*Read more on pages 20 to 21*	*Read more on pages 21 to 23*	*Read more on pages 23 to 24*	*Read more on pages 24 to 25*	*Read more on page 25*	*Read more on pages 26*

Group Chief Executive Officer

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

Executive and Management Office

Internal Audit & Investigation	Risk Management & Compliance	Performance Management & ALM	Strategy Management & Execution, Investor Relations, Research & Development	Sustainability	Marketing and Communication	Operations, Technology & Transformation	Human Resources	Finance & Capital Management

Read more on pages 26 to 27

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

Each subsidiary of the Group has its own Board/Board Committees which are in line with the best governance principles applicable as per the in-country laws and regulations. The Chief Executive Officers (CEOs) of the banking subsidiaries and SBM (NBFC) Holdings Ltd (SBM NBFC) report to their respective Board/Committees and in parallel, they have an indirect reporting line to the Group CEO of SBMH on all matters concerning the operations of their respective entities. As regards SBM (NFC) Holdings Ltd, it falls under the purview of the Group Chief Investment Officer and it reports to its Board.

Board Charter

The Board has adopted a Board Charter (the Charter) which sets out its functions, objectives, roles and responsibilities. The Charter is an extension of the Constitution of SBMH and should be read in conjunction. The Charter was reviewed during the financial year 2023, to keep abreast of developments in law, 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 approved and adopted a Code of Ethics and Business Conduct (COEBC) with the aim of achieving long term growth and sustainability through sound service provision and ethical behaviours. 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 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 has an Equal Opportunity Policy (EOP), published on its website, which has been drafted in line with the Equal Opportunities Act 2008, with a view to minimising the risk of an employee being discriminated and to 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 is elected by the Shareholders at the Annual Meetings and remains the supreme decision-making authority of the Company. The Board is collectively responsible for promoting the long-term sustainable success of the Group, generating value for shareholders as a whole and contributing to wider society by fulfilling its purpose. It exercises its duties in line with the provisions of Constitution and the Board Charter of the Company as well as in accordance with the in-country laws and regulations as currently in force. In addition, the Board actively engages with the Management Team in fulfilling its obligations and responsibilities, and continually assesses the Company's financial, non-financial and strategic position, amongst others.

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

- Sets out the vision, mission, goal, values, strategic objectives, targets and overall directions of the Group
- Guides, oversees and monitors the strategy, performance and governance of the Company

- Leads and controls the Company
- Engages with and provides appropriate guidance to the Management Team
- Monitors the Group's operating and financial performance
- Ensures the Company meets all legal and regulatory requirements
- Ensures that the Company's obligations towards its stakeholders are understood and achieved
- Reviews the appropriateness of the risk management systems, internal controls and compliance framework of the Company
- Implements the Group's succession planning for its Directors and Management Team
- Exercises oversight on the subsidiaries to ensure the strategic aims of the Group are attained

Key Governance Positions

Both the Chairman and the Group CEO are collectively responsible for the leadership of the Group and for promoting the highest standards of integrity and probity, while nurturing a culture in which the Board works harmoniously for the long-term benefit of the Company and all its stakeholders. In line with good governance practice, there is a clear and effective division of accountability and responsibility between the Chairman and the Group CEO. Each plays a distinctive role but complementing each other to ensure that there is a proper balance of power and authority and that no individual has unfettered powers of decision and control.

Mr Abdul Sattar Adam Ali Mamode Hajee Abdoula (Sattar Hajee Abdoula), assuming the responsibilities of Chairman of the Board, leads the Board, with focus on strategic matters, overseeing the Group's business as well as setting high governance standards. 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 Board Charter, Mr Hajee Abdoula classifies as an Independent Director on the basis that he has no relationship with the Company or its subsidiaries such that his independence could be questioned.

Mr Raoul Claude Nicolas Gufflet (Raoul Gufflet) is the Group CEO of SBMH since November 2022 and by virtue of Section 14.1 of the Constitution of SBMH, he is an Executive Director on the Board of SBMH. He spearheads the business and the day-to-day management of the Company and is also a Non-Executive Director of various subsidiaries of the SBM Group.

The following listed key governance positions have been identified and approved by the Board of SBMH through its CGCRS Committee and are depicted in the following tables.

Governance Position	Key roles and responsibilities
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 Committees • Presides all Board Meetings and Annual Meetings of the Company • Ensures that the Board, as a whole, plays a full and constructive part in the development and determination of the Group's strategy and policies, and that the decisions taken by the Board are in the Group's best interests and fairly reflect a consensus reached by the Board • Ensures that all key and appropriate issues are discussed by the Board in a timely manner • Promotes the highest standards of integrity, probity and corporate governance within the Group, particularly at Board level

	• Ensures that the strategy and policies approved by the Board are effectively implemented by the Management Team • Sets the Board Meeting schedules and agendas, in consultation with the Company Secretary and Group CEO, to take full account of the important issues facing the Group and the concerns of all Directors. Also ensures that adequate time is allocated for thorough discussion on critical and strategic matters • Ensures the composition of the Board reflects the skills, attributes and experience appropriate to the Company's existing and planned business operations • 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 • Leading, in collaboration with the Company Secretary, Group CEO and the CGCRS Committee, in identifying and meeting the training and developmental needs of individual Directors • Ensures Directors receive clear, accurate, reliable and timely information to fulfil their duties vis-à-vis the Company • Is responsible for encouraging and facilitating active engagement by and between all Directors and ensures a culture of openness is maintained • Oversees and facilitates Board, Committee and Board Member evaluation reviews and succession planning • Ensures effective engagement between the Board and its stakeholders, including shareholders
Group Chief Executive Officer	• Leads the Management in the day-to-day running of the Group's operations in accordance with the business plans and budget 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 • Responsible for recommending the Group's strategy to the Board and for delivering the strategy once approved • Ensures that all decisions of the Board are implemented timely and effectively • Monitors the on-going financial and non-financial performance and management of the Group so as to ensure maximum shareholder value consistent with 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 • Acts as a liaison between Management Team and the Board of SBMH • Supports the Chairman and the Company Secretary to ensure compliance across the Group in relation to all aspects of corporate governance and promotes high standards of integrity, probity, ethics, diversity and inclusion 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/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 the corporate culture and values are embraced throughout the Group • 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	• Collectively responsible for the success of the Group • Attend all Board/Committees meetings and participate actively in the decision-making process while exercising independent judgement, and bringing valuable knowledge and experience to the 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 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 • Exercise reasonable care, skills and diligence in discharging their duties • Exercise their powers in line with the Constitution/Board Charter of the Company and the applicable laws and regulations • Act prudently and avoid any situation of conflicts • Maintain confidentiality at all times

Leadership Team

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

Principle Two – The Structure of the Board and its Committees

Main Stakeholders Impacted	Main Capital Impacted	Main Material Matters Impacted
• Shareholders, debt holders, and investor community • Employees • Societies and communities • Governments and regulators	• Financial Capital • Intellectual Capital • Human Capital • Social and Relationship Capital	• Macroeconomic risks and financial stability • Ethics, trust and transparency • Climate consciousness

The Board is appointed by and represents its shareholders for creating and delivering sustainable value. All Directors contribute to the Board's collective decision-making process, having regards to their proper mix of qualifications, background, experience and skills, to effectively perform their duties towards the Company.

Composition and Size of Board

As defined in 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*.

Considering the above, SBMH has a unitary Board of seven Directors as detailed below:

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

Appointed since 2017 on the Board of SBMH, Dr Subhas Thecka has served around 6 years as Independent Director as of 31 December 2023. Following a due diligence exercise undertaken internally and discussion held at the SBMH Board Meeting, the BOM has not expressed any objection with respect to the extension of the tenure of Dr Thecka as independent Director until June 2024.

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. Based on the size of the Company, complexity of the business operations and its relative shareholding structure, the Board believes that it has a judicious mix of Executive, Non-Executive and Independent Directors, who have the adequate set of expertise, skills, competencies as well as different professional background, to manage the Company in an efficient and effective manner. 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 Committees and Board deliberations as and when needed.

Having an appropriate balance of independent Directors on the Board improves corporate credibility and governance standards whereby Directors also provides valuable mechanism for checks and balances, mitigating potential conflicts of interest and ensuring ethical decision-making. As defined in the Board Charter, approved by the SBMH Board as part of the annual review process, a Director is deemed to be independent where in general, he has no relationship with the Company or any other subsidiaries such that his 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 Board Charter. The Board affirms that a search for suitable candidates to join the Board of SBMH as an 'Independent Director' is considered on a regular basis.

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

SBMH ensures that its Board is committed and adequately balanced. This helps the Group in achieving its objectives while optimising the decision-making process. A culture of openness and transparency is promoted throughout Board and Committee meetings and Directors are encouraged to participate actively and to share their views and opinions in order to avoid groupthink.

The Board acknowledges its fiduciary duties towards the Company and ensures that the Group adheres to all applicable rules and legislations in force in all the jurisdictions where it operates. The profiles of the Directors are found under the Profile section.

Board Diversity

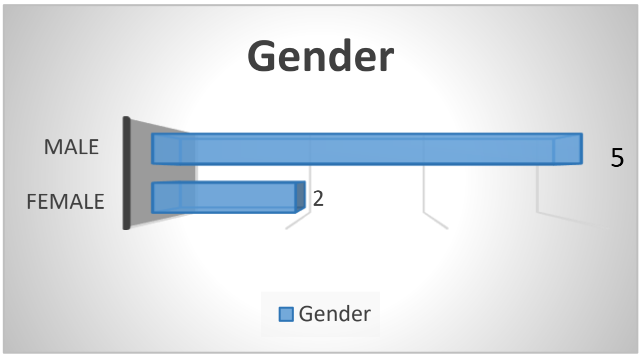
A diverse and effective Board of Directors is essential for good corporate governance and a Company's long-term success and sustainability. The Board, through the Nomination & Remuneration Committee (REMCO), ensures that all appointments made onto the Board are based on merit, while ensuring the balance of skills, knowledge and experience required, for the Board and its Committees to operate effectively. Further explanations regarding the nomination and appointment process are provided under Principle Three of the Report.

SBMH is an equal opportunity employer whose policies and practices aim at creating an environment that promotes equal opportunities for its employees across the Board and as such SBMH acknowledges the importance of gender parity on its Board of Directors and in respect thereof, the SBMH Board ascertained that on the gender front, it has satisfied the criteria of having the minimum requirement of 25 percent of women representatives on its Board.

Board at a Glance

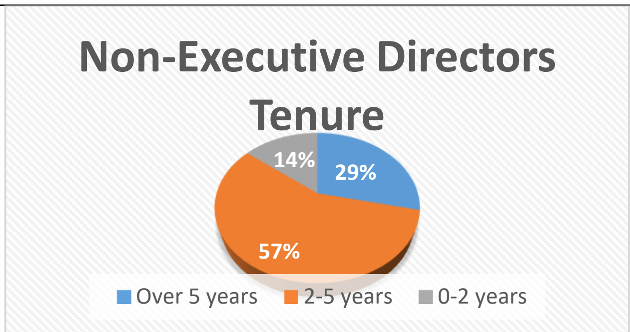
Board Skills and Experience

Public administration	2
Accounting and audit	5
Banking	1
Economics	3
Finance	6
Manufacturing, Marketing & Services	2
Legal & Governance	3



Age Group

Below 30 years	0
30-40 years	1
41-50 years	2
51-60 years	2
>60 years	2



The Company Secretary

The Company Secretary emerges as a keystone in the complicated world of corporate governance, ethical standards and regulatory compliance by engaging in upholding corporate governance standards by ensuring transparency and accountability in the decision-making processes and safeguarding the interest of the stakeholders. The Company Secretary assures that SBMH complies with the relevant legislations and regulations, while ensuring that the Company maintains a high standard of corporate governance. The Company Secretary acts as a bridge between the Board and the Management Team, facilitating effective communication and promoting ethical behaviour within the Company.

The appointment or removal of the Company Secretary remains a matter for decision by the Board. The Company Secretary is accountable to the Board, through the Chairman, for: (a) advising and guiding the Board on corporate governance, legal and regulatory matters, (b) ensuring that Board procedures are followed and applicable rules and regulations are complied with, (c) ascertaining that the Board Members are kept informed and updated of their legal and other duties, and (d) assuring that due account is taken of relevant codes of best practice.

Key roles and responsibilities of the Company Secretary

- Plays a central role in enhancing and maintaining a high level of corporate governance across the Company and its Board
- Responsible for the efficient administration of the Company, particularly with regard to ensuring compliance with statutory and regulatory requirements

- Provides guidance to the Board in respect of its duties, responsibilities, and powers in line with all applicable laws and regulations
- Arranges meetings of the Shareholders and the Directors and ensures that minutes of proceedings of all these meetings are properly recorded in accordance with applicable provisions of the Mauritius Companies Act 2001 ('the Act')
- Responsible for ensuring proper information flow within the Board and its Committees and between the Management Team and Non-Executive Directors, in addition to facilitating induction and assisting in the professional development of Non-Executive Directors as required;
- Ensures that all statutory registers are properly maintained and certifies in the Annual Financial Statements of the Company that all returns, as required under the Act, have been filed with the Registrar of Companies (ROC)
- Ensures that a copy of the Annual Financial Statements and, where applicable, the Annual Report are sent in accordance with sections 219 and 220 to every person entitled to such statements or report as per the Act.

Mrs Dayawantee (Poonam) Ramjug Chumun is the Company Secretary of SBMH and has extensive experience in company secretariat and corporate governance matters. 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 SBMBM. She was appointed as the Company Secretary of SBMH in March 2015 and since then, she has been leading the company secretariat function of SBMH. She has been instrumental in the implementation of several Group corporate governance initiatives. She attends all Board and Committees Meetings and is also the Secretary of other SBM subsidiaries.

Board Meetings

Board Meetings are considered as a critical aspect of corporate governance and decision-making process and serve as a platform for Board Members to discuss and evaluate important strategic initiatives, financial performance and overall financial and non-financial health of the SBM Group. They form an essential part of how the Company operates and are equally crucial for the survival as well as the growth of the business. They remain an important mechanism through which the Directors discharge their duties as defined by the in-country laws and regulations.

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

At SBMH, Board meetings are held physically, however where physical attendance is not possible, hybrid meetings are conducted, by means of audio and/or video conferences in accordance with the Constitution of the Company. During the year under review, Board meetings were conducted both physically and virtually.

The Board Meetings are attended by the Board Members, however, for matters requiring specific input and observations from other parties, the Management/Officers of the Company and its subsidiaries, advisors and subject matter experts are also invited to attend the meeting or part thereof as deemed appropriate by the Chairman of the Board.

In the ordinary course of business, Board meetings are conducted on a quarterly basis, however, ad hoc meetings are also convened to discuss on specific strategic, transactional and governance matters as and when required. The frequency of Board meetings is determined in such a way that Directors can consider general as well as crucial matters effectively and in a timely manner. The Board and Management Team collaborate effectively, ensuring continuity in effective governance and decision-making.

The SBMH Board held 17 meetings, with an average attendance of 82%, during the financial year under review to analyse reports, discuss key performance indicators and provide guidance to the executive team on how to navigate through challenges and capitalise on opportunities. The attendance is depicted in the table below.

Members	Independent	Board Member since	Meeting attendance
Chairman			
Mr Sattar Hajee Abdoula *(Chairman)*	✓	March 2020	17
Non-Executive Directors			
Mr Jean Paul Emmanuel Arouff	X	March 2020	14
Ms Shakilla Bibi Jhungeer	✓	March 2020	16
Mr Ramprakash Maunthrooa*	X	December 2021	2
Ms Sharon Ramdenee	✓	December 2018	16
Mr Visvanaden Soondram	X	March 2020	12
Dr Subhas Thecka	✓	June 2017	17
Executive Director			
Mr Raoul Claude Nicolas Gufflet	X	November 2022	17

**Mr Ramprakash Maunthrooa resigned as Board Member effective 14th July 2023*

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

- Separate meeting of the Independent Directors without the Non-Executive and Executive Director;
- Separate 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 can 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.

Board Activities and Principle Decisions

The key topics discussed at the Board level for the year ended 31 December 2023 are as follows:

Strategy

- Monitored developments in the operating environment
- Approved the 3-year strategic plan and budget 2024-2026 of SBMH (stand-alone basis) and the Group
- 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
- Monitored the execution of the Group Sustainability Agenda

Financial matters

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

Governance, legal and risk

- Reviewed and approved the organisational structure of SBMH
- Reviewed and approved the Director's Fees of SBMH and applicable subsidiaries
- Reviewed and approved the Directors' training needs for FY 2023
- Reviewed and approved amendments proposed to existing/new policies for the Group
- Considered matters relating to Board succession and approved appointments to the Board Committees and subsidiaries of the Group
- Ensured that the Group has a solid risk management system in place in terms of people, systems, policies, controls and reporting
- Monitored the implementation of a governance review remediation plan on a quarterly basis
- Monitored the share dealings by Directors, Senior Management Team, applicable employees and their associates as defined by the internal policies
- Reviewed and approved proposed amendments to the Board Charter of SBMH
- Approved the creation of a Governance page for SBMH on the website
- Approved the participation of SBMH in the second Scorecard Assessment exercise run by the NCCG in FY2023
- Approved that SBMH signed the NCCG's DEI charter
- Reviewed and approved the Terms of References (TORs) of the Board Committees during the reporting period
- Approved to carry out an externally facilitated Board Evaluation Exercise for FY 2023
- Recommended to the shareholders the nomination of Directors

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
- Approved the selection of the agency for the design of SBMH Annual Report 2023
- Reviewed and approved the SBMH Annual Report 2022
- Monitored the Group's governance initiatives being driven at Management level
- Approved the recruitment/novation of staff to SBMH
- Approved the arrangements pertaining to the Annual Meeting of the Shareholders

Access to Information and Independent Professional Advice

In line with the Board Charter, Directors wishing to have information on the Company and its subsidiaries, have unrestricted access to the relevant officers and employees of the Company provided that they abstain from interfering in the day-to-day activities of the Company or give instructions. Furthermore, Directors, on an individual basis or jointly, shall have access to the independent professional advice 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.

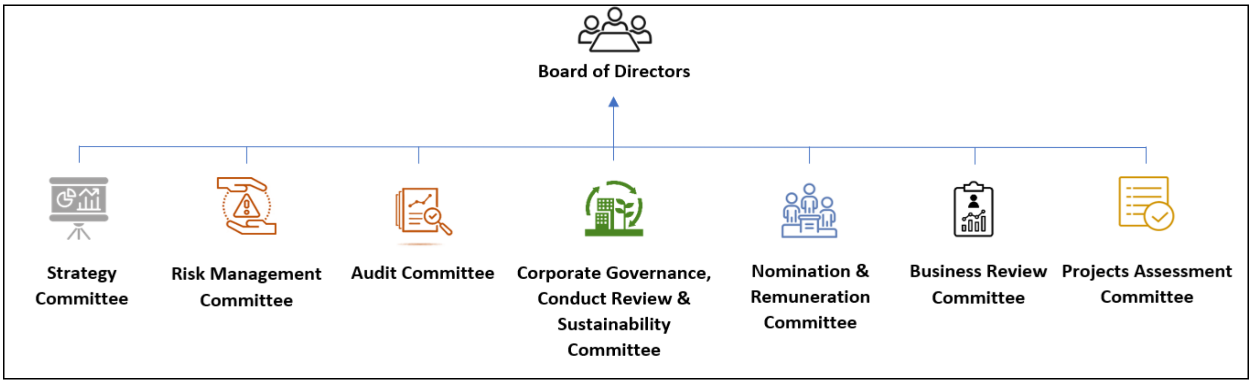
The SBMH Board Governance Structure

The Board is supported by the activities of the Board Committees, which have been established in line with the applicable laws and regulations as well as per the requirements of the business, to ensure that specific matters receive the right level of attention and consideration. The Board Committees operate within well-defined TORs, duly approved by the Board and are chaired by experienced Chairpersons, who report to the Board on the issues discussed at each Committee meeting. 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 profiles of the Directors provide thorough insights on the background, qualification and experience and other list of directorships of the Directors, based on which they are nominated on the respective Board Committees.

The governance framework is illustrated under Principle One and the complete TOR for each Board Committee are available on the SBM Group's website.

Board Committees



STRATEGY COMMITTEE

The Strategy Committee is responsible to (i) review, validate and recommend the Group strategic plan to the Board; (ii) monitor the progress of the execution of selected strategic initiatives; (iii) discuss and recommend strategic endeavours that have a meaningful impact on the Group to the Board; and (iv) review and assess the utilisation of capital, alongside ensuring that the Company and its subsidiaries meet their respective underlying capital adequacy, funding and liquidity requirements.

Independence	Members	Meetings	Attendance
50%	4	3	75%

Members	Independent	Committee member since	Meeting attendance
Mr Sattar Hajee Abdoula *(Chairman)*	✓	March 2020	3
Mr Raoul Gufflet	x	March 2022	2
Ms Sharon Ramdenee	✓	August 2020	1
Mr Visvanaden Soondram	x	March 2020	3

Principal areas of focus in 2023

- Reviewed the performance and outlook of the Group's operating environment including the economy and competing peers
- Monitored progress realised with regards to the execution of the strategy of the Group and its operating subsidiaries against their respective strategic plans
- Monitored the implementation of the Group strategic initiatives and capital morphing
- Monitored the evolution of SBMH share price and reviewed the feedback/comments from the investors for improvement

Looking ahead

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

RISK MANAGEMENT COMMITTEE

The Risk Management Committee (RMC) assists the Board in fulfilling its corporate governance oversight responsibilities with regards to the identification, evaluation and mitigation of strategic, financial (credit, market and liquidity/funding), non-financial (operational, reputational, legal and compliance) and external environmental risks amongst others, facing the Group. It reviews the Group's overall risk appetite and makes recommendation to the Board for any probable material amendments. It also assists the Board in establishing a sound risk management framework, including policies, processes and practices geared towards managing the risks faced by the Group.

Independence	Members	Meetings	Attendance
67%	3	4	92%

Members	Independent	Committee member since	Meeting attendance
Ms Sharon Ramdenee *(Chairperson)*	✓	July 2019	3
Mr Raoul Gufflet	x	January 2023	4
Dr Subhas Thecka	✓	August 2017	4

The Group CRCO attended all the RMC meetings.

Principal areas of focus in 2023

- Ensured that the Group has a robust risk management system in terms of human resource, systems, policies, control 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
- Monitored the Group's financial, operational and legal risk profile and the risk heat map on a quarterly basis
- Reviewed and assessed the robustness of the Company's internal control including internal financial control and business risk management
- Monitored the implementation of the Enterprise Risk Management Framework (ERMF)
- 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 new and amendments proposed to existing policies for the Group

Looking ahead

- Focus on the impact of the external environment on the Group's risk profile
- Monitor the progress of the implementation of the ERMF
- Review the effectiveness of the Group risk management process on a regular basis and recommend the appropriate strategies to address potential risks throughout the whole Group
- Maintain a sound risk management and internal control system
- Focus on cyber security risk, climate change and ESG related risks

AUDIT COMMITTEE

The Board delegates its responsibilities for oversight of the Company's financial reporting, audit functions and financial reporting to the Audit Committee, which ensures that appropriate policies, processes and internal control are in place for the prevention and identification of fraud. The Audit Committee is responsible for creating an environment that accommodates an open discussion in a culture of integrity, respect and transparency between Management and the External Auditors. It also oversees the audit reviews performed by the Internal and External Auditors and ascertains that the latter exercises appropriate professional scepticism.

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

Independence	Members	Meetings	Attendance
100%	3	5	80%

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

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

Principal areas of focus in 2023	
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 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 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 Auditor 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 Auditor, including their independence, objectivity, effectiveness, terms of engagement and level of fees • Considered significant audit matters regarding the audit opinion • Recommended the re-appointment of Deloitte as Statutory Auditors of the Company for FY 2023 to the Board for consideration and for onward recommendation to the Shareholders for approval
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 to ascertain reliability of evidence
Internal control systems	• Reviewed the internal controls and processes of the Group on a quarterly basis. The regular monitoring of the Internal Control Framework allowed the identification of issues and formal tracking of remediation plans • Ensured that significant controls are in place with regards to cyber security • Ensured integrity and accountability from everyone working for the Group

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
- Review policies and procedures to adapt to the rapidly changing and challenging environment
- Ensure that the Group continues to provide accurate, true, fair and timely financial results and implements accounting standards and judgement effectively.

CORPORATE GOVERNANCE, CONDUCT REVIEW & SUSTAINABILITY COMMITTEE

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

Independence	Members	Meetings	Attendance
67%	3	4	67%

Members	Independent	Committee member since	Meeting attendance
Ms Shakilla Bibi Jhungeer *(Chairperson)*	✓	March 2020	4
Mr Jean Paul Emmanuel Arouff	x	March 2020	4
Ms Sharon Ramdenee	✓	February 2022	Nil

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

Principal areas of focus in 2023

- Reviewed the Corporate Governance Report and Sustainability Report for FY 2022
- Reviewed the Governance Review Report and monitored progress relating to actions initiated
- Assessed the Directors' professional development needs for FY 2023 and made recommendations to the Board
- Reviewed the related party transactions reports on a quarterly basis
- Discussed and made recommendation to the Board for an external Board Evaluation exercise for FY 2023
- Reviewed the amendments proposed to the Board Charter and made recommendation to the Board
- Reviewed and recommended to the Board, the proposal for the creation of a Governance page for SBMH on the website
- Monitored the dealings in SBMH shared by Restricted persons as defined by the applicable guidelines and internal policies
- Monitored progress in the execution of the Group Sustainability Agenda
- Considered other governance matters

Looking ahead

- Ensure that sound governance principles prevail across the Group
- Review and update Group policies at regular intervals and ensure alignment across the Group, wherever possible
- 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 effective execution of the Group Sustainability Agenda
- Ensure that the recommendations of the Board Evaluation Report 2023 are duly implemented

NOMINATION & REMUNERATION COMMITTEE

The REMCO, having regard to applicable legislation and sound corporate governance, provides guidance and support to the Board in fulfilling its responsibilities to shareholders, employees and other stakeholders by ensuring that: (a) the right resources are onboarded, (b) the employees of the Company are appropriately and equitably compensated for their services to the Company and (c) the employees are motivated to perform to the best of their ability in the interests of all stakeholders. The REMCO 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 Board and its Committees have the balance, diversity of experience and skills to operate in the best interests of the shareholders and more so, are adequately remunerated.

Independence	Members	Meetings	Attendance
33%	3	7	86%

Members	Independent	Committee member since	Meeting attendance
Mr Jean Paul Emmanuel Arouff *(Chairman)*	X	August 2020	6
Ms Shakilla Bibi Jhungeer	✓	August 2020	7
Mr Visvanaden Soondram	X	January 2023	5

The Group CEO and the Officer-in-Charge of the Human Resource Department of SBM Bank (Mauritius) Ltd (SBMBM) were invited to the meetings held during the year, as and when required.

Principal areas of focus in 2023

- Considered matters relating to Board succession planning, including the recruitment and appointment of key executives positions at SBMH level and the nomination of Members to the Board/Board Committees
- 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
- Discussed on the implementation of a Career Architecture for the Mauritius based entities of the SBM Group and governance structure for grading of jobs roles

Looking ahead

- Devise a comprehensive succession plan for the Board and the Management Team, taking diversity, skills and tenure into consideration
- Review the composition of the SBMH 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
- Continue to update the training needs of the Directors, in conjunction with the CGCRS Committe after taking the changing operating and regulatory environment into account
- Ensure that employees are remunerated fairly and based on merit

BUSINESS REVIEW COMMITTEE

The Business Review Committee has been established to assist the Board in overseeing and monitoring the overall performance of the SBM Group, i.e. SBMH and its subsidiaries within the Banking and the Non-Banking Financial Clusters.

Independence	Members	Meetings	Attendance
50%	2	3	100%

Members	Independent	Committee member since	Meeting attendance
Mr Jean Paul Emmanuel Arouff *(Chairman)*	X	April 2023	3
Ms Shakilla Bibi Jhungeer	✓	April 2023	3

The Group CEO, 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 2023

- Reviewed the performance of each banking subsidiary entity and of SBM NBFC 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 require the attention of the Committee

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

PROJECTS ASSESSMENT COMMITTEE

The Projects Assessment Committee (PAC) provides an oversight on strategic projects having an impact across the SBM Group's operating entities. It oversees the implementation of Group related projects to ensure that the goals and objectives of those projects are achieved within the prescribed time frame, budget and scope of work.

Independence	Members	Meetings	Attendance
33%	3	3	78%

Members	Independent	Committee member since	Meeting attendance
Ms Shakilla Bibi Jhungeer *(Chairperson)*	✓	April 2023	3
Mr Jean Paul Emmanuel Arouff	X	April 2023	3
Mr Raoul Gufflet	X	October 2023	1

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

Principal areas of focus in 2023

- Provided strategic oversight over Group related projects
- Monitored and supervised 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 approriate resources and assets are in place to effectively manage the proper execution of the strategic projects.

MANAGEMENT COMMITTEES

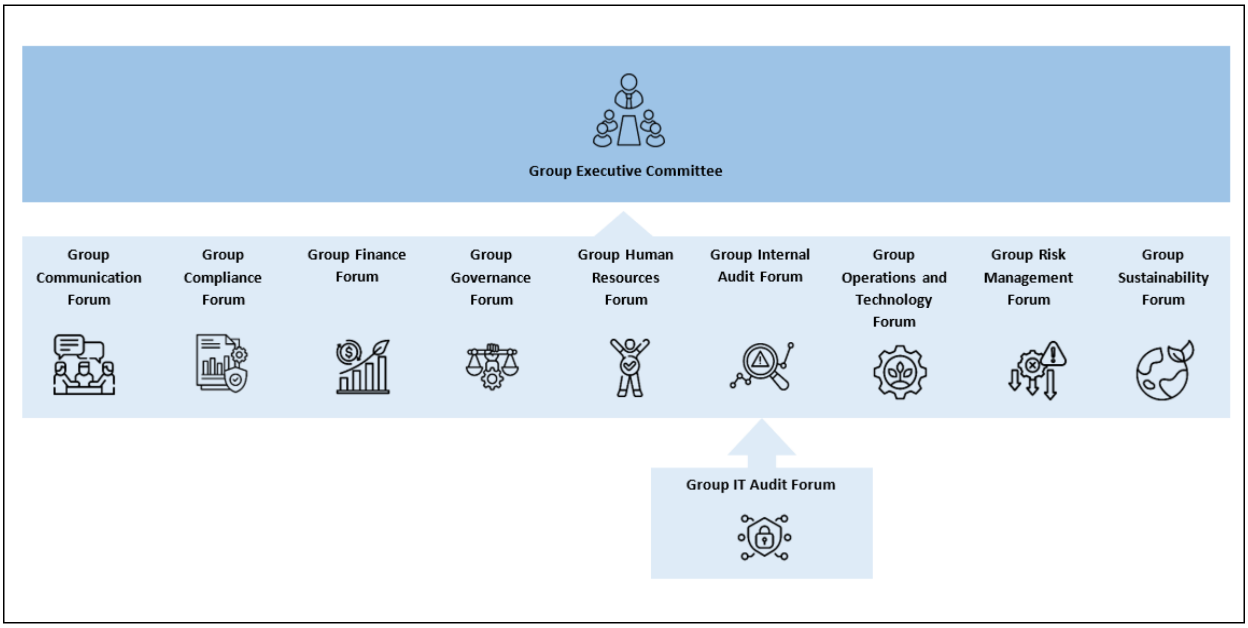
Under the guidance and supervision of the Group CEO, the SBMH Management Team (Executive and Management Offices) is responsible for setting, managing and executing the strategies of the Company which are approved by the Board, including but not limited to running the operations of the Company, under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

- ### Group Executive Committee (Group ExCo)

The SBMH Board established the Group ExCo, under the leadership of the Group CEO and having as Members, the: (i) Deputy Group CEO, (ii) Group Chief Investment Officer, (iii) Chief Financial Management Officer of SBMBM, (iv) Group Operations and Transformation Officer, (v) Group CRCO, (vi) Group Chief Strategy Officer, (vii) Group Chief Sustainability Officer and (viii) Group Head Finance and Capital Management. The Group ExCo assists to: (a) implement the Group's strategy, operational plans, policies, procedures and budgets, (b) provide support to the entities, (c) assess and manage risks and (d) improve synergy and alignment across the Group. The Group CEO holds individual meetings with each member of the Committee on a regular basis, to stay up-to-date with the progress of the various tasks/assignments across the Group and to facilitate swift resolution of any potential issues.

- **Group Functional Forums**

In addition to the Group Forums that have been established at Management level, to continuously ensure adequate oversight, effective control and improve synergy across all entities of the Group, the SBMH Board approved the setting up of a Group Governance Forum in late 2023 with aim of further solidifying the governance principles throughout the Group. The Group Functional Forums, as depicted in the table below, discharge their responsibilities as defined in their respective TORs, which are reviewed annually and approved by the Group CEO in his capacity as Chairperson of the Group ExCo and as mandated by the SBMH Board.



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

Principle Three – Director Appointment Procedure

Main Stakeholders Impacted	Main Capital Impacted	Main Material Matters Impacted
• Shareholders, debt holders, and investor community • Governments and regulators	• Social and relationship capital • Intellectual Capital	• Ethics, trust and transparency • Diversity, equity and inclusion

Appointment of Directors

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

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

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'. Appointment of Directors at SBMH is subject to a pre-determined formal, rigorous and transparent process implemented by the Board, supported by the CGCRS Committee and the REMCO, which are also responsible for reviewing the composition of the Board and its Committees and for assessing whether the right balance of skills, experience, knowledge and diversity is appropriate to operate effectively. The appropriate recommendations are then made to the Board of SBMH.

The responsibility for the appointment of Directors rests with the Board, while ensuring adherence to the criteria laid down in the SBMH Constitution, the Group Fit & Proper Person Policy, the Bank of Mauritius Guidelines on Fit and Proper Person, the Code and other applicable legislations and guidelines, in terms of the board balance. Moreover, when appointing new Directors, the Board carefully considers the needs of the Company and several components such as, but not limited to, previous experiences, independence and conflict of interest.

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 of Shareholders (Annual Meeting) and hold office until the next Annual Meeting.

Selection and Appointment of new Directors

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

2	Identify director candidate	Once the candidate is identified, a due diligence exercise is conducted to determine the eligibility and fit and proper status of the candidate
3	In-depth review/due diligence	The CGCRS Committee and the REMCO assess the fitness and probity of the candidate
4	Recommendation to the Board	The CGCRS Committee and the REMCO make the required recommendations to the Board
5	Board appointment	The Board either approves, if the appointment is made out of the normal annual appointment cycle, or recommends to the shareholders at the Annual Meeting of Shareholders for approval, subject to regulatory clearance
6	Results	The new Director is on-boarded and a letter of appointment is issued once the appropriate clearance is received.

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

Board Induction

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

On appointment, new Directors are provided with tailored and comprehensive induction programmes to facilitate their understanding of the business and to be able to perform and discharge their statutory responsibilities and duties effectively, including the process for dealing with conflicts. Generally, the induction pack sets out the following key items:

- Background information about the SBM Group;
- Expected Roles and Responsibilities of the Director;
- Governance documents, policies and procedures;
- Details about Board Committees, composition, TOR, amongst others.

During the year under review, the composition of the Board remained unchanged. However, in line with good governance, a review of the induction programme was undertaken by the Company Secretary, under the guidance of the Group CEO, to keep abreast of the amendments in legislations, governing laws, guidelines and to keep pace with the continuously changing business environment and markets.

Continuous Development Programme

The environment in which the SBM Group operates is considered to be dynamic and to this end, the Board recognises that ongoing professional development helps the Directors to keep abreast of the current trends and issues facing the SBM Group, while enabling them to update and refresh the skills and knowledge necessary for the performance of their duties.

The Board, with the assistance of the CGCRS Committee, 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 on an annual basis, to ensure that they have adequate level of knowledge and expertise to navigate through the challenges and complexity of the business environment. Directors are constantly encouraged to attend courses, workshops, seminars and other knowledge sharing sessions. A training log is maintained for each Director by the SBM Academy.

The pillars covered under the Director Development Programme for the year 2023 were: (1) Creating Resilience through Governance, (2) Driving Sustainability from the Boardroom, (3) Cybercrime Prevention - Board Responsibilities, (4) Board Updates on Anti Money Laundering and other governance matters, (5) Dynamics of Board. 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

The Board believes that sound succession planning for its Directors and Management Team is vital to delivering the Group's strategic initiatives and creating a robust as well as a sustainable future for the Group. There are regular discussions on talent and succession planning by the Management Team and the Board, with regular oversight by the REMCO. A Group Succession Planning Policy is currently being worked upon in order to comply with Principle Three of the Code.

Principle Four – Directors' Duties, Remuneration and Performance

Main Stakeholders Impacted	Main Capital Impacted	Main Material Matters Impacted
• Shareholders, debt holders, and investor community • Customers • Governments and regulators	• Financial Capital • Manufactured Capital • Intellectual Capital • Social and Relationship Capital	• Macroeconomics risks and financial stability • Ethics, trust and transparency • Diversity, equity and inclusion

Legal Duties

The Directors are aware of their legal duties as defined in the Act, the SBMH Constitution, the Board Charter and other laws and regulations currently in force and have constantly carried out same diligently during FY 2023.

The Induction Pack for newly appointed Directors contains some governance documents to help the latter better understand the Company and the governance system in place within the SBM Group, for the effective discharge of their duties and responsibilities.

Performance Evaluation

In accordance with the provisions of the Code, the Board undertakes a rigorous annual evaluation of its own performance, its Committees, individual Directors and the Chairman of the Board. This exercise aims to identify the Board's strengths and weaknesses and to identify further opportunities for improvement, as well as highlighting any training and development needs.

Unlike FY 2022, the SBMH Board enlisted the services of Value Alpha Limited, under the supervision of Mr Seamus Gillen (the Consultant), to conduct an independent Board Evaluation exercise ('the exercise') for FY 2023. The exercise was conducted end of November 2023 and was focused on several topics such as board dynamics, committees' effectiveness, information flow within the SBM Group, governance, importance of succession planning and training and development, amongst others.

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

1. Distribution of a detailed questionnaire to the Directors
2. One-to-one meeting/interviews with the Directors
3. Preparation of a composite report by the Consultant
4. Presentation of a comprehensive report to the Board
5. Tracked the progress achieved on past performance evaluation exercise
6. Key areas for development and action plan approved by the Board

The Consultant delivered a comprehensive presentation to the Board which concluded that the Board remained constructive, collegiate, well-balanced, strong with positive boardroom behaviours and fit-for-purpose, all of which ensure that appropriate corporate governance practices prevail across the Group. Some recommendations are being put forward to the SBMH Board held in March 2024 for consideration and are not limited to (a) establishing a board matrix, (b) initiating culture change, (c) strengthening current approach to risk management, (d) creating shareholders' map and (e) revisiting the approach to learning and development including induction, continuous professional development, and coaching and mentoring amongst others. An appropriate action plan will then be devised to address the weaknesses highlighted during the exercise, through close monitoring by the CGCRS Committee.

Related Party Transactions and Conflicts of Interests

The Board has adopted a Group Related Party Transactions and Conflict of Interest Policy (Policy) which is reviewed on a regularly basis and is based on the requirements of the BOM guideline on Related Party Transactions to ensure proper approval process, disclosure and reporting of transactions as applicable between the Group and any of its related parties are in 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 had been conducted in accordance with the Policy.

