SBM Holdings Ltd
11 July 2025

Ratings

Facilities/Instruments	Amount (MUR Million)	Rating[1]	Rating Action
Proposed Bond Issue- I	**2,500**	**CARE MAU AA+; Stable**	Assigned
Proposed Bond Issue- II	**500**	**CARE MAU AA+; Stable**	Assigned

Rating Rationale

The rating assigned to the proposed bond issue of SBM Holdings Ltd ("SBMH") primarily derives strength from its long and established track record in the banking sector with a prominent position in Mauritius through its main banking subsidiary, SBM Bank (Mauritius) Ltd ("SBMBM"). The rating also derives strength from the ownership of the Government of Mauritius (GoM), parastatal bodies and funds, SBMH's prominent position in the Mauritian banking sector given its status as Domestic Systemically Important Bank (D-SIB) and professional & highly qualified management team. The rating further derives strength from SBMBM being the second largest bank in terms of business and asset size with strong market share of 24% of total local currency deposits and 25% share of domestic credit, diversified advance portfolio which is evenly distributed between corporate and retail with leadership position in mortgage lending. The bank's credit profile is further strengthened by the highly liquid asset profile owing to sizeable holdings of low-risk sovereign securities contributing to a healthy liquidity coverage, comfortable capitalisation of the bank providing loss-absorption capacity, and sustained growth in earnings and profitability of the Bank.

The rating of SBMH is however constrained by the sharp rise in gross non-performing assets (GNPA) and net non-performing assets (NNPA) at SBMBM level for the year ended FY24 snapping the improving trend in asset quality from FY20 till FY23, primarily on account of new provisioning norms as per Bank of Mauritius for the restructured assets, moderate growth registered in the loans and deposits over the past four years and lacklustre performance from other banking and non-banking subsidiaries weighing adversely on the rating of SBMH.

Rating Sensitivities:

***Positive Factors* - Factors that could lead to positive rating action/upgrade:**

- Improvement in asset quality of SBMBM with GNPA below 3% and NNPA below 0.5%
- Sustained growth in the performance of SBMBM resulting in higher profitability for SBMH
- Significant improvement in performance of other banking subsidiaries to overall performance of SBMH
- Strong growth of more than 20% on both deposits and advances on sustained basis with improved international lending providing diversification benefits

***Negative Factors* - Factors that could lead to negative rating action/downgrade:**

- Subdued performance from SBMBM and impacting the profitability of SBMH
- Deterioration in asset quality of SBMBM with GNPA increasing beyond 7%
- Weakening of the CAR of SBMBM to below 16.5%

[1]Complete definitions of the ratings assigned are available at www.careratingsafrica.com.

BACKGROUND

Incorporated in November 2010, SBMH is the holding company for the SBM Group which is one of the largest financial services groups in Mauritius providing banking and non-banking financial services primarily to the Mauritian market, and also across the Asia-Africa corridor.

SBMH is among the largest listed companies on the official market of the Stock Exchange of Mauritius (SEM) with a market capitalization of MUR 17,860 million as on 14 March 2025.

SBMH operates across three business segments namely Banking, Non-Banking Financials and Non-Financials.

Summary of financial performance for SBM Holdings Ltd (Consolidated)

SBMH continues to post strong results on the back of improved performance from its main subsidiary, SBMBM, which registered a 26.2% growth in profitability to reach MUR 5,835 million in FY24, on the back of a 10.8% increase in net interest income while non-interest income was higher by 18.8%. Sharply lower provisioning by 87.4% compared to the prior year also contributed to the strong profitability of SBMBM.

The Bank remains well capitalised with Tier I and Total CAR of 17% and 18.7% respectively at end of FY24, comfortably above the regulatory requirements of 12.5% and 14.5% respectively.

The LCR of SBMBM stood at 218% at end of FY24, against a 100% minimum requirement, indicating that the Bank has adequate cushion to meet short-term liquidity requirements.

The GNPA of the Bank rose slightly from 5.2% at end of FY23 to 5.5% at end of FY24, which resulted from revised BOM Guidelines on Classification, Provisioning and Write-off of Credit Exposures. Despite the reclassification of larges exposures to the non-performing category due to the revised guidelines, the quality of the loans book remains healthy, with no deterioration being observed, which explains the reduction in provision coverage from 85.7% at end of FY23 to 52.4% at end of FY24.

On a consolidated basis, SBMH registered a 12.1% increase in PBT which was derived from net interest income and non-interest income which were higher by 5.0% and 8.9% respectively. The higher total income was however partly offset by elevated interest expenses which soared by 22.8% in FY24 and elevated operational expenses in other jurisdictions where SBMH is present through its subsidiaries. As a result, NIM and core interest spread of SBMH decreased slightly from 2.9% FY23 to 2.8% in FY24. Cost to income ratio was up from 61.4% to 63.8% in FY24.

