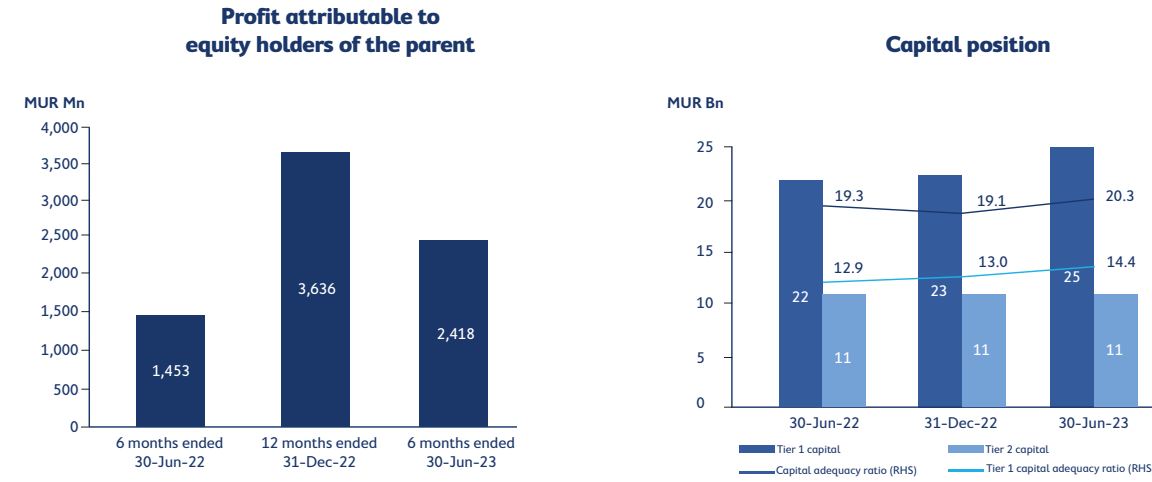


Key highlights

- Continued growth in the Group's overall profitability, despite the challenging context
- Sustained execution of strategic endeavours across markets and operating entities
- Notable improvement in key financial soundness ratios, underpinned by the Group's fundamentals



SBM Holdings Ltd (the "Company") and its subsidiaries, here altogether (the "Group"), present the Group's and Company's interim unaudited condensed financial report for the six months ended 30 June 2023.

The interim unaudited condensed financial report has been prepared in accordance with IAS 34 - Interim Financial Reporting. The report has also been prepared based on those accounting policies applied in the preparation of the audited financial statements for the year ended 31 December 2022; except for the adoption of new standards and interpretations effective as from 01 January 2023.

REPORT ON REVIEW OF THE INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF SBM HOLDINGS LTD

Introduction

We have reviewed the accompanying interim unaudited condensed financial statements which comprise the consolidated and separate statements of financial position of SBM Holdings Ltd (the "Company") and of its subsidiaries (the "Group") as at 30 June 2023, and the related consolidated and separate statements of profit or loss and statements of other comprehensive income, consolidated and separate statements of changes in equity, consolidated and separate statements of cash flows for the six months then ended and other explanatory notes. The Board of directors and management are responsible for the preparation and presentation of these interim unaudited condensed financial statements in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on these interim unaudited condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements ("ISRE") 2410: "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and

accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Deloitte
Chartered Accountants

Date: 10 August 2023

INTERIM UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023

	The Group		
	Unaudited 30 June 2023	Unaudited 30 June 2022	Audited 31 December 2022
	MUR' 000	MUR' 000	MUR' 000
ASSETS			
Cash and cash equivalents	11,837,455	26,690,697	30,275,037
Mandatory balances with central banks	14,541,658	14,266,572	15,723,438
Loans to and placements with banks	1,156,410	1,297,973	1,221,415
Derivative financial instruments	903,915	1,134,768	1,205,168
Loans and advances to non-bank customers	149,039,377	145,439,858	149,994,543
Investment securities	173,301,621	162,147,996	151,977,933
Property and equipment	3,788,126	3,621,858	3,656,696
Right of use assets	763,892	729,310	867,749
Intangible assets	1,959,777	1,789,509	1,752,989
Deferred tax assets	1,126,975	1,384,536	1,265,176
Other assets	4,195,707	3,749,868	4,401,241
Total assets	362,614,913	362,252,945	362,341,385
LIABILITIES			
Deposits from banks	6,637,666	4,313,233	3,802,908
Deposits from non-bank customers	281,782,837	298,313,608	293,350,435
Other borrowed funds	19,722,093	12,537,736	15,489,470
Derivative financial instruments	863,647	756,373	905,317
Lease liabilities	839,001	746,663	888,617
Current tax liabilities	377,356	368,686	478,499
Pension liability	578,655	404,983	569,093
Other liabilities	10,527,355	8,549,731	9,070,915
Subordinated debts	11,355,515	10,040,771	10,616,492
Total liabilities	332,684,125	336,031,784	335,171,746
SHAREHOLDERS' EQUITY			
Stated capital	32,500,204	32,500,204	32,500,204
Retained earnings	7,687,017	3,663,654	5,909,389
Other reserves	(5,381,402)	(5,067,666)	(6,364,923)
	34,805,819	31,096,192	32,044,670
	(4,875,031)	(4,875,031)	(4,875,031)
Total equity attributable to equity holders of the parent	29,930,788	26,221,161	27,169,639
Total equity and liabilities	362,614,913	362,252,945	362,341,385
Memorandum items	60,329,693	49,758,095	56,824,414

Approved by the Board of Directors and authorised for issue on 10 August 2023.