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 immediately notify 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. The Policy, as such, provides for the safeguards and how situations of conflict are managed.

As part of the induction process, a newly appointed Director is required to complete a Related Party Declaration Form and needs to thereafter submit a quarterly return through the Company Secretary, 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 has a continuing duty 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 abstain themselves from the deliberations.

Interests Register

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

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

Directors' Interests and Dealings in SBMH Shares

- *Compliance with the SEM Listing Rules*

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

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

The Board has adopted a Group Insider and Share Dealing Policy which is applicable to Directors, Management and applicable employees of the SBM Group, providing a guidance on the best practices to be followed when dealing in shares of SBMH to avoid the abuse of price-sensitive information as well as setting minimum standards of observance. In accordance with good governance and best practices, the Company Secretary maintains a register detailing the dealing in securities of SBMH by the following persons:

- Directors, Senior Management and any of their associates of the following entities: (a) SBMH, (b) SBMBH, (c) SBM NBFC, (d) SBM NFC and (e) the banking entities of the Group.
- Staff of selected departments 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 2023:

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

No other Director of SBMH had an equity stake in SBMH or its subsidiaries (which are in turn /ultimately wholly owned by SBMH) either directly or indirectly as at 31 December 2023.

Remuneration

- ### Board of Directors

The remuneration of the Non-Executive Directors was revised during FY 2023 in line with the provisions of the SBMH Constitution to align with market standards and also taking into consideration the competencies, skills scarcity, complexities, efforts and time commitment of the Non-Executive Directors to the Company.

The table below depicts the remuneration earned by Directors in 2022 and 2023 in their capacity as Board and Committee Members of SBMH and its subsidiaries:

Name of Directors	SBMH	Subsidiaries	SBMH	Subsidiaries
	FY 2023		FY 2022	
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Independent Directors				
Mr Sattar Hajee Abdoula (Chairman)	**3,245**	**6,129**	3,085	4,229
Ms Shakilla Bibi Jhungeer	**1,705**	**2,080**	812	1,939
Ms Sharon Ramdenee	**1,350**	**1,935**	902	1,519
Dr Subhas Thecka	**1,000**	**-**	792	-
Non-Executive Directors				
Mr Jean Paul Emmanuel Arouff	**1,540**	**2,042**	710	1,875
Mr Ramprakash Maunthrooa*	**129**	**-**	260	-
Mr Visvanaden Soondram	**720**	**2,282**	370	2,235
Executive Director				
Mr Raoul Gufflet (Group CEO)	**35,809**	**-**	22,266	-

**Mr Ramprakash Maunthrooa resigned as Director effective 14th 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, 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 2023. This includes variable remuneration such as bonuses linked to personal Key Performance Indicators (KPI) and to the performance of the SBM Group, as stipulated in the employment contract. Furthermore, the Executive Director does not derive any fees as Director of the Subsidiary of SBMH, in line with the practice of the SBM Group.

- ### 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. In this way, SBMH aims to create long-term sustainable performance and increased shareholder value. The remuneration packages of the Management Team are approved by the Board through the REMCO. Various criteria are considered prior to agreeing to the quantum namely: qualification, skills, experience and achievement of KPIs, amongst others.

Information, Information Technology and Information Security Governance

SBM Group has a well-structured governance in place to ensure Group policies as well as entity policies are aligned to the vision of the Group, complemented by industry best practice standards and supported by well established procedures. Policies undergo specified periodic review to reflect any regulatory changes and emerging trends, taking into account the local nuances of the countries of operations. IT teams across the operating entities are responsible to implement these policies, standards, and procedures and to obtain approvals at required levels, including at the Board level, where there are any deviations.

Operating entities across the Group have implemented multiple security policies and deployed technological and logical controls to ensure that the appropriate restrictions are in place and that data is safeguarded both within premises as well as those hosted on the cloud. In parallel, regular awareness initiatives are run across the Group, stressing on the confidentiality, protection, integrity and availability of information. The Board of Directors are apprised on all relevant security initiatives for proper oversight.

With the objective of strengthening the governance around Technology, the Group Technology and Operations Forum has been established at the SBMH level. This Group Functional Forum comprises the Chief Operating Officers and Chief Information Officers of all entities of the Group as attendees. It provides a structured platform for the sharing of information on major IT initiatives, as well as lessons learnt and best practices. To further enhance synergies around Group Transformation intents, a Group Project Portfolio monitoring mechanism has been established which ensures that all technology related projects across entities are well monitored at the Group level. Similarly, Cyber Security topics are also discussed in a Group Risk Management Forum comprising the Chief Risk Officers of the various entities. Information flows to the Board through the Group CEO, who is provided with regular updates.

With the objective of having a more focused approach on the oversight of major projects by the SBMH Board, the PAC has been established in 2023, where key technology projects which are expected to benefit in cost efficiency, operational excellence and agility at subsidiaries level, are further discussed.

Principle Five - Risk Governance and Internal Control

Main Stakeholders Impacted	Main Capital Impacted	Main Material Matters Impacted
• Customers • Employees • Suppliers and strategic partners • Governments and regulators	• Financial Capital • Human Capital • Social and Relationship Capital	• Macroeconomic risks and financial stability • Ethics, trust and transparency

The ultimate responsibility for maintaining and reviewing the effectiveness of risk management and internal control system resides with the Board. They also determine the nature and extent of the principal risks that the Group is willing to assume in the pursuit of its strategic objectives.

The Group operates under the ‘Three Lines of Defence’ model, which articulates the responsibilities and accountabilities in the identification, evaluation, management and monitoring of both financial and non-financial risks. In 2023, the Group embarked on a comprehensive exercise to review its ERMF with the objective of strengthening it and enhancing harmonisation across all its subsidiaries.

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

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

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

Whistleblowing Policy

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

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

After preliminary enquiries are carried out, a full investigation shall follow where such action is deemed appropriate. All investigations are given due consideration and are carried out independently. 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 Whistleblowing Policy is applicable to all employees of the Group, irrespective of their contractual engagement and is available on the SBM Group's website.

The following channels are available for whistleblowers:

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

Principle Six – Reporting with Integrity

Main Stakeholders Impacted	Main Capitals Impacted	Main Material Matters Impacted
• Shareholders, debt holders, and investor community • Customers • Employees • Societies and communities • Governments and regulators	• Financial Capital • Intellectual Capital • Human Capital • Social and Relationship Capital • Natural Capital	• Diversity, equity and inclusion • Ethics, trust and transparency • Employee wellbeing • Climate consciousness

SBMH has adopted the integrated reporting format to provide additional and transparent information to its stakeholders. This Integrated Annual Report 2023 (the Report) has, in various respects, been prepared in accordance with the guidelines of the International Integrated Reporting Council (IIRC).

In line with the provisions of The Act, a copy of the Report is sent to every shareholder not less than 21 days before the date fixed for holding the Annual Meeting. The Report is also published on the SBM Group's website.

Following a Practice Direction issued on 21st December 2022 by the Registrar of Companies (ROC) pursuant to Section 12(8) of the Act with regards to "*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 stipulated in the Practice Direction.

For its Report 2023, the SBMH Board has adopted such a practice which aligns with its Sustainability Agenda.

Directors' Responsibilities

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

Any material deviation from the above is reported in the Independent Auditor's Report attached to 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 2023.

The Board also focuses on various issues such as strategy, risk, IT security, CSR, sustainability and governance, amongst others. The aspects related to the strategy and sustainability are elaborated in the Strategy Report, being also further explored in other sections of the Report.

Human Resources

- *Employees Engagement and Wellness*

Our people are at the core of our business. They are the biggest differentiator, having a direct and significant impact on our overall performance. We continuously strive to create an inclusive and a caring workplace, driven by meritocracy and equal opportunities for all at all levels of employment, that brings out the best in our people to passionately serve our clients, deliver operational excellence and contribute to achieving sustainable growth. At present, the SBM Group has a talented workforce of more than 3,300 employees.

During the year 2023, many initiatives were carried out to enhance both the employee and candidate experience.

In line with our commitment to growth, innovation, and providing our team with the best possible work environment, our offices at SBM Tower and our branches are undergoing renovation in a phased manner. Our new offices are being designed around a theme specific to our DNA: Sustainability, Teamwork, Technology and Customer Focus. In this respect, some of our teams have been relocated and provided with fresh, modern, and inspiring workspace.

Through the introduction of the SBM Careers Portal which comes with a host of new user-friendly features and customized job applications, both candidates and employees now enjoy a seamless candidate experience.

'Good health and well-being' of our employees, as outlined in the SBM Group Sustainability Agenda, is an integral part of our culture, and we employ different measures to safeguard our talent every day. The SBM Group is committed to ensure and maintain the highest standards of health & safety for its employees and other stakeholders. Identifying hazards and controlling risks is of utmost importance. Thus, to meet these commitments, the SBM Group complies with the Occupational Safety and Health Act 2005. Employees have been trained as first aiders and fire wardens. Fire drills are conducted regularly to familiarise staff members on the evacuation routes and practices. Employees are also made aware of the relevant Emergency Action Plan procedures, to ensure smooth evacuation in case of emergency situations.

A number of activities, having at heart the employees' well-being, have also been organized, such as Blood donations, Awareness Talks, Yoga, Taichi and Sports/Fun Day. The SBM Team delivered impressive performances at the Corporate Sports level, demonstrating exceptional sportsmanship. The team secured podium placements in several events.

The SBM Group also celebrated its 50th Anniversary with immense pride and gratitude with its Human Capital, past and present, being at the heart of this milestone in its history. Several staff members, including current and retired long-serving employees whose contribution to the SBM Group has been very significant over the past decades, were honoured. Our long-serving employees continue enjoying some of their benefits even after retirement.

The SBM employees have also been involved socially in CSR activities, sharing heart-warming moments with children and senior citizens at charitable institutions, confirming the SBM Group's commitment for an inclusive community and its will to create a positive impact in our community.

The success story of the SBM Group is written by the dedication, teamwork, and unwavering support of its employees. SBM has turned challenges into opportunities and achieved remarkable growth.

- *Shaping the Organisation*

To ensure compliance with the best corporate practices at the SBM Group, all our employees are required to sign and abide, at all times, by the Code of Ethics and Business Conduct Policy which has been approved by the Board. Ascertaining adherence remains the responsibility of the HR department, being the custodian of the said policy. HR plays a critical role in creating an environment that fosters open discussion on corporate ethical dilemmas by implementing policies and procedures that encourage transparency and accountability, HR can empower the employees to voice out about potential ethical issues and this ensures that any issues are addressed promptly and effectively. Ultimately, by prioritising ethics in the workplace, HR can contribute to a culture of integrity and trust that benefits both the employees and the Company as a whole.

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

Some key initiatives were undertaken by SBMBI during the financial year under review to ensure that ethical practices are followed as per the regulatory guidelines and internal procedures, including regular training sessions and refresher courses on compliance related mandatory programs such as AML/CFT, KYC, economic sanctions and cybersecurity, covering all the employees through virtual/online trainings as well as e-learnings. Moreover, the Values and Vision of SBMBI were curated and the values were aligned to the Bank’s principles and Ethics and it recognises employees who live the values of the Group in actionable terms with on-the-job rewards and recognition mechanism. Also, in view of creating a compliance culture at SBMBI, their Compliance team formulated the compliance practices & processes that need to be followed along with the disincentive mechanism on compliance breaches/ non-adherence.

As regards SBMBK, it adopts the relevant changes that took place within the Group as well as, aligns with the Group policies including the Code of Ethics & Business Conduct 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 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.

Environment

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

Corporate Social Responsibility (CSR)

Through the SBM Foundation, the Group continues to give back to the community by getting involved in numerous CSR initiatives. Till date, SBM has over 2,600 beneficiaries of the SBM Scholarship Scheme for deserving students 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. SBM staff members are also highly dedicated to society and take part in social initiatives.

Donations

The Company and the Group did not make any political donation during the year under review (2022: Nil).

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

Donations	SBM Holdings Ltd		Subsidiaries		The Group	
	2023 MUR' 000	2022 MUR' 000	2023 MUR' 000	2022 MUR' 000	2023 MUR' 000	2022 MUR' 000
Political	-	-	**-**	-	-	-
Others	-	-	**4,982**	6,067	**4,982**	6,067
Total	-	-	**4,982**	6,067	**4,982**	6,067

Principle Seven - Audit

Main Stakeholders Impacted	Main Capitals Impacted	Main Material Matters Impacted
• Shareholders, Debt Holders and Investors • Governments and regulators	• Financial Capital • Intellectual Capital	• Macroeconomic risks and financial stability • Ethics, trust and transparency

External audit

- *Appointment of External Auditors for FY 2023*

Further to the recommendation of the Board of SBMH through its Audit Committee, Deloitte was, at the previous Annual Meeting held in June 2023 re-appointed as the Group's Statutory Auditors for FY 2023, to hold office until the next Annual Meeting. Deloitte is currently serving its fourth year as External Auditors of the Group.

- *Meeting with the Audit Committee*

The Audit Committee is focused on ensuring that the Group's External Auditors deliver a high-quality audit and plays an essential role in overseeing the Group's relationship with the External Auditors to ensure their objectivity, independence, the quality of the external audit process and provide challenge where necessary. The Audit Committee meets the External Auditors at least once quarterly, without the presence of Management, to discuss on critical issues and potential threat to independence and remains satisfied that they are not unduly influenced by Management. The financial performance of SBMH and its subsidiaries, the accounting principles adopted as well as any audit related issues are discussed in the presence of Management.

- *Evaluation of the External Auditors*

The Audit Committee is responsible for monitoring the external auditor's independence, objectivity and compliance with ethical, professional and regulatory requirements as well as for maintaining control over the provision of non-audit services.

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

- *Audit fees and fees for other services*

The fees paid to the External Auditors for the FY 2023 and 2022 are tabulated as follows:

	2023		2022	
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
	Deloitte	Other Auditors	Deloitte	Other Auditors
SBM Holdings Ltd				
Statutory audit and quarterly reviews	**1,093**	**-**	949	-
Other services	**28**	**-**	27	-
Subsidiaries				
Statutory audit and quarterly reviews	**22,639**	**2,379**	19,902	3,578
Other services	**1,422**	**-**	5,018	-

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 where, as a result of their position as Group Statutory Auditors, they are deemed to be best placed to perform the work in question.

With a view to safeguarding the independence and objectivity of the Group's External Auditors in relation to the provision of non-audit services, SBMH has established a policy to that effect during Q1 2024. This particular policy is based on the general 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.

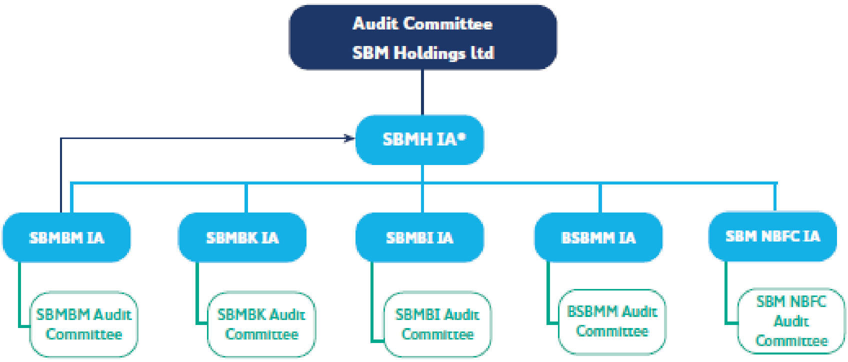
In line with its TOR and newly established policy, the Audit Committee oversees the process for approving all non-audit work provided by the External Auditors to safeguard the objectivity and independence of the external auditors and comply with applicable rules and regulations and ethical guidance. The non-audit work is performed by a separate team that holds the necessary expertise and is independent of the Audit Review Team. The non-audit services provided by Deloitte during the financial year ended 31 December 2023 related to assistance with respect to tax compliance. Their objectivity and independence are not impaired in any manner as the non-audit services are carried out by different teams under the supervision of different partners/managers.

Internal audit

- *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 SBM Group to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The IA structure of the Group is as follows and can also be viewed in our Corporate Governance page on the 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 in the Profile section.

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

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

- *Meetings with Stakeholders*

The Head of Internal Audit & Investigation holds regular meetings with the Chairperson as well as the SBMH Audit Committee, in the absence of Management representatives, on a quarterly basis and also as and when the need arises, thereby further establishing the 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 and records of the Company as well as its subsidiaries, to perform its duties diligently. This is also defined in the Group IA Policy.

Meetings are held with the Head of Internal Audit or his/her equivalent, or the person overseeing the Group IA Division, 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.

- *Responsibilities of the SBMH Audit Committee*

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

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

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

- *Day to day operations*

The IA functions across the SBM 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 the expectations of key stakeholders. The strategic plan is flexible and is updated at least annually to take into account the changes in the environment.

IAs 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 SBM Group and leveraging on audit resources, key risk areas such as credit risk, AML/CFT and SWIFT audits are covered simultaneously by the IA functions.

- *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.

- *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, which can be viewed under the Corporate Governance page, found on the SBM Group's website.

- *Scope of work of IA Team across the Group*

The scope of work which was covered by the IA Team during FY 2023 is as follows:

- **SBM Holdings Ltd**

The audit plan was achieved satisfactorily, and the reports were submitted to the SBMH Audit Committee. On-site audits of the overseas entities were also resumed in 2023.

- **SBM Bank (Mauritius) Ltd**

IA Team completed the audit plan FY 2023. In 2024, over and above execution of the audit plan, the Team intends to achieve the objectives set as per the 3-year Strategic plan 2024 – 2026, strengthen capacity with the onboarding of additional resources and explore automation of the audit process through acquisition of a new audit software.

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

The audit plan for 2023 has been completed and reported to the SBMBI Audit Committee. High risk open items were also tracked for closure in a timely manner.

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

The 2023 approved audit plan tracked well with the review of all high-risk areas completed and reported to the SBMBK Audit Committee, in accordance with IIA standards.

The audit management software was upgraded leading to improved efficiency in the audit processes.

- **Banque SBM Madagascar SA (BSBMM)**

The audit plan 2023 has been achieved to a large extent. Particular attention was given to high-risk areas during the year. Audit observations were attended by BSBMM Management Team and necessary actions were taken to close the open items.

- **SBM (NBFC) Holdings Ltd**

The IA Function covers the following subsidiaries/functions:

» SBM Capital Markets Ltd
» SBM Factors Ltd
» SBM Insurance Agency Ltd
» SBM Fund Services Ltd
» SBM Mauritius Assets Managers Ltd
» SBM eBusiness Ltd
» SBM NBFC – Finance and Procurement, Compliance and Risk Management
» System Reviews – Miles and Factor In

The audit plan for 2023 was largely achieved. High-risk open items for the current year as well as prior years were prioritized, and close follow-ups were made for closure.

For 2024, the IA functions across the Group will continue with a risk-based approach, with focus on high-risk areas as per the respective audit plan.

Principle Eight – Relations with Shareholders and Other Key Stakeholders

Main Capitals Impacted	Main Material Matters Impacted
• Financial capital • Manufactured capital • Intellectual capital • Human capital • Social and relationship capital • Natural capital	• Customer Experience • Macroeconomic risks and financial stability • Employee wellbeing • Ethics, trust and transparency • Diversity, equality and inclusion • Climate consciousness

SBMH recognises the importance of identifying its stakeholders and is committed to continually strengthening its relationship with all of them by responding to their needs and expectations. On a regular basis, SBMH upholds clear, balanced, meaningful and transparent communications with them, through multiple communication channels such as the Annual Reports, Shareholders' Meetings, Website, Social Medias, Communiques amongst others, to facilitate their understanding of the Group's performance, its prospects and the market environment 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.

Stakeholder engagement and complaint handling are integral to fostering positive relationship and ensuring long term success of the Company. As such, our stakeholders are encouraged to direct complaints or queries to the Company Secretary at company.secretary@sbmgroup.mu.

The main stakeholders of the SBM Group are:

- Shareholders, debt Holders and investor community
- Customers
- Employees
- Societies and communities
- Governments and regulators
- Suppliers and strategic Partners

Shareholders

As at 31 December 2023, SBMH had 18, 042 shareholders, out of which 349 were foreign shareholders.

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

	Number of shareholders	% of shareholders	Number of shares	% of shares
Foreign	349	1.93%	62,101,279	2.04%
Local	17,693	98.07%	2,975,300,951	97.96%
Total	**18,042**	**100.00%**	**3,037,402,230**	**100.00%**

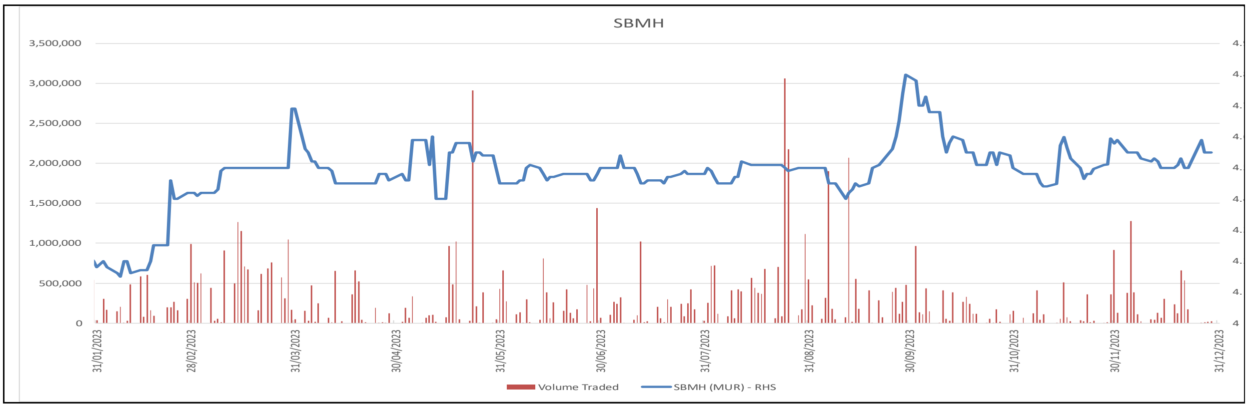
Top 10 shareholders

S/N	Shareholders	Shareholdings	Voting rights
1	National Pensions Fund	582,202,897	22.55%
2	State Insurance Company of Mauritius Ltd (Pension Fund)	320,281,684	12.41%
3	Government of Mauritius	149,526,150	5.79%
4	National Savings Fund	80,396,721	3.11%
5	State Insurance Company of Mauritius Ltd (Private Pension Fund)	67,547,776	2.62%
6	Development Bank of Mauritius Ltd	57,795,000	2.24%
7	State Investment Corporation Ltd	40,364,380	1.56%
8	MUA Life Ltd	33,590,116	1.30%
9	State Insurance Company of Mauritius Ltd (Life Fund)	32,104,775	1.24%
10	Swan Life Ltd (With Profit Annuities [582])	17,691,408	0.69%

Shareholders spread

Size of Shareholding	Number of Shareholders	% of Shareholders	Number of Shares	% of Shares
1-50,000	15,896	88.11	148,341,634	4.88
50,001-100,000	843	4.67	62,526,741	2.06
100,001-500,000	940	5.21	209,151,571	6.89
500,001-1,000,000	164	0.91	115,434,745	3.80
1,000,001-5,000,000	154	0.85	304,364,185	10.02
5,000,001-10,000,000	20	0.11	135,377,510	4.46
10,000,001-25,000,000	13	0.07	183,931,820	6.06
25,000,001-50,000,000	5	0.03	164,913,466	5.43
50,000,001-100,000,000	3	0.02	205,739,496	6.77
>100,000,000	4	0.02	1,507,621,061	49.63
Total	**18,042**	**100.00**	**3,037,402,230**	**100.00**

- ### Share price evolution



- ### Share capital structure

SBMH's stated share capital is MUR 32,500,203,861, consisting of 3,037,402,230 fully paid ordinary shares of no par value which include 455,610,330 shares held in treasury as at 31 December 2023.

- ### Dividend

The Board is committed to maintaining regular returns to its shareholders, with the level of future return to be assessed over the coming years, taking into account market conditions, capex requirements, performance of the Group and regulatory constraints, if any. During FY 2023, the Board of SBMH declared a dividend of 20 cents per share, which was paid in June 2023.

- ### Shareholders information

All shareholders have the same voting rights.

- ### Shareholders' diary

Financial year 2024

Release of year end results (2023) and declaration for payment of dividend (if applicable)	March 2024
Release of quarter 1 2024 results	May 2024
Annual Meeting of Shareholders	June 2024
Release of quarter 2 2024 results	August 2024
Release of quarter 3 2024 results	November 2024
Release of year end results (2024) and declaration for payment of dividend (if applicable)	March 2025

- ## Annual Meeting of Shareholders 2024

The Board of SBMH is pleased to invite the shareholders to the next Annual Meeting. The Notice of Meeting (the Notice), which includes details of the ordinary and special business (if any) to be considered at the meeting, will be issued to the Shareholders within the prescribed timeline. A copy of the Notice will also be available on the SBM Group's website.

At each Annual Meeting, the shareholders are generally apprised on the Group's strategy, financial and non-financial performance and are always encouraged and provided the opportunity to question the Board and the Management Team during a dedicated Question & Answers Session or informally after the meeting. It is expected that all the Directors fulfill their obligations to attend the Annual Meeting. Each item requiring approval at every Annual Meeting, as listed in the Notice, is done by separate resolutions.

All queries raised by shareholders and replies provided by the Board or Management are recorded by the Company Secretary. These minutes of proceedings are available free of charge, upon request made to the Company Secretary.

In line with the provisions of the Act, the Board always ensures that the Notice and the proxy form are sent to the shareholders at least 21 days before the Annual Meeting. The Notice clearly defines the procedures for voting by proxy and includes the deadline for returning same 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.

In line with the provisions of the Code, the Board ensures that the presentation made at the Annual Meeting and the votes received for each resolution, are published on the Group's website.

• Other statutory disclosures

Significant contracts

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

Director's Service Contract with the SBM Group

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

Directors and Officers Liability Insurance

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

Approved by the Board of Directors on 28 March 2024 and signed on its behalf by

Mr Abdul Sattar Adam Ali Mamode Hajee Abdoula
Group Chairman

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

Statement of compliance

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

SBM Holdings Ltd
Year ended 31 December 2023

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

Area of non-compliance	
Principle 3: Director Appointment Procedures	As at 31 December 2023, the Group did not have a Succession Planning Policy Reason for non-compliance: Further to the reorganisation of the key personnel at the SBMH level, a Group Succession Planning Policy is currently being worked upon in order to comply with Principle Three of the Code.

Mr Abdul Sattar Adam Ali Mamode Hajee Abdoula
Group Chairman

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

Date: 28 March 2024

Company secretary's certificate

For the financial year ended 31 December 2023

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: 28 March 2024

SBM Holdings Ltd
Corporate Governance Report – FY 2023

Additional Information

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Profile of Board of Directors of SBM Holdings Ltd

Mr Abdul Sattar Adam Ali Mamode Hajee Abdoula ***Group Chairman / Independent Director*** Date of appointment: 11 March 2020	**Background and experience** Mr Hajee Abdoula is a seasoned Chartered Accountant and one of the leading insolvency practitioners in Mauritius. Well-known for being an innovative and strategic thinker, his expertise is sought after by many large companies in various sectors, both locally and internationally. He has also been an advisor for the Government of Ghana to determine the framework for the creation of the Ghana International Financial Services Centre. He has been involved in the global business sector for many years, serving both as a Board Member and advisor on structuring and tax matters on several occasions. He is a Member of the Mauritius Institute of Professional Accountants and INSOL International, an international association of restructuring and insolvency professionals. He holds an Auditor's Licence from the Financial Reporting Council of Mauritius, an Insolvency Practitioner's Licence of Mauritius, and the ICAEW Insolvency and Practicing Licences. He has been a Non-Executive Director and Chairman of Audit Committee of a UK FTSE 100 company at the time of its listing on the UK Stock Exchange. **Qualifications** • Fellow of the Institute of Chartered Accountants in England and Wales (FCA, ICAEW) **Directorship in other entities** Banque SBM Madagascar SA (Chairman), SBM Africa Holdings Ltd, SBM Bank (India) Limited (Chairman), SBM Bank (Kenya) Limited (Chairman), SBM Capital Markets Ltd (Chairman), SBM eBusiness Ltd (Chairman), SBM Factors Ltd (Chairman), SBM (NBFC) Holdings Ltd (Chairman), SBM 3S Ltd (Chairman) and various Boards of local/ global business/ foreign entities. **Committee membership** Strategy Committee (Chairman)
Ms Shakilla Bibi Jhungeer ***Independent Director*** Date of appointment: 13 March 2020	**Background and experience** Ms Jhungeer is a qualified barrister from the Lincoln's Inn (London, UK) since 2010 with garnered experiences across multiple core industries ranging from aviation, retail, banking and financial services to national bodies against corruption. Her directorships provide significant contribution in the delivery of various strategic initiatives across the different entities of the organisation. Ms Jhungeer spearheaded the revamping of the Corporate Governance structure and as a fervent believer in ESG principles, she takes great pride in leading and promoting the implementation of the Sustainability Agenda across the Group. She equally demonstrates an unwavering commitment in the crystallisation of the women empowerment initiatives through the Council of "*We*move".

	Previously, Ms Jhungeer served as Board Member of the Independent Commission Against Corruption (ICAC) from 2015 to 2019. **Qualifications** • Masters in International Law and Criminal Justice – University of East London, UK • Bachelor of Laws (LLB) – Buckinghamshire Chilterns University College, UK **Directorship in other entities** Rodrigues Duty Free Paradise Ltd, SBM (Bank) Holdings Ltd, SBM Bank (Kenya) Limited, SBM 3S Ltd, SBM Factors Ltd, SBM Insurance Agency Ltd, SBM (NBFC) Holdings Ltd and State Insurance Company of Mauritius Ltd **Committee membership** Audit Committee, Business Review Committee, Corporate Governance Conduct Review & Sustainability Committee (Chairperson), Nomination & Remuneration Committee and Projects Assessment Committee (Chairperson)
Ms Sharon Ramdenee ***Independent Director*** Date of appointment: 14 December 2018	**Background and experience** Ms Ramdenee is currently the CEO of Agiliss Ltd, one of the leading fast-moving consumer goods companies operating in Mauritius, and also in the region. In Mauritius, Ms Ramdenee previously held the role of Finance Director of Saint Aubin Group, having also held a commercial and business development role in the organisation. In the UK, she worked for Ernst & Young LLP, 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 & Wales (FCA, ICAEW) • MBA (with Distinction) specialising in Strategy and Marketing – Warwick Business School, UK • Bachelor Degree in Law and Business – University of Warwick, UK **Directorship in other entities** Agiliss Ltd, SBM Bank (India) Limited, SBM Bank (Kenya) Limited and SBM (NFC) Holdings Ltd

	Committee membership Audit Committee, Corporate Governance Conduct Review & Sustainability Committee, Risk Management Committee (Chairperson) and Strategy Committee.
Dr Subhas Thecka ***Independent Director*** Date of appointment: 23 June 2017	**Background and experience** Dr Thecka is a Senior Lecturer at the Charles Telfair Institute since 2006 where he teaches accounting, banking and finance and is also a Member of the Mauritius Institute of Professional Accountants. He has worked for 20 years at the management level in different sectors and 19 years as Lecturer at tertiary level. **Qualifications** • PhD in Business Sustainability – Open University of Mauritius • Fellow of The Association of Chartered Certified Accountants, UK (FCCA) • Master of Business Administration – Glasgow Caledonian University, Scotland • Graduate Diploma in Marketing – CIM, UK • Diploma in International Marketing – University of Mauritius • Diploma in Sustainability – TAFE, Australia **Directorship in other entities** N/A **Committee membership** Audit Committee (Chairman) and Risk Management Committee
Mr Jean Paul Emmanuel Arouff ***Non-Executive Director*** Date of appointment: 11 March 2020	**Background and experience** Mr Arouff has over 20 years of experience in journalism, specialised in reviewing economic and financial markets. He was previously the Editor-in-Chief of Business Magazine, a leading economic news publication in the region, and acted as the country correspondent for the international news agency Reuters on economic and financial matters. **Qualifications** • Masters in Journalism – Ecole Supérieure de Journalisme de Paris, France **Directorship in other entities** Economic Development Board, Landscope (Mauritius) Ltd, SBM (Bank) Holdings Ltd, SBM Bank (Mauritius) Ltd and SBM (NFC) Holdings Ltd

	Committee membership Business Review Committee (Chairman), Corporate Governance, Conduct Review & Sustainability Committee, Nomination & Remuneration Committee (Chairman) and Projects Assessment Committee
Mr Visvanaden Soondram ***Non-Executive Director*** Date of appointment: 11 March 2020	**Background and experience** Mr Soondram is currently Deputy Financial Secretary at the Ministry of Finance, Economic Planning and Development. He has a fruitful career spanning over more than 25 years within the same Ministry where he has previously served as Accountant, Lead Analyst and Director. **Qualifications** • Fellow of The Association of Chartered Certified Accountants, UK (FCCA) • Masters Degree in Finance – University of Mauritius, Mauritius **Directorship in other entities** Airport Holdings Ltd, Economic Development Board, SBM (Bank) Holdings Ltd and SBM Bank (Mauritius) Ltd **Committee membership** Nomination & Remuneration Committee and Strategy Committee
Mr Raoul Claude Nicolas Gufflet ***Executive Director / Group Chief Executive Officer*** Date of appointment: 28 November 2022	**Background and experience** Mr Gufflet is a seasoned professional, who has spent over three decades in the banking and financial sector, over which he has gathered an extensive knowledge of the banking sector and financial markets across a large variety of jurisdictions. He started his career as a strategic consultant in the field of restructuring and corporate advisory at PwC in France, Eastern Europe and Africa. He has been involved in several studies which were jointly conducted with the World Bank and the European Bank for Reconstruction and Development on financial institutions, both in developed and transitional economies. Prior to joining the SBM Group, he was the Deputy Chief Executive Officer of a renowned bank in Mauritius and served as the Director of its entities across Africa and the Indian Ocean. He spearheaded the transformation of most of its business lines, aligning them with best international standards as well as with new digital, regulatory and compliance international practices. He has also been instrumental in developing that institution's Corporate and Institutional Banking arm and led the creation of its franchise in the Structured Finance and Commodities spectrum on the African continent. As a firm believer in ESG principles for responsible banking and finance, he is committed to developing a sustainable banking and capital market philosophy, which is a prerequisite for unlocking shareholder value.

	Qualifications • Advanced Management Programme – INSEAD, France • Certified Internal Auditor (CIA) – Institute of Internal Auditors, USA • Post Graduate Diploma International Finance – Université de Paris XIII, France • Masters Degree in Economics (specialisation in Finance) – University of Paris (La Sorbonne), France • BSc Economics – University of Paris (La Sorbonne), France **Directorship in other entities** Banque SBM Madagascar SA, SBM (Bank) Holdings Ltd, SBM Bank (India) Limited, SBM Bank (Kenya) Limited and SBM Bank (Mauritius) Ltd **Committee membership** Projects Assessment Committee, Risk Management Committee and Strategy Committee

Senior Management Team of SBM Holdings Ltd

Mr Raoul Claude Nicolas Gufflet *Executive Director / Group Chief Executive Officer*	Please refer to pages 54-55.
Dr Roshan Boodhoo *Deputy Group Chief Executive Officer*	**Background and experience** Dr Boodhoo started his career in the finance and corporate credit departments of an international bank in Mauritius. During his career so far, he has occupied several high-profile positions. Prior to joining SBM Group, Dr Boodhoo was the Group Chief Executive Officer of a financial services company. Under his leadership, the company which was operating in Mauritius and Luxembourg, embarked on an expansion plan abroad and established operations in International Financial Centres of repute, namely London, Dubai, Cape Town and Shanghai. Dr Boodhoo has also served as Director for several entities in the financial and non-financial services sectors including Investment Banks, Life Insurance Companies, IT & Telecommunications firms. From 2016 to 2021, Dr Boodhoo was also a Director representing Africa on the EMEA Board of PrimeGlobal; one of the 5 largest financial associations in the world with a combined turnover in excess of USD 2.5 billion. During his career, Dr Boodhoo has been a regular speaker and panelist in several international conferences. Dr Boodhoo has also published a number of

	research papers on finance and investment related topics. As a business-savvy individual, he has earned the reputation of being a fast thinker and a highly-motivated and focused leader who thrives in a fast-paced environment. **Qualifications** • Doctorate in Management (specialisation in Business Administration), Institute of Business Management, India • Master of Arts in Finance and Investment, The University of Nottingham, UK • Executive Master of Business Administration (Finance), Institute of Business Management, India • BSc (Hons) Banking and International Finance, University of Technology, Mauritius • Fellow of the International Compliance Association • Fellow of the Institute of Management Specialists • Fellow Chartered Financial Manager
Mr Anoop Kumar Nilamber *Group Chief Investment Officer*	**Background and Experience** Mr Nilamber is a seasoned professional with over 15 years of experience in the banking, investment and corporate sectors, having worked in international reputed financial institutions, including HSBC France. He was previously a member on the board of several key entities including MauBank Ltd, Airports of Mauritius Co. Ltd, the State Investment Corporation Ltd, SME Mauritius Ltd and the Mauritius Revenue Authority, amongst others. His past experiences include those of Economic Advisor at the Ministry of Finance and Economic Development, CEO at Mauritius Duty Free Paradise Ltd, Group Chief Executive Officer at Airports of Mauritius Co. Ltd and lecturer at the Université Panthéon-Assas Paris II, France. Prior to this appointment, Mr Nilamber was the CEO of SBM Bank (Mauritius) Ltd since July 2021. **Qualifications** • BSc (Licence) in Economics – University Panthéon Assas - Paris II, France • Master's Degree in Banking and Finance – Université Panthéon-Assas Paris II, France
Mr Jaswant Rao (Nuvin) Balloo *Group Chief Strategy Officer*	**Background and experience** Mr Balloo is a seasoned professional with around 18 years of experience in the banking and financial services sector. At SBM Holdings Ltd, he is currently in charge of the 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 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
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. Before joining SBM Holdings Ltd, he was the Head of Transformation at Bank One Ltd, 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 MCB 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 • Fintech Certificate – Massachusetts Institute of Technology, USA
Mr Sivakrisna (Kovi) Goinden *Group Head Finance and Capital Management*	**Background and experience** Mr Goinden has served 16 years in the banking sector with an overall 19 years' experience in the finance and accounting sector. He currently manages the finance, capital and procurement functions of the Group, providing support and assistance to the different entities across the SBM Group on finance related matters as well as capital usage and requirements. Over the years, Mr Goinden has contributed much to the expansion of the SBM Group given his vast past experience in merger and acquisitions, Group restructuring and capital projects. Mr Goinden acts as Director on several entities of the SBM Group and is a Councilor on the SBM Foundation, the CSR arm of the Group.