Due to deteriorating asset quality across overseas subsidiaries, the GNPA and NNPA of SBMH increased from 6.9% and 2.1% respectively at end of FY23 to 8.1% and 4.5% respectively at end of FY24.

Annexure I

Details of Rated Instrument

(i) Proposed Bond Issue I

Instrument	Amount	Indicative Interest Rate	Tenor
Proposed Tier II Bond Issue	MUR 2,500 million	Fixed Rate - 5.90% per annum	10 Years

Details of rated instrument

	Details
Type of instrument	Private placement subordinated fixed notes categorizing as Tier II capital as per BoM guidelines
Amount	MUR 2,500 million
Indicative Interest Rate	Fixed Rate - 5.90% per annum
Tenor	10 Years
Use of Proceeds	Proceeds from the issuance will be used for: (i) consolidation of the Tier II capital base of the Company, (ii) re-organizing the portfolio of current liabilities of the Company and (iii) satisfying future regulatory requirements of subsidiaries
Call Option	At the option of the Issuer, at any time after the 5^{th} anniversary of the Notes
Status of the notes	Unsecured and subordinated
Listing status	The Notes will be listed on the Stock Exchange of Mauritius

(ii) Proposed Bond Issue II

Instrument	Amount	Indicative Interest Rate	Tenor
Proposed Tier II Bond Issue	MUR 500 million	Fixed Rate - 5.90% per annum	10 Years

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)
Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius
Phone: +230 59553060/58626551 • www.careratingsafrica.com
BRN: C14127054 • FSC License No.: CR14000001

Annexure II

Rating Symbols
Long /Medium-term Instruments

Symbols	Rating Definition
CARE MAU AAA	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry lowest credit risk.
CARE MAU AA	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry very low credit risk.
CARE MAU A	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry low credit risk.
CARE MAU BBB	Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry moderate credit risk.
CARE MAU BB	Instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU B	Instruments with this rating are considered to have high risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU C	Instruments with this rating are considered to have very high risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU D	Instruments with this rating are in default or are expected to be in default soon.

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE MAU AA to CARE MAU C. The modifiers reflect the comparative standing within the category.

Rating Outlook

The rating outlook can be 'Positive', 'Stable' or 'Negative'.

A 'Positive' outlook indicates an expected upgrade in the credit ratings in the medium term on account of expected positive impact on the credit risk profile of the entity in the medium term.

A 'Negative' outlook would indicate an expected downgrade in the credit ratings in the medium term on account of expected negative impact on the credit risk profile of the entity in the medium term.

A 'Stable' outlook would indicate expected stability (or retention) of the credit ratings in the medium term on account of stable credit risk profile of the entity in the medium term.

Contact us

Contact
Name : Mr. Saurav Chatterjee
Title : Chief Executive Officer
Phone : + 230 5862 6551
E-mail : saurav.chatterjee@careratingsafrica.com

Analytical contact
Name : Mr. Vidhyasagar Lingesan
Title : Chief Rating Officer
Phone : +230 5273 1406
E-mail : vidhya.sagar@careratingsafrica.com

About CARE Ratings (Africa) Private Limited:
CARE Ratings (Africa) Private Limited (CRAF) is the first credit rating agency to be licensed by the Financial Services Commission of Mauritius in May 2015. It is also recognized by Bank of Mauritius as External Credit Assessment Institution (ECAI) from May 2016. CRAF is also licensed by Capital Markets Authority of Kenya to operate as a Credit Rating Agency in Kenya. CRAF intends to expand across other geographies in Africa with Mauritius as its hub of operations. With an equitable position in the Mauritius capital market, CARE Ratings (Africa) Private Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.
CRAF's shareholders are CARE Ratings Limited, African Development Bank, MCB Equity Fund and SBM (NFC) Holdings Limited. CRAF gets its technical support in the areas such as rating systems and procedures, methodologies, etc. from CARE Ratings Limited on an ongoing basis. CARE Ratings Limited, with an established track record of rating companies over almost three decades, follows a robust and transparent rating process that leverages its domain and analytical expertise backed by the methodologies congruent with the international best practices.
CRAF's Rating Committee consist of full-time members comprising of Senior Rating officials from CARE Ratings Limited and a panel of experienced professionals from Mauritius and African Development Bank.
CRAF has had a pivotal role to play in developing bank debt and capital market instruments including MMIs, corporate bonds and structured credit.