Mr. Abdul Sattar Adam Ali Mamode HAJEE ABDOLLA
Chairman

Dr. Subhas THECKA
Chairman, Audit Committee

INTERIM UNAUDITED CONDENSED STATEMENTS OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2023

	The Group				
	Unaudited Quarter ended 30 June 2023	Unaudited Quarter ended 30 June 2022	Unaudited Six Months ended 30 June 2023	Unaudited Six Months ended 30 June 2022	Audited Year ended 31 December 2022
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Interest income using the effective interest method	4,977,633	3,408,747	9,764,291	6,520,958	14,632,440
Other interest income	42,293	23,294	94,239	42,656	186,826
Interest expense using the effective interest method	(2,315,234)	(1,239,054)	(4,586,519)	(2,335,006)	(5,431,794)
Other interest expense	(41,470)	(41,947)	(81,107)	(91,722)	(465,252)
Net interest income	2,663,222	2,151,040	5,190,904	4,136,836	8,922,220
Fee and commission income	683,936	630,752	1,364,590	1,167,340	2,395,957
Fee and commission expense	(28,313)	(25,625)	(59,483)	(46,630)	(101,796)
Net fee and commission income	655,623	605,127	1,305,107	1,120,710	2,294,161
Net trading income	424,768	616,283	1,067,461	1,064,474	2,083,870
Net (loss)/gain from financial assets at fair value through profit or loss	(19,735)	(74,098)	(43,069)	(104,106)	8,629
Net (loss)/gain on derecognition of financial assets measured at amortised cost	(15,021)	(6,217)	(28,081)	11,382	11,382
Net gain on derecognition of financial assets measured at fair value through other comprehensive income	23,325	21,885	48,066	41,540	94,968
Other operating income	281,756	9,747	296,374	9,673	238,594
Non-interest income	1,350,716	1,172,727	2,645,858	2,143,673	4,731,604
Operating income	4,013,938	3,323,767	7,836,762	6,280,509	13,653,824
Personnel expenses	(1,066,257)	(882,420)	(2,127,692)	(1,819,937)	(3,862,272)
Depreciation of property and equipment	(80,321)	(69,246)	(160,109)	(139,326)	(322,017)
Depreciation of right of use assets	(63,517)	(62,843)	(129,863)	(117,483)	(237,472)
Amortisation of intangible assets	(134,746)	(122,309)	(265,960)	(245,975)	(495,319)
Other expenses	(824,612)	(865,563)	(1,937,202)	(1,566,225)	(3,219,963)
Non-interest expense	(2,169,453)	(2,002,381)	(4,620,826)	(3,888,946)	(8,137,043)
Profit before credit loss expense	1,844,485	1,321,386	3,215,936	2,391,563	5,516,781
Credit loss expense on financial assets and memorandum items	120,987	(491,627)	(362,494)	(732,999)	(1,332,743)
Profit before income tax	1,965,472	829,759	2,853,442	1,658,564	4,184,038
Tax expense	(299,225)	(91,495)	(435,155)	(205,793)	(548,377)
Profit for the period/year attributable to equity holders of the parent	1,666,247	738,264	2,418,287	1,452,771	3,635,661
Earnings per share:					
Basic (Cents)	64.5	28.6	93.7	56.3	140.8
Diluted (Cents)	64.5	28.6	93.7	56.3	140.8

Performance

The SBM Group has maintained its growth momentum, with profit after tax attaining MUR 2.4 billion for the six months ended 30 June 2023, which represents a rise of 66.5% when compared to last year's corresponding period. Whilst facing up to challenging market conditions, Group results have been supported by higher core earnings and a major decline in credit loss expense.

On the back of this performance, return on average shareholders' equity increased significantly to attain 17.1%, while earnings per share stood at 93.7 cents for the semester ended 30 June 2023, compared to 56.3 cents for the same period of the preceding year.

While benefiting from strategic initiatives deployed by the operating entities of the Group and improved margins, net interest income increased by 25.5% during the period under review to stand at MUR 5.2 billion. In this respect, while the portfolio of investment securities has widened, revenue generated by the Group was also underpinned by gross loans and advances to non-bank customers. Deposits from non-bank customers stood at MUR 281.8 billion as at 30 June 2023. Encouragingly also, net fee and commission income grew by 16.5%, reflecting the Group's diversified business activities. Consequently, operating income attained MUR 7.8 billion for the semester ended 30 June 2023, thus making up for a rise of 24.8% when compared to the same period of last year.

Non-interest expense went up by 18.8% to stand at MUR 4.6 billion for the six months ended 30 June 2023, in view of continued investment in human capital and a notable rise in general expenses, after considering the appreciation of the US dollar.