	Qualifications • Fellow of The Association of Chartered Certified Accountants, UK (FCCA) • Post Graduate Diploma in Business Administration – Heriot Watt University, UK **Directorships in other entities** Industrial Finance Corporation of Mauritius (Equity) Ltd (Previously known as "SME Equity Fund")
Mr Ahmad Mazahir Koussa *Group Chief Risk and Compliance Officer*	**Background and experience** Mr Koussa brings more than two decades of functional expertise gained at Barclays Capital (England), Standard Bank Group (South Africa), Barclays DIFC (UAE) and most recently First Abu Dhabi Bank (FAB) in the UAE where he served as Vice President, Group Risk Management for their global Corporate and Investment Banking division with operations spanning across over 20 countries. He held senior risk management and governance positions in his previous roles, successfully driving effective risk management, overseeing take overs and acquisitions, instilling strong risk culture, embracing technology and establishing enhanced rapport with various stakeholders. Mr Koussa is a Fellow Chartered Accountant and started his career with a Big 4 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
Mr Nadim Imrit *Group Chief Sustainability Officer*	**Background and Experience** Mr Imrit leads the development and management of sustainability strategies across all SBM Holdings Ltd entities, ensuring alignment with the Group's Sustainability Agenda. With a robust two-decade tenure in banking and financial services, Mr Imrit's expertise is foundational to the Group's strategic endeavours. Prior to joining SBM Holdings Ltd, he served as the Chief Risk Officer at SBM Bank (Mauritius) Ltd, where he was instrumental in crafting and deploying a governance and risk management framework with an emphasis on climate and environmental financial risks. Prior to that, Mr Imrit worked as the Head of Credit Analysis & Structuring at MCB Ltd for their Corporate & Institutional Banking division. There, he spearheaded the integration of Environmental and Social Risk Management into the bank's credit process. Additionally, he played a crucial role in

	developing sustainable finance products and establishing a comprehensive sustainability strategy across the bank's functions. Mr Imrit started his career in the UK's consultancy sector with KPMG and Deloitte, which set the stage for his advancement into strategic management roles within prestigious banking institutions such as Barclays Group and Renaissance Capital. **Qualifications** • Fellow of The Institute of Chartered Accountants in England and Wales (FCA, ICAEW) • BSc in Management & Information Technology - University of Manchester, UK
Mrs Rita-Devi Persand Gujadhur *Chief Financial Management Officer,* *SBM Bank (Mauritius) Ltd*	**Background and experience** Mrs Gujadhur is a seasoned banker with a long career spanning over 36 years at SBM. She joined the Trade Finance Department in 1988, where she spent 9 years and acquired a full insight of the trade finance operations 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 Group Head Financial Management. She currently assumes the function of Chief Financial Management Officer at both SBM Bank (Mauritius) Ltd and SBM Holdings Ltd. Mrs Gujadhur has been an active member in various key forums such as the Operational Risk Forum, the Management Credit Forum, the Portfolio Credit Forum, the Asset and Liability Management Committee and the Group Executive Forum. She has also been involved in the implementation of major IT projects within the Bank. **Qualifications** • Master of Business Administration – Heriot Watt University, Edinburgh Business School, UK • Diploma in Business Management – Surrey European Management School, University of Surrey, UK
Mr Neelesh Sharma Sawoky *Head of Internal Audit & Investigation,* *SBM Bank (Mauritius) Ltd*	**Background and experience** Mr Sawoky joined the SBM Group as Head of Internal Audit in February 2015. He is a seasoned professional with more than 25 years in the banking and financial sector, of which over 16 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

Chief Executive Officers of subsidiaries

Mr Premchand Mungar *Chief Executive Officer,* *SBM Bank (Mauritius) Ltd*	**Background and experience** Mr Premchand Mungar is a seasoned banking professional with a proven track record of leadership and strategic management. Currently serving as the CEO of SBM Bank (Mauritius) Ltd ("SBMBM") since November 2023, he has garnered extensive experience in the financial sector, particularly in Mauritius and on the African Continent. His insights and contributions to various entities he has been part of, reflect his deep understanding of the regulatory landscape and his commitment to upholding industry standards and best practices. Mr Mungar started his career in the banking sector within the SBM Group in 1979 whereby he has held several senior positions. He also served as the Chief Executive and Executive Director of MauBank Limited from 2018 to 2023. His past experiences also include positions such as Senior Advisor and General Counsel & Senior Director, amongst other leading roles at the Eastern & Southern African Trade & Development Bank (TDB) Mr Mungar also serves as an Independent Non-Executive Director on the Board of the Financial Services Commission ("FSC") since 2017 whereby he is the Chairman of the Audit & Risk Committee and a Board member of the Corporate Governance Committee of FSC since 2018. He is currently the Vice-Chairperson of the Mauritius Bankers' Association. During his career, Mr Mungar has been the privileged recipient of several accolades, including the TDB President's Excellence Award for recognition of the outstanding contribution to TDB. **Qualifications** • MSc Finance and Financial Law - University of London, United Kingdom • Postgraduate professional practitioners course for attorney-at-law - Council of Legal Education (under the aegis of the Supreme Court of Mauritius), Mauritius • LL.B English Law and French Law - University of Mauritius in collaboration with the University of Birmingham (England) and Université d'Aix Marseille (France), Mauritius

	• LEAD programme - Stanford Graduate School of Business, Stanford University, United States • 10th Autumn Course on International Finance - Waseda University, Japan • 16th Summer School for International Financial Law - St Catherine's College, University of Oxford, England • Member of the Law Society of Mauritius • Alumnus of the University of London • Member of the Centre for Financial and Management Studies (CeFiMS) at SOAS • Honored member of the International WHO's WHO Society of Professionals
Mr Shailendrasingh (Shailen) Sreekeessoon *Chief Executive Officer,* *SBM (NBFC) Holdings Ltd*	**Background and experience** Mr Sreekeessoon has over 20 years of experience in the business and financial sectors in Mauritius, including more than 10 years at senior management level. His experience spans over 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 Ashish Vijayakar is a veteran banker with nearly three decades of rich experience in the banking and financial services sector. He has an extensive background and an impressive track record in building and expanding global businesses while donning leadership roles across various geographies. As a career banker, Mr Vijayakar has immense expertise in the domains of business transformation, risk management, innovation, and managing changing business environment processes, among other areas of operations. He places great focus 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. **Qualifications** • Chartered Accountant, Institute of Chartered Accountants of India • LLB (General) from University of Mumbai, India • Bachelor of Commerce, University of Mumbai, India
Mr. Moezz Mir *Chief Executive Officer,* *SBM Bank (Kenya) Limited*	**Background and experience** Mr Mir is a highly experienced Corporate and Investment Banker. He is known for being a commercially focused and results-oriented individual whose endeavour, driven by his entrepreneurial spirit, leads to business turnaround, strategy formulation and execution. Mr Mir has held several executive-level positions including serving as Managing Director within leading Financial Institutions, especially in the East African region. In his capacity as the Chief Executive Officer of SBM Bank (Kenya) Limited (SBMBK), Mr Mir is responsible for the overall operations of the 39 Branches that SBMBK operates. **Qualifications** • Bachelor's degree (Hons.) in Economics, Kingston University, London • Global Executive Development Program (GEDP), Gordon Institute of Business Science, South Africa
Mr Youdananda Munian *Managing Director,* *Banque SBM Madagascar SA*	**Background and experience** Mr Munian has a long career in the banking sector, having held several roles within the SBM Group prior to his appointment at Banque SBM Madagascar SA as Head of Credit, Money Laundering Report Officer (Level 2) and Risk Officer in 2017. Since October 2020, he has been appointed as Interim Managing Director and given his role, he has been actively involved in the formulation, review and implementation of the bank's strategy to grow the Group's Malagasy operations. **Qualifications** • Advanced Diploma in Accounting and Finance, The Institute of Commercial Management, UK

Directors of SBM Holdings Ltd and its Subsidiaries

Holding Entity
SBM Holdings Ltd
Mr Sattar Hajee Abdoula *(Chairman)*
Mr Jean Paul Emmanuel Arouff
Mr Raoul Claude Nicolas Gufflet *(Group CEO)*
Ms Shakilla Bibi Jhungeer
Ms Sharon Ramdenee
Mr Visvanaden Soondram
Dr Subhas Thecka
Bank Holding Entity
SBM (Bank) Holdings Ltd
Mr Nayen Koomar Ballah, *G.O.S.K* *(Chairman)*
Mr Jean Paul Emmanuel Arouff
Mr Raoul Claude Nicolas Gufflet
Ms Shakilla Bibi Jhungeer
Mr Visvanaden Soondram

Bank Operating Entities

SBM Bank (Mauritius) Ltd	SBM Bank (Kenya) Limited	Banque SBM Madagascar SA
Mr Visvanaden Soondram *(Chairman)*	Mr Sattar Hajee Abdoula *(Chairman)*	Mr Sattar Hajee Abdoula *(Chairman)*
Mr Jean Paul Emmanuel Arouff	Mr Nayen Koomar Ballah, *G.O.S.K*	Mr Leckram Dawonauth
Mr Raoul Claude Nicolas Gufflet	Mr Raoul Claude Nicolas Gufflet	Mr Raoul Claude Nicolas Gufflet
Mrs Imalambaal Kichenin	Ms Shakilla Bibi Jhungeer	Mr Maurice Jean Marc Ulcoq
Mr Premchand Mungar (*CEO*)	Dr James Boyd McFie	
Mr Rajcoomar Rampertab	Mr Moezz Mir *(CEO)*	
Mr Muhammad Azeem Salehmohamed	Mrs Flora Mutahi	
Ms Oumila Sibartie	Mr Jotham Mutoka *(Deputy CEO & Chief Commercial Officer)*	
Mr Ranapartab Tacouri	Ms Sharon Ramdenee	
Mr Lawrence Eric Wong Tak Wan	Mr Sharad Sadashiv Rao	
SBM Bank (India) Limited		
Mr Sattar Hajee Abdoula *(Chairman)*		
Mr R. Amalorpavanathan		
Mr Shyam Sundar Barik		
Mr Raoul Claude Nicolas Gufflet		
Mr Umesh Jain		
Mr Ameet Patel		
Ms Sharon Ramdenee		
Mrs Sudha Ravi		
Mr Ashish Vijayakar (*MD & CEO*)		

Bank Non-Operating Entities		
SBM Overseas One Ltd | SBM Overseas Two Ltd | SBM Overseas Three Ltd | SBM Overseas Four Ltd | SBM Overseas Five Ltd | SBM Overseas Six Ltd		
Mr Sivakrisna Goinden		
Mr Raoul Claude Nicolas Gufflet		
SBM Africa Holdings Ltd		
Mr Sattar Hajee Abdoula		
Mr Nayen Koomar Ballah, *G.O.S.K*		
Non-Bank Holding Entity		
SBM (NBFC) Holdings Ltd		
Mr Sattar Hajee Abdoula *(Chairman)*		
Mr Raoul Claude Nicolas Gufflet		
Mr Pierre D'Unienville		
Mr Thierry Hugnin		
Ms Shakilla Bibi Jhungeer		
Mr Roshan Ramoly		
Mr Shailendrasingh Sreekeessoon *(CEO)*		
Non-Bank Operating Entities		
SBM Capital Markets Ltd	**SBM Mauritius Asset Managers Ltd**	**SBM Fund Services Ltd**
Mr Sattar Hajee Abdoula *(Chairman)*	Mr Pierre D'Unienville *(Chairman)*	Mr Assad Abdullatif *(Chairman)*
Mr Raoul Claude Nicolas Gufflet	Mr Assad Abdullatif	Mr Sammade Jhummun
Mr Roshan Ramoly	Mr Vaughan Heberden	Mr Shailendrasingh Sreekeessoon *(CEO)*
Mr Shailendrasingh Sreekeessoon *(CEO)*	Mr Roshan Ramoly	
Mr Eric Venpin	Mr Shailendrasingh Sreekeessoon *(CEO)*	
	Mr Eric Venpin	
SBM Insurance Agency Ltd	**SBM Factors Ltd**	**SBM Leasing Co. Ltd**
Mr Roshan Ramoly *(Chairman)*	Mr Sattar Hajee Abdoula *(Chairman)*	Mr Shailendrasingh Sreekeessoon
Mr Andre Chung Shui	Mr Raoul Claude Nicolas Gufflet	
Mr Vaughan Heberden	Mr Vaughan Heberden	
Ms Shakilla Bibi Jhungeer	Ms Shakilla Bibi Jhungeer	
Mr Shailendrasingh Sreekeessoon *(CEO)*	Mr Shailendrasingh Sreekeessoon *(CEO)*	
SBM eBusiness Ltd		
Mr Sattar Hajee Abdoula *(Chairman)*		
Mr Shaan Kundomal		
Ms Johanna Van Rensburg		
Mr Shailendrasingh Sreekeessoon *(CEO)*		
Entities managed by SBM Mauritius Asset Managers Ltd		
SBM India Fund	**SBM Maharaja Fund** *(in process of winding up)*	**SBM Africa Equity Fund Ltd**

Mr Assad Abdullatif *(Chairman)*	Mr Assad Abdullatif *(Chairman)*	Mr Shailendrasingh Sreekeessoon
Mr Amal Autar	Mr Amal Autar	Mr Jayvash Nundoo
Mr Shaan Kundomal	Mr Shaan Kundomal	
Mr Shailendrasingh Sreekeessoon *(CEO)*	Mr Shailendrasingh Sreekeessoon *(CEO)*	
SBM Alternative Investments Ltd	**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 Jairaj Sonoo (*Chairman*)	
Mr Jayvash Nundoo	Mr Ganeshanlall Cheeneebash	
	Mr Goolabchund Goburdhun, *G.O.S.K.*	
	Mr Shailendrasingh Sreekeessoon	
Non-Financial Entity		
SBM (NFC) Holdings Ltd		
Mr Soondrassen Murday *(Chairman)*		
Mr Jean Paul Emmanuel Arouff		
Mr Deovrat Baichoo		
Ms Sharon Ramdenee		
Others		
SBM 3S Ltd		
Mr Sattar Hajee Abdoula *(Chairman)*		
Mr Sivakrisna Goinden		
Ms Shakilla Bibi Jhungeer		

Registered Office Address of SBM Holdings Ltd and its Subsidiaries

Holding Entity
SBM HOLDINGS LTD SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 1111/1000 Fax: (230) 202 1234 Website: www.sbmgroup.mu Email: sbm@sbmgroup.mu

Bank Holding Entity		
SBM (BANK) HOLDINGS LTD SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 1111/1000 Fax: (230) 202 1234 Website: www.sbmgroup.mu Email: sbm@sbmgroup.mu		
Banking Operating Entities		
SBM BANK (MAURITIUS) LTD SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 1111 Fax: (230) 202 1234 Swift: STCBMUMU Website: www.sbmbank.com Email: sbm@sbmgroup.mu	**SBM BANK (KENYA) LIMITED** Riverside Mews Building, Riverside Drive, Nairobi, Kenya P.O. Box 34886 - 00100 Tel: (254) 709 800 000/ (254) 730 175 000 Swift: SBMKKENA Website: www.sbmbank.co.ke Email: atyourservice@sbmbank.co.ke	**SBM BANK (INDIA) LIMITED** 101, Raheja Centre, 1st Floor, Free Press Journal Marg, Nariman Point, Mumbai - 400021, Maharashtra, India Tel: (91) (22) 4302 8888 Fax: (91) (22) 2284 2966 Swift: STCBINBX Website: www.sbmbank.co.in Email: customercare@sbmbank.co.in
BANQUE SBM MADAGASCAR SA 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		
Non-Bank Holding Entity		
SBM (NBFC) HOLDINGS LTD SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 1111 Fax: (230) 210 1234 Website: www.sbmgroup.mu Email: nbfc.leads@sbmgroup.mu		

Non-Bank Operating Entities		
SBM MAURITIUS ASSET MANAGERS LTD SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 1111 Fax: (230) 210 3369 Website: www.sbmgroup.mu Email: sbm.assetm@sbmgroup.mu	**SBM FUND SERVICES LTD** SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel:(230) 202 1505/1445/1374/1447 Website: www.sbmgroup.mu Email: sbmfundservices@sbmgroup.mu	**SBM eBUSINESS LTD** c/o Rogers Capital Fund Services Ltd, 3rd Floor, Rogers House, No. 5 President John Kennedy Street, Port-Louis Republic of Mauritius Tel: (230) 203 1100 Fax: (230) 203 1150 Website: www.rogerscapital.mu
SBM FACTORS LTD SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 4899 Fax: (230) 214 1305 Website: www.sbmgroup.mu Email: sbmfactors@sbmgroup.mu	**SBM INSURANCE AGENCY LTD** SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 1210 Fax: (230) 202 1234 Website: www.sbmgroup.mu Email: insurance@sbmgroup.mu	**SBM CAPITAL MARKETS LTD** SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 1111 Fax: (230) 210 3369 Website: www.sbmgroup.mu Email (Investment): sbm.corporatefinance@sbmgroup.mu Email (Trading): scmltrading@sbmgroup.mu
Non-Financial Entity		
SBM (NFC) HOLDINGS LTD SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 1111 Fax: (230) 211 8838 Website: www.sbmgroup.mu Email: finance@sbmgroup.mu		
Global Services		
SBM 3S LTD SBM Tower 1, Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius Tel: (230) 202 1111 Website: www.sbmgroup.mu Email: finance@sbmgroup.mu		

Compliance with Section 221 of the Mauritius Companies Act 2001

a. Total Remuneration and benefits received or due and receivable by the Executive Director from SBM Holdings Ltd and its Subsidiaries for the year ended 31 December 2023

Name of Director	SBM Holdings Ltd	Other Subsidiaries
Mr Raoul Claude Nicolas Gufflet	34,081,408	1,728,118

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 2023

Directors	SBM Holdings Ltd	Other Subsidiaries
Executive	34,081,408	1,728,118
Non-Executive	9,689,000	14,468,000

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

	2023	2022
	MUR' 000	**MUR' 000**
SBM Holdings Ltd		
Statutory audit and quarterly reviews	1,093	949
Other services	28	27
SBM (Bank) Holdings Ltd		
Statutory audit and quarterly reviews	719	741
Other services	12	12
SBM Bank (Mauritius) Ltd		
Statutory audit and quarterly reviews - Deloitte	17,480	11,236
Other services - Deloitte	840	972
SBM Bank (India) Limited		
Statutory audit - K.S Aiyar & Co	1,392	2,702
Statutory audit and quarterly reviews - Deloitte	1,150	1,208
Other services - K.S Aiyar & Co	2,132	
Other services - Deloitte	-	-
Banque SBM Madagascar SA		
Statutory audit - Delta Audit	503	438
Statutory audit - Mazars Fivoarana	503	438
Statutory audit and quarterly reviews - Deloitte	431	-
Other services - Deloitte	-	-
SBM Bank (Kenya) Limited		
Statutory audit and quarterly reviews - Deloitte	4,657	5,594
Other services - Deloitte	1,875	3,767

SBM Africa Holdings Ltd		
Statutory audit - Deloitte	115	53
SBM (NFC) Holdings Ltd		
Statutory audit - Deloitte	115	66
Other services - Deloitte	20	18
SBM Capital Markets Ltd		
Statutory audit - Deloitte	403	153
Other services - Deloitte	30	29
SBM Insurance Agency Ltd		
Statutory audit - Deloitte	115	44
Other services - Deloitte	25	24
SBM E-business Ltd		
Statutory audit - Deloitte	115	44
Other services - Deloitte	25	24
SBM 3S Ltd		
Statutory audit - Deloitte	115	66
Other services - Deloitte	25	24
SBM Leasing Ltd		
Other services - Deloitte	-	93
Other services - Deloitte	25	24
SBM (NBFC) Holdings Ltd		
Statutory audit - Deloitte	403	218
Other services - Deloitte	25	24
SBM MAM		
Statutory audit - Deloitte	115	109
Other services - Deloitte	25	24
SBM Fund Services Ltd		
Statutory audit - Deloitte	115	109
Other services - Deloitte	25	24
SBM Factors Ltd		
Statutory audit - Deloitte	403	109
Other services - Deloitte	25	24
SBM Africa Equity Fund Ltd		
Statutory audit - Deloitte	115	61
Other services - Deloitte	30	29

PART B

Caution regarding forward-looking statements

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

By their nature, forward-looking statements require the Company 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 several 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, economic and political conditions, 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 foregoing list of factors is not exhaustive and when relying on forward-looking statements to make decisions with respect to the Company, investors and other parties should carefully consider these factors, as well as the inherent uncertainty of forward-looking statements and other uncertainties and potential events. The Company does not undertake to update any forward-looking statement that may be made, from time to time, by the organization or on its behalf.

2. Strength, stability and resilience of growth impetus upheld

2.1 Executive summary

Despite the volatile global financial landscape throughout the fiscal year 2023, the SBM Group has posted a resilient performance. During the financial year 2023, the Group sustained a double digit growth momentum and consistently maintained strong financial soundness ratios. The ongoing improvement delivered in FY 2023 is attributed to wide-ranging strategic initiatives.

Improved financial performance of the Group

The Group reported a record profit after tax amounting to MUR 4.3 billion for FY 2023 as compared to MUR 3.6 billion for FY 2022, along with a decrease of MUR 285.5 million in credit loss expenses reflecting strategic decisions aimed at enhancing efficiency and mitigating credit risk. Consequently, this led to an improvement in earnings per share (EPS) from 140.8 cents in FY 2022 to 167.2 cents in FY 2023.

The Group reported a significant increase of 41.2% in interest earnings from loans and advances on account of higher market yields and business volumes while interest income from investment securities also rose in line with the Group's strategy to deploy its funds into medium and high yielding assets, contributing to the overall 19.3% increase in net interest income compared to the previous year. Non-interest income rose by 5.5%, primarily driven by a MUR 153.2 million increase in net fee and commission income and MUR 96.8 million increase in net trading income.

Total assets stood at MUR362.2 billion, almost at par with 31 December 2022 with redeployment of funds from low yielding assets to medium and higher yielding assets. As such, investment securities increased by MUR 5.6 billion and loans and placement with banks registered a 133.6% increase compared to previous year, while cash and cash equivalents fell by 21.3% to MUR 23.8 billion as at 31 December 2023.

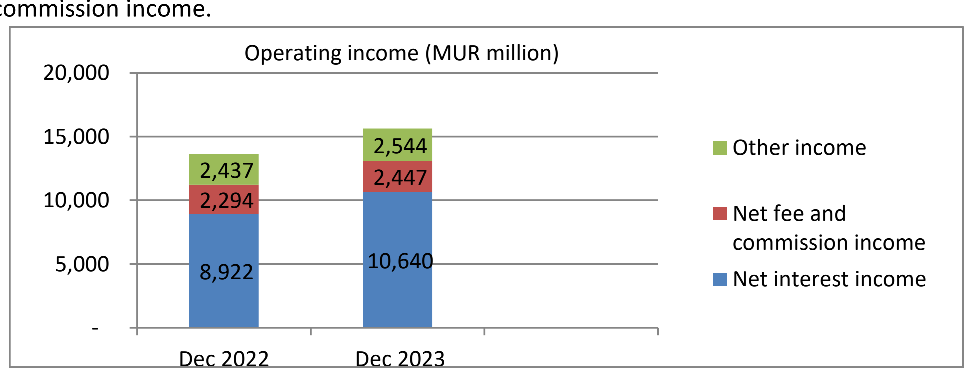
Deposits from non-bank customers and other borrowed funds have gone down by 0.9% and 13.5% respectively.

The Group's total equity rose to close at MUR 31.7 billion as at 31 December 2023 (FY 2022: MUR 27.2 billion) as a result of the good financial performance for FY 2023, thereby increasing the net asset value per share from MUR 10.5 in FY 2022 to MUR 12.3 in FY 2023.

2.2 Statement of profit or loss analysis

2.2. Operating income

Total operating income surged by 14.5%, rising from MUR 13.7 billion in FY 2022 to MUR 15.6 billion in FY 2023, primarily attributed to increased net interest income and net fee and commission income.



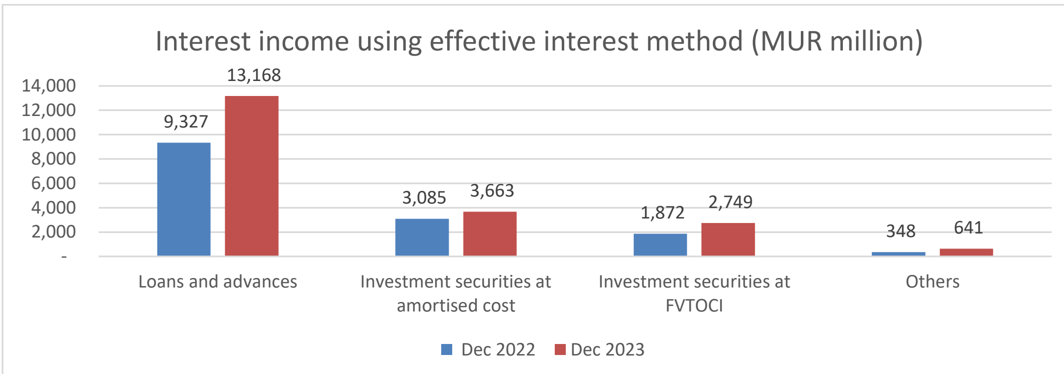
2. Strength, stability and resilience of growth impetus upheld (Cont'd)

2.1 Executive summary (Cont'd)

2.2 Statement of profit or loss analysis (Cont'd)

2.2.1 Operating income (Cont'd)

- The net interest income experienced a 19.3% increase from MUR 8.9 billion in FY 2022 to MUR 10.6 billion in FY 2023. This is primarily due to a 41.2% increase in interest income from loans and advances and MUR 1.5 billion growth in interest income derived from investment securities at amortized cost and financial assets at fair value through other comprehensive income (FVTOCI).



- Interest expenses went up by MUR 4.0 billion compared to FY 2022 mainly on account of the full year impact of the increases in interest rates across entities in FY 2022 and FY 2023 which resulted in an increase of MUR 3.3 billion in interest paid on deposits.
- The Group disclosed non-interest income totalling MUR 5.0 billion for the year 2023, that is, a 5.5% rise compared to MUR 4.7 billion for FY 2022. This enhancement was primarily fuelled by increased net fee and commission income and net trading income, partially mitigated by net losses from financial assets at amortised cost.

2.2.2 Non-interest expenses

- Non-interest expenses increased from MUR 8.1 billion to MUR 9.6 billion for FY 2023. This was largely attributed to higher staff costs and other operational expenses associated with ongoing investment in capacity building, business growth and also taking into account general increases in prices. Other expenses for FY 2023 included a one-off VAT expense amounting to MUR320.1 million.

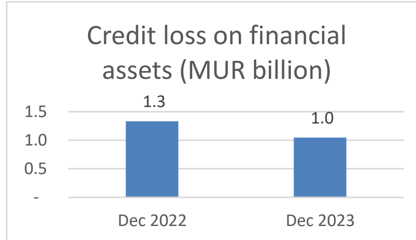
Expenses by segment (MUR Million)	**Group**	
	2022	**2023**
Personnel expenses	3,862	**4,276**
Depreciation of property and equipment	322	**330**
Depreciation of right-of-use asset	237	**239**
Amortisation of intangible assets	495	**531**
Other expenses	3,221	**4,228**
	8,137	**9,604**

2. Strength, stability and resilience of growth impetus upheld (Cont'd)

2.2 Statement of profit or loss analysis (Cont'd)

2.2.3 Credit loss expense

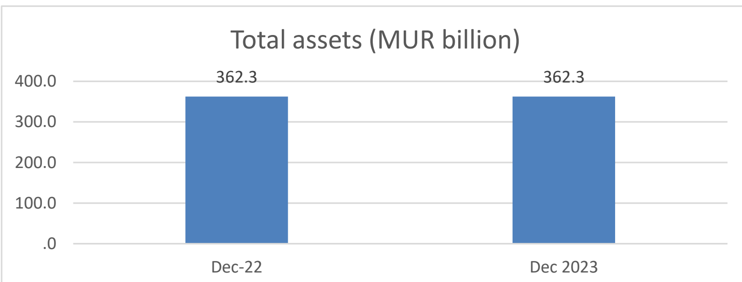
- In addition, the Group's profit continues to be positively impacted by lower impairment loss on financial assets through rigorous risk management controls in place. With thorough monitoring, many stage 2 accounts were transferred to stage 1 during the year under review, resulting in lower ECL provisions.



2.3 Statement of financial position analysis

2.3.1 Total assets

- Total assets remained nearly at par with 31 December 2022 at MUR 362.3 billion (FY 2022: MUR 362.3 billion) The movement in total assets was mainly driven by a rise of MUR 5.6 billion in investment securities and MUR 1.6 billion increase in loans and placements resulting from redeployment of cash and cash equivalents which fell by 21.3%. The Group's net loans and advances also fell by 1.7 billion.



2.3.2 Loans and advances

- Gross loans and advances to non-bank customers experienced a decline of 3.4% during FY 2023 to stand at MUR 157.8 billion as of 31 December 2023 (compared to MUR 163.5 billion in FY 2022) as shown in table below:

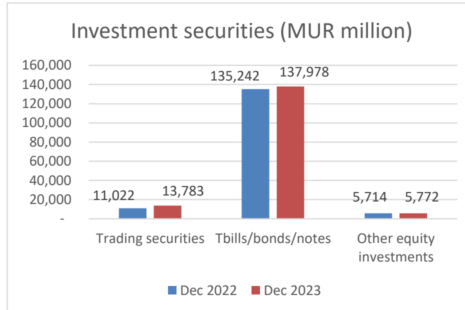
Details by entity (MUR million)	**SBMBM**	**SBMBI**	**BSBMM**	**SBMBK**	**GROUP (after intercompany elimination)**
2023					
Gross loans and advances to customers	**119,070**	**23,571**	**1,209**	**14,798**	**157,842**
Allowance for credit impairment	**(6,952)**	**(621)**	**(160)**	**(1,850)**	**(9,583)**
Net loans and advances to customers	**112,118**	**22,951**	**1,049**	**12,948**	**148,259**
Gross impaired advances	**6,249**	**521**	**91**	**4,002**	**10,863**
Net impaired advances	**895**	**19**	**4**	**2,201**	**3,119**
Provision coverage ratio	**85.7%**	**96.4%**	**95.6%**	**45.0%**	**71.3%**
2022					
Gross loans and advances to customers	118,545	29,079	1,178	15,821	163,451
Allowance for credit impairment	(10,426)	(705)	(186)	(2,141)	(13,456)
Net loans and advances to customers	108,119	28,374	992	13,680	149,995
Gross impaired advances	9,360	580	136	4,452	14,528
Net impaired advances	1,628	79	24	2,402	4,133
Provision coverage ratio	82.6%	86.4%	82.4%	46.0%	71.5%

2. Strength, stability and resilience of growth impetus upheld (Cont'd)

2.3 Statement of financial position analysis (Cont'd)

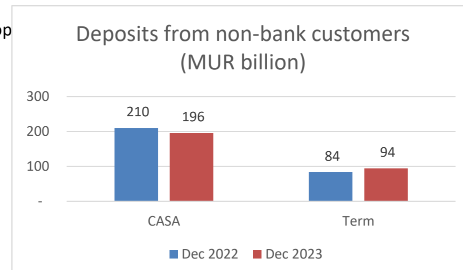
2.3.3 Investment securities

- Investment securities increased by 3.7% from MUR 152.0 billion as at 31 December 2022 to MUR 157.5 billion as of 31 December 2023. The Group remains committed to allocating its excess liquidity towards higher yielding assets (fixed income gilt-edged securities, foreign bank bonds, and corporate bonds).



2.3.4 Deposits from non-bank customers

- Deposits from non-bank customer decreased slightly due to a major drop in SBMBI's deposits following some regulatory restrictions. As for SBMBM, the bank registered a drop in CASA deposits mostly due to outflow of funds from Corporate Segment B business but which was offset by an increase in Term Deposits.



Deposits from non-customers by entity (MUR million)	SBMBM	SBMBI	BSBMM	SBMBK	GROUP (after intercompany elimination)
2023					
Term deposits	57,304	24,210	-	12,853	94,286
CASA	181,904	8,798	1,832	5,062	196,274
Total deposits	239,208	33,008	1,832	17,915	290,640
2022					
Term deposits	46,318	25,739	-	11,476	83,533
CASA	189,874	11,978	1,902	6,063	209,817
Total deposits	236,192	37,717	1,902	17,539	293,350

2.3.5 Subordinated debts

- The Group's subordinated debts stood at MUR 11.2 billion as at 31 December 2023 (31 December 2022: MUR 10.6 billion).

	Maturity date	Amount raised			Carrying value
		MUR'000	USD'000	INR'000	MUR'000
First issue of subordinated debts in 2014					
Class A1 series MUR senior unsecured bonds	March 2024	1,500,000	-	-	1,526,812
Second issue of subordinated debts in 2018					
Class A2 series MUR senior unsecured bonds	June 2028	3,060,520	-	-	3,064,426
Class B2 series USD senior unsecured bonds	June 2025	-	75,664	-	3,351,948
Third issue of subordinated debts in 2021					
Class A3 & B3 series unsecured bonds	June 2031	2,000,000	-	-	2,009,082
SBMBI_Issue of subordinated debts in 2022 & 2023					
Fixed interest rate Subordinated unsecured bonds	2032/2033	-	-	2,402,218	1,279,905
TOTAL					11,232,173

- 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 April 2032. During the year under review, the subsidiary further issued 99 unsecured subordinated debts at INR 10 million face value at the rate of 9.98% maturing on January 2033.
- The class A1 series MUR senior unsecured bonds of MUR 1.5 billion was duly repaid to bondholders on maturity date in March 2024.

2. Strength, stability and resilience of growth impetus upheld (Cont'd)

2.3 Statement of financial position analysis (Cont'd)

2.3.6 Other borrowed funds

- The Group's other borrowings stood at MUR 13.4 billion as at 31 December 2023 (2022: MUR 15.5 billion).

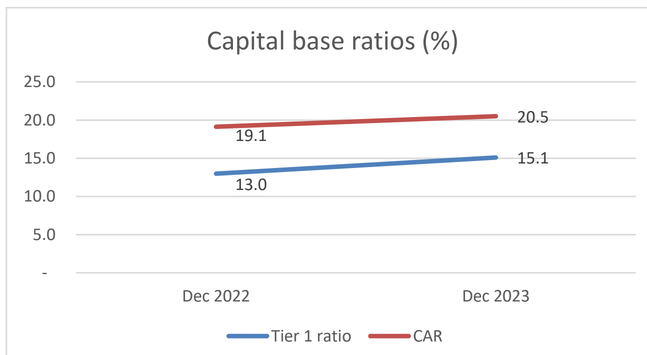
Breakdown by entity	2022	2023
	MUR million	MUR million
SBMBM	758	4,689
SBMBI	7,254	2,938
SBMBK	7,477	5,778
	15,490	13,405

- SBMBI's borrowings fell as a result of repayment of short term borrowings to local banks while SBMBM booked an increase of MUR 3.9 billion.

2.3.7 Shareholders' equity

- As of 31 December 2023, shareholders' equity amounted to MUR 31.7 billion, compared to MUR 27.2 billion as at 31 December 2022. This increase is attributed to profit for the year totalling MUR 4,316.9 million, a positive change in other comprehensive income amounting to MUR 712.6 million, mitigated by a dividend payment totaling MUR 516.4 million (equivalent to 20 cents per share). The following depicts the Group's capital structure over the past two years.

MUR million	2022	2023
Tier 1	22,770	27,016
Tier 2	10,823	9,678
Capital base	33,593	36,694



3. Segment performance

Amount in MUR million	SBM Banking Group		NBFC group		SBMH (Company)		Others		Group (after interco elimination)	
	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**
Statement of profit or loss										
Net interest income	9,371	**11,118**	26	**24**	(475)	**(502)**	-	**-**	8,922	**10,640**
Non-interest income	3,873	**4,298**	694	**495**	2,528	**2,082**	(1)	**1,479**	4,732	**4,991**
Operating income	13,244	**15,416**	721	**519**	2,053	**1,580**	(1)	**1,479**	13,654	**15,631**
Non-interest expense	(7,786)	**(9,176)**	(227)	**(264)**	(147)	**(273)**	(21)	**(14,541)**	(8,137)	**(9,604)**
Impairment of financial assets	(1,293)	**(1,030)**	(32)	**(14)**	-	**-**	-	**-**	(1,333)	**(1,047)**
Profit/(loss) before income tax	4,165	**5,211**	461	**242**	1,906	**1,307**	(22)	**(13,062)**	4,184	**4,980**
Profit/(loss) for the year	3,684	**4,582**	397	**206**	1,904	**1,308**	(22)	**(13,096)**	3,636	**4,317**
Statement of financial position										
Investment securities	143,500	**149,008**	1,239	**1,315**	38,139	**38,253**	400	**305**	151,978	**157,533**
Loans and advances to non-bank customers	151,164	**149,065**	-	**-**	-	**-**	-	**-**	149,995	**148,259**
Total assets	353,407	**353,123**	3,435	**3,268**	38,233	**39,083**	444	**456**	362,341	**362,253**
Deposit from non-bank customers	294,015	**291,959**	-	**-**	-	**-**	-	**-**	293,350	**290,640**
Other borrowed funds/liabilities	24,219	**23,018**	1,542	**1,303**	9,917	**9,952**	7	**5**	24,560	**23,445**
Total liabilities	325,441	**321,430**	1,616	**1,323**	9,993	**10,055**	8	**5**	335,172	**330,570**
Shareholder's equity	27,965	**31,693**	1,818	**1,945**	28,240	**29,028**	437	**450**	27,170	**31,683**

4. Banking group

Amount in MUR million	SBMBM 2022	SBMBM 2023	SBMBI 2022	SBMBI 2023	BSBMM 2022	BSBMM 2023	SBMBK 2022	SBMBK 2023	SBMBH (after interco elimination) 2022	SBMBH (after interco elimination) 2023
Statement of profit or loss										
Net interest income	6,930	**8,492**	1,132	**1,231**	112	**168**	1,197	**1,227**	9,371	**11,118**
Non-interest income	2,454	**2,904**	879	**870**	112	**81**	427	**442**	3,873	**4,298**
Operating income	9,384	**11,396**	2,011	**2,101**	224	**249**	1,624	**1,669**	13,244	**15,416**
Non-interest expense	(4,187)	**(5,239)**	(1,743)	**(2,269)**	(140)	**(131)**	(1,705)	**(1,538)**	(7,786)	**(9,176)**
Impairment of financial assets	(1,170)	**(919)**	(194)	**10**	(44)	**(16)**	111	**(100)**	(1,293)	**(1,030)**
Profit/(loss) before income tax	4,027	**5,238**	74	**(158)**	40	**101**	30	**31**	4,165	**5,211**
Profit/(loss) for the year	3,528	**4,625**	74	**(158)**	29	**81**	61	**38**	3,684	**4,582**
Statement of financial position										
Investment securities	113,045	**125,399**	17,349	**13,137**	515	**463**	12,592	**10,009**	143,500	**149,008**
Loans and advances to non-bank customers	108,119	**112,118**	28,373	**22,950**	992	**1,049**	13,680	**12,948**	151,164	**149,065**
Total assets	269,074	**281,113**	53,689	**43,088**	2,226	**2,210**	29,114	**26,957**	353,407	**353,123**
Deposit from non-bank customers	236,885	**239,208**	37,717	**33,008**	1,902	**1,832**	17,539	**17,915**	294,015	**291,959**
Other borrowed funds/liabilities	7,192	**13,084**	9,564	**4,096**	99	**67**	8,773	**6,548**	24,219	**23,018**
Total liabilities	247,370	**255,385**	50,482	**39,918**	2,001	**1,911**	26,316	**24,465**	325,441	**321,430**
Shareholder's equity	21,704	**25,728**	3,207	**3,170**	225	**299**	2,798	**2,492**	27,965	**31,693**

4. Segment performance (Cont'd)

4.1 Banking group

4.1.1 SBM Bank (Mauritius) Ltd (SBMBM)

- SBMBM 's total assets increased by 4.5% compared to previous year mainly on the back of MUR 12.3 billion increase in its investment securities as part of its strategy to redeploy excess funds into higher yielding assets, therefore causing a 29.0% fall in cash and cash equivalents.
- While the Bank registered a 0.4% increase in its gross and advances to MUR 119.0 billion as at 31 December 2023 (31 December 2022: MUR 118.5 billion), net loans and advances improved further by a notable decrease in allowance for credit impairment from MUR 10.4 billion in FY 2022 to MUR 6.9 billion in FY 2023.

- Total deposits from non-bank customers increased from MUR 236.9 billion in FY 2022 to MUR 239.2 billion in FY 2023 compared to a fall of 1.0% in total deposits for the previous year, reflecting continued trust by stakeholders in the Bank.
- Return on average shareholders' equity has increased from 16.7% in FY 2022 to 19.5% for FY 2023.

- Total interest income using the effective interest method increased by 58.6% to reach MUR 12.8 billion for the year ended 31 December 2023 mainly on account of 56.5% increase in interest income from loans and advances. In addition, interest earned from investment securities at FVTOCI increased by MUR 866.4 million.
- Operating income grew by 21.4% to reach MUR 11.4 billion (MUR 9.4 billion in FY 2022) with the main contributors being, interest income (explained above), a MUR 206.9 million increase in net fee and commission and a 24.1% increase in net trading income.
- Non-interest expenses witnessed an increase of MUR 1,051.6 million for the year ended 31 December 2023 attributable to 14.7% increase in personnel costs as SBMBM remains focused on investing in its human capital and remains an Employer of Choice. Other expenses increased by MUR 756.1 million mainly on account of an exceptional VAT payment of MUR 320.1 million.
- Total credit loss expenses fell by 21.5% from MUR 1.2 billion in FY 2022 to MUR 919.3 million in FY 2023 as a consequence of tightened internal controls and cautious growth of the Bank's loan book.
- SBMBM ended the financial year with profits amounting to MUR 4,624.7 million (FY 2022: MUR 3,527.9 million).

4.1.2 SBM Bank (India) Limited (SBMBI)

- SBMBI's performance has been significantly impacted by restrictions imposed by the Reserve Bank of India (RBI) which led to constraints on funding and capital fronts. As a consequence, gross loans and advances witnessed a remarkable fall compared to previous years. However, with capital injections by the holding company (SBMH) in early FY 2024, gross loans are expected to improve in FY 2024.
- Adding to the above, investment securities fell by 24.3% from MUR 17.3 billion in FY 2022 to MUR 13.1 billion in FY 2023.
- Deposits from non-bank customers fell by 12.5% to reach MUR 33.0 billion as at 31 December 2023. With the expected ease of restrictions from RBI next year, the entity is expected to achieve an uplift in deposits.
- As a result of the above movement, SBMBI registered a fall in its total assets to reach MUR 43.0 billion as at 31 December 2023 (2022: MUR 53.7 billion).

- Loss for the year amounted to MUR 157.7 million (FY 2022: profit of MUR 73.8 million).
- Net interest income increased by 8.7% on account of 18.6% increase in interest earned from loans and advances and MUR 300.0 million increase in interest earned from investment securities.
- Non-interest expense grew by 30.2% as a result of higher personnel costs and costs associated with increased business volumes.
- On a positive note, impairment loss on financial assets fell from MUR 194.0 million in FY 2022 to a gain on impairment of MUR 10.2 million in FY 2023 as the entity has taken a prudent approach considering the year-on-year increase in its impaired balance.

4. Segment performance (Cont'd)

4.1 Banking group (Cont'd)

4.1.3 SBM Bank (Kenya) Limited (SBMBK)

- In a difficult economic environment, SBMBK ended up with a year on year drop of 7% in its total assets which stood at MUR 26.9 billion as at 31 December 2023. This was mainly on account of investment securities which have gone down by MUR 2.6 billion coupled with a drop of MUR 1.0 billion in gross loans and advances which have the translation effect given a depreciating kenyan shillings.
- Deposits from non-bank customers experienced a marginal increase of 2.1%, reaching MUR 17.9 billion as of 31 December 2023, primarily driven by fixed deposits.

- Net interest income rose by 2.5% driven by growth in average loan book coupled with increase in market rates across all products.
- Non-interest expense dropped by MUR 166.4 million due to reduced personnel expenses and other general expenses.
- SBMBK registered a profit after tax amounting to MUR 38.3 million for the financial year 2023 (FY 2022: profit of MUR 61.0 million.)

4.1.4 Banque SBM Madagascar S.A (BSBMM)

- BSBMM's gross loan stood slightly above last year with a balance of MUR 1.2 billion as at 31 December 2023 in line with its strategy to prudently grow its loan book to avoid significant impairment while it registered a drop in its investment securities as the excess funds were redeployed in higher return advances.

- Total assets stood at MUR 2.2 billion as at 31 December 2023, a slight drop of 0.7% from 31 December 2022.

- BSBMM registered a 50.0% increase in net interest income, mainly on account of higher interest income earned from loans and advances and short-term placements.
- A 6.1% decrease in non-interest expense was primarily due to lower operational losses in FY 2023.
- Net impairment charge improved significantly from MUR 44.4 million in FY 2022 to MUR 16.3 million in FY 2023.
- BSBMM ended the financial year with an improved profit amounting to MUR 81.2 million (FY 2022: MUR 29.0 million).

4. Segment performance (Cont'd)

4.2 NBFC Group

SBM's Non-Banking Financial Cluster (NBFC) registered a profit after tax of MUR 205.7 million for the financial year 2023 compared to MUR 397.0 million last year, on account of lower operating income made by one of its subsidiaries. The capital markets businesses (including trading, asset and portfolio management and corporate finance) continue to remain the main focus for the cluster, whereby the majority of the income is generated while the other lines of business of the cluster have also improved during this financial year. Assets under management rose by 26% from MUR 14.2 billion as at 31 December 2022 to MUR 17.9 billion as at 31 December 2023, despite the challenging market conditions which continue to dampen the returns on investments.

4.3 SBM Holdings Ltd (the Company)

In FY 2023, the entity recorded a profit of MUR 1,307.7 million (compared to MUR 1,903.6 million in FY 2022), primarily attributable to the following factors:

- ✓ Dividend income mainly received from subsidiaries amounted to MUR 1,775 million (MUR 2,335 million in FY 2022)
- ✓ Increased personnel costs by MUR 104.8 million due to the transfer of employees from SBM (Bank) Holdings Ltd to SBM Holdings Ltd and ongoing investments in capacity building.
- ✓ Higher interest on subordinated debts at MUR 534.9 million for FY 2023 (MUR 484.8 million in FY 2022) due to the full-year impact of the key rate increase in FY 2022.

Total assets grew by 2.2% to MUR 39.1 billion in FY 2023, primarily driven by an increase in cash and cash equivalents from MUR 28.2 million in FY 2022 to MUR 710.7 million in FY 2023 kept for investments in subsidiaries and repayment of debts.

5. Five-year financial summary for the Group

SBM GROUP	December 2023	December 2022	December 2021	December 2020	December 2019
Key financial highlights (MUR million)					
Profit before income tax and net credit loss on financial assets	6,027	5,517	4,653	5,071	3,529
Profit before income tax	4,980	4,184	2,178	1,313	752
Profit for the year	4,317	3,636	1,737	1,013	35
Gross loans and advances to non-bank customers	157,842	163,451	145,086	135,601	121,456
Investment securities	157,533	151,978	153,427	121,053	100,291
Total assets	362,253	362,341	357,668	288,041	258,118
Deposits from non-bank customers	290,640	293,350	298,581	226,862	199,397
Shareholders' equity	31,683	27,170	26,378	25,196	24,548
Tier 1 capital	27,016	22,770	21,907	20,626	19,945
Risk-weighted assets (including market and operational risks)	178,946	175,429	153,043	148,284	136,016
Average assets[a]	362,297	360,005	322,854	273,080	241,062
Average shareholders' equity[a]	29,426	26,774	25,787	24,872	24,365
Key financial ratios (%)					
Capital adequacy ratio	20.5	19.1	21.4	20.7	22.2
Tier 1 Capital adequacy ratio	15.1	13.0	14.3	13.9	14.7
Return on risk-weighted assets	2.4	2.1	1.1	0.7	0.0
Return on average assets[a]	1.2	1.0	0.5	0.4	0.0
Return on average shareholders' equity	14.7	13.6	6.7	4.1	0.1
Cost to income	61.4	59.6	60.6	54.8	63.4
Provision coverage ratio	71.3	71.5	74.3	73.4	69.0
Gross impaired advances to gross advances	6.9	8.9	11.4	13.8	11.7
Net impaired advances to net advances	2.1	2.8	3.3	4.1	4.1
Credit to deposit ratio	54.3	55.7	48.6	59.8	60.9

5. Five-year financial summary for the Group (Cont'd)

SBM GROUP	December 2023	December 2022	December 2021	December 2020	December 2019
Share information (based on nominal of 10 cent each)					
Earnings per share (Cents)	167.2	140.8	67.3	39.2	1.4
Dividend per share (Cents)[b]	20.0	20.0	-	-	30.0
Net asset value per share (MUR)	12.3	10.5	10.2	9.7	9.5
Share price to book value (times)	0.4	0.4	0.4	0.4	0.7
Dividend yield (%)	4.4	4.7	-	-	4.7
Earnings yield (%)	36.7	31.3	18.7	10.9	0.2
Total Yield (Cents)	20.1	20.2	67.0	(284.0)	78.0
Cumulative Yield (Cents)	926.8	906.7	886.5	819.5	1,103.5
Price earnings ratio (times)	2.7	3.2	6.3	9.2	470.7
Dividend cover (times)	8.4	7.0	-	-	-
Market capitalisation (MUR M)	13,820	13,577	12,970	10,935	19,561
Market price per share (MUR)	4.6	4.5	4.3	3.6	6.4
Highest	4.8	5.2	6.7	6.7	6.9
Lowest	4.2	4.2	3.1	3.0	5.5
Average	4.5	4.7	4.7	4.2	5.8
Value of shares trades (MUR M)	351	1,033	2,018	700	899
Value of shares traded as a percentage of Market (%)	4.3	3.3	0.8	4.5	6.4
Other key data					
Number of employees	3,390	3,115	2,870	2,845	2,717
Number of employees (Mauritius)	1,933	1,822	1,719	1,649	1,663
Number of employees (Overseas)	1,457	1,293	1,151	1,196	1,054
Number of service units	104	103	99	103	108
Exchange rate (USD : MUR)	44.3	43.9	43.6	39.5	36.6
Exchange rate (INR : MUR)	0.5	0.5	0.6	0.5	0.5
Exchange rate (100 MGA : MUR)	1.0	1.0	1.1	1.0	1.0
Exchange rate (KES : MUR)	0.3	0.4	0.4	0.4	0.4

[a] Averages are calculated using year-end balances.

PART C

SBM HOLDINGS LTD

CONTENTS

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of SBM Holdings Ltd (the 'Company') and its subsidiaries (collectively the 'Group'). In preparing those financial statements, the directors are required to: ensure that adequate accounting records and an effective system of internal controls and risk management have been maintained; select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and /or the Company will continue in business. The directors confirm that they have complied with these requirements in preparing the financial statements.

The external auditors are responsible for reporting on whether the financial statements are fairly presented. The external auditors Deloitte, have full and free access to the board of directors and its committees to discuss the audit matters arising therefrom, such as their observations on the fairness of financial reporting and the adequacy of internal controls. The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Group and the Company while ensuring that: the financial statements fairly present the state of affairs of the Group and the Company, as at the financial year end, and the results of its operations and cash flow for that period; and they have been prepared in accordance with and comply with International Financial Reporting Standards, the Mauritius Companies Act 2001 and the Financial Reporting Act 2004 .

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

28 March 2024

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

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of **SBM Holdings Ltd** (the "Company" and the "Public Interest Entity") and its subsidiaries (the "Group") set out on pages 6 to 113, which comprise the consolidated and separate statements of financial position as at 31 December 2023, and the consolidated and separate statements of profit or loss, consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2023, and of their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standard Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters described below relate to the consolidated financial statements and no key audit matter was identified on the separate financial statements.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Provision for expected credit losses – Financial assets which are not credit impaired</td></tr>
<tr><td>IFRS 9 requires the Group and the Company to recognise expected credit losses ('ECL') on financial instruments, which involves significant judgements and estimates. The key areas where we identified greater levels of management judgements and estimates and therefore increased levels of audit focus in the application of IFRS 9 are:
• Model estimations – the Group has used 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 Group has used a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weightings applied, especially when considering the current uncertain global economic environment.</td><td>Our audit procedures included amongst others:
• 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</td></tr>
</table>

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Key audit matters (cont'd)

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit losses – Financial assets which are not credit impaired	
• Qualitative adjustments - Adjustments to the model-driven ECL results are accounted by management to address known impairment model limitations or emerging trends. Such adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts. Due to the significance of the judgements and estimates applied in the computation of the provision for expected credit losses, this item is considered as a key audit matter. The details of the policies and processes followed for the determination of ECL are disclosed in Note 37 to the financial statements.	• Assessing whether the disclosures are in accordance with the requirements of IFRS 9.
Provision for expected credit losses - Credit impaired assets	
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. Changes in the assumptions and the methodology applied may have a material impact on the measurement of allowance for credit impairment. The details of allowance for credit impairment on loans and advances to non-bank customers and memorandum items are disclosed in Notes 8(c), 22 and 32 to the financial statements. The most significant judgements / matters are: - whether impairment events have occurred; - valuation of collateral and future cash flows; and - management judgements and assumptions used Due to the significance of the judgements applied in the identification of credit-impaired facilities and determination of the provision for credit losses, this item is considered as a key audit matter.	Our audit procedures included amongst others: • Obtaining audit evidence in respect of key controls over the processes for identification of impairment events, impaired assets and impairment assessment; • Inspecting the minutes of 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, which we obtained prior to the date of this auditor's report, comprises the Statement of Directors' responsibility, Report from the Company Secretary, 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.

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Cybercity
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Mauritius

Other information (cont'd)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard on the reports obtained prior to the date of this auditor's report. When we read the other information expected to be available after the auditor's report date, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, and in compliance with the requirements of the Mauritius Companies Act 2001, and the Financial Reporting Act 2004 and they are also responsible for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.

Deloitte.

7th-8th floor, Standard Chartered Tower
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Mauritius

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless laws or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interest in, the Company and its subsidiaries other than in our capacities as auditor and tax advisor;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Group and the Company as far as appears from our examination of those records.

Financial Reporting Act 2004 – Corporate Governance Report

Our responsibility under the Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Public Interest Entity has, pursuant to section 75 of the Financial Reporting Act 2004, complied with the requirements of the Code.

Use of this report

This report is made solely to the Company's shareholders, as a body, in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte

Deloitte
Chartered Accountants
28 March 2024

LLK Ah Hee, FCCA
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SBM HOLDINGS LTD
STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	The Group		The Company	
		2023	2022	**2023**	2022
		MUR' 000	MUR' 000	**MUR' 000**	MUR' 000
ASSETS					
Cash and cash equivalents	5	**23,827,701**	30,275,037	**710,733**	28,219
Mandatory balances with central banks		**16,918,939**	15,723,438	**-**	-
Loans to and placements with banks	6	**2,853,065**	1,221,415	**-**	-
Derivative financial instruments	7	**679,073**	1,205,168	**-**	-
Loans and advances to non-bank customers	8	**148,259,418**	149,994,543	**-**	-
Investment securities	9(a)	**157,532,715**	151,977,933	**6,814,937**	6,839,138
Investment in subsidiaries	9(b)	**-**	-	**31,438,094**	31,300,001
Property and equipment	10(a)	**4,140,212**	3,656,696	**5,312**	3,116
Right of use assets	10(b)(i)	**724,545**	867,749	**-**	-
Intangible assets	11	**1,851,623**	1,752,989	**66**	335
Deferred tax assets	17 (d)	**1,390,569**	1,265,176	**-**	-
Other assets	12	**4,075,455**	4,401,241	**113,970**	62,533
Total assets		**362,253,315**	362,341,385	**39,083,112**	38,233,342
LIABILITIES					
Deposits from banks	14	**2,662,028**	3,802,908	**-**	-
Deposits from non-bank customers	15	**290,639,805**	293,350,435	**-**	-
Other borrowed funds	16	**13,405,661**	15,489,470	**-**	-
Derivative financial instruments	7	**782,595**	905,317	**-**	-
Lease liabilities	10(b)(ii)	**801,229**	888,617	**-**	-
Current tax liabilities	17 (a)	**556,294**	478,499	**-**	1,385
Pension liabilities	13	**450,863**	569,093	**13,058**	10,096
Other liabilities	18	**10,039,834**	9,070,915	**89,296**	65,362
Subordinated debts	19	**11,232,173**	10,616,492	**9,952,271**	9,916,536
Total liabilities		**330,570,482**	335,171,746	**10,054,625**	9,993,379
SHAREHOLDERS' EQUITY					
Stated capital	20	**32,500,204**	32,500,204	**32,500,204**	32,500,204
Retained earnings		**9,511,081**	5,909,389	**2,148,355**	1,362,238
Other reserves		**(5,453,421)**	(6,364,923)	**(745,041)**	(747,448)
		36,557,864	32,044,670	**33,903,518**	33,114,994
Treasury shares	20	**(4,875,031)**	(4,875,031)	**(4,875,031)**	(4,875,031)
Total equity attributable to owners of the company		**31,682,833**	27,169,639	**29,028,487**	28,239,963
Total equity and liabilities		**362,253,315**	362,341,385	**39,083,112**	38,233,342

Approved by the Board of Directors and authorised for issue on 28 March 2024

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

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

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

	Notes	The Group 2023 MUR' 000	The Group 2022 MUR' 000	The Company 2023 MUR' 000	The Company 2022 MUR' 000
Interest income using the effective interest method		**20,221,308**	14,632,440	**32,765**	9,289
Other interest income		**328,406**	186,826	**-**	-
Interest expense using the effective interest method		**(9,245,282)**	(5,431,794)	**(534,993)**	(484,779)
Other interest expense		**(664,631)**	(465,252)	**-**	-
Net interest income/(expense)	25	**10,639,801**	8,922,220	**(502,228)**	(475,490)
Fee and commission income		**2,584,671**	2,395,957	**-**	-
Fee and commission expense		**(137,358)**	(101,796)	**-**	-
Net fee and commission income	26	**2,447,313**	2,294,161	**-**	-
Other income					
Net trading income	27	**2,180,663**	2,083,870	**-**	-
Net gains from financial assets measured at FVTPL	28 (a)	**40,253**	8,629	**35,342**	33,166
Net (loss)/gains on derecognition of financial assets measured at amortised cost	28 (b)	**(21,394)**	11,382	**-**	11,382
Net gains on derecognition of financial assets measured at FVTOCI	28 (c)	**44,962**	94,968	**-**	-
Other operating income	29	**299,249**	238,594	**2,046,581**	2,483,941
Non-interest income		**4,991,046**	4,731,604	**2,081,923**	2,528,489
Total operating income		**15,630,847**	13,653,824	**1,579,695**	2,052,999
Personnel expenses	30	**(4,275,825)**	(3,862,272)	**(182,456)**	(77,562)
Depreciation of property and equipment	10(a)	**(330,262)**	(322,017)	**(372)**	(273)
Depreciation of right of use assets	10(b)	**(238,631)**	(237,472)	**-**	-
Amortisation of intangible assets	11	**(531,095)**	(495,319)	**(269)**	(274)
Other expenses	31	**(4,228,071)**	(3,219,963)	**(76,087)**	(54,639)
Impairment of investment in subsidiary	9(b)	**-**	-	**(13,816)**	(14,366)
Non-interest expense		**(9,603,884)**	(8,137,043)	**(273,000)**	(147,114)
Profit before credit loss expense		**6,026,963**	5,516,781	**1,306,695**	1,905,885
Credit loss on financial assets and memorandum items	32	**(1,047,247)**	(1,332,743)	**(185)**	(45)
Profit before income tax		**4,979,716**	4,184,038	**1,306,510**	1,905,840
Tax (expense) / credit	17 (b)	**(662,779)**	(548,377)	**1,221**	(2,189)
Profit for the year attributable to owners of the company		**4,316,937**	3,635,661	**1,307,731**	1,903,651
Earnings per share:					
Basic and Diluted (Cents)	33	**167.2**	140.8		

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

		The Group		The Company	
	Notes	**2023**	2022	**2023**	2022
		MUR' 000	MUR' 000	**MUR' 000**	MUR' 000
Profit for the year		**4,316,937**	3,635,661	**1,307,731**	1,903,651
Other comprehensive income :					
Items that will not be reclassified subsequently to profit or loss:					
Gain on revaluation of property	10(a)	**30,815**	-	**-**	-
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	**(204,466)**	(20,693)	**(5,256)**	1,643
Deferred tax on remeasurement of defined benefit pension plans	17 (d)	**27,784**	1,662	**-**	-
Net gain on equity instruments designated at FVTOCI	9(a)	**77,347**	289,862	**-**	298,708
		(145,448)	270,831	**(5,256)**	300,351
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	37	**(566,236)**	(598,644)	**-**	-
Debt securities measured at FVTOCI					
-Movement in fair value during the year		**1,335,432**	(1,872,049)	**2,596**	(705)
-Fair value gains reclassified to profit or loss on derecognition		**(44,962)**	(94,968)	**-**	-
- Credit loss movement relating to debt instruments held at FVTOCI		**133,829**	(33,128)	**(189)**	-
		858,063	(2,598,789)	**2,407**	(705)
Total other comprehensive income / (loss) attributable to owners of the company		**712,615**	(2,327,958)	**(2,849)**	299,646
Total comprehensive income for the year attributable to owners of the company		**5,029,552**	1,307,703	**1,304,882**	2,203,297

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

SBM HOLDINGS LTD
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

The Group	**Note**	**Stated capital** MUR' 000	**Treasury shares** MUR' 000	**Statutory reserve** MUR' 000	**Retained earnings** MUR' 000	**Property revaluation reserve** MUR' 000	**Other reserves*** MUR' 000	**Total equity** MUR' 000
At 01 January 2022		32,500,204	(4,875,031)	802,086	2,807,788	280,886	(5,137,639)	26,378,294
Profit for the year		-	-	-	3,635,661	-	-	3,635,661
Other comprehensive loss for the year		-	-	-	(19,031)	-	(2,308,927)	(2,327,958)
Total comprehensive income/(loss) for the year		-	-	-	3,616,630	-	(2,308,927)	1,307,703
Reclassification between reserves		-	-	(100,408)	143,169	44,441	(87,202)	-
Appropriation of reserves		-	-	33,582	(193,308)	-	159,726	-
Revaluation surplus realised on depreciation		-	-	-	51,468	(51,468)	-	-
Dividend	21	-	-	-	(516,358)	-	-	(516,358)
At 31 December 2022		32,500,204	(4,875,031)	735,260	5,909,389	273,859	(7,374,042)	27,169,639
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		**32,500,204**	**(4,875,031)**	**763,991**	**9,511,081**	**182,309**	**(6,399,721)**	**31,682,833**

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

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

SBM HOLDINGS LTD
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

The Company	Note	Stated capital MUR' 000	Treasury shares MUR' 000	Retained earnings MUR' 000	Fair value reserve MUR' 000	Total equity MUR' 000
At 1 January 2022		32,500,204	(4,875,031)	(26,698)	(1,045,451)	26,553,024
Profit for the year		-	-	1,903,651	-	1,903,651
Other comprehensive income for the year		-	-	1,643	298,003	299,646
Total comprehensive income for the year		-	-	1,905,294	298,003	2,203,297
Dividend	21	-	-	(516,358)	-	(516,358)
At 31 December 2022		32,500,204	(4,875,031)	1,362,238	(747,448)	28,239,963
At 1 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**

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

	Notes	The Group 2023 MUR' 000	The Group 2022 MUR' 000	The Company 2023 MUR' 000	The Company 2022 MUR' 000
Net cash used in operating activities	34	**(2,652,351)**	(22,283,388)	**(537,676)**	(795,208)
Investing activities					
Acquisition of property and equipment		**(814,626)**	(421,883)	**(2,568)**	(2,279)
Acquisition of intangible assets	11	**(686,252)**	(314,941)	**-**	-
Disposal of property and equipment		**5,615**	(5,947)	**-**	-
Dividend received	29	**267,767**	206,563	**1,942,488**	2,447,632
Net cash (used in)/generated from investing activities		**(1,227,496)**	(536,208)	**1,939,920**	2,445,353
Financing activities					
Capital contribution granted to existing subsidiaries	9(b)	**-**	-	**(151,909)**	(1,200,000)
Net movement in other borrowed funds	19	**(2,083,809)**	5,976,558	**-**	-
Subordinated debts issued		**583,039**	735,949	**-**	-
Dividend paid on ordinary shares	21	**(516,358)**	(516,358)	**(516,358)**	(516,358)
Payment of principal portion of lease liabilities	10(b)	**(234,973)**	(291,981)	**-**	-
Net cash flow (used in) / from financing activities		**(2,252,101)**	5,904,168	**(668,267)**	(1,716,358)
Net change in cash and cash equivalents		**(6,131,948)**	(16,915,428)	**733,977**	(66,213)
Effect of foreign exchange rate changes		**(309,149)**	(452,947)	**(51,463)**	4,377
Expected credit loss allowance on cash and cash equivalents		**(6,239)**	6,591	**-**	-
Cash and cash equivalents at start of year		**30,275,037**	47,636,821	**28,219**	90,055
Cash and cash equivalents at end of year	5	**23,827,701**	30,275,037	**710,733**	28,219

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

1 GENERAL INFORMATION

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

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

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

2 APPLICATION OF NEW AND REVISED STANDARD AND INTERPRETATION (IFRS)

In the current year, the Group and the Company have applied all of the new and revised Standard and Interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to their operations and effective for accounting periods beginning on 01 January 2023.

(a) *New and revised IFRSs and IFRICs*

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

IAS 1	Presentation of Financial Statements - Amendments regarding the disclosure of accounting policies
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimates
IAS 12	Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations
IAS 12	Income Taxes - Amendments to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes

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

IAS 1	Presentation of Financial Statements - Amendments regarding classification of liabilities (effective 01 January 2024)
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of debt with covenants (effective 1 January 2024)
IAS 7	Statement of cash flows - Amendments regarding supplier finance arrangements (effective 01 January 2024)
IFRS 7	Financial Instruments Disclosure - Amendments regarding supplier finance arrangements (effective 01 January 2024)
IFRS 16	Leases - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions (effective 01 January 2024)
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information (effective 01 January 2024)
IFRS S2	Climate-related disclosures (effective 01 January 2024)

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

3 ACCOUNTING POLICIES

The principal accounting policies adopted by the Group and the Company are detailed below. The accounting policies of each relevant line item not disclosed below are included in the respective notes.

a Basis of preparation

The financial statements have been prepared on the historical cost basis, except for certain property and equipment measured at revalued amounts and derivative and financial instruments that are measured at fair value as explained in the accounting policies. 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.

b Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standards Board (IASB) and in compliance with the Mauritius Companies Act 2001, and the Financial Reporting Act 2004.

c Presentation of financial statements

The financial statements are presented in Mauritian Rupee ('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 presents its statement of financial position broadly in order of liquidity. The recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented under each respective note.

d Basis of consolidation

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

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

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

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

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

3 ACCOUNTING POLICIES (CONT'D)

d Basis of consolidation (Cont'd)

The Company re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date it ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated on consolidation.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group.

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

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

e Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.

f Foreign currency translation

Assets, liabilities, income and expense items denominated in other currencies are translated into Mauritian Rupees, the currency of the primary economic environment in which the entity operates (‘functional currency’) in accordance with IAS 21.

(i) Transactions denominated in foreign currency are converted at the rate prevailing at the date of the transactions.

(ii) Monetary assets and liabilities denominated in foreign currency at the reporting date are translated into Mauritian Rupees at the rates of exchange prevailing at that date.

(iii) Non-monetary assets and liabilities denominated in foreign currency are reported using the exchange rates at the date of the transactions, if carried at cost, or the exchange rates that existed when the fair values were determined, if carried at fair value.

3 ACCOUNTING POLICIES (CONT'D)

f Foreign currency translation (Cont'd)

(iv) Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the statements of profit or loss and other comprehensive income ('OCI') for the year. When a gain or loss on a non-monetary item is recognised in equity, any exchange component of that gain or loss shall be recognised in equity. Conversely, when a gain or loss on a non-monetary item is recognised in the statements of profit or loss and other comprehensive income, any exchange component of that gain or loss shall be recognised in the statements of profit or loss and other comprehensive income.

(v) Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at closing rate. Exchange differences arising are recognised in other comprehensive income.

(vi) On consolidation, the assets and liabilities of foreign operations are translated into Mauritian Rupee at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in Other Comprehensive Income. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.On disposal/derecognition of a foreign entity, such translation differences are recognised in the statements of profit in the period in which the foreign entity is disposed of/derecognised.

g Financial instruments

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

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

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

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

Financial assets

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

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

3 ACCOUNTING POLICIES (CONT'D)

g Financial instruments (cont'd)

Financial assets (cont'd)

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

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

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

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

Debt instruments measured at amortised cost or at FVTOCI

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

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

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

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

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

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

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

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

3 ACCOUNTING POLICIES (CONT'D)

g Financial instruments (cont'd)

Financial assets measured at FVTPL

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss.

Equity instruments designated at FVTOCI

On initial recognition, the entity may make an irrevocable election (on an instrument by instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the entity manages together and has evidence of a recent actual pattern of short-term profit taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

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

Cash and cash equivalents

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

Reclassifications

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

Foreign exchange gains and losses

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

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

Financial guarantees

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

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

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

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

3 ACCOUNTING POLICIES (CONT'D)

g Financial instruments (cont'd)

Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

Credit impaired financial assets

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

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

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

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

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

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

3 ACCOUNTING POLICIES (CONT'D)

g Financial instruments (cont'd)

Credit impaired financial assets (Cont'd)

Definition of default

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

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

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

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

The Group uses a variety of sources of information to assess default which are either developed internally or obtained from external sources. More details are provided in Note 44. As noted in the definition of credit impaired financial assets above, default is evidence that an asset is credit impaired. Therefore credit impaired assets will include defaulted assets, but will also include other non-defaulted asset given the definition of credit impaired is broader than the definition of default.

Significant increase in credit risk (SICR)

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

The Group's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information.

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

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

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

3 ACCOUNTING POLICIES (CONT'D)

g Financial instruments (cont'd)

Significant increase in credit risk (SICR) (cont'd)

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

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

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

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

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

Modification and derecognition of financial assets

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

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

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

3 ACCOUNTING POLICIES (CONT'D)

g Financial instruments (cont'd)

Modification and derecognition of financial assets (cont'd)

When performing a quantitative assessment of a modification or renegotiation of a credit-impaired financial asset or a purchased or originated credit-impaired financial asset that was subject to a write-off, the entity considers the expected (rather than the contractual) cash flows before modification or renegotiation and compares those with the contractual cash flows after modification or renegotiation. In the case where the financial asset is derecognized, the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, as if the borrower is in past due status under the new terms.

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

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

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

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

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

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

3 ACCOUNTING POLICIES (CONT'D)

g Financial instruments (cont'd)

Modification and derecognition of financial assets (cont'd)

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 the financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group is recognised at the proceeds received, net of direct issue costs. Ordinary shares are classified as equity. Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Ordinary shares are classified as equity.

Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group or a contract that will or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group are or may be obliged to deliver a variable number of their own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.

Financial liabilities measured at amortised cost

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

Financial liabilities measured at FVTPL

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

3 ACCOUNTING POLICIES (CONT'D)

g Financial instruments (cont'd)

Financial liabilities measured at FVTPL (Cont'd)

A financial liability is classified as held for trading if:

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

Financial liabilities are classified as at FVTPL when the financial liability is:

(i) held for trading, or

(ii) it is designated as at FVTPL.

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

Derecognition and modification of financial liabilities

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

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

Hedge accounting

The Group enters into fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

<u>Fair value hedges</u>

In accordance with its wider risk management, as set out in Note 38(d)(i), it is the Group's strategy to apply fair value hedge accounting to keep interest rate sensitivities within its established limits. Applying fair value hedge accounting enables the Group to reduce fair value fluctuations of fixed rate financial assets and liabilities as if they were floating rate instruments linked to the attributable benchmark rates. From a hedge accounting point of view, the Group designates the hedged risk as the exposure to changes in the fair value of a recognised financial asset or liability or an unrecognised firm commitment, or an identified portion of such financial assets, liabilities or firm commitments that is attributable to a particular risk and could affect profit or loss. The Group only hedges changes due to interest rates such as benchmark rates (e.g. LIBOR), which are typically the most significant component of the overall fair value change. The Group assesses hedge effectiveness by comparing fair value movements of the hedging instruments and the hedged items attributable to changes in these benchmark rates using the hypothetical derivative method as set out above.

In accordance with its hedging strategy, the Group matches the principal of the hedging instruments to the principal of the hedged items, including prepayment expectations. The Group uses pay fixed/receive floating interest rate swaps to hedge its fixed rate debt instruments and pay floating/receive fixed interest rate swaps to hedge its fixed rate liabilities. The Group applies only a micro fair value hedging strategy as set out under the relevant subheadings below.

3 SUMMARY OF ACCOUNTING POLICIES (CONT'D)

g Financial instruments (cont'd)

Hedge accounting (cont'd)

Hedge ineffectiveness can arise from:
• Differences in timing of cash flows of hedged items and hedging instruments.
• Different interest rate curves applied to discount the hedged items and hedging instruments.
• Derivatives used as hedging instruments having a non-nil fair value at the time of designation.
• The effect of changes in counterparties' credit risk on the fair values of hedging instruments or hedged item.

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the Statement of Profit or Loss in Net Trading Income. In addition, the cumulative change in the fair value of the hedged item attributable to the hedged risk is recognised in the Statement of Profit or Loss in Net Trading Income, and also recorded as part of the carrying value of the hedged item in the statement of financial position.

Micro fair value hedges

A fair value hedge relationship is a 'Micro fair value hedge' when the hedged item (or group of items) is a distinctively identifiable asset or liability hedged by one or a few hedging instruments. The financial instruments hedged for interest rate risk in a fair value hedge relationship include fixed rate corporate and small business loans. These hedge relationships are assessed for prospective hedge effectiveness on a monthly basis.

If the hedging instrument expires or is sold, terminated or exercised, or when the hedge no longer meets the criteria for hedge accounting, or the Group decides to voluntarily discontinue the hedging relationship, the hedge relationship is discontinued prospectively. If the relationship does not meet the hedge effectiveness criteria, the Group discontinues hedge accounting from the last date on which compliance with hedge effectiveness was demonstrated. If the hedge accounting relationship is terminated for an item recorded at amortised cost, the accumulated fair value hedge adjustment to the carrying amount of the hedged item is amortised over the remaining term of the original hedge by recalculating the EIR. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the statement of profit or loss.

For fair value hedge relationships where the hedged item is not measured at amortised cost, such as debt instruments at FVTOCI, changes in fair value that were recorded in the statement of profit or loss whilst hedge accounting was in place are amortised in a similar way to amortised cost instruments using the EIR method. However, as these instruments are measured at their fair values in the statement of financial position, the fair value hedge adjustments are transferred from the statement of profit or loss to OCI. There were no such instances in either the current year or in the comparative year.

h Derivative financial instruments

The Group enters into a variety of derivative financial instruments some of which are held for trading while others are held to manage its exposure to interest rate risk; credit risk; and foreign exchange rate risk. Derivative held include forward contracts, spot position, swaps and option contracts. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss.

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

i Impairment of non-financial assets

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

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

3 ACCOUNTING POLICIES (CONT'D)

i Impairment of non-financial assets (cont'd)

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

j Provisions and other contingent liabilities

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

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

k Offsetting financial instruments

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

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

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

l Dividend income

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

m Recognition of income and expenses

(i) *Net interest income*

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

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

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

3 ACCOUNTING POLICIES (CONT'D)

m Recognition of income and expenses (cont'd)

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

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

(ii) *Net fee and commission income*

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

Fee income earned from services provided

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

Fee income from providing transaction services

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

Fee and commission expense

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

(iii) *Net trading income*

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

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

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

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

The above include:

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

(iv) *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.

n Comparative figures

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

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

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Judgements

(a) Business model assessment

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

(b) Significant increase in credit risk

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

- Establishing groups of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group monitor the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets.

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

(c) Deferred tax assets

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

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Estimates

(a) Expected credit losses on financial assets

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

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

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

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

(b) Fair value of financial Instruments

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

(c) Assessment of useful lives of property and equipment and intangible assets

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

(d) Pension benefits

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

(e) Provisions and other contingent liabilities

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

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

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	
	2023	2022	**2023**	2022
	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000
Cash in hand	**2,757,127**	2,570,442	**-**	-
Foreign currency notes and coins	**1,233,388**	477,905	**-**	-
Unrestricted balances with central banks [1]	**3,323,847**	20,171,761	**-**	-
Loans to and placements with banks[2]	**11,343,736**	3,092,553	**-**	-
Balances with banks	**5,176,530**	3,963,064	**710,733**	28,219
	23,834,628	30,275,725	**710,733**	28,219
Less: allowance for credit losses	**(6,927)**	(688)	**-**	-
	23,827,701	30,275,037	**710,733**	28,219

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

	THE GROUP	
	2023	2022
	MUR' 000	MUR' 000
	Stage 1	Stage 1
ECL allowance as at 01 January	**688**	7,279
Net remeasurement of loss allowance	**11,322**	(179)
Assets repaid	**(5,041)**	(6,364)
Translation adjustment	**(42)**	(48)
ECL allowance as at 31 December	**6,927**	688

[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	
At amortised cost	**2023**	2022
Loans to and placements with banks	**MUR' 000**	MUR' 000
- In Mauritius	**-**	-
- Outside Mauritius	**2,871,465**	1,226,864
	2,871,465	1,226,864
Less: allowance for credit losses	**(18,400)**	(5,449)
	2,853,065	1,221,415
Remaining term to maturity		
Up to 3 months	**576,871**	658,677
Over 3 months and up to 6 months	**667,405**	219,627
Over 6 months and up to 12 months	**1,554,256**	223,536
Over 1 year and up to 2 years	**72,933**	-
Over 2 years and up to 5 years	**-**	125,024
	2,871,465	1,226,864

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.