Comfortingly, the Group witnessed a noticeable improvement in its financial soundness ratios in support of its growth ambitions. Overall capital adequacy ratio reached 20.3% as at 30 June 2023, which translates into an improvement of 120 basis points when compared to the outcome posted as at 31 December 2022. Testifying to sustained efforts geared towards reinforcing its risk controls and growing its market activities in a sensible manner, the Group's gross and net impaired ratios improved significantly to reach 7.4% and 2.4% respectively as at 30 June 2023. The Group also maintained strong funding and liquidity ratios.

Outlook

As per the IMF, the global economy continues to be exposed to notable headwinds, on the back of high, albeit declining, inflation and policy tightening, with the balance of risks to the near-term growth outlook being tilted to the downside. As for the Mauritian economy, it is expected to maintain its growth momentum in 2023, supported by higher investment levels, the rise in tourist arrivals and measures announced in the last National Budget.

Considering the operating environment, the SBM Group will uphold its cautious approach when executing its growth agenda. It will pursue current initiatives and projects aimed at further strengthening its human capital, reinforcing its risk management set-up, achieving its digital transformation and enhancing its competitiveness level. Overall, as it moves forward during the second half of this financial year, the Group will consolidate its strategic endeavours across entities, while supporting the advancement of the Mauritian economy and society.

Mr. Abdul Sattar Adam Ali Mamode HAJEE ABDOLLA

Chairman

10 August 2023

Dr. Subhas THECKA

Chairman, Audit Committee

INTERIM UNAUDITED CONDENSED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2023

	The Group				
	Unaudited Quarter ended 30 June 2023	Unaudited Quarter ended 30 June 2022	Unaudited Six Months ended 30 June 2023	Unaudited Six Months ended 30 June 2022	Audited Year ended 31 December 2022
	MUR' 000	MUR' 000	MUR' 000	MUR' 000	MUR' 000
Profit for the period/year attributable to equity holders of the parent	1,666,247	738,264	2,418,287	1,452,771	3,635,661
Other comprehensive income:					
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Gain on property revaluation	-	-	30,815	-	-
Revaluation gains on equity instruments measured at FVTOCI	14,879	-	14,879	-	289,862
Remeasurement of defined benefit pension plan	-	-	-	628	(20,693)
Deferred tax on remeasurement of defined benefit pension plan	-	-	-	205	1,662
	14,879	-	45,694	833	270,831
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translation of foreign operations	(195,445)	183,213	(42,816)	194,160	(598,644)
<i>Investment securities measured at FVTOCI (debt instrument)</i>					
Movement in fair value during the period/year	322,549	(904,153)	886,847	(1,191,375)	(1,872,049)
Reclassification of gains included in profit or loss on derecognition	(23,325)	(21,885)	(48,066)	(41,540)	(94,968)
Credit losses relating to debt instruments held at FVTOCI	(41,621)	(13,769)	17,561	(55,624)	(33,128)
	62,158	(756,594)	813,526	(1,094,379)	(2,598,789)
Total other comprehensive income/(loss)	77,037	(756,594)	859,220	(1,093,546)	(2,327,958)
Total comprehensive income/(loss) attributable to equity holders of the parent	1,743,284	(18,330)	3,277,507	359,225	1,307,703

INTERIM UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2023

	The Group		
	Unaudited Six Months ended 30 June 2023	Unaudited Six Months ended 30 June 2022	Audited Year ended 31 December 2022
	MUR'000	MUR'000	MUR'000
Net cash used in operating activities	(21,337,613)	(23,113,520)	(22,762,016)
Net cash generated from financing activities	3,640,642	2,414,834	5,929,849
Net cash used in investing activities	(733,182)	(244,435)	(536,208)
Net change in cash and cash equivalents	(18,430,153)	(20,943,121)	(17,368,375)
Expected credit loss allowance on cash and cash equivalents	(7,429)	(3,003)	6,591
Cash and cash equivalents at beginning of period/year	30,275,037	47,636,821	47,636,821
Cash and cash equivalents at period/year end	11,837,455	26,690,697	30,275,037

*Other reserves include net unrealised investment fair value reserve, net translation reserve, other reserve, earnings reserve and restructure reserve.

Copies of the interim unaudited condensed financial statements are available to the public free of charge at the registered office of the Company, SBM Tower, 1, Queen Elizabeth II Avenue, Place D'Armes, Port Louis and can be viewed on our website: www.sbmgroup.mu.

The statement of direct and indirect interests of officers of the Company in the capital of the Company and its subsidiaries may also be obtained free of charge upon request at the registered office of the Company.

By order of the Board

Mr. D. Ramjug Chumun
Company Secretary

10 August 2023

The Communiqué is issued pursuant to Listing Rule 12.20 and Securities Act 2005.

The Board of Directors of SBM Holdings Ltd accepts full responsibility for the accuracy of the information contained in this Communiqué.

The financial information, including the review report, has been extracted from the interim unaudited condensed financial statements for the six months ended 30 June 2023.