			2023	2022
	Stage 1 Individual	**Stage 2 Individual**	**Total**	Total Stage 1
Internal rating grade	**MUR'000**	**MUR'000**	**MUR'000**	MUR'000
Performing				
Standard grade	**1,770,997**	**-**	**1,770,997**	658,677
Sub-standard grade	**1,027,535**	**72,933**	**1,100,468**	568,187
Total	**2,798,532**	**72,933**	**2,871,465**	1,226,864

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

	Stage 1 Individual	**Stage 2 Individual**	**2023 Total Stage 1**	2022 Total Stage 1
	MUR'000	**MUR'000**	**MUR'000**	MUR'000
Gross carrying amount as at 1 January	**1,226,864**	**-**	**1,226,864**	843,079
Financial assets originated or purchased	**2,798,532**	**-**	**2,798,532**	443,381
Financial assets derecognised or repaid	**(1,112,028)**	**(57,903)**	**(1,169,931)**	(55,181)
Transfers to Stage 2	**(125,023)**	**125,023**	**-**	-
Foreign exchange adjustments	**10,187**	**5,813**	**16,000**	(4,415)
Gross carrying amount as at 31 December	**2,798,532**	**72,933**	**2,871,465**	1,226,864

	Stage 1 Individual	**Stage 2 Individual**	**2023 Total Stage 1**	2022 Total Stage 1
	MUR'000	**MUR'000**	**MUR'000**	MUR'000
ECL allowance as at 1 January	**5,449**	**-**	**5,449**	5,109
Net remeasurement of loss allowance	**8,942**	**8,351**	**17,293**	3,910
Assets repaid (excluding write offs)	**(4,342)**	**-**	**(4,342)**	(3,570)
Transfers to Stage 2	**(1,107)**	**1,107**	**-**	-
ECL allowance as at 31 December	**8,942**	**9,458**	**18,400**	5,449

7. DERIVATIVE FINANCIAL INTRUMENTS

	The Group	
	2023	2022
	MUR' 000	MUR' 000
Assets		
Derivative assets	**679,073**	1,205,168
Liabilities		
Derivative liabilities	**782,595**	905,317

7. DERIVATIVE FINANCIAL INTRUMENTS (CONT'D)

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

The Group	Notional Principal Amount	Fair Values Assets	Fair Values Liabilities
	MUR' 000	MUR' 000	MUR' 000
31 December 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 used as Micro fair value hedges			
Interest rate swap contracts	**279,740**	**16,382**	**(30,214)**
	54,080,193	**679,073**	**(782,595)**
31 December 2022			
Derivatives held for trading			
Foreign exchange contracts*	57,000,342	724,455	(528,147)
Cross currency swaps	2,455,913	269,723	(238,895)
Other derivative contracts	3,434,114	99,410	(99,410)
Derivatives used as Micro fair value hedges			
Interest rate swap contracts	1,842,932	111,580	(38,865)
	64,733,301	1,205,168	(905,317)

* 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 2023	The Group 2022
	MUR' 000	MUR' 000
Retail customers	**65,496,362**	50,035,839
Credit cards	**1,688,235**	514,737
Mortgages	**45,535,107**	37,921,052
Other retail loans	**18,273,020**	11,600,050
Corporate customers	**85,234,600**	56,558,278
Governments	**521,916**	72,232
Entities outside Mauritius (including offshore / Global Business Licence Holders)	**6,549,284**	56,784,381
Gross loan and advances	**157,802,162**	163,450,730
Less allowance for credit impairment (Note8 (c))	**(9,542,744)**	(13,456,187)
Net loan and advances	**148,259,418**	149,994,543

8. LOANS AND ADVANCES TO NON-BANK CUSTOMERS (CONT'D)

	The Group	
	2023	2022
	MUR' 000	MUR' 000
a. Remaining term to maturity		
Up to 3 months	**23,799,096**	24,886,828
Over 3 months and up to 6 months	**8,899,921**	6,497,583
Over 6 months and up to 12 months	**7,034,134**	12,956,347
Over 1 year and up to 2 years	**13,707,120**	11,738,745
Over 2 years and up to 5 years	**24,615,993**	34,062,239
Over 5 years	**79,745,898**	73,308,988
	157,802,162	163,450,730

Out of the gross advances of MUR 157.8 billion (2022: MUR 163.5 billion), there is an amount of MUR 308.5 million (2022: MUR 349.6 billion) relating to loans where fair value hedge accounting has been applied. Refer to Note 38(d)(ii) for more details.

b. Net investment in finance leases

The Group

Amounts due from lessees under finance leases are recorded as loans and advances at the amount of the Group’s net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

The Group acts as lessor of several items like 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 140.73 million (2022: MUR 91.1 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:-

31 December 2023	**Up to 1 year**	**After 1 year and up to 5 years**	**After 5 years**	**Total**
	MUR' 000	**MUR' 000**	**MUR' 000**	**MUR' 000**
Gross investment in finance leases	**576,654**	**1,476,987**	**246,177**	**2,299,818**
Less: Unearned finance income	**(126,855)**	**(216,560)**	**(9,134)**	**(352,549)**
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**

31 December 2022	Up to 1 year	After 1 year and up to 5 years	After 5 years	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Gross investment in finance leases	524,401	1,318,366	147,381	1,990,148
Less: Unearned finance income	(112,985)	(189,935)	(7,878)	(310,798)
Present value of minimum lease payments	411,416	1,128,431	139,503	1,679,350
Credit loss expense				(35,444)
Net investment in finance lease				1,643,906

8. LOANS AND ADVANCES TO NON-BANK CUSTOMERS (CONT'D)

b. Net investment in finance leases (Cont'd)

Finance lease contracts give the lessees the option to purchase the assets for a residual value at the termination of the lease arrangements. The term of lease contracts generally ranges from five to seven years. Finance leases are secured mainly by charges on the leased assets and / or corporate/personal guarantees.

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 2023			
Internal rating grade	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Performing				
High grade	**59,213,617**	**4,105,947**	**-**	**63,319,564**
Standard grade	**47,340,985**	**3,826,546**	**-**	**51,167,531**
Sub-standard grade	**13,855,253**	**14,162,898**	**-**	**28,018,151**
Past due but not impaired	**-**	**4,437,909**	**-**	**4,437,909**
Non-performing				
Individually impaired	**-**	**-**	**10,859,007**	**10,859,007**
Total	**120,409,855**	**26,533,300**	**10,859,007**	**157,802,162**

	31 December 2022			
Internal rating grade	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Performing				
High grade	40,366,672	20,895,731	-	61,262,403
Standard grade	39,868,681	15,734,670	-	55,603,351
Sub-standard grade	5,117,406	22,928,948	-	28,046,354
Past due but not impaired	-	4,010,371	-	4,010,371
Non-performing				
Individually impaired	-	-	14,528,251	14,528,251
Total	85,352,759	63,569,720	14,528,251	163,450,730

8. LOANS AND ADVANCES TO NON-BANK CUSTOMERS (CONT'D)

c. Credit loss allowance on loans and advances to non-bank customers (Cont'd)

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

At 31 December 2023	THE GROUP			
Gross carrying amount	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
As at 1 January	**85,352,759**	**63,569,720**	**14,528,251**	**163,450,730**
Financial assets originated or purchased	**31,690,168**	**5,814,618**	**297,687**	**37,802,473**
Assets derecognised or repaid (excluding write offs)	**(18,669,924)**	**(18,620,211)**	**(441,643)**	**(37,731,778)**
Transfers to Stage 1	**28,699,328**	**(28,663,311)**	**(36,017)**	**-**
Transfers to Stage 2	**(5,525,849)**	**5,931,740**	**(405,891)**	**-**
Transfers to Stage 3	**(234,184)**	**(1,833,866)**	**2,068,050**	**-**
Changes to contractual cash flows due to modifications not resulting in derecognition	**884,302**	**343,305**	**260,807**	**1,488,414**
Amounts written off	**-**	**-**	**(4,541,636)**	**(4,541,636)**
Foreign exchange adjustments	**387,814**	**239,403**	**84,192**	**711,409**
Translation adjustments	**(2,174,559)**	**(248,098)**	**(954,793)**	**(3,377,450)**
As at 31 December	**120,409,855**	**26,533,300**	**10,859,007**	**157,802,162**

At 31 December 2022	THE GROUP			
Gross carrying amount	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
As at 1 January	99,727,625	28,761,603	16,596,572	145,085,800
Financial assets originated or purchased	28,013,900	24,395,775	81,987	52,491,662
Assets derecognised or repaid (excluding write offs)	(20,773,348)	(7,362,446)	(125,179)	(28,260,973)
Transfers to Stage 1	1,874,680	(1,548,392)	(326,288)	-
Transfers to Stage 2	(20,370,339)	20,465,764	(95,425)	-
Transfers to Stage 3	(426,891)	(606,448)	1,033,339	-
Changes to contractual cash flows due to modifications not resulting in derecognition	112,527	67,570	421,460	601,557
Amounts written off	-	-	(2,668,194)	(2,668,194)
Foreign exchange adjustments	(66,226)	(573,670)	60,480	(579,416)
Translation adjustments	(2,739,169)	(30,036)	(450,501)	(3,219,706)
As at 31 December	85,352,759	63,569,720	14,528,251	163,450,730

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 2023			
	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
ECL allowance as at 1 January 2023	506,655	2,554,843	10,394,689	13,456,187
Allowance on new financial assets	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	38,617	52,440	357,985	449,042
Amounts written off	-	-	(4,541,636)	(4,541,636)
Write back on impaired loans repaid	-	-	(174,003)	(174,003)
Translation adjustments	(24,469)	10,174	(430,104)	(444,399)
At 31 December 2023	667,552	1,171,168	7,704,024	9,542,744

	31 December 2022			
	Stage 1 MUR'000	Stage 2 MUR'000	Stage 3 MUR'000	Total MUR'000
ECL allowance as at 1 January 2022	828,807	1,538,711	12,324,475	14,691,993
Movement for the year	218,146	1,385	44,178	263,709
Allowance on new financial assets	(236,434)	1,045,259	1,136,798	1,945,623
Assets derecognised or repaid (excluding write offs)	(80,172)	(90,216)	(421,400)	(591,788)
Transfers to Stage 1	85,973	(86,025)	52	-
Transfers to Stage 2	(188,679)	189,764	(1,085)	-
Transfers to Stage 3	(133,980)	(24,666)	158,646	-
Changes to contractual cash flows due to modifications not resulting in derecognition	30,384	(7,308)	71,181	94,257
Amounts written off	-	-	(2,668,194)	(2,668,194)
Translation adjustments	(17,390)	(12,061)	(249,962)	(279,413)
At 31 December 2022	**506,655**	**2,554,843**	**10,394,689**	**13,456,187**

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

The Group

	31 December 2023				
	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**

	31 December 2022				
	Gross amount of loans	**Credit Impaired loans**	**Stage 3 allowance for credit impairment**	**Stage 1 & Stage 2 Credit allowance**	**Total allowances for credit impairment**
	MUR' 000	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
Agriculture and fishing	3,512,110	1,010,982	640,445	189,429	829,874
Manufacturing	14,419,146	1,017,831	450,270	74,125	524,395
of which EPZ	*1,507,956*	*6,092*	*6,092*	*1,277*	*7,369*
Tourism	13,826,165	373,058	181,681	875,736	1,057,417
Transport	2,982,844	663,698	324,921	223,921	548,842
Construction	17,634,293	1,151,471	818,770	417,333	1,236,103
Financial and business services	11,155,269	172,994	142,278	164,022	306,300
Traders	12,926,990	5,492,177	4,150,681	120,913	4,271,594
Personal	57,969,904	1,934,291	1,363,637	467,835	1,831,472
Professional	618,142	83,292	83,283	6,112	89,395
Global Business Licence holders	9,399,068	1,349,247	1,355,990	319,705	1,675,695
Others	19,006,799	1,279,210	882,733	202,367	1,085,100
	163,450,730	14,528,251	10,394,689	3,061,498	13,456,187

9(a). INVESTMENTS SECURITIES

The Group

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
	31 December 2023								
	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 shares of companies	-	-	-	-	-	-	-	5,771,917	5,771,917
Total gross 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)
Total investment securities									157,532,715

9(a). INVESTMENTS SECURITIES (CONT'D)

The Group — **31 December 2022**

	Remaining term to maturity	Up to 3 months	3-6 months	6-9 months	9-12 months	1-2 years	2-5 years	Over 5 years	No specific maturity	Total
		MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
(i)	**Investment securities measured at FVTPL**									
	Trading investment:									
	Government bonds and treasury notes	-	-	425,755	-	5,101,646	70,459	271,101	-	5,868,961
	Treasury bills	30,622	188,869	39,220	1,298,525	-	-	-	-	1,557,236
	Bank of Mauritius bills / notes	198,028	-	290,442	169,023	-	-	-	-	657,493
	Corporate bonds	575	-	-	-	118,437	195,806	16,023	-	330,841
	Other investments:									
	Investment in mutual funds	-	-	-	-	-	-	-	1,284,192	1,284,192
	Equity investments	-	-	-	-	-	-	-	1,669,600	1,669,600
		229,225	188,869	755,417	1,467,548	5,220,083	266,265	287,124	2,953,792	11,368,323
(ii)	**Debt securities measured at FVTOCI**									
	Government bonds	4,419	1,574,569	1,287,264	1,581,743	1,245,359	6,372,292	13,409,213	-	25,474,859
	Treasury bills / notes	3,006,938	3,559,991	2,486,076	970,082	-	-	-	-	10,023,087
	Bank of Mauritius bills / bonds	950,742	195,719	96,648	-	-	-	-	-	1,243,109
	Bank bonds	1,745,412	1,531,309	2,377,725	757,744	2,757,271	641,394	-	-	9,810,855
	Corporate bonds	726,629	56,513	960,657	226,636	2,603,026	2,702,526	2,492,827	-	9,768,814
		6,434,140	6,918,101	7,208,370	3,536,205	6,605,656	9,716,212	15,902,040	-	56,320,724
(iii)	**Debt securities measured at amortised cost**									
	Government bonds	-	654,402	126,705	1,140,600	6,525,735	21,923,979	25,662,517	-	56,033,938
	Treasury bills	2,981,645	1,158,615	1,080,704	85,772	-	-	-	-	5,306,736
	Bank of Mauritius bills	202,910	-	3,027,776	-	504,305	4,966,719	5,051,420	-	13,753,130
	Bank bonds	-	-	-	-	417,898	132,409	85,938	-	636,245
	Corporate bonds	-	32,869	-	-	-	1,344,873	1,498,450	-	2,876,192
		3,184,555	1,845,886	4,235,185	1,226,372	7,447,938	28,367,980	32,298,325	-	78,606,241
(iv)	**Equity securities designated at FVTOCI**									
	Equity shares of companies	-	-	-	-	-	-	-	5,714,321	5,714,321
	Total gross investment securities	9,847,920	8,952,856	12,198,972	6,230,125	19,273,677	38,350,457	48,487,489	8,668,113	152,009,609
	Less: allowance for credit losses									(31,676)
	Total investment securities									151,977,933

9(a). INVESTMENTS SECURITIES (CONT'D)

The Company

	Remaining term to maturity	Up to 3 months	3-6 months	6-12 months	2-5 years	Over 5 years	No specific maturity	Total
		31 December 2023						
		MUR' 000	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
(i)	**Investment securities measured at FVTPL**							
	Equity shares	-	-	-	-	-	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 shares of companies	-	-	-	-	-	4,303,044	4,303,044
	Total gross investment securities	49,447	70,869	347,221	306,667	68,522	5,972,644	6,815,370
	Less: allowance for credit losses							(433)
	Total investment securities							6,814,937

		Up to 3 months	3-6 months	6-12 months	2-5 years	Over 5 years	No specific maturity	Total
		31 December 2022						
		MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
(i)	**Investment securities measured at FVTPL**							
	Government bonds and treasury notes	425,755	-	-	-	-	-	425,755
	Equity shares	-	-	-	-	-	1,669,600	1,669,600
		425,755	-	-	-	-	1,669,600	2,095,355
(ii)	**Debt securities measured at FVTOCI**							
	Corporate bonds	-	56,513	8,531	-	-	-	65,044
		-	56,513	8,531	-	-	-	65,044
(iii)	**Debt securities measured at amortised cost**							
	Government bonds and treasury notes	-	-	-	307,096	-	-	307,096
	Bank of Mauritius bills / notes	-	-	-	-	68,646	-	68,646
		-	-	-	307,096	68,646	-	375,742
(iv)	**Equity securities designated at FVTOCI**							
	Equity shares of companies	-	-	-	-	-	4,303,044	4,303,044
	Total gross investment securities	425,755	56,513	8,531	307,096	68,646	5,972,644	6,839,185
	Less: allowance for credit losses							(47)
	Total investment securities							6,839,138

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	**31 December 2023**			31 December 2022		
	Stage 1	**Stage 2**	**Total**	Stage 1	Stage 2	Total
	MUR '000	**MUR '000**	**MUR '000**	MUR '000	MUR '000	MUR '000
High Grade	**19,549,174**	**-**	**19,549,174**	21,652,189	-	21,652,189
Standard Grade	**59,475,719**	**-**	**59,475,719**	54,769,932	505,140	55,275,072
Sub Standard Grade	**984,983**	**485,921**	**1,470,904**	1,678,980	-	1,678,980
Total gross carrying amount	**80,009,876**	**485,921**	**80,495,797**	78,101,101	505,140	78,606,241
Credit loss allowance	**(54,022)**	**(44,490)**	**(98,512)**	(29,463)	(2,213)	(31,676)
Carrying amount	**79,955,854**	**441,431**	**80,397,285**	78,071,638	502,927	78,574,565

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

	31 December 2023			31 December 2022		
	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	**78,101,101**	**505,140**	**78,606,241**	61,253,709	-	61,253,709
New financial assets originated	**15,040,514**	**-**	**15,040,514**	29,362,085	-	29,362,085
Financial assets that have been repaid	**(13,542,940)**	**-**	**(13,542,940)**	(11,126,417)	404,794	(10,721,623)
Other movements	**2,088,474**	**-**	**2,088,474**	(575,131)	-	(575,131)
Transfer to stage 1	**204,103**	**(204,103)**	**-**	-	-	-
Transfer to Stage 2	**(184,884)**	**184,884**	**-**	(100,346)	100,346	-
Translation adjustment	**(1,696,492)**	**-**	**(1,696,492)**	(712,799)	-	(712,799)
Gross carrying amount as at 31 December	**80,009,876**	**485,921**	**80,495,797**	78,101,101	505,140	78,606,241

	31 December 2023			31 December 2022		
	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 1 January	**29,463**	**2,213**	**31,676**	57,087	-	57,087
purchased	**44**	**-**	**44**	-	-	-
Net remeasurement of loss allowance	**36,492**	**39,689**	**76,181**	1,533	2,182	3,715
Assets derecognised or repaid (excluding write offs)	**(9,339)**	**-**	**(9,339)**	(29,053)	-	(29,053)
Transfer to Stage 1	**380**	**(380)**	**-**	-	-	-
Transfer to Stage 2	**(2,968)**	**2,968**	**-**	(31)	31	-
Translation adjustment	**(50)**	**-**	**(50)**	(73)	-	(73)
At 31 December	**54,022**	**44,490**	**98,512**	29,463	2,213	31,676

9(a). INVESTMENT SECURITIES (CONT'D)

Debt securities at FVTOCI

The Group

At 31 December 2023:	**Stage 1**	**Stage 2**	**Total**
	MUR' 000	**MUR' 000**	**MUR' 000**
High Grade	**41,211,968**	**229,475**	**41,441,443**
Standard Grade	**13,877,283**	**460,650**	**14,337,933**
Sub Standard Grade	**860,818**	**1,037,652**	**1,898,470**
Carrying amount	**55,950,069**	**1,727,777**	**57,677,846**

At 31 December 2022:	Stage 1	Stage 2	Total
	MUR' 000	MUR' 000	MUR' 000
High grade	38,833,801	-	38,833,801
Standard grade	15,793,869	822,791	16,616,660
Sub standard grade	-	870,263	870,263
Carrying amount	54,627,670	1,693,054	56,320,724

No loss allowance is recognised in the statements of financial position for debt instruments measured at FVTOCI as the carrying amount is at fair value.

At 31 December 2023:	**Stage 1**	**Stage 2**	**Total**
	MUR'000	**MUR'000**	**MUR'000**
Gross carrying amount			
As at 1 January	**54,627,671**	**1,693,055**	**56,320,726**
Transfer to stage 1	**1,083,944**	**(1,083,944)**	**-**
Transfer to stage 2	**(184,884)**	**184,884**	**-**
New financial assets originated	**208,617,176**	**-**	**208,617,176**
Financial assets that have been repaid	**(206,089,259)**	**-**	**(206,089,259)**
Other movements*	**(1,128,688)**	**933,782**	**(194,906)**
Translation adjustments	**(975,891)**	**-**	**(975,891)**
As at 31 December	**55,950,069**	**1,727,777**	**57,677,846**

* Other movements include interest, foreign exchange and fair value adjustments.

At 31 December 2022:	Stage 1	Stage 2	Total
	MUR'000	MUR'000	MUR'000
Gross carrying amount			
As at 1 January	75,466,230	905,201	76,371,431
Transfer to stage 2	(821,182)	821,182	-
New financial assets originated	72,937,005	-	72,937,005
Financial assets that have been repaid	(90,746,753)	-	(90,746,753)
Other movements*	(735,934)	(33,329)	(769,263)
Translation adjustments	(1,471,696)	-	(1,471,696)
As at 31 December	54,627,670	1,693,054	56,320,724

ECL allowance on debt instruments at FVTOCI

	2023		
	Stage 1	**Stage 2**	**Total**
	MUR'000	**MUR'000**	**MUR'000**
As at 1 January	**4,699**	**22,480**	**27,179**
Net remeasurement of loss allowance	**45,974**	**90,130**	**136,104**
Assets derecognised or repaid (excluding write offs)	**(2,134)**	**-**	**(2,134)**
As at 31 December	**48,539**	**112,610**	**161,149**

9(a). INVESTMENT SECURITIES (CONT'D)

Debt securities at FVTOCI (cont'd)

The Group

ECL allowance on debt instruments at FVTOCI (cont'd)

	2022		
	Stage 1	**Stage 2**	**Total**
	MUR'000	**MUR'000**	**MUR'000**
As at 1 January	12,080	48,216	60,296
Net remeasurement of loss allowance	(1,408)	19,791	18,383
Assets derecognised or repaid (excluding write offs)	(3,970)	(47,530)	(51,500)
Transfers to stage 2	(2,003)	2,003	-
As at 31 December	4,699	22,480	27,179

The Group

Equity instruments designated at FVTOCI	**2023**	2022
	MUR'000	MUR'000
Carrying amount as at 01 January	**5,714,321**	5,416,262
Additions	**4,815**	402,568
Disposal	**(24,922)**	(392,583)
Fair value movement	**77,347**	289,862
Translation adjustment	**356**	(1,788)
Carrying amount as at 31 December	**5,771,917**	5,714,321

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 investment securities at amortised cost

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

	2023	2022
	Stage 1	Stage 1
	MUR'000	MUR'000
Gross carrying amount as at 01 January	**375,742**	587,215
New financial assets originated	**-**	370,463
Financial assets that have been repaid	**-**	(566,563)
Other movements	**(553)**	(15,373)
Gross carrying amount as at 31 December	**375,189**	375,742

9(a). INVESTMENT SECURITIES (CONT'D)

The Company

Debt investment securities at amortised cost (cont'd)

An analysis of changes in gross carrying amount and the corresponding ECLs is as follows: (cont'd)

	2023	2022
	Stage 1	Stage 1
	MUR'000	MUR'000
ECL allowance as at 1 January	**45**	14
Remeasurement of credit losses	**185**	45
Assets derecognised or repaid (excluding write offs)	**-**	(14)
New assets originated or purchased	**203**	-
ECL allowance as at 31 December	**433**	45

Debt investment securities at FVTOCI

	2023	2022
	Stage 1	Stage 1
	MUR'000	MUR'000
Carrying amount as at 01 January	**65,044**	8,981
New financial assets originated	**2,269,830**	56,154
Financial assets that have been repaid	**(1,859,977)**	-
Other movements	**(7,360)**	(91)
Carrying amount as at 31 December	**467,537**	65,044

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	**2023**	2022
	MUR'000	MUR'000
At 01 January	**4,303,044**	4,004,362
Fair value movement	**-**	298,682
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 recognized in profit or loss as incurred. The carrying amount is reduced to recognise any impairment in the value of individual investments. The impairment loss is taken to profit or loss.

9(b). INVESTMENT IN SUBSIDIARIES (CONT'D)

The Company	31 December 2023	31 December 2022
Investment in subsidiaries	**MUR' 000**	MUR' 000
Equity shares	**175**	175
Capital contribution	**31,437,919**	31,299,826
Total investment in subsidiaries	**31,438,094**	31,300,001

Management has assessed the investment in subsidiaries for impairment and believe that no impairment is required.

Investment reconciliation is as follows:	31 December 2023	31 December 2022
	MUR' 000	MUR' 000
Opening balance	**31,300,001**	29,800,721
Transfer from investment securities	**-**	313,646
Capital contribution granted during the year	**151,909**	1,200,000
Surplus funds distributed on winding up of subsidiary	**-**	-
Impairment losses	**(13,816)**	(14,366)
Closing balance	**31,438,094**	31,300,001

Details of subsidiaries are as follows:

Direct holding

	Country of Incorporation and Operation	Business Activity	Carrying Amount		Effective % holding	
			31 December 2023	31 December 2022	**31 December 2023**	31 December 2022
SBM (NFC) Holdings Ltd	Mauritius	Non-financial holding company	**157,773**	157,773	100	100
SBM 3S Ltd	Mauritius	Training services	**15,000**	5,500	100	100
SBM (Bank) Holdings Ltd	Mauritius	Bank investment holding company	**29,407,822**	29,274,052	100	100
SBM (NBFC) Holdings Ltd	Mauritius	Non-banking financial investments holding company	**1,563,220**	1,563,220	100	100

9(b). INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of subsidiaries are as follows:

			Country of Incorporation and Operation	Business Activity	Effective % holding 31 December 2023	31 December 2022
1.0	*Banking Segmental Subsidiaries*					
1.1	***Special Purpose Vehicle for Bank Investments Holding Company***					
	1.1.1	SBM (Bank) Holdings Ltd	Mauritius	Bank Investment Holding	**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	**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) Ltd	India	Commercial Banking	**100**	100
2.0	*Non-Bank Financial Segment Subsidiaries*					
2.1	***Special Purpose Vehicle for Non-Bank Investments Holding Company***					
	2.1.1	SBM (NBFC) Holdings Ltd	Mauritius	Non-Banking Financial	**100**	100
2.2	*Non-Bank Operating Subsidiaries*					
	2.2.1	SBM Fund Services Ltd	Mauritius	Fiduciary services / Back	**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
	2.2.3	SBM Capital Management Limited	Mauritius	Investments	**100**	100
	2.2.4	SBM eBusiness Ltd	Mauritius	Card Acquiring & Processing	**100**	100
	2.2.5	SBM Custody Services Ltd	Mauritius	Custody Services	**100**	100
	2.2.6	SBM Factors Ltd	Mauritius	Factoring	**100**	100
	2.2.7	SBM Insurance Agency Limited	Mauritius	Insurance	**100**	100
	2.2.8	SBM Capital Markets Limited	Mauritius	Investments	**100**	100
3.0	*Non-Financial Segment*					
	3.1	SBM (NFC) Holdings Ltd	Mauritius	Non-Financial Holding	**100**	100
4.0	*Indirect Subsidiary*					
	4.2	SBM Africa Equity Fund	Mauritius	Closed ended fund	**100**	100

SBM Holdings Ltd is the ultimate holding company of all the subsidiaries .

The investment in subsidiaries is classified as non current assets.

10(a). PROPERTY AND EQUIPMENT

Accounting policy

Property and equipment are stated at cost (except for freehold land and buildings) less accumulated depreciation and any cumulative impairment loss. Land is stated at revalued amounts and buildings are stated at revalued amounts less accumulated depreciation and any impairment loss.

It is the Group's policy to revalue its freehold land and buildings and leasehold buildings at least every five years by independent valuers. Any revaluation surplus is credited to the net property revaluation reserve. Any revaluation decrease is first charged directly against the net property revaluation reserve held in respect of the respective asset, and then to the *Statement of profit or loss* .

Progress payments on tangible fixed assets are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other tangible fixed assets, commences when the assets are ready for their intended use.

Depreciation on owned assets is calculated to write off the cost or revalued amounts of tangible fixed assets over their estimated useful lives on a straight-line basis. Depreciation is calculated from the month the asset is capitalised. No depreciation is provided on freehold land.

The estimated useful lives of property and equipment are as follows:

Buildings	50 years
Furniture, fittings, computer and other equipment	3 to 10 years
Motor vehicles	5 years

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset. These are included within *Other operating income* in the *Statement of profit or loss.*

Depreciation on revalued buildings is charged to profit or loss. A transfer is made from the revaluation reserve to retained earnings as the asset is used (representing difference between depreciation based on revalued amount and depreciation based on original cost). On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

The Group	Freehold land and buildings	Buildings on leasehold land	Other tangible fixed assets	Motor vehicles	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Cost or valuation					
At 01 January 2022	1,137,866	1,437,877	3,185,871	52,527	5,814,141
Additions	58,243	81,662	632,141	-	772,046
Disposals	-	-	(129,648)	(3,104)	(132,752)
Translation adjustment	(41,481)	(1)	(625,636)	(17,286)	(684,404)
At 31 December 2022	1,154,628	1,519,538	3,062,728	32,137	5,769,031
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**

10(a). PROPERTY AND EQUIPMENT (CONTD)

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 2022	109,199	117,383	2,506,965	47,603	2,781,150
Charge for the year	26,492	60,452	232,177	2,896	322,017
Disposals	6,190	-	(147,445)	(2,896)	(144,151)
Translation adjustment	(21,037)	2,156	(608,037)	(17,162)	(644,080)
At 31 December 2022	120,844	179,991	1,983,660	30,441	2,314,936
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**
Net book value					
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
At 31 December 2022	1,033,784	1,339,547	1,079,068	1,696	3,454,095
Progress payments on tangible fixed assets					202,601
					3,656,696

Other tangible fixed assets, included within property and equipment consist of equipment,furniture, fittings and computer equipm

The Company	**Other tangible fixed assets**	**Motor vehicles**	**Total**
	MUR' 000	**MUR' 000**	**MUR' 000**
Cost or valuation			
At 01 January 2022	1,275	-	1,275
Additions	251	-	251
At 31 December 2022	1,526		1,526
Additions	**739**	**-**	**739**
At 31 December 2023	**2,265**	**-**	**2,265**
Accumulated depreciation			
At 01 January 2022	165	-	165
Charge for the year	273	-	273
At 31 December 2022	438	-	438
Charge for the year	**372**	**-**	**372**
At 31 December 2023	**810**	**-**	**810**
Net book value			
At 31 December 2023			
Progress payments on tangible fixed assets	**1,455**	**-**	**1,455**
			3,857
			5,312
At 31 December 2022			
Progress payments on tangible fixed assets	1,088	-	1,088
			2,028
			3,116

10(a). PROPERTY AND EQUIPMENT (CONTD)

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 (2022: Nil).

Details of the Group's land and buildings and information about the fair value hierarchy are as follows:

		The Group	
		2023	2022
		MUR' 000	MUR' 000
Freehold land	Level 2	**485,001**	485,001
Freehold buildings	Level 3	**543,702**	547,906
Buildings on leasehold land	Level 3	**1,310,244**	1,339,547
		2,338,947	2,372,454

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	
	2023	2022
	MUR' 000	MUR' 000
Freehold land and buildings	**589,696**	612,242
Building on leasehold land	**399,503**	384,571
	989,199	996,813

The freehold land and buildings are periodically valued based on market value by independent valuation surveyor. Buildings on leasehold land in Mauritius were revalued in December 2019 by an independent Chartered Valuation Surveyor, on an open market value basis. The freehold land and building in India were revalued in March 2023 by an independent Chartered Valuation Surveyors, Creative Proptech on the basis of market value of similar properties.The inputs used to revalue the PPE relate to unit prices of similar market transactions. The freehold land and building in Kenya were revalued in November 2018 by Ardhiworth Real Estate Limited, an independent Chartered Valuation Surveyors on an open market value basis. The inputs used to revalue of land and buildings relate to unit prices of similar market transactions.

One of the subsidiary's 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 2023 and 2022 and have estimated the fair value to approximate the carrying value as at that date.

10(b). RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as printers). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

10(b). RIGHT OF USE ASSETS AND LEASE LIABILITIES (CONT'D)

The Group

The Group as lessee (Cont'd)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental

Lease payments included in the measurement of the lease liability comprise of:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group leases several assets including land, buildings and equipment . The average lease term is 3-6 years.

10(b). RIGHT OF USE ASSETS AND LEASE LIABILITIES (CONT'D)

The Group (Cont'd)

The Group as lessee (Cont'd)

The Group apply IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the ‘Impairment of non-financial assets’ policy. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in ‘Other operating expenses’ in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The lease contracts do not have lease and non-lease components and hence the Group has not used this practical expedient.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(i) Right-of-Use Assets

Right of use assets are classified as non-current assets.

THE GROUP	**Land and buildings**	**Other tangible fixed assets**	**Total**
Cost	**MUR' 000**	**MUR' 000**	**MUR' 000**
At 01 January 2022	873,313	319,701	1,193,014
Additions	436,944	710	437,654
Termination/expiry	(103,570)	-	(103,570)
Translation adjustment	(57,771)	-	(57,771)
At 31 December 2022	1,148,916	320,411	1,469,327
Additions	**166,523**	**-**	**166,523**
Termination/expiry	**(73,009)**	**(117,135)**	**(190,144)**
Translation adjustment	**(98,296)**	**-**	**(98,296)**
At 31 December 2023	**1,144,134**	**203,276**	**1,347,410**
Accumulated Depreciation			
At 01 January 2022	376,641	87,956	464,597
Charge for the year	205,237	32,235	237,472
Termination/expiry	(72,819)	-	(72,819)
Translation adjustment	(27,672)	-	(27,672)
At 31 December 2022	481,387	120,191	601,578
Charge for the year	**221,883**	**16,748**	**238,631**
Termination/expiry	**(59,796)**	**(98,784)**	**(158,580)**
Translation adjustment	**(58,764)**	**-**	**(58,764)**
At 31 December 2023	**584,710**	**38,155**	**622,865**
Net book value			
At 31 December 2023	**559,424**	**165,121**	**724,545**
At 31 December 2022	667,529	200,220	867,749

10(b) RIGHT OF USE ASSETS AND LEASE LIABILITIES(CONT'D)

(i) Right-of-Use Assets (Cont'd)

The following are the amounts recognised in profit or loss:	2023	2022
	MUR' 000	MUR' 000
Depreciation expense on right-of-use assets	238,631	237,472
Interest expense on lease liability (Note 25)	70,827	68,823
Expense relating to leases of low-value assets (included in other operating expenses)	3,424	6,172
Gain on contract termination of right-of-use asset	5,306	627
Total amount recognised in profit or loss	**318,188**	313,094

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 2.51 million and MUR 31.98 million for low value assets for the year ended 31 December

At 31 December 2023, the Group does not have any commitment for short-term leases. There are no variable lease payment in the lease contracts of the Group.

(ii) Lease Liabilities

	2023	2022
	MUR' 000	MUR' 000
At 01 January	888,617	740,902
Additions	166,522	437,653
Interest expense	70,827	68,823
Termination	(29,353)	(27,972)
Payments	(234,973)	(291,981)
Exchange difference	(60,411)	(40,934)
Remeasurement of existing lease	-	2,126
At 31 December	**801,229**	888,617

Maturity analysis of lease liability are as follows:	2023	2022
	MUR' 000	MUR' 000
Up to 1 year	129,451	213,982
1 to 5 years	614,879	700,154
5 to 25 years	164,485	141,264
	908,815	1,055,400
Less unearned interest	(107,586)	(166,783)
	801,229	888,617
Further analysed into:		
Non current	508,957	681,713
Current	292,272	206,904
	801,229	888,617

The Group does not face significant liquidity risk with regards to its lease liabilities. All the lease obligations are denominated in Mauritian Rupees or functional currency of the subsidiaries.

11. INTANGIBLE ASSETS

Accounting policy

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised on a straight line basis over their estimated useful lives of 3 to 10 years. Costs directly associated with the production of identifiable and software products controlled by the group, that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets.

Intellectual property rights

The Group entered into an agreement in respect of Business Process Engineering and Business Transformation Initiatives to aligh both its strategies and processes with the Technology Transformation Initiative namely Flamingo Project and also high performance banks. The costs incurred in respect of these initiatives were capitalised as intellectual property rights are now being amortised after the project went live in September 2016.

WIP Software

The Group is developing some softwares. These costs will be transferred under "Software" as soon as they will be in use in the

The Group	Software	WIP Software	Intellectual Property	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Cost				
At 01 January 2022	5,075,196	94,232	284,915	5,454,343
Translation adjustment	(82,518)	(1,533)	-	(84,051)
Additions	164,989	149,952	-	314,941
Transfer to expenses	-	(22,614)	-	(22,614)
Transfer	44,168	(44,168)	-	-
At 31 December 2022	5,201,835	175,869	284,915	5,662,619
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**
Accumulated amortisation				
At 01 January 2022	3,206,305	-	284,915	3,491,220
Translation adjustment	(76,909)	-	-	(76,909)
Charge for the year	495,319	-	-	495,319
At 31 December 2022	3,624,715	-	284,915	3,909,630
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**
Net book value				
At 31 December 2023	**1,496,132**	**355,491**	**-**	**1,851,623**
At 31 December 2022	1,577,120	175,869	-	1,752,989

11. INTANGIBLE ASSETS (CONT'D)

The Company

	Software	Total
Cost or valuation	MUR' 000	MUR' 000
At 01 January 2022	1,371	1,371
Additions	-	-
At 31 December 2022	**1,371**	**1,371**
Additions	**-**	**-**
At 31 December 2023	**1,371**	**1,371**
Accumulated depreciation		
At 01 January 2022	762	762
Charge for the year	274	274
At 31 December 2022	**1,036**	**1,036**
Charge for the year	**269**	**269**
At 31 December 2023	**1,305**	**1,305**
Net book value		
At 31 December 2023	**66**	**66**
At 31 December 2022	335	335

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 (2022 : Nil). The intangible assets are non-current assets whose maturity are more than one year.

12. OTHER ASSETS

	The Group		The Company	
	2023	2022	**2023**	2022
	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000
Accounts receivable - banking	**1,685,913**	1,724,830	**-**	-
Accounts receivable - non-banking	**1,270,781**	1,455,129	**113,507**	62,071
Balances due in clearing	**11,475**	5,983	**-**	-
Tax deducted at source	**344,240**	260,405	**-**	-
Tax assets (note 17a)	**32,732**	39,328	**-**	-
Prepayment	**399,096**	343,101	**463**	462
Other receivables	**454,333**	626,292	**-**	-
	4,198,570	4,455,068	**113,970**	62,533
Less: allowance for credit losses	**(123,115)**	(53,827)	**-**	-
	4,075,455	4,401,241	**113,970**	62,533

An analysis of changes in the corresponding ECL pertaining to accounts receivable is as follows:

THE GROUP

	2023			2022
	MUR' 000	**MUR' 000**	**MUR' 000**	MUR' 000
	Stage 1	**Stage 3**	**Total**	Stage 1
ECL allowance as at 01 Janaury	**53,827**	**-**	**53,827**	21,450
Movement for the year	**27,303**	**41,985**	**69,288**	32,377
ECL allowance as at 31 December	**81,130**	**41,985**	**123,115**	53,827

12. OTHER ASSETS (CONT'D)

Credit risk is managed for each category and is subject to the Group's established policy, procedures and control relating to customers credit risk management.

The accounts receivable - banking are mainly transition accounts that will be cleared the following day and the impairment loss thereon is insignificant.

The tax paid in advance is incurred by the Indian Operations, Kenyan Operations and SBM (Bank) Holdings Ltd. The amount is shown net of current tax payable.

Other assets are treated as current assets.

13. PENSION LIABILITIES

Accounting policy

(i) Defined benefit plans

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets, is reflected immediately in the Statements of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in the Statements of profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements), net interest expense or income and remeasurement.

The retirement benefit obligation recognised in the statements of financial position represents the actual deficit or surplus in the Group's defined benefits plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

(ii) Defined contribution plan

Employees who joined after 31 December 2004 are entitled to defined contribution retirement benefit pension arrangements. Employer contributions are expensed in the statements of profit or loss in the period in which they fall due. The defined contribution benefit replaced the defined benefit pension plan as from 01 January 2005. Employees who were initially in the defined benefit pension plan remained in the said plan.

(iii) Travel tickets/allowances

Employees are periodically entitled to reimbursements of overseas travelling and allowances up to a certain amount depending on their grade. The expected costs of these benefits are recognised in the Statementss of profit or loss on a straight-line and undiscounted basis over the remaining periods until the benefits are payable.

Pension liabilities are classified as non-current liabilities.

The amount included in the Statement of Financial Position arising from the Group's obligation in respect of itd defined benefits plan is as follows:

	The Group		The Company	
	2023	2022	**2023**	2022
	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000
Defined benefit plan (note 13 (a))	**243,263**	357,882	**1,534**	1,831
Residual retirement gratuities (note 13 (b))	**207,600**	211,211	**11,524**	8,265
	450,863	569,093	**13,058**	10,096

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 deathor 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 2023 by AON Hewitt Ltd, actuaries and consultants.

	The Group		The Company	
	2023	2022	**2022**	2022
	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000
Present value of funded defined benefit obligation	**2,095,217**	1,790,617	**16,289**	12,483
Fair value of planned assets	**(1,851,954)**	(1,432,735)	**(14,755)**	(10,652)
Net liability arising from defined benefit obligation	**243,263**	357,882	**1,534**	1,831
Reconciliation of net defined benefit liability				
Balance at start of the year	**357,882**	304,970	**1,831**	1,428
Amount recognised in statements of profit or loss	**73,943**	56,981	**593**	1,113
Amount recognised in other comprehensive income	**177,993**	48,751	**1,936**	(161)
Less employer contributions	**(366,555)**	(52,820)	**(2,826)**	(549)
Balance at end of the year	**243,263**	357,882	**1,534**	1,831

13. PENSION LIABILITIES (CONT'D)

(a) Defined benefit plans (cont'd)

	The Group		The Company	
	2023	2022	**2023**	2022
	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000
Components of amount recognised in statements of profit or loss				
Current service cost	**40,681**	43,246	**410**	431
Net interest cost	**33,262**	13,735	**183**	682
Total expense	**73,943**	56,981	**593**	1,113
Components of amount recognised in other comprehensive income				
Return on planned assets below / (above) interest income	**(84,714)**	196,566	**(653)**	755
Liability experience loss	**-**	133,328	**-**	1,170
Liability (gain)/loss due to change in demographic assumptions	**(5,456)**	(1,228)	**-**	-
Liability experience (gain) / loss due to change in financial assumptions	**268,163**	(279,915)	**2,589**	(2,086)
Total	**177,993**	48,751	**1,936**	(161)
Reconciliation of fair value of assets				
Balance at start of the year	**1,432,735**	1,590,126	**10,652**	10,370
Interest income	**82,908**	73,929	**640**	500
Employer contributions	**366,555**	52,820	**2,826**	549
Benefits paid	**(114,958)**	(87,574)	**(16)**	(12)
Return on assets excluding interest income	**84,714**	(196,566)	**653**	(755)
Balance at end of the year	**1,851,954**	1,432,735	**14,755**	10,652
Reconciliation of present value of defined benefit obligation				
Balance at start of the year	**1,790,617**	1,895,096	**12,483**	11,798
Current service cost	**40,681**	43,246	**410**	431
Past service cost	**-**	-	**-**	-
Interest expense	**116,170**	87,035	**823**	1,183
Other benefits paid	**(114,958)**	(87,574)	**(16)**	(12)
Liability experience loss	**-**	133,328	**-**	1,169
Liability gain due to change in demographic assumptions	**(5,456)**	(1,228)	**-**	-
Liability (gain)/loss due to change in financial assumptions	**268,163**	(279,286)	**2,589**	(2,086)
Balance at end of the year	**2,095,217**	1,790,617	**16,289**	12,483

13. PENSION LIABILITIES (CONT'D)

(a) Defined benefit plans (Cont'd)

	The Group		The Company	
	2023	2022	**2023**	2022
	%	%	**%**	%
Allocation of assets at end of year				
Equity - Overseas quoted	**42**	36	**42**	36
Equity - Overseas unquoted	**-**	3	**-**	3
Equity - Local quoted	**19**	18	**19**	18
Equity - Local unquoted	**-**	4	**-**	4
Debt - Overseas quoted	**-**	-	**-**	-
Debt - Overseas unquoted	**-**	-	**-**	-
Debt - Local quoted	**8**	10	**8**	10
Debt - Local unquoted	**17**	15	**17**	15
Cash and other	**14**	14	**14**	14
Total	**100**	100	**100**	100

	The Group		The Company	
	2023	2022	**2023**	2022
Allocation of assets at end of year				
Reporting entity's own transferable financial instruments	**2%**	3%	**2%**	3%
Principal assumptions used at end of year				
Discount rate based on government bonds	**5.5%**	6.7%	**5.5%**	6.7%
Rate of salary increases	**6.2%**	6.9%	**6.2%**	6.9%
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 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 2023.

	The Group		The Company	
	2023	2022	**2023**	2022
	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	**314,282**	256,337	**2,443**	1,568
Decrease due to 1% increase in discount rate	**251,263**	205,320	**1,792**	1,330

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.

13. PENSION LIABILITIES (CONT'D)

(a) Defined benefit plans (Cont'd)

Future cashflows

The Group expects to make a contribution of around MUR 52.5 million to the SBM Group Pension Fund for the next financial year and the weighted average duration of the defined benefit obligation is ranges between 13 to 14 years for the Group and 13 years for

The Company expects to make a contribution of around MUR 546,000 to the SBM Group Pension Fund for the next financial year.

(b) Residual retirement gratuities

The liability relates to residual retirement gratuities payable under the Workers' Rights Act 2019 and is unfunded.

The Group is exposed to normal risks associated with residual retirement gratuities such as interest and salary rise risks.

Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

Salary risk

The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

The most recent actuarial valuation of the retirement gratuities was carried out at 31 December 2023 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	
	2023	2022	**2023**	2022
Reconciliation of net defined benefit liability	**MUR' 000**	MUR' 000	**MUR' 000**	MUR' 000
Balance at start of the year	**211,211**	105,213	**8,265**	3,715
Amount recognised in statements of profit or loss	**(22,698)**	134,936	**682**	6,032
Amount recognised in other comprehensive income	**26,473**	(28,058)	**3,320**	(1,482)
Less benefits paid	**(7,386)**	(880)	**(743)**	-
Balance at end of the year	**207,600**	211,211	**11,524**	8,265
Reconciliation of present value of defined benefit obligation				
Balance at start of the year	**211,211**	105,213	**8,265**	3,715
Current service cost	**23,780**	25,725	**2,986**	2,468
Past service cost	**(60,398)**	100,079	**(2,834)**	3,220
Interest expense	**13,920**	9,132	**530**	344
Liability experience loss/(gain)	**123**	10,516	**1,304**	843
Liability (gain) / loss due to change in demographic assumptions	**(14,968)**	(2,670)	**(495)**	(103)
Liability (gain) / loss due to change in financial assumptions	**41,318**	(35,904)	**2,511**	(2,222)
Benefits paid	**(7,386)**	(880)	**(743)**	-
Balance at end of the year	**207,600**	211,211	**11,524**	8,265

13. PENSION LIABILITIES (CONT'D)

(b) Residual retirement gratuities (Cont'd)

	The Group		The Company	
	2023	2022	**2023**	2022
	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000
Components of amount recognised in statements of profit or loss				
Current service cost	**23,780**	25,725	**2,986**	2,468
Past service cost	**(60,398)**	100,079	**(2,834)**	3,220
Net interest cost	**13,920**	9,132	**530**	344
Total expense	**(22,698)**	134,936	**682**	6,032
Components of amount recognised in other comprehensive income				
Liability experience loss/(gain)	**123**	10,516	**1,304**	843
Liability experience gain due to change in demographic assumptions	**(14,968)**	(2,670)	**(495)**	-
Liability (gain)/loss due to change in financial assumptions	**41,318**	(35,904)	**2,511**	(2,222)
Total	**26,473**	(28,058)	**3,320**	(1,379)
Principal assumptions used at end of year				
Discount rate	**5.5%**	6.6%	**5.5%**	6.6%
Rate of salary increases	**6.2%/7%**	6.9%/7%	**6.2%/7%**	6.9%/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	**57,442**	40,482	**2,770**	2,359
Decrease due to 1% increase in discount rate	**48,434**	34,521	**2,342**	2,003

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

Expected contribution for the next financial year is MUR 26.8 million for the Group and MUR 298,000 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). The Group is the principal employer of the DC Fund. The assets are managed by SBM Mauritius Asset Managers Ltd and administered by SICOM Ltd.

The Group made a contribution amounting to MUR 143.7 million to SBM Group DC fund for employees under the defined contribution pension plan (2022: MUR 131.9 million). The Company contributed MUR 9.3 million to the defined contribution plan during the year

14. DEPOSITS FROM BANKS

	The Group	
	2023	2022
	MUR' 000	MUR' 000
Demand deposits	**2,662,028**	3,802,908

15. DEPOSITS FROM NON-BANK CUSTOMERS

	The Group	
	2023	2022
(i) Retail customers	**MUR' 000**	MUR' 000
Current accounts	**28,752,329**	29,258,693
Savings accounts	**81,056,748**	76,633,498
Time deposits with remaining term to maturity:		
- Up to 3 months	**10,316,826**	8,969,764
- Over 3 months and up to 6 months	**3,817,812**	3,184,290
- Over 6 months and up to 12 months	**7,204,291**	5,374,209
- Over 1 year and up to 5 years	**10,447,123**	8,945,489
- Over 5 years	**191,591**	237,642
Total time deposits	**31,977,643**	26,711,394
Total deposits from retail customers	**141,786,720**	132,603,585
(ii) Corporate customers		
Current accounts	**70,713,901**	83,526,610
Savings accounts	**5,025,449**	5,443,851
Time deposits with remaining term to maturity:		
- Up to 3 months	**34,119,452**	27,298,664
- Over 3 months and up to 6 months	**8,683,869**	15,406,967
- Over 6 months and up to 12 months	**7,991,804**	6,873,150
- Over 1 year and up to 5 years	**2,681,211**	4,970,146
- Over 5 years	**81,120**	103,271
Total time deposits	**53,557,456**	54,652,198
Total deposit from corporate customers	**129,296,806**	143,622,659
(iii) Government		
Current accounts	**7,247,519**	7,137,013
Savings accounts	**3,476,670**	3,484,415
Time deposits with remaining term to maturity:		
- Up to 3 months	**5,997,633**	65,703
- Over 3 months and up to 6 months	**1,932,240**	1,607,635
- Over 6 months and up to 12 months	**350,250**	4,019,070
- Over 1 year and up to 5 years	**551,967**	810,355
- Over 5 years	**-**	-
Total time deposits	**8,832,090**	6,502,763
Total deposit from the Government	**19,556,279**	17,124,191
Total deposit from non-bank customers	**290,639,805**	293,350,435

16. OTHER BORROWED FUNDS

	The Group	
	2023	2022
	MUR' 000	MUR' 000
Borrowings from central banks	**5,593,882**	5,308,642
Other financial institutions	**3,590,464**	7,464,195
Borrowings from banks		
- In Mauritius	**4,036,479**	-
- Outside Mauritius	**184,836**	2,716,633
	13,405,661	15,489,470

16. OTHER BORROWED FUNDS (CONT'D)

	The Group	
	2023	2022
Remaining term to maturity	**MUR' 000**	MUR' 000
Up to 3 months	**9,815,562**	11,067,602
Over 3 months and up to 6 months	**241,518**	272,511
Over 6 months and up to 12 months	**517,872**	481,314
Over 1 year and up to 5 years	**2,359,610**	3,169,958
Over 5 years	**471,099**	498,085
	13,405,661	15,489,470

Borrowings from banks are short term interbank borrowings from local banks at 31 December 2023 with an interest rate ranging from 3% to 4.5% per annum with a tenor of less than 3 months. 50% of the local borrowings were fully collateralised in the form of marketable government securities.

Borrowings from other financial institutions are long term borrowings taken for refinancing purposes with an interest rate ranging from 0.4% to 10% and have maturity date up to 2032.

17. TAXATION

Accounting policy

Income tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

SBM Bank (Mauritius) Ltd is taxed at 5% on the first MUR 1.5 billion of its chargeable income and at 15% of its remaining chargeable income for the year ended 31 December 2023. For the year 2022, the Bank was taxed at 5% on the first MUR 1.5 billion of its chargeable income, at 15% of its chargeable income between MUR 1.5 billion and the base year income, and at 5% on the remainder, subject to meeting prescribed conditions laid down by the Income Tax Act for Banks in Mauritius. The applicable tax rate for India is 43.26% (2022: 43.26%), whereas that of Madagascar is 20% (2022: 20%) and Kenya is 30% (2022: 30%).

Non-banking entities within the Group are taxable at the rate of 15% (2022: 15%).

Corporate social responsibility (CSR)

Corporate social responsibility (CSR) was legislated by the Government of Mauritius in July 2009. In terms of the legislation, the Group is required to allocate 2% of its Segment A chargeable income of the preceding financial year to government approved CSR NGOs. As from July 2017, following amendments to the Finance Act 2017, the Group will now be required as from 01 January 2017 to 31 December 2018 to remit to the Director General at least 50% of the CSR contribution. After 01 January 2019, the Group will be required to remit to the Director General at least 75% of the CSR contribution. This is recorded as part of income tax expense.

Bank levy

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 2023. 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.

17 a. CURRENT TAX LIABILITIES

The Company had accumulated tax losses amounting to MUR'000 22,912 as at 31 December 2023 (31 December 2022: MUR'000 28,853) which will expire in year 2029.

Current tax liabilities can be analysed as follows:

	The Group		The Company	
	2023	2022	**2023**	2022
Statement of financial position	**MUR' 000**	MUR' 000	**MUR' 000**	MUR' 000
At 01 January	**439,171**	272,566	**1,385**	4,140
Income tax provision	**389,581**	457,817	**-**	2,190
Corporate Social Responsibility contribution	**110,367**	79,070	**-**	356
Underprovision / (overprovision) in prior years	**71,682**	60,028	**(1,385)**	(2,632)
Paid during the year	**(939,160)**	(177,482)	**-**	(2,669)
Translation difference	**55,935**	(439,244)	**-**	-
Bank levy	**186,416**	186,416	**-**	-
Tax refund	**(20,430)**	-	**-**	-
Additional tax for year 2022	**230,000**	-	**-**	-
At 31 December	**523,562**	439,171	**-**	1,385

The breakdown of current tax liability is as follows:

Tax liability	**556,294**	478,499	**-**	1,385
Tax assets (note 12)	**(32,732)**	(39,328)	**-**	-
	523,562	439,171	**-**	1,385

Current tax liabilities will be repaid within the next one year and is classified as a current liabilities.

17. TAXATION (CONT'D

17 b. TAX EXPENSE

The total tax expense can also be analysed as being incurred as follows:

	The Group		The Company	
	2023	2022	**2023**	2022
	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000
In Mauritius	**661,805**	528,500	**(1,221)**	2,189
Overseas	**974**	19,877	**-**	-
Total tax expense/(credit)	**662,779**	548,377	**(1,221)**	2,189
Income tax provision	**389,581**	530,667	**-**	4,108
Deferred income tax (Note 17d)	**(333,651)**	(240,240)	**-**	-
Corporate Social Responsibility	**110,367**	79,070	**-**	356
Bank levy	**186,416**	186,416	**-**	-
Under / (Over) provision in previous periods	**71,682**	-	**(1,385)**	-
Additional tax for year 2022	**230,000**	-	**-**	-
Tax refund in relation to prior years	**(2,664)**	-	**(2,664)**	-
Withholding tax	**11,049**	(7,536)	**2,828**	(2,275)
Total tax expense/(credit)	**662,779**	548,377	**(1,221)**	2,189

17 c. Tax reconciliation

	The Group		The Company	
	2023	2022	**2023**	2022
	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000
Profit before income tax from continuing operations	**4,979,715**	4,184,038	**1,306,510**	1,905,840
Tax on accounting profit at applicable tax rates	**846,551**	711,286	**222,106**	285,876
Under / (Over) provision in previous periods	**71,682**	65,432	**(1,385)**	3,011
Non allowable expenses	**836,827**	130,365	**115,163**	91,600
Exempt income	**(706,358)**	(828,392)	**(336,253)**	(376,379)
Corporate Social Responsibility contribution	**110,367**	(17,965)	**-**	356
Bank levy	**186,416**	186,416	**-**	-
Deferred tax assets not recognised	**67,383**	3,265	**-**	-
Tax refund in relation to prior years	**(2,664)**	-	**(2,664)**	-
Additional tax for year 2022	**230,000**	-	**-**	-
Tax loss utilised	**(1,016)**	-	**(1,016)**	-
Tax rate differential	**(987,458)**	305,506	**-**	-
Withholding tax	**11,049**	(7,536)	**2,828**	(2,275)
Total tax expense / (credit)	**662,779**	548,377	**(1,221)**	2,189

17 d. DEFERRED TAX ASSETS/(LIABILITIES)

Accounting policy

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

17. TAXATION (CONT'D)

17 d. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Accounting policy (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred tax relating to items recognised outside profit or loss are recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax rate of SBM Bank (Mauritius) Ltd

The deferred tax rate applied for segment A and segment B is 14% and 12% respectively (2022: 7% and 5%).

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

	THE GROUP	
	2023	2022
	MUR' 000	MUR' 000
At 01 January	**(1,265,176)**	(1,087,074)
Translation adjustments	**159,114**	63,800
Charge/(credit) to profit or loss:		
- Movement for the year (Note 19b)	**(333,651)**	(240,240)
Charge/(credit) to other comprehensive income:		
- Remeasurement of retirement benefit obligations	**49,144**	(1,662)
At 31 December	**(1,390,569)**	(1,265,176)

Reconciliation of deferred tax assets/(liabilities)

2023	**01 January 2023**	**Charge/ (credit) to profit or loss**	**Charge (credit) to OCI**	**Translation adjustment**	**31 December 2023**
	THE GROUP				
	MUR' 000	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
Deferred tax assets					
Allowances for credit impairment	**(504,272)**	**(432,823)**	**-**	**(18,241)**	**(955,336)**
Pension liability	**(37,523)**	**-**	**(21,338)**	**-**	**(58,861)**
Other provisions	**(825,535)**	**(2,144)**	**-**	**165,692**	**(661,987)**
	(1,367,330)	**(434,967)**	**(21,338)**	**147,451**	**(1,676,184)**
Deferred tax liabilities					
Accelerated capital allowances	**28,135**	**97,324**	**-**	**11,964**	**137,423**
Revaluation of property	**74,581**	**-**	**70,482**	**-**	**145,063**
Unrealised exchange gains	**(562)**	**3,992**	**-**	**(301)**	**3,129**
	102,154	**101,316**	**70,482**	**11,663**	**285,615**
Net deferred tax assets	**(1,265,176)**	**(333,651)**	**49,144**	**159,114**	**(1,390,569)**

17. TAXATION (CONT'D)

17 d. DEFERRED TAX (ASSETS) / LIABILITIES (CONT'D)

	THE GROUP				
2022	01 January 2022	Charge/(credit) to profit or loss	Charge/(credit) to OCI	Translation adjustment	31 December 2022
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Deferred tax assets					
impairment	(283,536)	(211,866)	-	(8,870)	(504,272)
Pension liability	(27,076)	(8,785)	(1,662)	-	(37,523)
Other provisions	(899,567)	6,629	-	67,403	(825,535)
	(1,210,179)	(214,022)	(1,662)	58,533	(1,367,330)
Deferred tax liabilities					
Accelerated capital allowances	49,459	(26,370)	-	5,046	28,135
Revaluation of property	77,710	(3,340)	-	211	74,581
Unrealised exchange gains	(4,064)	3,492	-	10	(562)
	123,105	(26,218)	-	5,267	102,154
Net deferred tax assets	(1,087,074)	(240,240)	(1,662)	63,800	(1,265,176)

18. OTHER LIABILITIES

	The Group		The Company	
	2023	2022	**2023**	2022
	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000
Bills payable	**437,601**	462,430	**-**	-
Accruals for expenses	**2,089,136**	1,719,421	**62,936**	37,065
Accounts payable	**6,052,557**	5,415,109	**26,360**	28,297
Deferred income	**78,413**	74,923	**-**	-
Balance due in clearing	**15,748**	5,841	**-**	-
Balances in transit	**1,084,103**	955,434	**-**	-
ECL on memorandum Items (Note 22)	**232,964**	301,170	**-**	-
Other payables	**49,312**	136,587	**-**	-
	10,039,834	9,070,915	**89,296**	65,362

Other liabilites, except for deferred income, are classified as current liabilities. Deferred income has a maturity of over more than one year and is treated as non-current liabilities.

19. SUBORDINATED DEBTS

	The Group		The Company	
	2023	2022	**2023**	2022
Subordinated Bonds:	**MUR' 000**	MUR' 000	**MUR' 000**	MUR' 000
Class A 1 series bond of MUR floating interest rate senior unsecured bonds maturing in 2024 (Note (a))	**1,526,812**	1,522,965	**1,526,812**	1,522,965
Class A 2 series bond of MUR fixed interest rate senior unsecured bonds maturing in 2028 (Note (b))	**3,064,426**	3,062,958	**3,064,426**	3,062,958
Class B 2 series bond of USD fixed interest rate senior unsecured bonds maturing in 2025 (Note (b))	**3,351,948**	3,321,028	**3,351,948**	3,321,028
Class A 3 series bond of MUR fixed interest rate senior unsecured bonds maturing in 2031 (Note (c))	**1,003,560**	1,003,790	**1,003,560**	1,003,790
Class B 3 series bond of MUR floating interest rate senior unsecured bonds maturing in 2031 (Note (c))	**1,005,525**	1,005,795	**1,005,525**	1,005,795
Series Bond of INR fixed interest rate subordinated unsecured bonds maturing 2032 & 2033 (Note (d))	**1,279,902**	699,956	**-**	-
	11,232,173	10,616,492	**9,952,271**	9,916,536
Analysed as :				
Non-current	**9,705,361**	10,616,492	**8,425,459**	9,916,536
Current	**1,526,812**	-	**1,526,812**	-
	11,232,173	10,616,492	**9,952,271**	9,916,536

a. The public offer for the issue of subordinated senior unsecured multicurrency floating interest rate bonds for Class A 1 series Bond of MUR 1,000 million opened on 20 December 2013. It was oversubscribed and a maximum amount of MUR 1.5 billion, of MUR 10,000 notes with half yearly floating coupon payment of Repo rate + 1.35% per annum maturing in 2024, was retained including the optional amount. Similarly an amount of USD 65.0 million, of USD 1,000 notes with half yearly payment of floating coupon 6-months LIBOR + 175bps per annum maturing in 2021, was retained for the issue of Class B 1 series bond of USD 50 million on 15 February 2014 including the optional amount. The public offer was issued by the State Bank of Mauritius Ltd (renamed as SBM Bank (Mauritius) Ltd) and the bonds are eligible as Tier II Capital.

As at 02 October 2014, on the appointed day of the Group restructure, all the bondholders of Class A 1 series and Class B 1 series Bonds of MUR 1.5 billion and USD 65.0 million repectively were transferred to the Company (SBM Holdings Ltd) with corresponding matching assets (investments).

b. The public offer for the issue of subordinated senior unsecured multicurrency fixed interest rate bonds for Class A2 and B2 Series Bonds of MUR 2 Billion and USD 50 Million respectively opened on 29 May 2018. Class A2 Series Bonds were oversubscribed and a maximum amount of MUR 3.06 Billion, of MUR 10,000 bonds with half yearly fixed coupon payment of 5.75% per annum maturing in 2028, was retained including the optional amount. Similarly an amount of USD 75.66 Million, of USD 1,000 bonds with half yearly payment of fixed coupon rate of 4.75% per annum maturing in 2025, were retained including the optional amount. The public offer was issued by the SBM Holdings Ltd (SBMH) and the bonds are eligible as Tier II Capital.

These bonds are quoted on the Official Market of the Stock Exchange of Mauritius (SEM) pre and post restructure.

c. Private placement of Subordinated Tier II bonds amounting to MUR 2 Billion at a price of MUR 10,000 per bond maturing in 2031, issued in two series: Series A3 and Series B3, at the rate of 4.2% and 4.0% (Repo rate + 2.15%).

d. In FY 2022, SBM Bank (India) Ltd made a private placement of 125 Basel III compliant rated, unsecured, subordinated, listed, redeemable, non-convertible and fully paid up Tier 2 bonds in the nature of debentures (Series II) amounting to INR 1,250 million at a price of INR 10 million face value at a fixed interest rate of 9.75% maturing in April 2032. During the year under review, the subsidiary further issued 99 unsecured subordinated debts at INR 10 million face value at the rate of 9.98% maturing in January 2033.

19. SUBORDINATED DEBTS (CONT'D)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financial activities are those for which cash flows were, or future cash flows will be classified in cash flows from financing activities in the statement of cash flows.

The Group

			Non-cash changes			
	At 1 January	Financing cash flows (i)	New leases	Exchange differences	Other changes (ii)	At 31 December
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
2023						
Other borrowed funds	15,489,470	(2,083,809)	-	-	-	**13,405,661**
Subordinated debts	10,616,492	(38,384)	-	32,641	621,424	**11,232,173**
Lease liabilities	888,617	(225,056)	166,522	(60,412)	31,558	**801,229**
	26,994,579	(2,347,249)	166,522	(27,771)	652,982	**25,439,063**
2022						
Other borrowed funds	9,512,912	5,976,558	-	-	-	15,489,470
Subordinated debts	9,877,346	229,088	-	25,279	484,779	10,616,492
Lease liabilities	740,902	(291,981)	437,653	(40,934)	42,977	888,617
	20,131,160	5,913,665	437,653	(15,655)	526,756	26,994,579

The Company

			Non-cash changes		
	At 1 January	Financing cash flows (i)	Exchange differences	Other changes (ii)	At 31 December
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
2023					
Subordinated debts	9,916,536	(529,395)	30,136	534,994	**9,952,271**
2022					
Subordinated debts	9,877,346	(470,868)	25,279	484,779	9,916,536

(i) The cash flows from other borrowed funds and subordinated debts make up the net amount of proceeds from borrowings and repayments of borrowings in the cash flow statement.

(ii) Other changes include non-cash transactions such as interests accrued but not yet paid on interest-bearing other borrowed funds and subordinated debts.

20. STATED CAPITAL AND TREASURY SHARES

	The Group		The Company	
Authorised, issued and paid up share capital	Number	MUR' 000	Number	MUR' 000
At 31 December 2023	**3,037,402,230**	**32,500,204**	**3,037,402,230**	**32,500,204**
At 31 December 2022	3,037,402,230	32,500,204	3,037,402,230	32,500,204

20. STATED CAPITAL AND TREASURY SHARES (CONT'D)

Treasury shares held	The Group Number	The Group MUR' 000	The Company Number	The Company MUR' 000
At 31 December 2023	**455,610,330**	**4,875,031**	**455,610,330**	**4,875,031**
At 31 December 2022	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	
	2023	2022	**2023**	2022
	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000
Dividend declared and paid in current year:				
2023: 20 cents; 2022: 20 cents	**516,358**	516,358	**516,358**	516,358
	516,358	516,358	**516,358**	516,358
Less dividend declared and paid during the year	**(516,358)**	(516,358)	**(516,358)**	(516,358)
Dividend payable	**-**	-	**-**	-

A dividend of 20 cents per share has been declared on 29 March 2023 and was paid on 14 June 2023.

22. MEMORANDUM ITEMS

a. Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers

	The Group	
	2023	2022
	MUR' 000	MUR' 000
Acceptances on account of customers	**1,917,187**	1,761,895
Guarantees on account of customers	**19,189,094**	18,669,391
Letters of credit and other obligations on account of customers	**2,210,680**	3,043,935
Other contingent items	**-**	4,120,304
	23,316,961	27,595,525
b. Commitments		
Undrawn credit facilities	**34,692,390**	25,630,135
c. Other		
Inward bills held for collection	**1,880,874**	955,028
Outward bills sent for collection	**3,701,237**	2,643,726
	5,582,111	3,598,754
Total	**63,591,462**	56,824,414
Credit loss allowance	**(232,964)**	(301,170)
Total carrying value	**63,358,498**	56,523,244

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.

	31 December 2023			
Internal rating grade	**Stage 1 Individual**	**Stage 2 Individual**	**Stage 3**	**Total**
	MUR' 000	**MUR' 000**	**MUR' 000**	**MUR' 000**
Performing				
High grade	**27,283,027**	**428,391**	**5,737**	**27,717,155**
Standard grade	**26,237,684**	**1,369,787**	**-**	**27,607,471**
Sub-standard grade	**5,488,057**	**2,651,315**	**-**	**8,139,372**
Past due but not impaired	**-**	**-**	**-**	**-**
Non-performing				
Individually impaired	**-**	**-**	**127,464**	**127,464**
Total	**59,008,768**	**4,449,493**	**133,201**	**63,591,462**

	31 December 2022			
Internal rating grade	**Stage 1 Individual**	**Stage 2 Individual**	**Stage 3**	**Total**
	MUR' 000	**MUR' 000**	**MUR' 000**	**MUR' 000**
Performing				
High grade	27,220,792	1,743,379	-	28,964,171
Standard grade	19,705,017	2,736,095	-	22,441,112
Sub-standard grade	2,899,444	2,354,181	50	5,253,675
Past due but not impaired	-	-	-	-
Non-performing				
Individually impaired	-	-	165,456	165,456
Total	49,825,253	6,833,655	165,506	56,824,414

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:

	31 December 2023			
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**
Gross carrying amount as at 01 January 2023	**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 2023	**59,008,768**	**4,449,493**	**133,201**	**63,591,462**

22. MEMORANDUM ITEMS (CONT'D)

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

	31 December 2022			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
Gross carrying amount as at 01 January 2022	42,221,958	2,140,983	160,734	44,523,675
New exposures	18,115,924	2,676,304	24,543	20,816,771
Exposures derecognised or matured/lapsed	(6,789,720)	(1,244,918)	(67,907)	(8,102,545)
Transfers to Stage 1	102,498	(102,498)	-	-
Transfers to Stage 2	(3,420,206)	3,432,004	(11,798)	-
Transfers to Stage 3	(50)	(59,884)	59,934	-
Translation adjustments	(405,151)	(8,336)	-	(413,487)
Gross carrying amount as at 31 December 2022	49,825,253	6,833,655	165,506	56,824,414

	31 December 2023			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
ECL allowance as at 1 January 2023	**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 2023	**87,967**	**12,651**	**132,346**	**232,964**

	31 December 2022			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	MUR'000	MUR'000	MUR'000	MUR'000
ECL allowance as at 1 January 2022	109,160	57,916	162,421	329,497
New exposures	62,915	9,172	84,377	156,464
Exposured derecognised or repaid	(55,244)	(48,924)	(76,538)	(180,706)
Transfers to Stage 1	1,592	(1,592)	-	-
Transfers to Stage 2	(2,185)	2,185	-	-
Transfers to Stage 3	(13)	(51)	64	-
Translation adjustments	(3,683)	(402)	-	(4,085)
At 31 December 2022	112,542	18,304	170,324	301,170

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 totallying MUR 882.4 million (2022: MUR 743.4 million). Out of these, the Bank has assessed the claims that are highly probable and has made a provision of MUR 130.9 million as at 31 December 2023, the Bank has not made any provision on the remaining claims (MUR 811.5 million) on the basis that so far there is no indication that the claims would succeed in court.

SBM Bank (Kenya) Ltd (SBMBK)

In August 2018, SBMBK acquired certain selected assets and assumed certain liabilities of Chase Bank (Kenya) Limited (in Receivership). In 2019, a financial institution claimed that they had deposited funds in the amount of USD 7.5m in Chase Bank (Kenya) Limited (In Receivership). These were not part of the assumed liabilities taken over by SBMBK. The Financial Institution filed a case in the High Court claiming the aforementioned funds. The case was referred by the Court to arbitration and was ruled in favour of SBMBK in April 2021. The financial institution then appealed to the High Court which delivered judgment in their favour in July 2022. SBMBK filed an appeal in the Court of Appeal. SBMBK also obtained a Stay of Execution of the decision of the High Court, pending the determination of SBMBK's appeal. The Appeal was due to be heard on 18th March 2024 in the Court of Appeal but on that day, the Financial Institution indicated to the Court that there is a proposal for an out-of-court settlement by the Financial Institution, which is likely to extinguish the claim of the Financial Institution against SBMBK. The Financial Institution applied for an adjournment of the matter and SBMBK did not oppose the adjournment. The Court allowed the adjournment to facilitate negotiations by the parties, which if successfully completed, will result in the setting aside of the High Court judgement which was in favour of the Financial Institution. The effect of this is that the matter will be marked as settled, without any liability to SBMBK. No provision in relation to this claim has been recognized in these financial statements as the Directors have been advised by the lawyers that the probability of a liability arising is remote.

In June 2017, Kenya Revenue Authority (KRA) demanded penalties on taxes that were collected by Fidelity Commercial Bank (FCB) on behalf of its customers during the year 2016 under a service level agreement between KRA and FCB. These taxes which amounted to KShs. 239,289,236 were collected prior to the acquisition of FCB by SBM Bank (Kenya) Limited (SBMBK) and were paid in full by the latter upon take-over. KRA then raised a demand notice for penalties which had accrued and which were disputed by SBMBK at the time. KRA subsequently raised a revised penalty claim of Kshs 737 million, which was not agreeable to SBMBK. SBMBK declared a dispute in line with the provisions of the service level agreement. The Bank 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. The Bank was granted temporary protection by the High Court against enforcement of the claim by KRA. The case seeking to refer the matter to arbitration will be heard in May 2024. 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	
	2023	2022
	MUR' 000	MUR' 000
Treasury bills / Government bonds	**8,765,047**	4,862,313
Other investment securities	**1,333,248**	312,148
	10,098,295	5,174,461
Analysed as:		
- In Mauritius	**2,329,691**	-
- Overseas	**7,768,604**	5,174,461
	10,098,295	5,174,461

24. CAPITAL COMMITMENTS

	The Group	
	2023	2022
	MUR' 000	MUR' 000
Approved and contracted for	**1,314,401**	406,832
Approved and not contracted for	**766,249**	355,829

25. NET INTEREST INCOME / (EXPENSE)

	The Group		The Company	
	2023	2022	**2023**	2022
	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000
Interest Income using the effective interest method				
Cash and cash equivalents	**442,526**	255,865	**-**	-
Loans to and placements with banks	**198,373**	91,915	**-**	-
Loans and advances to non-bank customers	**13,168,176**	9,327,389	**-**	-
Investment securities at amortised cost	**3,662,891**	3,085,008	**12,727**	8,687
Investment securities at FVTOCI	**2,749,342**	1,872,263	**20,038**	602
	20,221,308	14,632,440	**32,765**	9,289
Interest income on financial instruments at fair value				
Investment securities at FVTPL	**129,795**	33,277	**-**	-
Derivatives held for risk management	**198,611**	153,549	**-**	-
	328,406	186,826	**-**	-
Total interest income	**20,549,714**	14,819,266	**32,765**	9,289
Interest expense using the effective interest method				
Deposits from non-bank customers	**(7,464,200)**	(4,117,814)	**-**	-
Other borrowed funds	**(1,056,943)**	(737,794)	**-**	-
Subordinated debts	**(653,312)**	(507,363)	**(534,993)**	(484,779)
Interest expense on lease liabilities	**(70,827)**	(68,823)	**-**	-
Total interest expense	**(9,245,282)**	(5,431,794)	**(534,993)**	(484,779)
Other interest expense				
Derivatives held for risk management	**(664,631)**	(465,252)	**-**	-
Total interest expense	**(9,909,913)**	(5,897,046)	**(534,993)**	(484,779)
Net interest income / (expense)	**10,639,801**	8,922,220	**(502,228)**	(475,490)

26. NET FEE AND COMMISSION INCOME/(EXPENSE)

	The Group		The Company	
	2023	2022	**2023**	2022
	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000
Fee and commission income				
Retail banking customer fees	**412,851**	377,976	**-**	-
Corporate banking customer fees	**749,659**	595,431	**-**	-
Brokerage income	**183,364**	412,635	**-**	-
Asset management fees	**84,467**	84,646	**-**	-
Factoring fees	**11,801**	12,050	**-**	-
Card income	**683,543**	660,042	**-**	-
Other fees*	**458,986**	253,177	**-**	-
Total fee and commission income	**2,584,671**	2,395,957	**-**	-
Fee and commission expense				
Interbank transaction fees	**(63,009)**	(40,296)	**-**	-
Brokerage	**(1,374)**	-	**-**	-
Other fees	**(72,975)**	(61,500)	**-**	-
Total fee and commission expense	**(137,358)**	(101,796)	**-**	-
Net fee and commission income/(expense)	**2,447,313**	2,294,161	**-**	-

* Out of the other fee and commission income an amount of MUR'000 146,615 (2022: MUR'000 126,270) 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.

26(a). Revenue from contracts with customers

Significant accounting estimates and judgements

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

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

SBM Fund Services Ltd

The Company acts as registrar and transfer agent for numerous listed companies and mutual funds. It also provides administration services including trade and fees processing, net asset value computation and fund accounting services. Revenue from contracts with customers is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

26. NET FEE AND COMMISSION INCOME/(EXPENSE) (CONT'D)

26(a). Revenue From Contracts With Customers (Cont'D)

Identify the performance obligations (cont'd)

SBM Fund Services Ltd (cont'd)

The Company determined that registry fees, administrative fees, trustee fees and debenture holder representative fees are capable of being distinct since they are different services being provided and the contracts are separate.

SBM Factors Ltd

The Company provides factoring services. Revenue from contracts with customers is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

SBM Insurance Agency Ltd

The Company acts as an agent between various insurance companies and customers who want to take up an insurance policy. The Company operates three agency business lines which are General Insurance, Life Insurance and Decreasing Term Assurance. Revenue from contracts with customers is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

The Company determined that commission from general insurance, commission from life insurance and commission from Decreasing Term Assurance (DTA) are capable of being distinct since they are different services being provided and the contracts are separate.

Determine the transaction price

SBM Mauritius Asset Managers Ltd

Management fees are generated through investment management agreements and are generally based on an agreed percentage of the valuation of the assets under management (AUM). Management fees are recognised as the service is provided and it is probable that the fee will be received.

Retrocession fees are based on an agreed percentage of the management fees charged to the third party funds. The fees are recognised when they are probable to be received.

Entry and exit fees represent variable consideration based on the amount invested / disinvested by the customer.

Arranger fees are based on an agreed percentage of the amount raised on behalf of the client.The fees are recognised when they are probable to be received.

Commission from structured products on the other hand represents a fixed consideration on the amount invested by third parties.

SBM Securities Ltd

The commission fees represent a fixed rate which is charged to the investor. However, this may vary depending on whether the investor benefits from a discount fee or a minimum fee.

SBM Fund Services Ltd

Registry fees from Funds and administrative fees represent variable consideration which is based on each period’s NAV. Registry fees from Funds and administrative fees are recognised as the service is provided and it is probable that the fee will be received.

Registry fees from other clients, trustee fees and debenture holder representative fees are generated through agreements between the entity and the clients and are charged a fixed contract amount. Invoicing is done on a quarterly / half yearly and yearly basis and the fees are recognised when they are probable to be received.

SBM Capital Markets Ltd

Corporate finance advisory fees are generated through agreements between the entity and the clients and are charged a fixed contract amount. Invoicing is done on a quarterly / half yearly and yearly basis and the fees are recognised when they are probable to be received.

26. NET FEE AND COMMISSION INCOME/(EXPENSE) (CONT'D)

26(a). Revenue From Contracts With Customers (Cont'D)

SBM Capital Markets Ltd (Cont'd)

Arranger fees are based on an agreed percentage of the amount raised on behalf of the client. The fees are recognised when they are probable to be received.

Management fees are generated through investment management agreements and are generally based on an agreed percentage of the valuation of the assets under management (AUM). Management fees are recognised as the service is provided and it is probable that the fee will be received.

Retrocession fees are based on an agreed percentage of the management fees charged to the third party funds. The fees are recognised when they are probable to be received.

Entry and exit fees represent variable consideration based on the amount invested / disinvested by the customer.

Commission from structured products on the other hand represents a fixed consideration on the amount invested by third parties.

Commission received from trading services provided is allocated to each trading activity (equity and bond trading) as and when it is due as per the agreement.

SBM Factors Ltd

The Company finances its clients a fixed percentage of the invoices and a factoring fee is charged on the invoices being financed as per the agreement in place.

Signing fee is charged upon onboarding of a new client.

SBM Insurance Agency Ltd

Commission from life insurance represents a fixed consideration which is based on a percentage of the total premium amount and in some cases, on the sum assured. The percentage varies in the case of an initial policy and in the case of a renewal. The commission is recognised as the service is provided and it is probable that the commission will be received.

Commission from general insurance represents a fixed consideration which is based on a percentage of the gross premium amount. For each insurer and for every type of insurance, a specific commission rate is applied. The amount of commission received is calculated based on the commission rate multiplied by the gross premium amount. The commission is recognised as the service is provided and it is probable that the commission will be received.

For DTA commission, the policy is subscribed per client. A percentage is retained as commission prior to payment to insurer. DTA commission are recognised as the service is provided and it is probable that the commission will be received.

Allocate the transaction price to the performance obligations

SBM Mauritius Asset Managers Ltd

The transaction price which comprises the variable consideration related to the management fee is allocated to each individual month as management fee relates specifically to the entity’s efforts to provide management services during the month.

Retrocession fees are allocated to each third party Fund on a monthly basis as per the respective agreement.

The entry and exit fees are allocated to each client investing or disinvesting from the Funds managed by the Company.

Arranger fees are allocated as per the agreement in place between the Company and the client.

Commission received from structured products is allocated to each product as and when it is due as per the agreement.

SBM Fund Services Ltd

The transaction price which comprises the variable consideration related to the registry and administrative fee is allocated to each individual month as the registry and administrative fee relates specifically to the entity’s efforts to provide registry/administrative services during the month.

26. NET FEE AND COMMISSION INCOME/(EXPENSE) (CONT'D)

26(a). Revenue From Contracts With Customers (Cont'D)

SBM Fund Services Ltd

Trustee fees and debenture holder representative fees are allocated to each client on a monthly basis based on the agreement in place.

SBM Capital Markets Ltd

The corporate finance advisory fees are allocated to each client once the assignment has been completed.

Arranger fees are allocated as per the agreement in place between the Company and the client.

Commission received from trading services provided is allocated to each trading activity (equity and bond trading) as and when it is due as per the agreement.

SBM Factors Ltd

Factoring fees are allocated to each batch of invoices being financed.

Signing fee is fixed amount charged to the client.

SBM Insurance Agency Ltd

Commission from life and general insurance is allocated to each client on a monthly basis based on the premium collected by the Insurance Company.

DTA commission is allocated once the service is completed based on the agreement in place.

Satisfaction of performance obligations

SBM Mauritius Asset Managers Ltd

The Company concluded that the management and retrocession fees are recognised over time as the customer simultaneously receives and consumes the benefits provided by the Company when the latter discharges the service or the Company's performance enhances the assets that the fund controls.

On the other hand, entry and exit fees are recognised at a point in time as the benefits are obtained only upon new investment or disinvestment by a customer. Arranger fees and commission from structured products are also recognised at a point in time as they are a one-off fee received upon the completion of the capital raising and at the start of the life of each product respectively.

SBM Fund Services Ltd

The Company concluded that all the fees are recognised over time as the customer simultaneously receives and consumes the benefits provided by the Company when the latter discharges the service or the Company's performance enhances the assets that the fund controls.

SBM Capital Markets Ltd

The Company concluded that the management and retrocession fees are recognised over time as the customer simultaneously receives and consumes the benefits provided by the Company when the latter discharges the service or the Company's performance enhances the assets that the fund controls.

On the other hand, entry and exit fees are recognised at a point in time as the benefits are obtained only upon new investment or disinvestment by a customer. Arranger fees and commission from structured products are also recognised at a point in time as they are a one-off fee received upon the completion of the capital raising and at the start of the life of each product respectively.

The Company concluded that the commission income is recognised at a point in time. The Company recognises the revenue as the service is provided.

The Company concluded that the corporate finance advisory fees and arranger fees are recognised at a point in time upon completion of assignment.

26. NET FEE AND COMMISSION INCOME/(EXPENSE) (CONT'D)

26(a). Revenue From Contracts With Customers (Cont'D)

SBM Factors Ltd

The Company concluded that the factoring fees are recognised at a point in time upon financing of each batch of invoices. Signing fee is also recognised at a point in time upon onboarding of new client.

SBM Insurance Agency Ltd

The Company concluded that all the commissions are recognised at a point in time upon collection of premium by the Insurance Companies.

Principal versus agent considerations

SBM Mauritius Asset Managers Ltd

The Company determined that it is a principal in the contracts as it is primarily responsible for fulfilling the promise to provide the specified service.

SBM Fund Services Ltd

The Company determined that it is a principal in the contracts as it is primarily responsible for fulfilling the promise to provide the specified service.

SBM Capital Markets Ltd

The Company determined that it is a principal in the contracts as it is primarily responsible for fulfilling the promise to provide the specified service.

SBM Factors Ltd

The Company determined that it is a principal in the contracts since it is primarily responsible for fulfilling the promise to provide the specified service.

SBM Insurance Agency Ltd

The Company determined that it is an agent in the contracts as it is not primarily responsible for fulfilling the promise to provide the specified service. The Company has no discretion in establishing the premium for the policies. The Company's consideration in these contracts is only based on a percentage of the premium being received by the Insurance Companies.

Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	THE GROUP	
	2023	2022
	MUR'000	MUR'000
SBM Mauritius Asset Managers Ltd		
Management fees	**54,956**	49,314
Entry and exit fees	**1,518**	2,572
Arranger fees	**606**	3,733
Asset management fees included above	**57,080**	55,619
SBM Capital Markets Ltd		
Commission income - Local equity	**4,901**	4,993
Commission income - Foreign equity	**161,847**	388,045
Commission income - Local bonds	**1,430**	1,274
Commission income - Foreign bonds	**15,186**	18,323
Brokerage income	**183,364**	412,635

26. NET FEE AND COMMISSION INCOME/(EXPENSE) (CONT'D)

26(a). Revenue From Contracts With Customers (Cont'D)

Disaggregated revenue information (Cont'd)

	THE GROUP	
	2023	2022
	MUR'000	MUR'000
SBM Capital Markets Ltd		
Entry and exit fees	**1,588**	1,767
Management fees	**25,801**	24,561
Retrocession fees	**7,147**	6,270
Advisory fees	**7,558**	3,634
SBM Fund Services Ltd		
Registry fees from Funds	**7,220**	6,373
Registry fees from other clients	**9,757**	6,430
Trustee fees	**914**	934
Debenture holder representative fees	**195**	300
Administrative fees	**8,638**	7,766
Registry fees from ultimate holding company	**1,830**	1,230
SBM Factors Ltd		
Factoring fees	**5,815**	6,215
Signing fees	**-**	35
SBM E-Business Ltd		
Card income	**5,222**	-
Network fee	**9,872**	9,262
Administrative fee	**-**	6,262
SBM Insurance Agency Ltd		
Life commission	**11,403**	13,712
General commission	**11,625**	8,902
DTA commission	**32,030**	28,989
Others	**146,615**	132,642
Total revenue from contracts with customers	**387,059**	600,896
Geographical markets		
Mauritius	**210,025**	194,528
Europe	**11,494**	28,176
US	**165,526**	378,007
Asia Pacific	**14**	185
Total revenue from contracts with customers	**387,059**	600,896
Timing of revenue recognition		
Services transferred at a point in time	**350,598**	559,599
Services transferred over time	**36,461**	41,297
Total revenue from contracts with customers	**387,059**	600,896

27. NET TRADING INCOME

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000
Profit arising from dealing in foreign currencies	**1,584,075**	1,938,056	**-**	-
Profit on disposal of debt securities	**613,627**	129,424	**-**	-
Other interest rate instruments	**(17,039)**	16,390	**-**	-
	2,180,663	2,083,870	**-**	-

28 (a). NET GAINS FROM FINANCIAL ASSETS MEASURED AT FVTPL

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000
Financial assets measured at fair value through profit or loss	**50,740**	(12,783)	**35,342**	33,166
Derivatives held for risk management purposes	**(10,487)**	21,412	**-**	-
	40,253	8,629	**35,342**	33,166

28 (b). NET (LOSS)/GAINS ON DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTISED COST

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	
	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000
Financial assets measured at amortised cost	**(21,394)**	11,382	**-**	11,382

The Group disposed some of its investments held at amortised cost during the year following credit downgrade of the investment. The nominal value of investment disposed amounts to MUR 265.8 million and realised a loss of MUR 21.4 million for the year ended 31 December 2023.

28 (c). NET GAINS ON DERECOGNITION OF FINANCIAL ASSETS MEASURED AT FVTOCI

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000
Debt securities measured at FVTOCI	**44,962**	94,968	**-**	-

The Group disposed some of these assets due to the risks associated.

29. OTHER OPERATING INCOME

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000
Gain on disposal of property and equipment	**6,466**	5,453	**-**	-
Dividend income from financial assets measured at FVTOCI	**267,767**	206,563	**167,504**	112,632
Dividend income from investment in subsidiaries	**-**	-	**1,774,984**	2,335,000
Foreign exchange gain	**-**	15,516	**-**	494
Management support income	**-**	-	**104,093**	35,815
Sundry income	**25,016**	11,062	**-**	-
	299,249	238,594	**2,046,581**	2,483,941

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

30. PERSONNEL EXPENSES

Short-term employee benefits include items such as the following, if expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services:

(a) wages, salaries and social security contributions;
(b) paid annual leave and paid sick leave;
(c) bonuses; and
(d) non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current employees.

When an employee has rendered service to an entity during an accounting period, the entity shall recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

(a) as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, an entity shall recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

(b) as an expense, unless another IFRS requires or permits the inclusion of the benefits in the cost of an asset.

	The Group		The Company	
	2023	2022	**2023**	2022
	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000
Salaries	**3,511,077**	3,014,275	**159,838**	58,830
Other social security obligations	**176,215**	165,843	**10,445**	1,080
Contributions to defined contribution plans	**143,703**	131,991	**9,310**	8,532
Defined benefit plans	**73,943**	56,981	**593**	1,113
Residual retirement gratuities	**(22,698)**	134,936	**682**	6,032
Staff welfare cost	**393,585**	358,246	**1,588**	1,975
	4,275,825	3,862,272	**182,456**	77,562

31. OTHER EXPENSES

	The Group		The Company	
	2023	2022	**2023**	2022
	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000
Software licensing and other information technology cost	**1,484,847**	1,164,948	**794**	(1,248)
Utilities	**107,156**	80,038	**870**	42
Professional charges	**535,296**	472,415	**14,345**	4,157
Marketing costs	**227,196**	165,244	**4,359**	4,326
Rent, repairs and maintenance	**345,857**	270,292	**-**	-
Licence and other registration fees	**127,915**	144,123	**4,607**	18,180
Foreign exchange difference	**48,937**	46,592	**34,822**	22,591
Other operating and administrative costs	**1,350,867**	876,311	**16,291**	6,591
	4,228,071	3,219,963	**76,088**	54,639

32. CREDIT LOSS MOVEMENT ON FINANCIAL ASSETS AND MEMORANDUM ITEM

The table below shows the movement in credit loss recognised in the statements of profit or loss under IFRS 9 during 2023:

The Group	**31 December 2023**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	MUR' 000	**MUR' 000**	**MUR' 000**	**MUR' 000**
Loans and advances to non-bank customers	**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	**31 December 2023**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	MUR' 000	**MUR' 000**	**MUR' 000**	**MUR' 000**
Debt instruments measured at amortised cost	**185**	**-**	**-**	**185**

The Group	**31 December 2022**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	MUR' 000	**MUR' 000**	**MUR' 000**	**MUR' 000**
Loans and advances to non-bank customers	(304,760)	1,028,193	950,036	1,673,469
Loans and placements with banks	(6,203)	-	-	(6,203)
Debt instruments measured at amortised cost and FVTOCI	(34,930)	(23,524)	-	(58,454)
Other receivables	32,377	-	-	32,377
Loan commitments	752	-	-	752
Off balance sheet items (Guarantees, Letters of credit, Acceptances)	6,313	(39,209)	7,903	(24,993)
Total credit loss expense	(306,451)	965,460	957,939	1,616,948
Write off				43,286
Bad debts recovered				(327,491)
				1,332,743

The Company	**31 December 2022**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	MUR' 000	**MUR' 000**	**MUR' 000**	**MUR' 000**
Debt instruments measured at amortised cost	45	-	-	45
Total credit loss expense under IFRS 9	45	-	-	45

* 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	
	2023	2022
	MUR' 000	MUR' 000
Profit for the year	**4,316,937**	3,635,661
Profit attributable to owners of the company	**4,316,937**	3,635,661
Number of shares entitled to dividend (thousands)	**2,581,792**	2,581,792
Basic and Diluted Earnings per share (cents)	**167.2**	140.8

34. NET CASH FROM OPERATING ACTIVITIES

		The Group		The Company	
	Notes	2023	2022	2023	2022
		MUR' 000	MUR' 000	MUR' 000	MUR' 000
Cash flows from operating activities					
Profit for the year		**4,316,937**	3,635,661	**1,307,731**	1,903,651
Adjustments to determine net cash flows:					
Depreciation of property and equipment	10(a)	**330,262**	322,017	**372**	273
Depreciation of right of use assets	10(b)	**238,631**	237,472	**-**	-
Amortisation of intangible assets	11	**531,095**	495,319	**269**	274
Impairement of equity investment		**-**	-	**13,816**	14,366
Pension expense	30	**51,245**	191,917	**1,276**	7,145
Net impairment loss on financial assets	32	**1,468,081**	1,332,743	**185**	45
Write off of intangible assets	11	**-**	22,614	**-**	-
Net gain on termination of right of use		**2,211**	4,906	**-**	
Net gain on disposal of property and equipment	29	**(4,255)**	(5,453)	**-**	-
Net gain on financial assets at amortised cost	28 (b)	**21,394**	(11,382)	**-**	(11,382)
Investment securities at fair value through profit or loss		**(40,253)**	(8,629)	**(35,342)**	(8,629)
Interest income		**-**	-	**(32,765)**	(9,289)
Interest expense		**-**	-	**534,993**	484,779
Interest on lease liabilities	10(b)	**70,827**	68,822	**-**	-
Tax expense	17(b)	**683,920**	319,297	**(1,221)**	2,189
Dividend income	29	**(267,767)**	(206,563)	**(1,942,488)**	(2,447,632)
changes		**7,402,328**	6,398,741	**(153,174)**	(64,210)
Change in operating assets and liabilities					
Increase / (decrease) in trading assets		**526,095**	(420,917)	**-**	-
Decrease in loans to and placements with banks		**(1,644,643)**	(383,833)	**-**	-
Increase in loans and advances to non bank customers		**488,530**	(21,007,334)	**-**	-
(Increase) / decrease in gilt-edged investment securities		**(4,235,325)**	(183,003)	**58,127**	(624,301)
Increase in mandatory balances with central banks		**(1,195,501)**	(2,077,893)	**-**	-
(Increase) / decrease in other assets		**256,497**	(855,145)	**(51,437)**	88,433
(Decrease) / increase in trading liabilities		**(122,722)**	145,422	**-**	-
Increase in deposits from banks		**(1,140,880)**	1,032,906	**-**	-
Increase in deposits from non-bank customers		**(2,710,629)**	(5,230,423)	**-**	-
Increase / (decrease) in other liabilities		**1,037,000**	747,999	**63,648**	(62,826)
Pension contribution paid	13(a)	**(373,941)**	(53,700)	**(3,569)**	(549)
Interest received		**-**	-	**36,403**	357,968
Interest paid		**-**	-	**(487,510)**	(484,779)
Income tax paid	17(c)	**(939,160)**	(396,208)	**(164)**	(4,944)
Net cash (used in) / from operating activities		**(2,652,351)**	(22,283,388)	**(537,676)**	(795,208)

35. RELATED PARTY DISCLOSURES

Accounting policy

For the purposes of these financial statements, parties are considered to be related to the Group if they have the ability, directly or indirectly, to control the Group or exercise significant influence over the Group in making financial and operating decisions, or vice versa, or if they and the Group are subject to common control. Related parties may be individuals or other entities.

The Group		**Key management personnel including directors**	
		2023	2022
Statement of financial position		**MUR' 000**	MUR' 000
(a)	Credit facilities		
(i)	*Loans*		
	Balance at beginning of year	**274,357**	358,690
	Loans to directors / entities who ceased to be related parties during the year	**(31,816)**	(11,120)
	Existing loans of new related parties	**78,598**	73,346
	Exchange difference	**(19)**	(87)
	Other net movements	**74,742**	(146,472)
	Balance at end of year	**395,862**	274,357
(ii)	*Off-balance sheet obligations*		
	Balance at end of year	**323,260**	-
(b)	Deposits at end of year	**277,010**	259,907
(c)	Receivables	**-**	-
(d)	Payables	**-**	-
Statement of profit or loss			
(e)	Interest income	**13,925**	13,744
(f)	Interest expense	**6,287**	1,790
(g)	Other income	**649**	514
(h)	Dividend income	**-**	-
(i)	Purchase of goods and services	**-**	-

Short term benefits amounted to MUR 171.2 million at the reporting date (2022: MUR 85.4 million) and long term benefits was nil at the reporting date (2022:nil).

The Company		**Subsidiaries**	
		2023	2022
		MUR'000	MUR'000
(a)	Cash and cash equivalents at year end	**710,733**	28,219
(b)	Derivative financial liability	**-**	-
(c)	Payables	**279**	4,969
(d)	Dividend income	**1,774,984**	2,335,000
(e)	Management support income	**104,093**	35,815
(f)	Management support cost	**5,462**	3,293
(g)	Receivables	**113,597**	62,160

35. RELATED PARTY DISCLOSURES (CONT'D)

Related party transactions in relation to SBM Pension Funds are as follows:

	The Group	
	2023	2022
	MUR' 000	MUR' 000
Deposits at end of year	**446,502**	85,166

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 2023, 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 2023, none of the facilities to related parties was non-performing (2022: MUR Nil). In addition, for the year ended 31 December 2023, the Banking Group has not written off any amount owed by related party (2022: MUR Nil).

The Government of Mauritius (GOM), by virtue of board representation, exercise 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% respectively.

	The Group	
	2023	2022
	MUR' 000	MUR' 000
Tier 1 Capital	**27,016,479**	22,769,955
Eligible capital	**36,694,250**	33,554,900
Risk weighted assets	**178,946,163**	175,429,198
Capital adequacy ratio (%)	**20.5**	19.1

Tier 1 Capital also known as going concern capital consists of shareholder's equity less revaluation of fixed assets and regulatory deductions such as intangible assets and deferred tax and Tier 2 Capital also known as the supplementary capital that provides loss absorption of a going concern basis includes 45% revaluation reserves on fixed assets and allowances for credit losses (restricted to 1.25% of total credit risk weighted assets).

37. OTHER RESERVES

The Group	Unrealised investment fair value reserve MUR' 000	Translation reserve MUR' 000	Prudential provisions reserve MUR' 000	Earnings reserve MUR' 000	Restructuring reserve MUR' 000	Total MUR' 000
At 1 January 2022	(1,323,070)	854,815	710,956	2,935,807	(8,316,147)	(5,137,639)
Other comprehensive income for the year	(1,710,283)	(598,644)	-	-	-	(2,308,927)
Reclassification of reserves	-	-	(87,202)	-	-	(87,202)
Appropriation of reserves	-	-	159,726	-	-	159,726
At 31 December 2022	(3,033,353)	256,171	783,480	2,935,807	(8,316,147)	(7,374,042)
At 1 January 2023	**(3,033,353)**	**256,171**	**783,480**	**2,935,807**	**(8,316,147)**	**(7,374,042)**
Other comprehensive income for the year	**1,501,646**	**(566,236)**	**-**	**-**	**-**	**935,410**
Transfer from retained earnings	**-**	**-**	**38,911**	**-**	**-**	**38,911**
At 31 December 2023	**(1,531,707)**	**(310,065)**	**822,391**	**2,935,807**	**(8,316,147)**	**(6,399,721)**

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 relate to SBMBK where impairment losses required as per prudential guidelines exceed those computed under IFRS, the excess is recognised as a regulatory loan loss reserve and acccounted 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

Restructuring reserve

Restructuring reserve includes unrealized investment fair value reserve of MUR 5,401 million, translation reserve of MUR 646 million and property revaluation reserve of MUR 1,063 million and shall not be reclassified to the statement of profit or loss upon disposal of the related asset.

Earnings reserve

The earnings reserve has arisen due to the fair value of assets and liabilities during the restructuring exercise done in October 2014.

38. RISK MANAGEMENT

The Board of Directors oversees the risk management framework and ensures decision making is aligned with the Board-driven strategic risk objectives and risk appetite. 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 risks on an ongoing basis at regular intervals as necessary and is accountable to ensure its operations are within approved policies, prudential limits besides regulatory limits and risk appetite approved framework. Any deviation and non-compliance are reported to Board Risk Committee. The principal risks arising from financial instruments to which the Group is exposed include credit risk, liquidity risk, market risk, operational risk, strategic risk and reputational risk.

a (i) Classification of financial assets and financial liabilities

The following table shows the measurement categories under IFRS 9 for financial assets and financial liabilities:

THE GROUP	Classification and measurement category	31 December 2023	31 December 2022
Financial assets		**MUR' 000**	MUR' 000
Cash and cash equivalents	Amortised cost	**23,827,701**	30,275,037
Mandatory balances with central banks	Amortised cost	**16,918,939**	15,723,438
Derivative financial instruments	Fair value through P&L	**679,073**	1,205,168
Loans to and placements with banks	Amortised cost	**2,853,065**	1,221,415
Loans and advances to non-bank customers	Amortised cost	**148,259,418**	149,994,543
Investment securities	Amortised cost	**80,397,287**	78,574,565
Investment securities	Fair value through OCI	**57,677,846**	56,320,724
Investment securities	Fair value through P&L	**12,016,065**	9,698,723
Equity investment	Fair value through OCI	**5,771,917**	5,714,321
Equity investment	Fair value through P&L	**1,669,600**	1,669,600
Other assets *1	Amortised cost	**2,967,576**	3,271,047
Total financial assets		**353,038,487**	353,668,581
Financial liabilities			
Deposits from banks	Amortised cost	**2,662,028**	3,802,908
Deposits from non-bank customers	Amortised cost	**290,639,805**	293,350,435
Derivative financial instruments	Fair value through P&L	**782,595**	905,317
Other borrowed funds	Amortised cost	**13,405,661**	15,489,470
Lease liabilities	Amortised cost	**801,229**	888,617
Other liabilities *2	Amortised cost	**9,387,530**	8,442,132
Subordinated debts	Amortised cost	**11,232,173**	10,616,492
Total financial liabilities		**328,911,021**	333,495,371
THE COMPANY			
Financial assets			
Cash and cash equivalents	Amortised cost	**710,733**	28,219
Investment securities	Amortised cost	**374,756**	375,695
Investment securities	Fair value through P&L	**-**	425,755
Investment securities	Fair value through OCI	**467,537**	65,044
Equity investment	Fair value through OCI	**4,303,044**	4,303,044
Equity investment	Fair value through P&L	**1,669,600**	1,669,600
Other assets *3	Amortised cost	**113,597**	62,533
Total financial assets		**7,639,267**	6,929,890
Financial liabilities			
Other liabilities *4	Amortised cost	**86,111**	65,362
Subordinated debts	Amortised cost	**9,952,271**	9,916,536
Total financial liabilities		**10,038,382**	9,981,898

*1 An amount of MUR 1,108 million pertaining to security deposits, prepayments and taxes has been excluded from other assets under the above section. (2022: MUR 1,130 million)

*2 An amount of MUR 652 million pertaining to taxes has been excluded from other liabilities under the above section. (2022: MUR 629 million).

*3 An amount of MUR 0.4 million pertaining to prepayments has been excluded from other assets under the above section. (2022: MUR NIL)

*4 An amount of MUR 3.2 million pertaining to taxes has been excluded from other liabilities under the above section. (2022: MUR NIL).

38. RISK MANAGEMENT (CONT'D)

a (ii) Fair values

The Group measures financial instruments, such as, derivatives at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in note 38a (ii) below. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

• In the principal market for the asset or liability, or
• In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Set out below is a comparison of the carrying amounts and fair values of financial instruments held at the reporting date.

	31 December 2023		31 December 2022	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
THE GROUP	**MUR' 000**	**MUR' 000**	MUR' 000	MUR' 000
Financial assets				
Cash and cash equivalents	**23,827,701**	**23,827,701**	30,275,037	30,275,037
Mandatory balances with central banks	**16,918,939**	**16,918,939**	15,723,438	15,723,438
Loans to and placements with banks	**2,853,065**	**2,853,065**	1,221,415	1,221,415
Derivative financial instruments	**679,073**	**679,073**	1,205,168	1,205,168
Loans and advances to non-bank customers	**148,259,418**	**147,835,105**	149,994,543	149,438,537
Investment securities	**157,532,715**	**153,842,650**	151,977,933	144,940,641
Other assets	**2,967,576**	**2,967,576**	3,271,047	3,271,047
	353,038,487	**348,924,109**	353,668,581	346,075,283
Financial liabilities				
Deposits from banks	**2,662,028**	**2,662,028**	3,802,908	3,802,908
Deposits from non-bank customers	**290,639,805**	**290,525,872**	293,350,435	293,212,265
Other borrowed funds	**13,405,661**	**13,405,661**	15,489,470	15,489,470
Derivative financial instruments	**782,595**	**782,595**	905,317	905,317
Lease liabilities	**801,229**	**801,229**	888,617	888,617
Other liabilities	**9,387,530**	**9,387,530**	8,442,132	8,442,132
Subordinated debts	**11,232,173**	**11,232,173**	10,616,492	10,616,492
	328,911,021	**328,797,088**	333,495,371	333,357,201
COMPANY				
Financial assets				
Cash and cash equivalents	**710,733**	**710,733**	28,219	28,219
Investment securities	**6,814,937**	**6,997,766**	6,839,138	7,024,607
Other assets	**113,597**	**113,597**	62,533	62,533
	7,639,267	**7,822,096**	6,929,890	7,115,359
Financial liabilities				
Other liabilities	**86,111**	**86,111**	65,362	65,362
Subordinated debts	**9,952,271**	**9,952,271**	9,916,536	9,916,536
	10,038,382	**10,038,382**	9,981,898	9,981,898

Loans and advances to non- bank customers

All the fixed loans and advances maturing after one year have been fair valued based on the current prevailing lending rate.

Investment securities and equity investments

All government bonds and BOM bonds have been fair valued based on the latest weighted yield rate. The equity investments has been fair valued at year end based on the market price or net assets value of the investees.

Derivative financial instruments

Derivative products valued using a valuation methodology with market observable inputs include forward foreign exchange contracts, interest rate swaps and option contracts across several asset classes, including but not limited to foreign currencies, commodities, indices and equities. The most frequently applied valuation techniques include forward pricing and swap models, using discounted cash flow methodology based on market conventions. The models incorporate various inputs including foreign exchange spot and forward rates, interest rate curves, market volatilities and other feeds from appointed valuation/calculation agents.

Deposits from non-bank customers

For deposits from non-bank customers, all the term deposits maturing after one year have been fair valued based on the current prevailing savings rate.

Except for the levels in which the financial assets and financial liabilities are shown in table 38 (a)(iii), the fair values of the other financial assets and financial liabilities are categorised in level 3.

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 Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
31 December 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	-	-	-	-
31 December 2022								
Derivative financial assets	-	1,205,168	-	1,205,168	-	-	-	-
Investment securities measured at FVTPL								
Debt securities	9,193,296	-	505,427	9,698,723	425,755	-	-	425,755
Equity securities	-	1,669,600	-	1,669,600	-	1,669,600	-	1,669,600
Investments measured at FVTOCI								
Debt securities	51,402,631	3,376,644	1,541,449	56,320,724	65,044	-	-	65,044
Equity securities	77,605	636,417	5,000,299	5,714,321	-	-	4,303,044	4,303,044
Total assets	60,673,532	6,887,829	7,047,175	74,608,536	490,799	1,669,600	4,303,044	6,463,443
Derivative financial liabilities	-	905,317	-	905,317	-	-	-	-
Total liabilities	-	905,317	-	905,317	-	-	-	-

38. RISK MANAGEMENT (CONT'D)

a (iii) Fair value measurement hierarchy (cont'd)

Fair Value through other comprehensive income

Valuation technique	Significant unobservable inputs	Range of input
Discounted projected cash flow	Weighted Average Cost of Capital	9.28%

	Favourable changes	Unfavourable changes
0.25% change in WACC (MUR'000)	397,439,098	(397,439,098)

Reconciliation of level 3 assets:

	The Group		The Company	
	31 December 2023	31 December 2022	**31 December 2023**	31 December 2022
	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000
Balance at start of year	**7,047,175**	6,865,508	**4,303,044**	4,004,362
Additions	**1,175,600**	615,656	**-**	-
Disposals	**(105,685)**	(659,144)	**-**	-
Exchange difference	**4,865**	4,535	**-**	-
Movement in fair value	**32,229**	220,620	**-**	298,682
Balance at end of year	**8,154,184**	7,047,175	**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 credit risk team, independent of the origination process, ensures the accumulation of assets within acceptable risk norms using internal and external rating systems for the standardisation of credit assessment. The Group has a tiered credit sanctioning process depending on the credit quality, exposure type and amount. Credit exposures and risk profile are monitored by the Credit Risk Management unit and reported regularly to the Board Risk Management Committee. The Group has also enhanced its credit risk policy to reinforce its controls on segment B lending.

38. RISK MANAGEMENT (CONT'D)

b Credit risk (cont'd)

(i) Maximum credit exposure

The maximum exposure to credit risk at the reporting date without taking account of any collateral held and other credit enhancements is as disclosed below:

	THE GROUP		THE COMPANY	
	31 December 2023	31 December 2022	**31 December 2023**	31 December 2022
	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000
Fund-based exposures:				
Cash and cash equivalents	**19,844,113**	27,227,378	**710,733**	28,219
Mandatory balances with central banks	**16,918,939**	15,723,438	**-**	-
Loans to and placements with banks	**2,871,465**	1,226,864	**-**	-
Derivative financial instruments	**679,073**	1,205,168	**-**	-
Loans and advances to non-bank customers	**157,802,162**	163,450,730	**-**	-
Investment securities	**157,631,227**	152,009,609	**6,815,370**	6,839,185
Other assets	**2,967,576**	3,271,047	**113,597**	62,533
	358,714,555	364,114,234	**7,639,700**	6,929,937
Non-fund based exposures:				
Acceptances, guarantees, letters of credit, endorsements and other obligations on account	**28,899,072**	31,194,279	**-**	-
Credit commitments	**34,692,390**	25,630,135	**-**	-
	63,591,462	56,824,414	**-**	-

An analysis of the Group's maximum exposure to credit risk per class of financial asset, internal rating and 'stage', at the reporting date, without taking account of any collateral held and other credit enhancements have been disclosed in the respective notes 8 and 9.

An analysis of credit exposures, including non-fund based facilities, for loans and advances to non-bank customers that are neither past due nor impaired using the Group's credit grading system is given below:

	31 December 2023	31 December 2022
The Group	**MUR' 000**	MUR' 000
Grades:		
1 to 3 - High Grade	**82,419,389**	93,624,870
4 to 6 - Standard	**74,112,156**	60,877,883
7 to 10 (including unrated) - Sub standard	**30,414,698**	36,123,045
	186,946,243	190,625,798

Grade 1 includes customers with low credit risk factors, strong financial conditions and excellent repayment capacities whereas grade 10 includes weak category clients and unrated customers who have been defaulted to 10 on a prudent basis due to outdated financials. For non bank exposures, internal ratings are used except for some corporates which have external ratings.

Overview of modified loans

From a risk management point of view, once an asset is modified, the Group continues to monitor the exposure until it is completely and ultimately derecognised.

The table below shows the gross carrying amount and ECL of modified financial assets for where modification did not result in derecognition. No modification gain/loss were recognised as amounts were not material..

	31 December 2023		**31 December 2022**	
	Gross carrying amount	**ECL**	**Gross carrying amount**	**ECL**
	MUR' 000	**MUR' 000**	**MUR' 000**	**MUR' 000**
Modified loans	**11,417,910**	**516,682**	10,361,995	744,792

38. RISK MANAGEMENT (CONT'D)

b Credit risk (cont'd)

(ii) Credit risk assessment

The credit risk management framework is further supported by the policies and procedures in place to appropriately maintain and validate models to assess and measure ECL.

The Group uses a combination of credit rating (internal and external) and statistical regression analyses to determine the probability of default. Statistical regression is derived using an analysis of historical data, whereby the Group has estimated relationships between macro-economic variables, credit risk and credit losses. Country rating is also factored in ECL computation for non-resident counterparties.

Governance and post model adjustments

The IFRS 9 PD, EAD and LGD models are subject to SBM’s model risk policy that stipulates periodic model monitoring, periodic re-validation and defines approval procedures and authorities according to model materiality. Post model adjustments (PMAs) are applied where necessary to incorporate the most recent data available and are made on a temporary basis ahead of the underlying model parameter changes being implemented.

Internal credit risk ratings

In order to minimise credit risk, the Group has tasked its credit management committee to develop and maintain the Group's credit risk grading to categorise exposures according to their defree of risk of default. The Group's credit risk grading framework comprises different categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

The credit risk grades are designed and calibrated to reflect the risk of default as credit risk deteriorates. As the credit risk increases the difference in risk of default between grades changes. Each exposure is allocated to a credit risk grade at initial recognition, based on the available information about the counterparty. All exposures are monitored and the credit risk grade updated to reflect current information. The monitoring procedures followed are both general and tailored to the type of exposure.

The following data are typically used to monitor the Group's exposures:

- Payment record and ageing analysis;
- Extent of utilisation of granted limit;
- Changes in business, financial and economic conditions;
- Credit rating information supplied by external rating agencies; and
- For retail exposures internally generated data of customer behaviour or other metrics.

The Group uses credit risk grades as a primary input into the determination of the term structure of the PD for exposures. The Group collects performance and default information about its credit risk exposure analysed by type of products and borrower as well as by credit risk grading. The information used is both internal and external depending on the portfolio assessed. The table below provides a mapping of the Group's internal credit risk grades to external ratings.

Bank's credit risk grades	BOM external rating grade	Standard & Poor's Rating services	Moody's Investors rating	Fitch rating	Description
1 - 3	1	AAA to AA-	Aaa to Aa3	AAA to AA-	High Grade
4	2	A+ to A -	A1 to A3	A+ to A -	Standard
5	3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	Standard
6-7	4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	Standard
8-9	5	B+ to B-	B1 to B3	B+ to B-	Sub-standard
10	6	CCC+ to D	Caa1 to D	CCC+ to D	Sub-standard

The Group analyses all data collected using statistical models and estimates the remaining lifetime PD of exposures and how these are expected to change over time and uses probability-weighted forecasts to adjust estimates of PDs.

38. RISK MANAGEMENT (CONT'D)

b Credit risk (cont'd)

(ii) Credit risk assessment (Cont'd)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since intial recognition when contractual payments are more than 30 days past due unless the Group has reasonable and supportable information that demonstrate otherwise.
The Group has monitoring procedures in place to ensure that the criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted or when the asset becomes 30 days past due. The Group performs periodic back-testing of its ratings to consider whether the drivers of credit-risk that led to default were accurately reflected in the rating in a timely manner.

1. Inputs, assumptions and techniques used in estimating ECL

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Group's policies for determining if there has been a significant increase in credit risk are set out below. The 12mECL is a compounded element of the LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a partial derecognition of the financial asset.

The Group calculates ECLs based on three scenarios (baseline, upside and 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 entity expects to receive.

Loan commitments are assessed along with the category of loan the Group is committed to provide, i.e. commitments to provide corporate loans are assessed using similar criteria to corporate loans.

Stage 1: The 12mECL is calculated as the portion of LTECLs that represents the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

38. RISK MANAGEMENT (CONT'D)

b Credit risk (cont'd)

(ii) Credit risk assessment (Cont'd)

2. Incorporation of forward-looking information

The Group incorporates forward looking information that is available without undue cost and effort into both its assessment of whether the credit risk of an instrument has increased significantly since its intial recognition and its measurement of ECL. Based on analysis from the Group's Risk Committee and economic experts and consideration of a variety of external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome.

When estimating the macro-economic variables used in ECL calculation, the Bank considers three scenarios (a base case, an upside and a downside). These economic scenarios are subject to different assumptions with the base scenario being the best estimate. These estimates are taken from reputable external providers based on econometrics methods.involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome.

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.
The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk and credit losses. The following key indicators were considered:

- Labour Force Survey: Employed persons
- Interest rates : Treasury bill rate
- International reserves - Official reserve assets
- Implicit Price Deflator: Government consumption
- Balance of payments: Direct investment - Assets
- National accounts : Real Gross Fixed Capital Formation
- Industrial production index: General index
- Terms of trade
- Interest Rates: 5-year government bond yield
- Stock Price Index
- National accounts : Real Gross Domestic Product
- Labour Force Survey: Employment - Total

In light of the high inflationary environment coupled with rising interest rates, SBM reviewed its ECL framework so as to cater for the higher level of uncertainty in markets, both local and across borders. Adjusting for forward looking information during this unprecedented event, the 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 an uncertainty of future interest rates and its impact on the future probability of default of this segment. No overlay was considered for the corporate book given that the Group have updated financials and status of clients.

3. Significant increase in credit risk

The Group monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Goup compares the risk of a default occuring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of deafult that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information. For the year under review, the Group has also considered all reschedulement done over the last 12 months as criteria of significant increase in credit risk.

The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products. This is based on shifts in the customer’s internal credit grade, but greater emphasis is also given to qualitative factors such as changes in usage.

For corporate lending, forward-looking information includes the future prospects of the industries in which the Group's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information. For retail lending, forward-looking information includes the same economic forecasts as corporate lending with additional forecasts of local economic indicators, particularly to certain industries, as well as internally generated information of customer payment behaviour. The Group allocated its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

38. RISK MANAGEMENT (CONT'D)

b Credit risk (cont'd)

(ii) Credit risk assessment (Cont'd)

3. Significant increase in credit risk (Cont'd)

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

The PDs used are forward looking and the Group uses the same methodologies and data used to measure the loss allowance for ECL.
The qualitative factors that indicate a significant increase in credit risk are reflected in PD models on a timely basis. However the Group still considers separately some qualitative factors to assess if credit risk has increased significantly, such as, creditworthiness of counterparty which has deteriorated as unemployment, Bankruptcy or death.

4. Measurement of ECL

The calculation of ECLs, including the estimation of the expected period of exposure and discount rate is made on an individual basis for corporate and on a collective basis for retail products. The collective assessments are made separately for portfolios of facilities with similar credit risk characteristics.

The key inputs into the measurement of ECL are the following:
(i) Probability of default (PD);

The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PDs is further explained in under measurement of ECL.

(ii) Loss given default (LGD);

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The LGD is further explained measurement of ECL.

(iii) Exposure at default (EAD).

The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD is further explained measurement of ECL.

These parameters are derived from trusted external sources based on internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD Estimates

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

Retail, Corporate and SME PD models all use the logistic regression framework to model monthly default rates. For the different segments, different features including macro-economic variables have been chosen for inclusion in the logic models based on their statistical significance in explaining defaults as well as intuitiveness of the coefficients.

For Banks, external default data from Standard & Poor's (S&P) is used. The PD models convert the through-the-cycle transition matrices (and TTC Default rates) from Standard & Poor's into point-in-time estimates that reflect economic conditions observed at reporting date. The forward looking factor is quantified by a scalar factor arrived by a difference if two economic regressions (with Macroeconomic variables and without Macroeconomic variables).

For sovereigns, historical default rates from Moody’s is used together with correlated Global MEVs. The average 12-month rating transition matrix is converted into point-in-time (PIT) transition matric using the Vasicek Transformation.

LGD

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties as well as cure rates. The LGD models consider the structure, collateral, seniority of the claim and recovery costs of any collateral that is integral to the financial asset. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

38. RISK MANAGEMENT (CONT'D)

b Credit risk (cont'd)

(ii) Credit risk assessment (Cont'd)

4. Measurement of ECL (Cont'd)

LGD (Cont'd)

Retail, Corporate and SME LGD model use the work-out LGD framework. In this methodology, LGD estimates are based on the historical data after discounting the cash flows (of the contracts in default) that are recorded through the recovery & workout stage at the reference time. Two possible outcomes are considered: Cure (Facility defaults, but goes back to active without loss, LGD close to zero) and No cure (Facility defaults, does not cure, LGD between 0% and 100%). A logit model is fitted to the work-out LGD and the different features for inclusion in the model are chosen based on their statistical significance as well as the intuitiveness of the coefficients.

For banks and sovereign exposures, in the absence of internal data, Basel F-IRB unsecured recovery rates for senior claims are used for the LGD parameter.

EAD

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques. As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower’s extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

However, for loans with a funded component, the Group measures ECL over a period longer than the maximum contractual period if the Group’s contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group’s exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Group can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Group becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Group expects to take and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

For corporates, segmentation has been done based on local and cross-border categories with credit rating as internal variable. SME has been modelled separately with industry and line of business as internal parameters. Retail on the other hand has been segmented at a product level with different internal parameters such as month-on-book and line of business as suited by the models.

Revolving products use segment specific (Retail, SME, Corporate) credit conversion factors (CCF) to project EAD values. Amortising products use an amortising schedule, where the expected cash flows from the Group’s IT system are used to project EAD values at each point-in-time.

With the exception of credit cards and other revolving facilities, for which the treatment is separately set out below, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier.

Loan commitments and letters of credit: When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cashflows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

Financial guarantee contracts: The Group’s liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit or loss, and the ECL provision. For this purpose, the Group estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The ECLs related to financial guarantee contracts are recognised within other liabilities.

38. RISK MANAGEMENT (CONT'D)

b Credit risk (cont'd)

(ii) Credit risk assessment (Cont'd)

4. Measurement of ECL (Cont'd)

Credit cards and other revolving facilities: The Group’s product offering includes a variety of corporate and retail overdraft and credit cards facilities, in which the Group has the right to cancel and/or reduce the facilities with one day’s notice. The Group does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Group’s expectations of the customer behaviour, its likelihood of default and the Group’s future risk mitigation procedures, which could include reducing or cancelling the facilities. In the case of credit cards, the most significant judgement is to reflect the operational practice of card reissuance and the associated credit assessment as enabling a formal re-origination trigger. As a consequence, a capped lifetime approach of 12 months is used for overdraft balances since limit are renewed on a yearly basis. For credit cards, an estimate of the behavioural lifetime is considered by segment (36 months for retail cards and 20 monmths 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

For SBM Bank (Mauritius) Ltd ,regulatory provision is conducted in accordance with the Bank of Mauritius Guideline on ‘Credit Impairment Measurement and Income Recognition (April 2016)’ and' Additional Macroprudential Measures For the Banking Sector (January 2015)' which require the bank in Mauritius to take a minimum portfolio provision of 1% on standard credits and an additional portfolio provision as a macroprudential policy measure ranging between 0.5% to 1% depending on the sectors. The stage 1 and 2 provision on loans and advances was higher than the minimum portfolio provision

For SBM Bank (Kenya) Limited, the following minimum percentage amounts for provisioning are to be maintained according to assigned classifications as described below:

(i) for loans classified as ‘Normal’ minimum 1% portfolio provision
(ii) for loans classified as ‘Watch’ minimum 3% portfolio provision
(iii) for loans classified ‘Substandard’ 20% applied on net balances after deduction of realisable value of security and interest in suspense.
(iv) for loans classified ‘Doubtful’ 100% applied on net balances after deduction of realisable value of security and interest in suspense.
(v) for loans classified ‘Loss’ 100% applied on net balances after deduction of realisable value of security and interest in suspense.

Collateral valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The Group’s accounting policy for collateral assigned to it through its lending arrangements under IFRS 9 is the same is it was under IAS 39. Collateral, unless repossessed, is not recorded on the Group’s statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

Collateral repossessed

The Group’s policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Group’s policy.

In its normal course of business, the Group does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the statement of financial position.

5. Modified financial asset

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value.
When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:
- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

38. RISK MANAGEMENT (CONT'D)

b Credit risk (cont'd)

(ii) Credit risk assessment (Cont'd)

5. Modified financial asset (Cont'd)

The Group renegotiates loans to customers in financial difficulties to maximise collection opportunities and minimise the risk of default. Under this policy, renegotiation is performed on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original terms and the debtor is expected to be able to meet the revised terms.
The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to renegotiation policy. For financial assets modified, the estimate of PD reflects whether the modification has improved or restored the Group's ability to collect interest and principal based on the Group's previous experience on similar renegotiation.
Generally modification of financial assets is a qualitative indicator of a significant increase in credit risk and may constitute evidence that the exposure is credit-impaired/ in default. A customer needs to demonstrate consistently good payment behaviour over a period of time, as prescribed by BOM guidelines on Credit Impairment Measurement and Income Recognition (see below) before the exposure is no longer considered to be credit-impaired/ in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to lifetime ECL.

Where the restructuring occurs prior to the classification of a loan as impaired, the restructured loan is classified as impaired when, in the aggregate, the period of time the loan is in arrears before and after restructuring is 90 days or more.

Where the restructuring occurs after a loan has been classified as impaired, the restructured loan is continued to be classified as impaired until repayments have been received by the Group, in amount and in such stipulated time, for a continuous period of six months, strictly in accordance with the terms and conditions of the restructured loan.
Where the loan has been restructured more than once, the restructured loan shall continue to be classified as impaired until repayments have been received by the financial institutions in amount and in such stipulated time, for a continuous period of nine months, at a minimum, strictly in accordance with the terms and conditions of the restructured loan.

(iii) Collateral and other credit enhancements

The use of credit risk mitigants is an integral part of the credit risk management process and is documented in the Group Credit Risk policy. The amount and type of collateral required depend on the counterparty's credit quality and repayment capacity. The principal collateral types taken include:

- Fixed / floating charge on assets of borrowers;
- Pledge of deposits / securities / life insurance policy / shares;
- Government guarantee / bank guarantee / corporate guarantee / personal guarantee;
- Lien on vehicle; and
- Letter of comfort.

The Group holds collateral and other credit enhancement against certain of its credit exposure. The following table sets out the principal types of collateral held against different types of financial assets.

Type of credit exposure	31 December 2023	31 December 2022	Principal Type of collateral held
	MUR' 000	MUR' 000	
The Group			
Fund-based exposures:			
Cash and cash equivalents	**19,844,113**	27,227,378	*Unsecured*
Mandatory balances with Central Banks	**16,918,939**	15,723,438	*Unsecured*
Loans to and placements with banks	**2,871,465**	1,226,864	*Unsecured*
Derivative financial instruments	**679,073**	1,205,168	*Unsecured*
Loans and advances to non-bank customers	**157,802,162**	163,450,730	*Residential/ Commercial property/Floating charge on assets*
Investment securities	**157,631,227**	144,625,688	*Unsecured*
Other assets	**2,967,576**	3,271,047	*Unsecured*

38. RISK MANAGEMENT (CONT'D)

b Credit risk (cont'd)

(iii) Collateral and other credit enhancements (Cont'd)

Type of credit exposure	31 December 2023	31 December 2022	Principal Type of collateral held
The Group	**MUR' 000**	**MUR' 000**	
Non-fund based exposures:			
Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers	**28,899,072**	31,194,279	*Fixed/Floating charge on assets*
Credit commitments	**34,692,390**	25,630,135	*Unsecured*

The Company

The Fund-based expoures are unsecured

In addition to the collateral included in the table above, the Group holds other types of collateral and credit enhancements, such as second charges and floating charges for which specific values are not generally available.

There was no change in the Group's collateral policy during the year.

(iv) Ageing of loans and advances:

Under the Group's monitoring procedures, a significant increase in credit risk is identified before the exposure has defaulted, and at the latest when the exposure becomes 30 days past due The table below provides an analysis of the gross carrying amount of receivables by past due status:

The Group

	31 December 2023		31 December 2022	
	Gross Carrying Amount	**Loss Allowance**	**Gross Carrying Amount**	**Loss Allowance**
	MUR' 000	**MUR' 000**	**MUR' 000**	**MUR' 000**
0-30 days	**143,238,376**	**1,668,540**	144,797,800	2,926,462
31-60 days	**1,924,130**	**66,444**	3,116,139	96,120
61-89 days	**1,780,649**	**103,736**	1,008,540	38,916
Total	**146,943,155**	**1,838,720**	148,922,479	3,061,498

38. RISK MANAGEMENT (CONT'D)

b Credit risk (cont'd)

(v) Impaired financial assets

Loans and advances are assessed for impairment when objective evidence, such as default or delinquency in interest or principal payments, significant financial difficulty of the counterparty or evidence that the borrower will enter bankruptcy or financial re-organisation, indicate that the account may be impaired.

The carrying amount of impaired financial assets and specific allowance held are shown below:

	THE GROUP	
	31 December 2023	31 December 2022
	MUR' 000	MUR' 000
Loans and advances (Note 8d)	**10,859,007**	14,528,251
Specific allowance held in respect of impaired advances (Note 8d)	**7,704,024**	10,394,689
Fair value of collaterals of impaired advances	**4,656,830**	3,150,384

(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	
	31 December 2023	31 December 2022
	MUR' 000	MUR' 000
Portfolio		
Agriculture	**2,755,624**	5,703,996
Traders	**21,991,430**	7,911,107
Real estate	**5,983,820**	8,984,299
Financial Institutions	**-**	23,437,291
Services	**3,223,968**	3,220,563
Tourism	**4,066,777**	6,842,347
	38,021,619	56,099,603

(vii) Offsetting financial instruments

Loans and advances to customers
The Group holds cash collateral and marketable securities to mitigate the credit risk of securities lending.

Derivative financial instruments

The Group enters into derivatives bilaterally under International Swaps and Derivatives Association (ISDA) master netting agreements. ISDA Master Netting agreements give either party the legal right of offset on termination of the contract or on default of the other party. The Bank executes a credit support annex in conjunction with each ISDA agreement, which requires the Group and each counterparty to post collateral to mitigate credit risk. Collateral is also posted as per terms of Credit Support Annex (CSA) in respect of derivatives transacted on exchanges.

c Liquidity risk

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

38. RISK MANAGEMENT (CONT'D)

c Liquidity risk (cont'd)

(i) The tables below show the expected timing of cash flows for financial assets and liabilities of the Group, slotted as per the rules defined by the Bank of Mauritius.

	Up to 1 month	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Non-Maturity Bucket *	Total
The Group	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
31 December 2023								
Financial assets								
Cash and cash equivalents	21,110,097	257,143	156,046	111,525	44,035	2,155,782	(6,927)	23,827,701
Mandatory balances with central banks	2,091,114	1,358,034	868,498	691,768	753,376	11,156,149	-	16,918,939
Loans to and placements with banks	565,953	664,524	27,109	1,553,203	72,235	-	(29,959)	2,853,065
Derivative financial instruments	25,224	11,579	13,863	22,047	242,568	65,787	298,005	679,073
Loans and advances to non-bank customers	6,021,461	12,654,130	6,683,800	8,023,432	37,785,806	77,413,439	(322,650)	148,259,418
Investment securities	15,556,270	3,050,863	15,705,558	9,065,504	38,943,989	60,952,346	14,258,185	157,532,715
Other assets	27,154	5,804	-	-	15,187	1,219	2,918,212	2,967,576
	45,397,273	18,002,077	23,454,874	19,467,479	77,857,196	151,744,722	17,114,866	353,038,487
Financial liabilities								
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

Non-maturity bucket includes ECL provisions, investment in shares having no maturity, non-performing loans whose maturity date have been exceeded, derivatives, other assets and liabilities with undetermined maturity dates.

38. RISK MANAGEMENT (CONT'D)

c Liquidity risk (cont'd)

	Up to 1 month	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Non-Maturity Bucket *	Total
The Group	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
31 December 2022								
Financial assets								
Cash and cash equivalents	30,253,748	21,977	-	-	-	-	(688)	30,275,037
Mandatory balances with central banks	5,130,246	559,708	693,150	996,328	764,554	7,579,452	-	15,723,438
Loans to and placements with banks	-	658,677	224,584	219,471	124,132	-	(5,449)	1,221,415
Derivative financial instruments	-	-	-	-	-	-	1,205,168	1,205,168
Loans and advances to non-bank customers	13,132,677	11,757,676	8,114,408	10,471,860	36,319,783	66,474,885	3,723,254	149,994,543
Investment securities	35,911,355	2,127,973	5,126,465	9,032,545	23,113,208	59,720,929	16,945,458	151,977,933
Other assets	-	-	-	-	-	-	3,271,047	3,271,047
	84,428,026	15,126,011	14,158,607	20,720,204	60,321,677	133,775,266	25,138,790	353,668,581
Financial liabilities								
Deposits from banks	1,925,003	182,647	582,378	492,827	492,292	-	127,761	3,802,908
Deposits from non-bank customers	48,544,890	19,307,856	22,177,108	23,404,646	12,611,668	158,994,450	8,309,817	293,350,435
Other borrowed funds	8,616,281	288,258	267,892	538,012	4,923,113	855,914	-	15,489,470
Derivative financial instruments	-	-	-	-	-	-	905,317	905,317
Subordinated debts	-	-	34,813	-	4,821,203	5,760,476	-	10,616,492
Lease liabilities	-	-	-	-	-	-	888,617	888,617
Other liabilities	-	-	-	-	-	-	8,442,132	8,442,132
Total financial liabilities	59,086,174	19,778,761	23,062,191	24,435,485	22,848,276	165,610,840	18,673,644	333,495,371
Liquidity Gap	25,341,852	(4,652,750)	(8,903,584)	(3,715,281)	37,473,401	(31,835,574)	6,465,146	20,173,210

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								
31 December 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**
	710,733	**49,967**	**72,122**	**345,437**	**-**	**374,767**	**6,086,241**	**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**
	-	**-**	**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)**
31 December 2022								
Financial assets								
Cash and cash equivalents	28,219	-	-	-	-	-	-	28,219
Investment securities	17,733	410,000	63,428	8,779	-	366,600	5,972,598	6,839,138
Other assets	-	-	-	-	-	-	62,533	62,533
	45,952	410,000	63,428	8,779	-	366,600	6,035,131	6,929,890
Financial liabilities								
Subordinated debts	-	-	34,813	-	4,821,203	5,060,520	-	9,916,536
Other liabilities	-	-	-	-	-	-	65,362	65,362
	-	-	34,813	-	4,821,203	5,060,520	65,362	9,981,898
Liquidity Gap	45,952	410,000	28,615	8,779	(4,821,203)	(4,693,920)	5,969,769	(3,052,008)

* Non-maturity bucket includes ECL provisions, investment in shares having no maturity, non-performing loans whose maturity date have been exceeded, derivatives, other assets and liabilities with undetermined maturity dates

38. RISK MANAGEMENT (CONT'D)

c Liquidity risk (cont'd)

(ii) The table below shows the remaining contractual maturities of financial liabilities:

The Group	On Demand	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Total
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Financial liabilities							
Deposits	**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**
31 December 2023	**199,203,510**	**48,588,804**	**13,291,789**	**15,042,031**	**29,704,142**	**23,080,746**	**328,911,021**
Financial liabilities							
Deposits	203,232,801	38,286,525	21,428,314	19,118,658	13,103,960	1,983,085	297,153,343
Derivative financial instruments	905,317	-	-	-	-	-	905,317
Other borrowed funds	-	8,904,539	267,892	538,012	4,923,113	855,914	15,489,470
Subordinated debts	-	-	34,813	-	4,821,203	5,760,476	10,616,492
Lease liabilities	-	-	-	-	-	888,617	888,617
Other liabilities	8,442,132	-	-	-	-	-	8,442,132
31 December 2022	212,580,250	47,191,064	21,731,019	19,656,670	22,848,276	9,488,092	333,495,371

	On Demand	1-3 months	3-6 months	6-12 months	1-3 years	Over 3 years	Total
The Company	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Financial liabilities							
Derivative financial instruments							
Subordinated debts	**-**	**-**	**1,526,812**	**-**	**3,351,948**	**5,073,511**	**9,952,271**
Other liabilities	**86,111**	**-**	**-**	**-**	**-**	**-**	**86,111**
31 December 2023	**86,111**	**-**	**1,526,812**	**-**	**3,351,948**	**5,073,511**	**10,038,382**
Financial liabilities							
Subordinated debts	-	-	34,813	-	4,821,203	5,060,520	9,916,536
Other liabilities	65,362	-	-	-	-	-	65,362
31 December 2022	65,362	-	34,813	-	4,821,203	5,060,520	9,981,898

d Market risk

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

38. RISK MANAGEMENT (CONT'D)

d Market risk (Cont'd)

(i) Interest rate risk

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

The table below analyses the Group's interest rate risk exposure in terms of the remaining period to the next contractual repricing date or to the maturity date, whichever is the earlier. The 'up to 3 months' column include the financial assets and liabilities which have floating rates of interest that do not reprice at set dates, but rather reprice whenever the underlying interest rate index changes.

The Group	Up to 3 months	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Non-interest sensitive	Total
31 December 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

38. RISK MANAGEMENT (CONT'D)

d Market risk (Cont'd)

(i) Interest rate risk (Cont'd)

The Group	**Up to 3 months**	**3-6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**Over 5 years**	**Non-interest sensitive**	**Total**
31 December 2022	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
Financial assets								
Cash and cash equivalents	713,701	-	-	-	-	-	29,561,336	30,275,037
Mandatory balances with central banks	-	-	-	-	-	-	15,723,438	15,723,438
Loans to and placements with banks	1,002,014	219,471	-	-	-	-	(70)	1,221,415
Derivative financial instruments	-	-	-	-	-	-	1,205,168	1,205,168
Loans and advances to non-bank customers	117,799,332	4,701,863	2,928,500	7,746,672	14,928,588	12,872,026	(10,982,438)	149,994,543
Investment securities	14,376,613	9,013,568	18,169,582	19,918,327	35,827,283	47,815,228	6,857,332	151,977,933
Other assets	-	-	-	-	-	-	3,271,047	3,271,047
Total assets	133,891,660	13,934,902	21,098,082	27,664,999	50,755,871	60,687,254	45,635,813	353,668,581
Financial liabilities								
Deposits from banks	607,516	582,378	492,827	492,292	-	-	1,627,895	3,802,908
Deposits from non-bank customers	136,640,875	20,602,833	17,677,300	9,954,525	1,994,532	139,902	106,340,468	293,350,435
Other borrowed funds	6,648,764	244,639	481,314	4,644,999	477,810	-	2,991,944	15,489,470
Derivative financial instruments	-	-	-	-	-	-	905,317	905,317
Lease liabilities	-	-	-	-	-	-	888,617	888,617
Subordinated debts	2,500,000	-	-	-	3,321,203	4,760,476	34,813	10,616,492
Other liabilities	-	-	-	-	-	-	8,442,132	8,442,132
Total liabilities	146,397,155	21,429,850	18,651,441	15,091,816	5,793,545	4,900,378	121,231,186	333,495,371
On balance sheet interest rate sensitivity gap	(12,505,495)	(7,494,948)	2,446,641	12,573,183	44,962,326	55,786,876	(75,595,373)	20,173,210
Off balance sheet interest rate sensitivity gap	1,087,502	(997,834)	244,397	(673,255)	(671,837)	430,339	-	(580,688)
	(11,417,993)	(8,492,782)	2,691,038	11,899,928	44,290,489	56,217,215	(75,595,373)	19,592,522

38. RISK MANAGEMENT (CONT'D)

d Market risk (Cont'd)

(i) Interest rate risk (Cont'd)

The Company	**Up to 3 months**	**3-6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**Over 5 years**	**Non-interest sensitive**	**Total**
31 December 2023	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
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)**
31 December 2022								
Financial assets								
Cash and cash equivalents	-	-	-	-	-	-	28,219	28,219
Investment securities	427,733	57,062	8,779	-	300,000	66,600	5,978,964	6,839,138
Other assets	-	-	-	-	-	-	62,533	62,533
Total assets	427,733	57,062	8,779	-	300,000	66,600	6,069,716	6,929,890
Financial liabilities								
Subordinated debts	2,500,000	-	-	-	3,321,203	4,060,520	34,813	9,916,536
Other liabilities	-	-	-	-	-	-	65,362	65,362
Total liabilities	2,500,000	-	-	-	3,321,203	4,060,520	100,175	9,981,898
On balance sheet interest rate sensitivity gap	(2,072,267)	57,062	8,779	-	(3,021,203)	(3,993,920)	5,969,541	(3,052,008)
Off balance sheet interest rate sensitivity gap	-	-	-	-	-	-	-	-
	(2,072,267)	57,062	8,779	-	(3,021,203)	(3,993,920)	5,969,541	(3,052,008)

38. RISK MANAGEMENT (CONT'D)

d Market risk (cont'd)

(i) Interest rate risk (cont'd)

Various scenarios are used to measure the effect of the changing interest rates on net interest income including the standardised approach of 200bp parallel shock over a 12-month period assuming a static balance sheet, as shown below.

	31 December 2023	31 December 2022
	MUR' 000	MUR' 000
Increase in profit	**(199,512)**	(292,519)

Interest rate sensitivity

The following table demontrates the sensitivity of a 2% change in interest rates in the different countries:

	31 December 2023	31 December 2022
	MUR' 000	MUR' 000
Mauritius	**(24,768)**	181,760
India	**32,940**	(286,127)
Madagascar	**2,369**	(3,312)
Kenya	**(188,686)**	(138,036)
Others	**(21,367)**	(46,804)
	(199,512)	(292,519)

38. RISK MANAGEMENT (CONT'D)

d Market risk (cont'd)

(ii) Fair value hedges

	31 December 2023				31 December 2022			
	Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged items		Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged items	
Micro fair value hedges	Assets MUR' 000	Liabilities MUR' 000	Assets MUR' 000	Liabilities MUR' 000	Assets MUR' 000	Liabilities MUR' 000	Assets MUR' 000	Liabilities MUR' 000
Fixed rate corporate loans	308,516	-	-	15,643	349,608	-	-	11,692
Fixed rate debt instrument	-	-	-	-	1,111,311	-	-	66,498

The following table provides information about the hedging instruments included in the derivative financial instruments line items of the Bank's statement of financial position:

	31 December 2023			31 December 2022		
	Notional Amount	Carrying Amount		Notional Amount	Carrying Amount	
Micro fair value hedges	MUR' 000	Assets MUR' 000	Liabilities MUR' 000	MUR' 000	Assets MUR' 000	Liabilities MUR' 000
Interest rate swaps	279,741	15,977	-	1,377,620	97,148	-

The below table sets out the outcome of the Bank's hedging strategy, set out in Notes 8 and 9, in particular, to changes in the fair value of the hedged items and hedging instruments in the current year and the comparative year, used as the basis for recognising ineffectiveness:

		31 December 2023			31 December 2022		
		Gain / (loss) attributable to the hedged risk			Gain / (loss) attributable to the hedged risk		
Hedged items	**Hedging instruments**	Hedged items	Hedging instruments	Hedge ineffectiveness	Hedged items	Hedging instruments	Hedge ineffectiveness
Micro fair value hedge relationships hedging assets							
Fixed rate corporate loans	Interest rate swaps	(15,643)	15,977	334	(11,692)	12,171	479
Fixed rate debt instrument	Interest rate swaps	-	-	-	(66,498)	84,977	18,479
Micro fair value hedge relationships hedging liabilities							
Fixed rate non-bank deposits	Interest rate swaps	-	-	-	-	-	-
Total micro fair value hedge relationship		(15,643)	15,977	334	(78,190)	97,148	18,958

The maturity profile of the hedging instruments used in micro fair value hedge relationships is as follows:

At 31 December 2023:	Up to 1 month MUR' 000	1-3 months MUR' 000	3-12 months MUR' 000	1-5 years MUR' 000	Over 5 years MUR' 000	TOTAL MUR' 000
Fixed rate corporate loans						
Interest rate swap (Notional amount)	-	-	-	-	279,741	279,741
At 31 December 2022:						
Fixed rate corporate loans						
Interest rate swap (Notional amount)	-	-	-	1,073,750	303,870	1,377,620

38. RISK MANAGEMENT (CONT'D)

d Market risk (cont'd)

(iii) Currency risk

Foreign exchange risk arises from open and imperfectly offset or hedged positions. Imperfect correlations across currencies and international interest rate markets pose particular challenges to the effectiveness of foreign currency hedging strategies. The Group exercises strict control over its foreign currency exposures. The Group reports on foreign currency positions to the Central Bank and has set up conservative internal limits in order to mitigate foreign exchange risk. To manage their foreign currency exposures, dealers operate within prudential limits approved by the Board including intraday/overnight open exposures, stop loss and authorised currencies. These trading limits are reviewed at least once annually by the Board / Board Risk Management Committee. The Middle Office closely monitors the Front Office and reports any excesses and deviations from approved limits to the Market Risk Forum and to the Board Risk Management Committee.

The tables below show the carrying amounts of the monetary assets and liabilities:

The Group	**MUR**	**USD**	**GBP**	**EURO**	**INR**	**KES**	**OTHER**	**TOTAL**
31 December 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

38. RISK MANAGEMENT (CONT'D)

d Market risk (cont'd)

(iii) Currency risk (cont'd)

The Group	MUR	USD	GBP	EURO	INR	KES	OTHER	TOTAL
31 December 2022	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
FINANCIAL ASSETS								
Cash and cash equivalents	2,229,108	21,370,631	1,181,602	1,039,461	2,940,358	636,550	877,327	30,275,037
Mandatory balances with Central Banks	12,013,258	814,967	114,069	349,620	1,711,650	482,426	237,448	15,723,438
Loans to and placements with banks	(5,449)	1,101,841	-	125,023	-	-	-	1,221,415
Derivative financial instruments	322,380	284,592	-	5,609	572,187	-	20,400	1,205,168
Loans and advances to non-bank customers	72,646,569	19,758,726	652,162	14,095,246	28,117,076	13,680,021	1,044,743	149,994,543
Investment securities	77,325,373	43,125,612	-	492,705	17,927,642	12,591,763	514,838	151,977,933
Other assets	1,549,868	567,282	1,053	70,339	866,316	261,698	(45,509)	3,271,047
Total monetary financial assets	166,081,107	87,023,651	1,948,886	16,178,003	52,135,229	27,652,458	2,649,247	353,668,581
FINANCIAL LIABILITIES								
Deposits from banks	642,720	862,879	23,763	95,891	2,170,848	3,754	3,053	3,802,908
Deposits from non-bank customers	133,897,916	85,530,413	3,342,326	15,587,601	33,171,754	17,538,930	4,281,495	293,350,435
Other borrowed funds	(528,197)	-	-	757,808	7,254,464	8,005,395	-	15,489,470
Derivative financial instruments	326,043	239,825	-	-	315,712	-	23,737	905,317
Subordinated debts	6,595,509	3,321,028	-	-	699,955	-	-	10,616,492
Lease liabilities	888,617	-	-	-	-	-	-	888,617
Other liabilities	4,166,315	2,588,426	55,246	604,325	1,434,619	(493,571)	86,772	8,442,132
Total monetary financial liabilities	145,988,923	92,542,571	3,421,335	17,045,625	45,047,352	25,054,508	4,395,057	333,495,371
On balance sheet position	20,092,184	(5,518,920)	(1,472,449)	(867,622)	7,087,877	2,597,950	(1,745,810)	20,173,211
Off balance sheet position	-	-	-	-	-	-	-	-
Net currency position	20,092,184	(5,518,920)	(1,472,449)	(867,622)	7,087,877	2,597,950	(1,745,810)	20,173,211

The Company is exposed to currency risk only in USD in relation to cash and cash equivalents and investment securities (financial assets) amounting to MUR 198.4 million (2022 : MUR 93.3 million) and subordinated debts (financial liabilities) amounting to MUR 5,760.82 million (2022: MUR 5,157.93 million).

Currency risk sensitivity

The following table demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, and the impact on the Group's profit and Equity.

	Impact on Group's profit after tax and Equity					
	USD	GBP	EURO	INR	KES	OTHER
31 December 2023	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**	**MUR' 000**
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**
31 December 2022						
5%	(275,946)	(73,622)	(43,381)	354,394	129,897	(87,291)
-5%	275,946	73,622	43,381	(354,394)	(129,897)	87,291

38. RISK MANAGEMENT (CONT'D)

d Market risk (cont'd)

(iii) Currency risk (cont'd)

Value-at-Risk Analysis

The Group uses Value-at-Risk (VAR) to estimate the potential foreign exchange loss arising from adverse movements in an ordinary market environment. To calculate VAR, the Group uses the historical method which assumes that historical changes in market values are representative of future changes. The VAR is based on the previous 12 months data. The Group calculates VAR using 10 days holding period and an expected tail-loss methodology, which approximates a 99% confidence level. This would mean that only once in every 100 trading days, The group would expect to incur losses greater than the VAR estimates, or about two to three times a year. The use of 10 days holding period and a one-year historical observation period are in line with the Basel II recommendation.

The Group's VAR amounted to:

	31 December 2023	31 December 2022
	MUR' 000	MUR' 000
Minimum for the year		
SBM Bank (Mauritius) Ltd	**1,390,000**	857,000
SBM Bank (India) Ltd	**533**	110
Banque SBM Madagascar S.A	**59**	59
SBM Bank (Kenya) Limited	**2,018**	1,211,288
Maximum for the year		
SBM Bank (Mauritius) Ltd	**11,226,000**	6,773,000
SBM Bank (India) Ltd	**630,817**	1,398,367
Banque SBM Madagascar S.A	**4,924**	4,924
SBM Bank (Kenya) Limited	**14,803**	4,254,357
Year end		
SBM Bank (Mauritius) Ltd	**5,167,000**	2,489,000
SBM Bank (India) Ltd	**179,512**	518,573
Banque SBM Madagascar S.A	**1,731**	1,731
SBM Bank (Kenya) Limited	**2,018**	1,862,684

(iv) Equity price sentivity analysis

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than for trading purposes and the Group does not actively trade in these investments. Changes in prices / valuation of these investments are reflected in the statement of comprehensive income, except for impairment losses which are reported in the *statements of profit or loss*. Changes in prices of held-for-trading investments are reflected in the *statements of profit or loss* .

A 5% increase in the price of equities held at the reporting date would have resulted in an unrealised gain to the statement of comprehensive income or statements of profit or loss as reflected below. A 5% decrease would have resulted in an equivalent loss being booked.

	The Group		**The Company**	
	31 December 2023	31 December 2022	**31 December 2023**	31 December 2022
	MUR' 000	MUR' 000	**MUR' 000**	MUR' 000
Statements of comprehensive income	**288,596**	285,716	**215,152**	215,152
	288,596	285,716	**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 (summary of accounting policies).

39. SEGMENT INFORMATION - THE GROUP

Accounting policy

Segmental reporting is based on the internal reports regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess their performance. The operating segments are the banking, the non-bank financial institution, the non-financial institutions and the other institutions segments. Only the banking segment is a reportable segment.

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker i.e the Group Chief Executive Officer in order to allocate resources to the segments and to assess their performance.

The Group has only one reportable operating segment based on its business activities, which is the Banking segment. Its revenues mainly arise from advances to customers and banks, investment in gilt-edged securities and equity instruments, bank placements, services provided on deposit products, provision of card and other electronic channel services, trade finance facilities, trading activities and foreign currency operations.

The accounting policies of the operating segment are the same as those described in the notes to these financial statements.

(a) Information about the reportable segment profit, assets and liabilities

Information about the reportable segment and the reconciliation of the reportable segment information to Group total is shown below:

31 December 2023	Banking MUR' 000	Non-bank financial institutions MUR' 000	Non financial institutions MUR' 000	Other institutions MUR' 000	Intersegment adjustments MUR' 000	Group MUR' 000
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	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	59,567	59,572
	(9,509,092)	(62,754)	-	(534,992)	59,567	(10,047,271)
Operating income	17,025,679	699,554	1,625	1,590,394	(3,686,407)	15,630,846
Depreciation and amortisation	(1,082,573)	(16,546)	(148)	(720)	-	(1,099,987)
Other non-interest expenses	(8,102,391)	(308,859)	(2,173)	(264,965)	174,492	(8,503,896)
Net impairment loss on financial assets	(1,032,793)	(14,269)	-	(185)	-	(1,047,247)
Operating profit	6,807,923	359,880	(696)	1,324,524	(3,511,915)	4,979,716
Profit before income tax	6,807,923	359,880	(696)	1,324,524	(3,511,915)	4,979,716
Tax expense	(628,168)	(35,832)	-	1,221	-	(662,779)
Profit for the year	6,179,755	324,048	(696)	1,325,745	(3,511,915)	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	918,395	58,442	-	739	-	977,576

39. SEGMENT INFORMATION - THE GROUP (CONT'D)

(a) Information about the reportable segment profit, assets and liabilities (Cont'd)

31 December 2022	**Banking** MUR' 000	**Non-bank financial institutions** MUR' 000	**Non financial institutions** MUR' 000	**Other institutions** MUR' 000	**Intersegment adjustments** MUR' 000	**Group Total** MUR' 000
Interest income from external customers	14,747,657	62,320	-	9,289	-	14,819,266
Non-interest income from external customers	4,084,815	587,930	524	160,148	(17)	4,833,400
Revenue from external customers	18,832,472	650,250	524	169,437	(17)	19,652,666
Interest income from internal customers	33,565	-	-	-	(33,565)	-
Non interest income from internal customers	2,160,000	373,877	-	2,375,000	(4,908,877)	-
Revenue from other segments of the entity	2,193,565	373,877	-	2,375,000	(4,942,442)	-
Total gross revenue	21,026,037	1,024,127	524	2,544,437	(4,942,459)	19,652,666
Interest and fee and commission expense to external customers	(5,508,975)	(38,652)	-	(484,797)	-	(6,032,424)
Interest expense to internal customers	-	-	-	17	33,565	33,582
	(5,508,975)	(38,652)	-	(484,780)	33,565	(5,998,842)
Operating income	15,517,062	985,474	524	2,059,657	(4,908,893)	13,653,824
Depreciation and amortisation	(1,037,177)	(16,476)	(461)	(694)	-	(1,054,808)
Other non-interest expenses	(6,822,432)	(269,361)	(2,910)	(144,047)	156,515	(7,082,235)
Net impairment loss on financial assets	(1,300,322)	(32,376)	-	(45)	-	(1,332,743)
Profit before income tax	6,357,131	667,261	(2,847)	1,914,871	(4,752,378)	4,184,038
Tax expense	(481,882)	(64,306)	-	(2,189)	-	(548,377)
Profit for the year	5,875,249	602,955	(2,847)	1,912,682	(4,752,378)	3,635,661
Segment assets	383,281,977	3,898,738	141,807	38,236,019	(63,217,156)	362,341,385
Segment liabilities	326,205,938	1,628,042	896	9,999,883	(2,663,013)	335,171,746
Additions to tangible and intangible assets	1,085,506	830	-	650	-	1,086,986

39. SEGMENT INFORMATION - THE GROUP (CONT'D)

(b) **Information about the reportable segment revenue from products and services**

	Banking	
	2023	2022
	MUR' 000	MUR' 000
Revenue from external customers arising from the following products and services:		
Loans and advances to non-bank customers	**762,669**	479,752
Loans to and placements with banks	**442,526**	255,865
Net trading income	**1,660,378**	1,938,050
Card income	**357,688**	516,505
Trade finance services	**2,692,927**	2,547,470
Deposit and other products /services	**434,346**	262,728
	6,350,534	6,000,370

(c) **Information about revenue of the reportable segment by geographical areas**

	Banking		
	Mauritius	**Other countries**	**Total**
	MUR' 000	MUR' 000	MUR' 000
31 December 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**
31 December 2022			
Revenue from external customers	8,083,732	6,663,925	14,747,657
Tangible and intangible assets	3,134,712	515,695	3,650,407

40. SUBSEQUENT EVENTS

(i) On 26th January 2024, SBM Holdings Ltd made a capital contribution of INR 1 billion in its subsidiary, SBM (Bank) Holdings Ltd which it subsequently injected in SBM Bank (India) Ltd.

(ii) On 07 March 2024, SBM Holdings Ltd received dividends amounting to MUR 1 billion from its subsidiary, SBM (Bank) Holdings Ltd.

(iii) The class A1 MUR senior unsecured bonds were repaid to bondholders at maturity date in March 2024.

Except for the above, the directors are not aware of any material events after the end of the reporting period that would require recognition or disclosure in these financial statements.